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30 December 2019

HAND DELIVERED

Governor Ron DeSantis
Senate President Bill Galvano
Speaker José R. Oliva
Commissioner Richard Corcoran
State of Florida - The Capitol
400 South Monroe Street
Tallahassee, FL 32399

RE: Annual Report of the Florida Endowment for Vocational Rehabilitation, dba The Able Trust

Dear Governor DeSantis, Senate President Galvano, Speaker Oliva, and Commissioner Corcoran:

The Florida Endowment for Vocational Rehabilitation, also known as The Able Trust, was legislatively created in 1990 to serve as the direct support organization (DSO) for the Florida Department of Education's (DOE) Division of Vocational Rehabilitation (DVR) to encourage public and private support to enhance vocational rehabilitation and the employment of Floridians with disabilities.¹ Pursuant to 413.615 (12), Florida Statutes, the Board of The Able Trust is to issue a report to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Commissioner of Education by December 30 summarizing the performance of the organization and the endowment fund for the previous fiscal year. We respectfully submit this report on their behalf.

The Able Trust's fiscal year runs from July 1st to June 30th and the Annual Audit and End of Year report ("Annual Report") attached provide details about our operations for the 2018-2019 fiscal year. Since the organization experienced significant changes after the close of the fiscal year, we are providing additional details covering the latter half of the 2019 calendar year. This letter is divided into three parts. Part 1 summarizes the operations for last fiscal year, 1 July 2018 to 30 June 2019. Part 2 addresses significant activities after the close of the fiscal year and are included to provide an update and assurances about the operations following the transition of the last President and CEO. Part 3 provides a summary of efforts being made to prepare for and plan the future of The Able Trust.

The 2019 calendar year was one of change and recommitment for The Able Trust. The result is a stronger organization more aligned with its legislative intent, more unified with the DVR vision, and with a reemerging role across the state's vocational rehabilitation landscape. We would like to thank and acknowledge the guidance and collaboration of the leadership at DVR and DOE as The Able Trust adjusts its practices and procedures. The assistance that they have provided before, during, and after the appointment of the new President and CEO has been important to positioning the organization for compliance and growth going forward. DVR, DOE, and The Able Trust continue to work closely together and we look forward to sharing examples of this collaboration in future management responses.

¹ 413.615 (5), Florida Statutes

Part 1 – Summary of Operations for Last Fiscal Year

Enclosed is a copy of the Annual Audit and Annual Report which summarizes the performance of the endowment fund and the foundation's fundraising activities for the previous fiscal year. In fiscal year 2018-2019, The Able Trust helped 556 people with disabilities obtain jobs and gain vital work experience via internships, served 1,250 students with disabilities across 43 counties with the Florida High School High Tech program, and partnered with more than 240 businesses and organizations to provide career exploration opportunities for more than 1,500 participants during disability employment awareness events across Florida. Additional outcome data is discussed on pages 3 to 6 of the Annual Report.

Organizations that managed activities and programs supported by the endowment principal or earnings &/or private sources include:

Ability 1st, Tallahassee; ARC Jacksonville, Jacksonville; Autism Pensacola, Pensacola; Best Buddies International, Miami; Bishop Grady Villas, St. Cloud; Brevard Schools Foundation, Melbourne; CareerSource Florida Crown, Lake City; CareerSource Volusia Flagler, Daytona Beach; Center for Independent Living of Broward, Lauderdale Lakes; Center for Independent Living in Central Florida, Lakeland; Center for Independent Living of North Central Florida, Gainesville; Center for the Visually Impaired, Daytona Beach; Dyslexia Research Institute, Port St. Joe; Easter Seals Florida, West Palm Beach; Educational Foundation of Lake County, Leesburg; Embrace Families, Orlando; Flagler County Education Foundation, Bunnell; Florida Chamber Foundation, Tallahassee; Florida Public Broadcasting Service, St. Petersburg; Foundation for Orange County Public Schools, Orlando; Goodwill Easter Seals of the Gulf Coast, Mobile, AL (providing services in Escambia and Okaloosa Counties, FL); Goodwill Industries of Southwest Florida, Fort Myers; Gulfstream Goodwill Industries, Boynton Beach; ILRC of Northeast Florida, Jacksonville; Lighthouse Central Florida, Orlando; MacDonald Training Center, Tampa; Madison County School Board, Madison; Miami Dade College, Miami; Miami Lighthouse for the Blind, Miami; Nassau County School District, Fernandina Beach; Quest, Inc., Orlando; School District of DeSoto County, Arcadia; School District of Hillsborough County, Tampa; Service Source, Clearwater; Susan B. Anthony Recovery Center, Pembroke Pines; Tallahassee Community College Foundation, Tallahassee; Tampa Lighthouse for the Blind, Tampa; The Haven, Sarasota; United Way of Florida, Tallahassee; Van Gogh's Palette, Sarasota; and WFSU, Tallahassee.

Private resources for the support of activities and programs came from unrestricted funds raised from interest, earnings, and fees collected on private endowed funds and bequests; proceeds from the sale of a "Tiny House" designed and built in part by students with disabilities as part of a skills-based learning project funded by The Able Trust; and gifts, grants, donations, bequests, and other valued goods and services from friends and supporters including, but not limited to, the following:

Alvah H. and Wylene P. Foundation; Benton Family; Bostick Family; BP Oil Settlement Fund; Chesley G. Magruder Foundation; Dantin Consulting; Disney Worldwide Services; Florida Power & Light/NextEra Energy; Florida Chamber Foundation; Hall Family; Hibbard Endowment Fund; Kirbo Charitable; Maxson Family; McNenny Family; Raymond James Financial; RTJC Hogan Family Foundation; The Patterson Foundation; Ward Endowment Fund; Universal Studios Orlando; and Wells Fargo Foundation.

Information on financial data, by service type, is summarized on pages 9 and 10 of the Annual Report. Details for this summary, as well as information on the expenditures for administration and provision of services and the amount of funds raised from private sources, are included in the financial statements and notes of the Annual Audit included with this letter.

The Annual Audit has a particular note relative to the amount of funds spent on administrative expenses during the fiscal year which deserves attention. As discussed in the section labeled “Administrative Costs” beginning on page 28 of the Annual Audit, the total administrative costs for the fiscal year were calculated at 13%, which complies with the allowable limit referenced in 413.615 (9) j, Florida Statutes, but this compliance is dependent on contribution expenses of approximately \$3 million which were related to a transfer of funds to the Able Charitable Foundation (discussed further in Part 2 of this letter). As noted in the Annual Audit, “If the contribution expenses were excluded from the calculation, administrative costs would have been 25% of total expenses or 10% greater than the maximum allowable amount per statute.” We note this particular item not only to set up the conversation in the next section of this letter but to emphasize that a number of significant steps have already been taken to ensure that future operations of The Able Trust comply with the letter and the spirit of the law which specifies that administrative costs shall be kept to the minimum amount necessary for the efficient and effective administration of the foundation.²

Part 2 – Significant Activities After the Close of Last Fiscal Year

As noted earlier, 2019 was a year of significant change for The Able Trust which included the retirement of the last President and CEO, operational review and interventions by the DOE Inspector General and the Commissioner of Education, resignations from The Able Trust’s Board of Directors, and the appointment of a new President and CEO. This section will discuss a few of these significant items.

Office of Inspector General Report # A-1819DOE-021

Before the end of the 2018-19 fiscal year, the DOE’s Office of Inspector General (OIG) conducted an audit of the administrative costs of The Able Trust for the prior fiscal year, the period of 1 July 2017 through 30 June 2018. The audit noted that The Able Trust had misinterpreted the Florida Statutes and reported total administrative costs inaccurately. While the management of The Able Trust at that time submitted a response to the OIG report (17 June 2019) discussing the basis for its alternate calculation of the President and CEO compensation and Board costs, based on adjustments for time spent on activities not deemed to be attributable to “administration” (e.g. programs, fundraising, and business interaction to encourage placement for people with disabilities), it noted that calculations of administration costs would be clarified with the hire of the new President.

As noted in the six-month update submitted to the OIG on 11 December 2019, the current management directly acknowledged and addressed the misinterpretation cited in the June 2019 OIG report. In our response, we state, “while The Able Trust response of June 17, 2019 (“Attachment A”) made a case for alternative calculations, management’s commitment going forward is to follow and implement the clear statutory language for administrative costs and limits on application of interest and earnings from endowment principal detailed in section 413.615, Florida Statutes...and will continue to work with our

² 413.615 (9) j, Florida Statutes

staff and future Board to implement regular financial management and reporting practices to monitor administrative costs and spending caps throughout the year.” Our ongoing efforts to comply with legislatively mandated caps on administrative costs include:

- Coordination with our auditors to properly record and estimate administrative costs;
- Coordination with DOE leadership and the Director of DVR to adjust the current fiscal year’s budget in order to comply with the statutory 15% administrative costs cap;
- Update of tracking, reporting, and projections tools as well as internal standards to assure compliance with administrative costs cap and limits on use of interest and earnings on the endowment principal;³ and
- Ongoing development of reformatted budget and financial reports for the Board and staff to use next fiscal year that better represent project costs and more clearly identify administrative costs and sources and uses of funds throughout the year.

As noted at the end of Part 1 above, while the current Annual Audit of The Able Trust estimates that the organization was in compliance with the legislatively mandated cap, this has more to do with the accounting for the transfer of funds to the Able Charitable Foundation than a commitment to keep costs to a minimum. While the organization is still adjusting and recovering from the transition of its last President and CEO, current staff and leaders are working hard to properly account for and commit to the clear intent of 413.615 (9) j, Florida Statutes, and will continue to work closely with DOE, DVR, and the OIG to ensure that the organization keeps administrative costs to “the minimum amount necessary for the efficient and effective administration of the foundation.”

Commissioner of Education DSO Report

In the DOE 2019 DSO report, dated 15 August 2019, the Commissioner of Education expressed concerns about the management and operations of the organization and recommended to take immediate action to vastly modify The Able Trust. The concerns focused on the lack of transparency regarding fiscal management, the relationship between The Able Trust and the Able Charitable Foundation, and DOE’s preference to realign the functioning of The Able Trust with the purposes and legislative intent set forth in the Florida Endowment for Vocational Rehabilitation Act, section 413.615, Florida Statutes.

The Commissioner’s letter laid out 10 requests to ensure The Able Trust was moving forward to successfully help individuals with disabilities. Each of the requests has been addressed thanks to the commitment and persistence of The Able Trust staff that remained following the transition and the focus, coordination, and support of the leadership teams at DVR and DOE. The teams at each of these organizations were able to quickly and decidedly right the ship to ensure that The Able Trust was realigned toward the mission of assisting individuals with disabilities to obtain or maintain competitive, integrated employment and to ensure a strong working partnership and relationship as DVR’s direct support organization.

³ Pursuant to 413.615 (9) j 1-5, Florida Statutes

Changes enacted include:

- Acceptance of the resignation of the immediate past President and CEO, her removal from all Able Trust financial accounts, and the severing of any and all related consultant contractual relationships;
- The dissolution of all relationships and agreements between The Able Trust and the Able Charitable Foundation and the reversion of funds formerly transferred from The Able Trust to the Able Charitable Foundation;⁴
- Agreement by the Able Charitable Foundation to cease day-to-day operations and legally dissolve by no later than 31 December 2019;
- Coordination between DOE and The Able Trust Board Chair to secure a new Chief Executive Officer to manage daily business operations and serve to fulfill the mission of The Able Trust;⁵
- Engaging in an ongoing review of all financial and operational standards to ensure compliance with legislative standards, to solidify and strengthen its position as the DVR DSO, and to prepare the organization to broaden the participation and funding potential to support the vocational rehabilitation needs of Floridians with disabilities; and
- Resignation of all Board members in order to allow the Governor to appoint a new Board of Directors pursuant to section 413.615 (8), Florida Statutes.⁶

At the 20 September 2019 State Board of Education meeting held in Jacksonville, DOE leadership provided a positive progress report following the transitions at The Able Trust and commented on the “shared commitment for the future” that DOE, DVR, and The Able Trust had exemplified, noting that The Able Trust was well-positioned for the future and that “positive changes and new bold leadership” set the organization on course to become one of the best support organizations in Florida and the nation. At the meeting, State Board of Education members acknowledged the leadership of DOE and DVR for turning things around and stabilizing the organization, and Commissioner Corcoran reinforced that the great news was not just that the organization was being fixed but that the mission of The Able Trust – providing employment and ensuring dignity through work – would be fulfilled.

New Leadership and Recommitment to Legislative Intent

Since the changes witnessed from June to October of 2019, there is a noticeably stronger working relationship and commitment by the teams at The Able Trust, DVR, and DOE to ensuring a “DSO First” focus and coordinating to address unmet vocational rehabilitation and business engagement needs. Throughout the transition, The Able Trust continued its uninterrupted work in implementing and

⁴ From June 2018 to June 2019, The Able Trust transferred \$3,224,398.82 in cash and securities to the Able Charitable Foundation. As of October 2019, all investment accounts had reverted back to The Able Trust, with the total transfer of cash and securities from Able Charitable Foundation to The Able Trust totaling \$3,117,098.41. Per agreement reached 18 September 2019 between representatives of the Able Charitable Foundation and DOE, there remains a small balance at the Able Charitable Foundation to be used for final auditing, attorney’s fees, and miscellaneous expenses.

⁵ Tony Carvajal was appointed as President and CEO effective 30 September 2019.

⁶ Pursuant to 413.615 (8) b, Florida Statutes, Board members serve 3-year terms or until resignation or removal for cause. The majority of the Board had served longer than 3 years and honored the Commissioner of Education’s request to resign per DSO report dated 15 August 2019. The Commissioner of Education’s DSO report did recommend that one director be removed for cause due to a conflict of interest as an incorporator and director of the Able Charitable Foundation.

overseeing the Florida High School High Tech program, pursuant to the DSO Contract with DVR, and it worked in good faith to honor donor documented wishes and the grant commitments of both The Able Trust and the Able Charitable Foundation that were consistent with our mission. During the last quarter of calendar year 2019, The Able Trust was able to honor more than \$500,000 in duly authorized grant commitments which might have been delayed or forgone but for the diligence of DOE and DVR to ensure that all funds reverted back from the Able Charitable Foundation.

Part 3 – Planning for the Future of The Able Trust

The Able Trust is now a stronger, more focused DSO, and the reenergized collaboration with DVR and DOE are making it possible to refocus on the legislative intent of the Florida Endowment for Vocational Rehabilitation Act, affording Floridians with disabilities a fair opportunity to become self-supporting, productive members of our workforce and communities. We will continue to work closely with partners, funders, and stakeholders across the vocational rehabilitation landscape to build support for and promote employment opportunities for persons with disabilities. With a commitment to focus on “abilities” rather than disabilities, we can broaden the individual and corporate engagement across the state and work together to identify and address barriers to employment.

There are a number of short-term and multi-year tasks that our organization will continue to focus on, including, but not limited to:

- Review of final closure and accounting of the Able Charitable Foundation, including the reversion of any remaining fiscal balances to The Able Trust;
- Update of operational standards and policies and procedures of The Able Trust to ensure compliance with legislative intent;
- Finalizing review of past “sources and uses of funds” to ensure that all public and private dollars are properly recorded and separately maintained;⁷
- Development of 3-5 year fiscal projections for fundraising and grant-making goals;
- Enhancement of the organization’s fundraising capacity to serve as a “long-term, stable, and growing source of revenue derived from legislative appropriations and bequests, gifts, grants, and donations from public or private sources;”⁸
- Rebuilding the business-led networks across the state to broaden the engagement and support of Florida’s business community in the employment of persons with disabilities;
- Support for the creation of resources, programs, research, and training tools designed to raise awareness about the “abilities” of Floridians with disabilities and to assist in removing barriers to employment;
- Preparing for the appointment and orientation of The Able Trust Board of Directors upon selection by the Governor;
- Addressing any questions and oversight issues of the OIG, the Auditor General, or the Legislature (especially relative to proposed Sunset Review⁹);
- Serving as a strong partner and DSO for DVR and DOE; and

⁷ Pursuant to 413.615 (4) e, Florida Statutes

⁸ 413.615 (4) b, Florida Statutes

⁹ Per 413.615 (14), the Florida Endowment for Vocational Rehabilitation Act, and thereby The Able Trust, are set to be repealed 1 October 2023, unless reviewed and saved from repeal by the Legislature.

- Building on the commitment to enhance the capacity of grantees, partners, and communities across the state so that Floridians with disabilities can “assume the activities of daily living and join their communities with dignity and independence.”¹⁰

In 2020, we celebrate the 100th anniversary of vocational rehabilitation¹¹ and the 30th anniversary of the Americans with Disabilities Act, making it a great time to revisit all that is possible for Floridians with disabilities. As the world of work evolves and with our Governor’s commitment to be the nation’s number 1 workforce; DOE’s focus on preparing for the jobs of the future; and the legislature’s commitment to be the best place to live, work, and succeed; more opportunities for Floridians with disabilities become available.

2020 also marks the 30th anniversary of The Able Trust, and we look forward to leveraging our role as DSO and the endowment funds entrusted to us to ensure that Floridians with disabilities find their path to purpose, independence, dignity, and employment. We stand ready to help communities and businesses clear barriers – real or imagined – and to help them connect with talented, committed, and prepared individuals with disabilities that are ready and willing to work. Most importantly, we remain committed to working with you to continue the mission of The Able Trust, providing meaningful employment opportunities for Floridians with disabilities.

Respectfully submitted,

Antonio T. Carvajal
President and CEO
Florida Endowment for Vocational Rehabilitation, dba The Able Trust

Enclosures

¹⁰ From legislative intent, 413.615 (3) a, Florida Statutes

¹¹ The Smith-Fess Act, the Civilian Vocational Rehabilitation Act, was passed in June 1920 and is often recognized as the birth of vocational rehabilitation for American civilians with disabilities.