

**FLORIDA ALLIANCE FOR ASSISTIVE SERVICES
AND TECHNOLOGY, INC.**

FINANCIAL STATEMENTS

**JUNE 30, 2014 WITH SUMMARIZED INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Florida Alliance for Assistive Services and Technology, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Alliance for Assistive Services and Technology, Inc., which comprise the statement of financial position as of June 30, 2014, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

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

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

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Alliance for Assistive Services and Technology, Inc. as of June 30, 2014, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2015 on our consideration of Florida Alliance for Assistive Services and Technology, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Florida Alliance for Assistive Services and Technology, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Florida Alliance for Assistive Services and Technology, Inc.'s June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

James Moore & Co., P.L.

Tallahassee, Florida
April 24, 2015

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014 WITH SUMMARIZED
INFORMATION AS OF JUNE 30, 2013

| <u>ASSETS</u> | | |
|---|---------------------|---------------------|
| | 2014 | 2013 |
| Current assets | | |
| Cash and cash equivalents | \$ 605,758 | \$ 759,234 |
| Investments | 23,815 | 24,422 |
| Grants and contracts receivable | 297,601 | 259,492 |
| Prepaid expenses | 6,892 | 14,205 |
| Total current assets | 934,066 | 1,057,353 |
| Restricted assets | | |
| Cash and cash equivalents | 797,635 | 498,878 |
| Certificates of deposit | - | 774,533 |
| Investments | 1,789,363 | 1,328,002 |
| Total restricted assets | 2,586,998 | 2,601,413 |
| Furniture and equipment, net | 23,711 | 44,984 |
| Total Assets | <u>\$ 3,544,775</u> | <u>\$ 3,703,750</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 29,452 | \$ 84,695 |
| Deferred revenue | - | 38,384 |
| Total current liabilities | 29,452 | 123,079 |
| Net assets | | |
| Unrestricted | 928,325 | 979,258 |
| Temporarily restricted | 2,586,998 | 2,601,413 |
| Total net assets | 3,515,323 | 3,580,671 |
| Total Liabilities and Net Assets | <u>\$ 3,544,775</u> | <u>\$ 3,703,750</u> |

The accompanying notes to financial statements
are an integral part of these statements.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014 WITH SUMMARIZED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | | 2013 |
|---------------------------------------|-------------------|---------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| Support and revenue | | | | |
| Grants and contracts | \$ 1,127,228 | \$ - | \$ 1,127,228 | \$ 1,099,898 |
| Investment returns | 787 | 88,630 | 89,417 | (36,387) |
| Other income | 4,562 | - | 4,562 | 5,512 |
| Net assets released from restrictions | 103,045 | (103,045) | - | - |
| Total support and revenue | <u>1,235,622</u> | <u>(14,415)</u> | <u>1,221,207</u> | <u>1,069,023</u> |
| Expenses | | | | |
| Program services | | | | |
| Assistive Technology Programs | 1,130,163 | - | 1,130,163 | 1,109,281 |
| Loan Programs | 137,380 | - | 137,380 | 164,121 |
| Total program services | <u>1,267,543</u> | <u>-</u> | <u>1,267,543</u> | <u>1,273,402</u> |
| Support services | | | | |
| Administrative | 19,012 | - | 19,012 | 19,370 |
| Total expenses | <u>1,286,555</u> | <u>-</u> | <u>1,286,555</u> | <u>1,292,772</u> |
| Decrease in net assets | <u>(50,933)</u> | <u>(14,415)</u> | <u>(65,348)</u> | <u>(223,749)</u> |
| Net assets, beginning of year | 979,258 | 2,601,413 | 3,580,671 | 3,804,420 |
| Net assets, end of year | <u>\$ 928,325</u> | <u>\$ 2,586,998</u> | <u>\$ 3,515,323</u> | <u>\$ 3,580,671</u> |

The accompanying notes to financial statements
are an integral part of these statements.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014 WITH SUMMARIZED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

| | 2014 | | | | 2013 |
|--------------------------------|-------------------------------------|-------------------|---------------------|---------------------|---------------------|
| | Program Services | | Supporting Services | | Total |
| | Assistive Technology Programs | Loan Programs | Administrative | Total | |
| Subcontractors and materials | \$ 697,707 | \$ 2,580 | \$ 10,000 | \$ 710,287 | \$ 679,176 |
| Salaries and benefits | 246,617 | 88,169 | 2,525 | 337,311 | 443,885 |
| Rent | 26,967 | 11,897 | - | 38,864 | 42,650 |
| Telephone and utilities | 13,729 | 3,108 | - | 16,837 | 8,774 |
| Insurance | 8,844 | 584 | - | 9,428 | 9,455 |
| Supplies | 1,365 | 2,387 | 81 | 3,833 | 3,906 |
| Repairs and maintenance | 5,060 | 1,902 | - | 6,962 | 4,548 |
| Travel and meetings | 67,933 | 2,803 | 110 | 70,846 | 37,114 |
| Professional fees | 31,880 | 18,302 | 4,996 | 55,178 | 19,858 |
| Office | 6,678 | 2,898 | 338 | 9,914 | 10,343 |
| Depreciation | 23,096 | - | 962 | 24,058 | 25,984 |
| Publications and subscriptions | 287 | 2,750 | - | 3,037 | 7,079 |
| Total | <u>\$ 1,130,163</u> | <u>\$ 137,380</u> | <u>\$ 19,012</u> | <u>\$ 1,286,555</u> | <u>\$ 1,292,772</u> |

The accompanying notes to financial statements
are an integral part of these statements.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2013

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Cash received from grantors and contractors | \$ 1,050,735 | \$ 987,171 |
| Cash paid to employees, vendors, and sub-recipients | (1,310,427) | (1,290,231) |
| Investment income received | 96,839 | 15,662 |
| Other income received | 4,562 | 5,512 |
| Net cash used in operating activities | <u>(158,291)</u> | <u>(281,886)</u> |
| Cash flows from investing activities | | |
| Purchases of furniture and equipment | (2,785) | (4,398) |
| Purchases of certificates of deposit | - | (774,533) |
| Sales of certificates of deposit | 774,533 | 950,584 |
| Purchases of investments | (468,176) | (881,270) |
| Sales of investments | - | 763,630 |
| Net cash provided by investing activities | <u>303,572</u> | <u>54,013</u> |
| Net increase (decrease) in cash and cash equivalents | <u>145,281</u> | <u>(227,873)</u> |
| Cash and cash equivalents, beginning of year | 1,258,112 | 1,485,985 |
| Cash and cash equivalents, end of year | <u>\$ 1,403,393</u> | <u>\$ 1,258,112</u> |
| Reconciliation of decrease in net assets to net cash used in operating activities | | |
| Decrease in net assets | \$ (65,348) | \$ (223,749) |
| Adjustments to reconcile decrease in net assets to net cash used in operating activities: | | |
| Depreciation | 24,058 | 25,984 |
| (Increase) decrease in grants and contracts receivable | (38,109) | 645 |
| Decrease in accounts payable and accrued expenses | (55,243) | (19,588) |
| (Increase) decrease in prepaid expenses | 7,313 | (3,855) |
| Decrease in deferred revenue | (38,384) | (113,372) |
| Realized (gain) loss on investments | 1,467 | (1,754) |
| Unrealized loss on investments | 5,955 | 53,803 |
| Total adjustments | <u>(92,943)</u> | <u>(58,137)</u> |
| Net cash used in operating activities | <u>\$ (158,291)</u> | <u>\$ (281,886)</u> |

The accompanying notes to financial statements
are an integral part of these statements.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Florida Alliance for Assistive Services and Technology, Inc. (the "Organization") which affect significant elements of the accompanying financial statements:

(a) **Organization and Purpose**—The Organization is a not-for-profit organization which assists Florida's disabled population in enhancing their lives by promoting the awareness of, access to and advocacy for assistive technology through various program services.

(b) **Furniture and Equipment**—Furniture and equipment acquired by the Organization are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal government may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

Furniture and equipment with a value greater than \$500 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. Repairs and maintenance, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(c) **Income Taxes**—The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts in demand deposits held with banks, and short-term investments with original maturities of 90 days or less.

(e) **Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Basis of Accounting**—The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect significant receivables, payables and other liabilities.

(g) **Basis of Presentation**—The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(h) **Functional Allocation of Expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(i) **Advertising**—The Organization expenses advertising as incurred.

(j) **Investments**—Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets on the Statement of Activities.

(k) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets. Consequently, all contributions of property and equipment, and of the assets contributed to acquire property and equipment, are recorded as unrestricted support or contributions.

(l) **Grants and Contracts Receivable**—Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with grantors and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Accrued Leave**— Eligible employees accrue vacation leave at varying rates based upon length of employment. Vacation leave is accrued as earned by employees and recorded as an expense in the period earned.

(n) **Revenues**—The Organization receives substantially all of its grant and contract revenue from Federal, State and local agencies. The Organization recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract.

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 with the terms of the grants/contracts.

(o) **Deferred Revenue**—The Organization records grant/contract receipts as deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue. The balance in deferred revenue represents amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the grant/contract period.

(2) **Significant Funding Sources:**

The Organization receives a substantial amount of its funding from the U.S. Department of Education passed through State of Florida Department of Education, Division of Vocational Rehabilitation. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand and Time Deposits**—The Organization maintains demand deposits with several financial institutions. The Organization has no policy requiring collateral or other security to support its demand deposits in excess of FDIC coverage.

(b) **Grants and Contracts Receivable**—The Organization's receivables are for amounts due under contracts with the State of Florida and Federal government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(4) **Temporarily Restricted Net Assets and Restricted Cash and Investments:**

Temporarily restricted net assets relate to funds received to guarantee loans provided to Floridians with disabilities for the purchase of assistive technology in accordance with the Assistive Technology Act of 2004 as the Alternative Finance Program (RSA-662) and Telework Program (RSA-687). For purposes of administering these programs, the Organization entered into a loan funding agreement with a national bank. The terms of the agreement require the Organization to pledge cash or investments as collateral equal to 30% of the loan amounts guaranteed under the program. At June 30, 2014, the Organization has guaranteed loans under the funding agreements totaling \$110,789, and has recorded \$2,586,988 as restricted cash and investments related to those loans.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(5) **Fair Value Measurements of Investments:**

Fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

| June 30, 2014 | <u>Fair Value</u> | <u>Fair Value Measurements at Reporting Date Using Quoted Prices In Active Markets For Identical Assets (Level 1)</u> |
|-----------------------------------|-------------------|---|
| Fixed income securities and bonds | \$ 1,813,178 | \$ 1,813,178 |

The following schedule summarizes the investment return in the Statement of Changes in Net Assets for the years ended June 30, 2014:

| | |
|------------------------------|-----------|
| Interest and dividend income | \$ 81,995 |
| Net gains | 7,422 |

The above investment return is classified in the Statement of Changes in Net Assets as follows:

| | |
|------------------------|--------|
| Unrestricted | \$ 787 |
| Temporarily restricted | 88,630 |

Investments at June 30, 2014 consisted of the following:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> |
|-----------------------------------|--------------|-----------------------|-----------------------------------|
| Fixed income securities and bonds | \$ 1,765,330 | \$ 1,813,178 | \$ 47,848 |

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

(6) **Pension Plan:**

The Organization has a Simplified Employee Pension Plan (the "Plan"). Under the Plan the Organization may provide discretionary contributions to the individual retirement account or individual retirement annuity of all full time employees who have completed one year of employment. Employer contributions to the Plan during the fiscal year ended June 30, 2014 were \$14,058.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(7) **Furniture and Equipment:**

The following is a summary of furniture and equipment at June 30, 2014:

| | |
|--------------------------------|------------------|
| Furniture and Equipment | \$ 242,827 |
| Less: Accumulated depreciation | (219,116) |
| Total | <u>\$ 23,711</u> |

(8) **Operating Leases:**

The Organization leases office space under an operating lease expiring in 2015. Rent expense for the year ended June 30, 2014 under the lease was \$41,400. Minimum future rental payments under operating leases as of June 30, 2014, for each of the next five years and in the aggregate are:

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------|
| 2014 | \$ 41,400 |
| 2015 | 13,800 |
| 2016 | - |
| 2017 | - |
| 2018 | - |
| | <u>\$ 55,200</u> |

(9) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 24, 2015, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

| <u>Federal Grantor/Pass Through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Contract Number</u> | <u>Expenses</u> |
|---|------------------------------------|----------------------------|--------------------------|
| FEDERAL AWARDS | | | |
| U.S. Department of Education | | | |
| Passed through Florida Department of Education, Division of Vocational Rehabilitation | | | |
| Assistive Technology | 84.224 | 11-101 | \$ 658,192 |
| Assistive Technology | 84.224 | H224C010001 | 82,933 |
| | | | <u>741,125</u> |
| Rehabilitation Services Demonstration and Training Programs | 84.235 | VH265 | 49,270 |
| Total Federal Awards | | | <u><u>\$ 790,395</u></u> |

The accompanying notes to Schedule of Expenditures of Federal awards are
an integral part of this statement.

FLORIDA ALLIANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1. Basis of Presentation

The accompanying Schedule of Expenses of Federal Awards includes the Federal award activity of Florida Alliance for Assistive Services and Technology, Inc., 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.

Note 2. Sub-recipients

Of the expenses presented in the accompanying Schedule of Expenses of Federal Awards, Florida Alliance for Assistive Services and Technology, Inc. provided Federal awards to sub-recipients as follows:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount Provided to Sub-recipients</u> |
|----------------------|--------------------------------|--|
| Assistive Technology | 84.224 | \$ 521,800 |

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

To the Board of Directors,
The Florida Alliance for Assistive Services and Technology, Inc. :

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Florida Alliance for Assistive Services and Technology, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2014, 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 our report thereon dated April 24, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: Finding 2014-01 and Finding 2014-03.

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

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 following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency: Finding 2014-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organizations response to the internal control over financial reporting findings identified in our audit are described in the accompanying Corrective Action Plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

James Moore & Co., P.L.C.

Tallahassee, Florida
April 24, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the Board of Directors,
Florida Alliance for Assistive Services and Technology, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Florida Alliance for Assistive Services and Technology, Inc.'s 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 Florida Alliance for Assistive Services and Technology, Inc.'s major Federal programs for the year ended June 30, 2014. Florida Alliance for Assistive Services and Technology, Inc.'s major Federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Florida Alliance for Assistive Services and Technology, Inc.'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 Florida Alliance for Assistive Services and Technology, Inc.'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 Florida Alliance for Assistive Services and Technology, Inc.'s compliance.

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Opinion on Each Major Federal Program

In our opinion, Florida Alliance for Assistive Services and Technology, Inc. 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 Florida Alliance for Assistive Services and Technology, Inc. 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 Florida Alliance for Assistive Services and Technology, Inc.'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 over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Alliance for Assistive Services and Technology, Inc.'s internal control over compliance.

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. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2014-03 to be a material weakness.

Florida Alliance for Assistive Services and Technology, Inc.'s responses to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. Florida Alliance for Assistive Services and Technology, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

James Moore & Co., P.L.

Tallahassee, Florida
April 24, 2015

**FLORIDA ALLANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified? yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Modified*

Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X yes no

Identification of major Federal programs:

| Federal Program | Federal CFDA Number |
|--|-----------------------------------|
| Assistive Technology | 84.224 |
| Dollar threshold used to distinguish between type A and type B Federal programs: | \$ 300,000 |
| Auditee qualified as low-risk auditee? | <u> X </u> yes <u> </u> no |

FLORIDA ALLANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

II. Financial Statements Findings:

Finding 2014-01: Prepare Financial Statements in Accordance with GAAP

The internal control structure of the Florida Alliance for Assistive Services and Technology, Inc. has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. For the year ended June 30, 2014, there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain material adjustments were required to be made to the accounting records. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Finding 2014-02 Transfers of Funds

We noted during our testing that for the last two quarters for the year ending June 30, 2014, management did not transfer funds from the restricted accounts to reimburse for administrative costs paid for by the unrestricted accounts. We recommend these transfers be made after the end of each quarter.

III. Federal Award Findings and Questioned Costs:

United States Department of Education passed through Florida Department of Education, Division of Vocational Rehabilitation, Assistive Technology, CFDA Number 84.224

Finding 2014-03: Subrecipient Monitoring

Condition and Criteria: The Organization receives funding under cost reimbursement grants from grantors that it passes through to subrecipient organizations. As required by OMB Circular A-133, a pass-through entity must perform certain specific functions for Federal awards that it makes to subrecipients. We noted that the Organization did not properly and timely document subrecipient monitoring in accordance with OMB Circular A-133.

Cause: There was not adequate documentation in place to support that adequate subrecipient monitorings were occurring for grants passed through to subrecipient organizations.

Effect: Failure to properly perform subrecipient contractual and monitoring procedures could result in the Organization having to refund the grant funding in the event the subrecipient is not properly managing the Federally funded grant program.

Recommendation: We recommend that the Organization follow their procedures to ensure subrecipients are appropriately monitored in accordance with grant provisions.

FLORIDA ALLANCE FOR ASSISTIVE SERVICES AND TECHNOLOGY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

- IV. Summary of Prior Year Findings – Federal Awards:** There were no findings in the year ended June 30, 2013.

Corrective Action Plan

Finding 2014-01: Prepare Financial Statements in Accordance with GAAP

Description: For the year ended June 30, 2014, there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements.

Management Evaluation: Management concurs with this finding. Due to limited staff size and economic constraints FFAST is not able to add a full-time staff person with sufficient knowledge to prepare GAAP-based financial statements.

FFAST currently contracts accounting services. FFAST has transitioned its accountant to the Independent CPA position outlined in its Financial Manual. This individual is a certified CPA and has the knowledge and experience to prepare GAAP-based financial statements. In addition, FFAST has secured bookkeeping services through Kelley Services, Inc. The current schedule is the bookkeeper will be in the office on Tuesdays and Thursdays while the Independent CPA will be in the on Wednesdays.

Specifically concerning receivables not being entered into the accounting software, procedures have been developed and implemented to ensure at the time of invoicing, an electronic invoice is also entered into the accounting software for payment reconciliations.

Finding 2014-02: Transfers of Funds

Description: During testing that for the last two quarters for the year ending June 30, 2014, management did not transfer funds from the restricted accounts to reimburse for administrative costs paid for by the unrestricted accounts.

Management Evaluation: Management concurs with this finding. All transfers will be initiated by the 15th day after each quarter and completed by the 30th day after each quarter. The last two quarters for the year ending June 20, 2014 have been transferred.

Finding 2014-03: Subrecipient Monitoring

Description: There was not adequate documentation in place to support that adequate subrecipient monitorings were occurring for grants passed through to subrecipient organizations.

Management Evaluation: Management concurs with this finding. All invoices along with check requests will be presented to the Executive Director along with a Desktop Monitoring report. The Executive Director will review the Desktop monitoring report and sign-off on it before approving all payments. Invoices, check requests, and Desktop Monitoring reports are stored in the FFAST Accounts Receivable files by month.