

**FLORIDA COMMISSION ON COMMUNITY  
SERVICE  
Tallahassee, Florida**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2014**

## TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT .....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4 - 6
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position .....	7
Statement of Activities.....	8
Fund Financial Statements	
Balance Sheet – Governmental Fund.....	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund.....	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities .....	11
Notes to Financial Statements.....	12-19
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Governmental Fund.....	20
Schedule of Expenditures of Federal Awards and Related Notes.....	21
REPORTS REQUIRED UNDER GOVERNMENT AUDITING STANDARDS, OMB CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	22 - 25
Schedule of Findings and Questioned Costs.....	26 - 28

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Florida Commission on Community Service  
Tallahassee, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component, and each major fund of the Florida Commission on Community Service (the "Commission"), a component unit of the State of Florida, and its discretely presented component unit as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

**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 opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 evaluation of 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 opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its discretely presented component unit and each major fund of the Commission as of June 30, 2014, and the respective change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015 on our consideration of the Commission's internal control over financial reporting and our 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 our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of our audit.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and on pages 16 and 17 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 operation, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the Commission taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget and Circular A-133 *Audits of States, Local Governments and Non-Profit Organization*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Thomson Blackwell & Company*

March 27, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with Section 14.29 (2) Florida Statutes, the Florida Commission on Community Service (the Commission) is administratively housed within the Executive Office of the Governor and independently exercises the responsibilities required to comply with the Florida Volunteer and Community Service Act of 2001, the National and Community Service Trust Act of 1993 (Federal Law), and other provisions of state law.

Expenditures for the year totaled \$17,140,023 consisting of \$7,791,676 (45%) in sub-grants to partner organizations, \$7,810,749 (46%) in program matching expenditures, \$1,092,592 (6%) in personnel costs, and \$428,270 (2%) in operating expenses. Of the \$17.2 million administered by the Commission during the course of the year, a total of \$15.6 million (91% of the total funding) was sub-granted to and expended by 43 Florida sub-grantees.

The Commission provided oversight, administrative support, and pass-through grant funding for these 43 sub-grantees, which include nonprofit organizations, governmental entities and local municipalities and organizations. During the audit period each sub-grantee entered into a standard contract with the Commission requiring compliance with State and Federal laws as well as meeting all applicable grant requirements.

Over the course of the 2013-2014 fiscal year, the 43 sub-grantee organizations used their sub-grants and other resources to support 1,317 AmeriCorps members who provided 1.74 million hours of service across Florida, valued at \$36.8 million. Volunteer Florida's 1,317 AmeriCorps members providing education-focused program served 55,250 students in 307 Florida schools. Volunteer Florida's AmeriCorps members were eligible for \$6.37 million in college scholarships as a result of their service.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Also included in this discussion and analysis is supplementary information intended to provide additional detail to support these financial statements.

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

The government-wide financial statements include not only the Commission itself (known as the *primary government*), but also a legally separate Foundation for which the Commission is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 7 - 8 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The Commission maintains one individual governmental fund, the special revenue fund. The basic governmental fund financial statements can be found on pages 9 - 11 of this report.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 - 19 of this report.

***Other information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission's budgetary information. Required supplementary information can be found on pages 20 - 21 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$65,625 at the close of the most recent fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

The following table presents the Commission's condensed Statement of Net Position as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Total assets	\$ 2,346,366	\$ 2,919,417
Total liabilities	<u>2,280,741</u>	<u>2,887,330</u>
Net position	\$ <u>65,625</u>	\$ <u>32,087</u>

The following table presents the Commission's condensed Statement of Activities for the fiscal years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Total revenue	\$ 17,173,561	\$ 18,199,083
Total expenditures and transfers	<u>17,140,023</u>	<u>18,180,134</u>
Change in net position	\$ <u>33,538</u>	\$ <u>18,949</u>

The balance in *unrestricted net position* may be used to meet the Commission's ongoing obligations.

**Governmental activities.** Governmental activities increased the Commission's net position by \$33,538.

### Financial Analysis of the Government's Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Commission's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$152,823, an increase of \$34,188 in comparison with the prior year. Of this total amount, \$152,823 constitutes *assigned fund balance*.

The special revenue fund accounts for revenue sources that are restricted to expenditure for specific purposes for the Commission. At the end of the current fiscal year, total fund balance of the special revenue fund was \$152,823.

### Requests for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Janis Timmons, Director of Finance; The Florida Commission on Community Service.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	Governmental Activities	Component Unit
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 82,251	\$ 746,420
Grant receivables	2,264,115	-
Prepaid expenses	-	21,000
<b>TOTAL ASSETS</b>	<b>\$ <u>2,346,366</u></b>	<b>\$ <u>767,420</u></b>
<b><u>LIABILITIES AND NET POSITION</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,188,953	\$ 32,551
Deferred revenue	4,590	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,193,543</b>	<b>32,551</b>
<b>NONCURRENT LIABILITIES</b>		
Accrued leave	87,198	-
<b>TOTAL LIABILITIES</b>	<b>2,280,741</b>	<b>32,551</b>
<b>NET POSITION</b>		
Unrestricted	65,625	32,959
Restricted	-	701,910
<b>TOTAL NET POSITION</b>	<b><u>65,625</u></b>	<b><u>734,869</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ <u>2,346,366</u></b>	<b>\$ <u>767,420</u></b>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position	
		Operating Grants and Contributions	Primary Governmental Activities	Component Unit
<b>PRIMARY GOVERNMENT</b>				
Government activities:				
Volunteer program services	\$ <u>17,140,023</u>	\$ <u>17,173,529</u>	\$ <u>33,506</u>	
<b>TOTAL GOVERNMENT ACTIVITIES</b>	\$ <u>17,140,023</u>	\$ <u>17,173,529</u>	\$ <u>33,506</u>	
<b>COMPONENT UNIT:</b>				
The Volunteer Florida Foundation, Inc.	\$ <u>284,604</u>	\$ <u>552,099</u>		\$ <u>267,495</u>
<b>GENERAL REVENUES</b>				
Grants and contributions not restricted to specific programs			-	142,230
Unrestricted investment earnings			<u>32</u>	<u>202</u>
<b>TOTAL GENERAL REVENUES</b>			<u>32</u>	<u>142,432</u>
<b>CHANGE IN NET POSITION</b>			33,538	409,927
<b>NET POSITION, BEGINNING OF YEAR</b>			<u>32,087</u>	<u>324,942</u>
<b>NET POSITION, END OF YEAR</b>			\$ <u>65,625</u>	\$ <u>734,869</u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE  
BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2014**

	<u>Special Revenue Fund</u>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 82,251
Grant receivables	<u>2,264,115</u>
	<b>\$ <u>2,346,366</u></b>
<b><u>LIABILITIES AND NET FUND BALANCE</u></b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 2,188,953
Deferred revenue	<u>4,590</u>
<b>TOTAL LIABILITIES</b>	<b>2,193,543</b>
<b>FUND BALANCE</b>	
Assigned fund balance	<u>152,823</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>2,346,366</u></b>
<b>AMOUNTS REPORTED FOR "GOVERNMENTAL ACTIVITIES" IN STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:</b>	
Fund balance – Governmental Fund	\$ 152,823
Long-term liabilities, including accrued leave, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>( 87,198)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>65,625</u></b>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
Year Ended June 30, 2014**

	<u>Special Revenue Fund</u>
<b>REVENUES</b>	
Federal grants	\$ 8,492,030
Program matching contributions	7,810,749
State of Florida funds	728,592
State of Florida grant	132,075
Other income	<u>10,115</u>
<b>TOTAL REVENUES</b>	<b>17,173,561</b>
 <b>EXPENDITURES</b>	
Current:	
Volunteer program services:	
Sub-grantee transfers	7,792,163
Program matching expenditures	7,810,749
Personnel services	1,092,592
Operating expenses	<u>443,869</u>
<b>TOTAL EXPENDITURES</b>	<b><u>17,139,373</u></b>
<b>NET CHANGE IN FUND BALANCE – GOVERNMENTAL FUND</b>	<b>34,188</b>
 <b>ASSIGNED FUND BALANCE, BEGINNING OF YEAR</b>	 <b><u>118,635</u></b>
<b>ASSIGNED FUND BALANCE, END OF YEAR</b>	<b>\$ <u>152,823</u></b>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014**

AMOUNTS REPORTED FOR "GOVERNMENTAL  
ACTIVITIES" IN STATEMENT OF ACTIVITIES ARE  
DIFFERENT BECAUSE:

Net Change In Fund Balance	
– Governmental Fund	\$ 34,188
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Decrease in accrued leave	( <u>650</u> )
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>33,538</u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

These financial statements are intended to present the financial position and results of operations of the Florida Commission on Community Service (the “Commission”). The Commission is a component unit of the State of Florida and is included in the State of Florida’s annual financial report. The financial statements contained herein represent the financial transactions of only the Foundation and its discretely presented component unit, Volunteer Florida Foundation, Inc. (“the Foundation”).

The Commission was established in 1994 by the Florida Legislature in response to the National and Community Service Trust Act of 1993. Section 14.29, Florida Statutes, specifies that The Commission shall be administratively housed within the Executive Office of the Governor (EOG) and shall independently exercise the responsibilities required to comply with the Florida Volunteer and Community Service Act of 2001, the National and Community Service Trust Act of 1993, and other provisions of state law. The Commission grants funds to Florida AmeriCorps and National Service programs; encourages volunteerism for all citizens, including youth, seniors and individuals with disabilities; promotes volunteerism for disaster preparedness and response; and helps to strengthen and expand volunteer Centers in Florida.

Pursuant to State law, the Commission established a direct-support organization, Volunteer Florida Foundation, Inc. to receive, hold, and administer property and funds and to make expenditures to or for the benefit of the Commission programs. On April 22, 2010, the Commission and the Foundation severed their relationship with the terms of the separation detailed in a settlement agreement. Among other provisions, the agreement required the Foundation to make a one-time payment of \$210,565 to the Commission. In accordance with Section 14.29(9), Florida Statutes, a new direct-support organization was formed by the Commission on May 5, 2010, called Volunteer Florida Foundation, Inc.

The Commission is a governmental entity whose activities are accounted for in a special revenue fund.

Discretely Presented Component Unit

The component unit column in the governmental-wide financial statements includes the financial data of the Commission’s component unit.

The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the Commission. Because of the nature of its relationship with the Commission, the Foundation is considered a component unit.

The financial data reported on the accompanying statements were derived from the Foundation’s audited financial statements for the fiscal year ended June 30, 2014. These statements were audited under Florida Statute 215.981 as annual expenditures of the Foundation exceeded \$100,000 for the year then ended June 30, 2014.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, are supported by taxes and intergovernmental revenues.

As a branch of government that does not levy taxes, the Commission is funded by appropriations of the Florida Legislature through the Florida Department of Education and Florida Division of Emergency Management. The Commission is also funded by indirect charges to its federally awarded grant programs funded through the Corporation of National Community Service. The government-wide financial statements present this activity as a special revenue fund.

Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As discussed earlier, the government has one discretely presented component unit. The component unit is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds. The Commission reports the following major governmental fund:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than special assessments or expendable trusts) that are legally restricted to expenditures for specific purposes.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, Liabilities and Net Position/Fund Balance

**1. Deposits and investments**

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Capital Assets**

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

- A capital asset is defined as a unit of tangible property that has an economic useful life of more than 12 months; and was acquired or produced for a cost of more than \$5,000, including acquisition and installation costs on the same invoice. Capital Assets must be capitalized and depreciated for financial statement purposes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- The cost of all property acquired through federal or state funds will be clearly designated on the Statement of Financial Position as Paid in Capital, including depreciation of such assets.
- Capital Assets include building and improvements.
- Property purchased meeting the fixed asset definition is tagged with a pre-numbered asset tag noting Volunteer Florida and added to the list of assets maintained by the Finance Department. This list is categorized by type of fixed asset, i.e. buildings, furniture and equipment, plant assets, etc., and includes the asset number, date of installation, cost including taxes, shipping and installation fees, and life expectancy for depreciation purposes. A copy of the invoice(s) should be maintained with these asset records until the asset is sold or deleted.

***3. Long-term obligations***

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

***4. Use of estimates***

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires the Commission to make estimates and assumptions based on analytical methods in determining depreciation and various accruals. Actual results may differ from those estimates.

***5. Net position flow assumption***

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***6. Fund balance flow assumptions***

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

It is the Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**7. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commission's highest level of decision-making authority.

The Commission's Board is the highest level of decision making authority for the Commission that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Commission for specific purposes but do not meet the criteria to be classified as committed. The Commission Board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Subsequent Events

Subsequent events were evaluated through March 27, 2015, which is the date the financials statements were available to be released. As of this date, no subsequent events were noted.

**NOTE 2 - BUDGETARY PROCESS**

Pursuant to its Plan of Operation, the Commission shall adopt an annual operating budget and program work plan for each fiscal year. The program work plan shall clearly outline the annual objectives of the Commission relative to duties and responsibilities and provide an anticipated schedule for completion of those objectives. The budget and work plan serves as the basis for funding appropriated by the Florida Legislature. The budget is adopted on the modified accrual basis of accounting.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 3 – ACCRUED LEAVE**

It is the Commission’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick pay are accrued when occurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignation and retirement. As of June 30, 2014 accrued leave of \$87,198 is reported in the Statement of Net Position.

**NOTE 4 - OPERATING LEASE**

On July 30, 2013, the Commission entered into a sixty-two (62) month lease agreement for office space. The lease is only cancellable contingent on the Commission losing a significant amount of their funding. The lease is accounted for as an operating lease. In governmental funds, lease payments are recorded as expenditures when paid and incurred. Rental expenditures for the year ended June 30, 2014 amounted to \$71,752.

Future minimal lease commitments are as follows:

June 30, 2015	\$	67,912
2016		69,904
2017		71,896
2018		73,889
2019		6,310
	\$	289,911

**NOTE 5 – RETIREMENT**

*Plan Description.* The Commission contributed to the Florida Retirement System, a cost sharing, multiple-employer public employee retirement system administrated by the State of Florida Department of Management Services, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, F.S, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

The pension plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to the:

State of Florida, Department of Management Services  
Division of Retirement  
4050 Esplanade Way  
Tallahassee, Florida 32399-0950

The pension plan provides vesting of benefits after six years of creditable service for those enrolled prior to July 1, 2011; for those enrolled on or after July 1, 2011 eight years of creditable service are required for vesting. Regular members are eligible for normal retirement after six years of service and attaining age 62 or 30 years of service regardless of age for those enrolled prior to July 1, 2011 and age 65 or 33 years of service for those enrolled on or after July 1, 2011. Early retirement may be taken at any time after completing the required years of service for vesting; however, there is a 5% benefit reduction for each year prior to normal retirement.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 5 – RETIREMENT (Continued)**

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. This was reduced to 1.3% per year for any member whose DROP participation date is effective on or after July 1, 2011. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they are vested and have reached the normal retirement age or years of service. If an employee completes 30 years of service before the age of 57, the employee may elect to defer the DROP election until age 57.

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement Investment Plan ("Investment Plan"), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the State of Florida Department of Management Services, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, F.S. establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees were able to make the election beginning December 1, 2003. New employees could make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. Retirement coverage is employee noncontributory. The employer pays all contributions. The rates for the Investment Plan are the same as the Pension Plan.

*Funding Policy.* Effective July 1, 2013, the Commission was required to contribute 9.95% for regular annual covered employee's salary, and 12.84% for DROP annual covered employee's salary. Employer rates include 1.2 percent for the postemployment health insurance subsidy. Also employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan. Contribution rates are dependent upon retirement class in which reemployed. Effective July 1, 2011, employees were required to make a 3% contribution toward their retirement account. The contribution requirements of the Commission may be changed by the Florida Retirement System. The Commission's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Commission. For each of the three years ended September 30, 2014, 2013 and 2012, the Commission contributed 100% of the required contribution to the Florida Retirement System. The Commission and the Commission employee's contributions to the Florida Retirement System for the years ending June 30, 2014, 2013 and 2012 were \$60,510, \$52,106 and \$52,535, respectively.

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2014**

**NOTE 6 – DEPOSITS**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned. At year end, the carrying amount of the Commission's deposits was \$82,251 and the bank balance was \$168,831. Of the bank balance, \$168,831 was covered by Federal depository insurance.

**NOTE 7 – CONTINGENT LIABILITY**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by a grantor cannot be determined at this time although the Commission expects amounts, if any, to be immaterial.

**NOTE 8 – CONCENTRATIONS**

The Commission receives a significant amount of its funding from the Commission for National and Community Service. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Commission's programs and activities.

## **SUPPLEMENTARY INFORMATION**

**FLORIDA COMMISSION ON COMMUNITY SERVICE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GOVERNMENTAL FUND**  
**Year Ended June 30, 2014**

	Governmental Fund			
	Special Revenue			
	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
<b>REVENUES</b>				
Federal grants	\$ 8,721,073	\$ 8,866,070	\$ 8,492,030	\$ (374,040)
Program matching contributions	6,263,761	6,263,761	7,810,749	1,546,988
State of Florida funds	733,180	733,180	728,592	(4,588)
State of Florida grant	-	132,025	132,075	50
Other income	296,962	-	10,115	10,115
	16,014,976	15,995,036	17,173,561	1,178,525
<b>EXPENDITURES</b>				
Current				
Volunteer Services:				
Sub-grantee transfers	8,009,486	8,164,606	7,792,163	372,443
Program matching expenditures	6,263,761	6,263,761	7,810,749	(1,546,988)
Personnel services	1,256,845	1,097,956	1,092,592	5,364
Operating expenses	484,884	468,713	443,869	24,844
<b>TOTAL EXPENDITURES</b>	<b>16,014,976</b>	<b>15,995,036</b>	<b>17,139,373</b>	<b>(1,144,337)</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>EXPENDITURES</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
	34,188	-	34,188	\$ 34,188
<b>ASSIGNED FUND BALANCE, BEGINNING OF YEAR</b>			<b>118,635</b>	
<b>ASSIGNED FUND BALANCE, END OF YEAR</b>			<b>\$ 152,823</b>	

See independent auditors' report.

**FLORIDA COMMISSION ON COMMUNITY SERVICE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b><u>Federal Awards:</u></b>				
Corporation for National and Community Service:				
AmeriCorps - Formula	94.006	10AFHFL001	\$ 748,750	\$ 743,790
AmeriCorps - Formula	94.006	12AFHFL001	4,777,898	4,751,088
AmeriCorps - Competitive	94.006	13WCHFL001	39,563	39,563
AmeriCorps - Competitive	94.006	12ACHFL001	2,124,013	2,111,971
			<u>7,690,224</u>	<u>7,646,411</u>
State Commissions	94.003	13CAHFL001	438,666	-
Volunteer Generation Fund	94.021	13VGHFL001	164,698	66,569
Volunteer Generation Fund	94.021	10VGHFL001	120,564	79,183
Training and Technical Assistance	94.009	11PTHFL001	2,878	-
			<u>8,417,030</u>	<u>7,792,163</u>
Health and Human Services:				
Passed through the University of Massachusetts				
Maternal and Child Health Federal Consolidated Program	93.110	6R40MC22645- 01-03	55,786	-
<b>Total Expenditures of Federal Awards</b>			<u>\$ 8,472,816</u>	<u>\$ 7,792,163</u>

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Florida Commission on Community Service and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**REPORTS REQUIRED UNDER *GOVERNMENT AUDITING  
STANDARDS, OMB CIRCULAR A-133, AUDITS OF STATES, LOCAL  
GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS***

**MEMBERS**

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
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**TBL**  
THOMSON BROCK  
LUGER & COMPANY

*Certified Public Accountants and Business Advisors*

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JOHN K. KIRK, C.P.A.  
KELLY VAZQUEZ, C.P.A.

OF COUNSEL  
W. FREDERICK THOMSON, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Florida Commission on Community Service  
Tallahassee, Florida

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 Commission on Community Service, (the "Commission") a component unit of the State of Florida, and its discretely presented component unit as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 27, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness.

*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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (Finding 2013-01)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission'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*.

### **The Florida Commission on Community Service's Response to Findings**

During the previous year's audit, we did identify a certain deficiency in internal control that we consider to be a material weakness. The current status of this finding is described in the accompanying Schedule of Findings and Questioned Costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in cursive script that reads "Thomson Block & Company". The signature is written in black ink and is positioned above the date.

March 27, 2015

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OF COUNSEL  
W. FREDERICK THOMSON, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Board of Commissioners  
Florida Commission on Community Service  
Tallahassee, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the Florida Commission on Community Service (the "Commission") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2014. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Thomson Brock Impact Company*

March 27, 2015

**FLORIDA COMMISSION ON COMMUNITY SERVICE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**PART A – SUMMARY OF AUDIT RESULTS**

1. Type of Audit Report - The independent auditors’ report expresses an unmodified opinion on the financial statements of the Florida Commission on Community Service.
2. Significant Deficiencies and Material Weaknesses - Control deficiencies 2013-01 were disclosed during the audit of the financial statements of the Florida Commission on Community Service.
3. Material Noncompliance - No instances of noncompliance material to the financial statements of the Florida Commission on Community Service were disclosed during the audit.
4. Material Weaknesses and Significant Deficiencies in Internal Control Over Federal Programs – No material weakness or significant deficiencies relating to internal control and compliance over major Federal programs were disclosed.
5. The auditors’ report on compliance with requirements applicable to the major Federal award programs for the Florida Commission on Community Service expresses an unmodified opinion.
6. There were no audit findings related to the major federal award programs for the Florida Commission on Community Service which are required to be reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

- **Federal Programs**

	<u>Federal CFDA No.</u>
AmeriCorps	94.006
State Commissions	94.003
Volunteer Generation Fund	94.021

8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Level of Risk - The Florida Commission on Community Service qualified as a high-risk auditee pursuant to OMB Circular A-133.

**FLORIDA COMMISSION ON COMMUNITY SERVICE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**PART B – FINANCIAL STATEMENTS FINDINGS**

None.

**PART C – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS**

None.

**PART D – PRIOR YEAR FINDINGS FINANCIAL STATEMENTS**

**Finding 2013-01 – Material Weakness**

**Condition:** We noted that cash, accounts receivable, and accounts payable balances did not reconcile to the underlying supporting documents.

**Recommendation:** We recommended that the Commission review monthly financial statements and develop a procedure to identify large inconsistencies in cash, accounts payable, and accounts receivable balances.

**Current Status:** In the current year, ending cash and accounts payable balances were reconciled with the supporting documentation; however, accounts receivable required an adjustment in order for the fund balances to reconcile with the corresponding payable and supporting documentation. Also, the individual fund balances required adjustments in order for their cash, accounts receivable, accounts payable and net asset balances to reconcile with supporting documentation. Management is still developing their software to properly track the funds on the accrual method of accounting.

**Management Response:** Management concurs and is in the process of developing improved monthly reporting procedures to ensure that timely and adequate reconciliations are occurring as part of the monthly financial statement close process.

**FLORIDA COMMISSION ON COMMUNITY SERVICE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**PART D – PRIOR YEAR FINDINGS FINANCIAL STATEMENTS (continued)**

**Finding 2012-03- Sub-Grantee Payable Recognition**

**Condition:** We noted that sub-grantee payables were not recognized by management until the sub-grantee's periodic expense reimbursement report was reviewed and accepted by the Director of Finance and Accounting and chief operating officer and a drawdown from the federal grant program was deposited to the bank account.

**Recommendation:** We recommended management record the sub-grantee payable for the period the expense reimbursement report was remitted; however, management should continue its disbursement process to the sub-grantee only when all supporting financial information has been adequately reviewed and accepted.

**Current Status:** Corrective action was taken in the current audit year.

**PART E – PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS**

**Finding 2012-04-CFDA 94.006, 94.003, 94.021- Allowable Costs**

**Condition:** We noted during our testing for allowable costs for each major federal program that unallowable costs were reimbursed to the sub-grantee and unsupported travel vouchers were charged by the Commission to its federal grant programs.

**Recommendation:** We recommend management fill vacated Accounting and Finance positions on a timely manner and to cross train duties performed by each position in case of an unexpected turnover of staff.

**Current Status:** Corrective action has been taken to reduce unallowed reimbursements to an inconsequential amount.