

# 2019

Florida Council on Compulsive Gambling, Inc.

Financial Statements

For Fiscal Year Ended June 30, 2019

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FLORIDA COUNCIL ON COMPULSIVE  
GAMBLING, INC.**

**JUNE 30, 2019**

**TABLE OF CONTENTS**

<b>Independent Auditor's Report</b> .....	1-2
<b>Financial Statements</b>	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements .....	7-12
<b>Supplementary Information</b>	
Schedule of Expenditure of State Financial Assistance.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	14-15
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by the <i>Florida Single Audit Act</i> .....	16-17
Schedule of Findings and Questioned Costs .....	18
Management Letter .....	19

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Florida Council on Compulsive Gambling, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Florida Council on Compulsive Gambling, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 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 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.

CERTIFIED PUBLIC ACCOUNTANTS

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando*

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

The Board of Directors  
Florida Council on Compulsive Gambling, Inc.

## INDEPENDENT AUDITOR'S REPORT

### Opinion

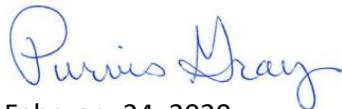
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying schedule of expenditure of state financial assistance, as required by Section 215.97 of the *Florida Statutes of the Florida Single Audit Act*, 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 a report dated February 24, 2020, on our consideration of the Organization'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 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*, in considering the Organization's internal control over financial reporting and compliance.



February 24, 2020  
Tallahassee, Florida

## **FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

**ASSETS**

Cash and Cash Equivalents	\$ 1,364,507
Investments	657,008
Accounts Receivable	520,848
Prepaid Expenses	1,409
Property and Equipment, Net	<u>1,178,294</u>
<b>Total Assets</b>	<u><u>3,722,066</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts Payable	69,113
Accrued Expenses	51,241
Capital Lease Obligation	12,574
Total Liabilities	<u>132,928</u>
<b>Net Assets</b>	
Without Donor Restrictions	<u>3,589,138</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,722,066</u></u>

See accompanying notes.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019  
FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

**Net Assets Without Donor Restrictions**

Revenue and Other Support:

State of Florida, Department of Business and Professional Regulation	\$ 1,250,000
Seminole Tribe of Florida	1,500,000
Training and Other Grants	10,000
Interest Income	84,683
Other	20,766

<b>Total Revenue and Other Support</b>	<u>2,865,449</u>
--	------------------

**Expenses**

Program Services:

Helpline and Treatment	953,918
Advertising	1,268,489
Responsible Gaming Program	365,952
Community Outreach	554,463
Research	299,004

Supporting Services:

Management and General	543,714
------------------------	---------

<b>Total Expenses</b>	<u>3,985,540</u>
-----------------------	------------------

<b>Changes in Net Assets</b>	(1,120,091)
------------------------------	-------------

<b>Net Assets - Without Donor Restrictions at June 30, 2018</b>	<u>4,709,229</u>
---	------------------

<b>Net Assets - Without Donor Restrictions at June 30, 2019</b>	<u>\$ 3,589,138</u>
---	---------------------

See accompanying notes.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019  
FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

	Program Services					Supporting Services	Totals
	HelpLine and Treatment Services	Advertising Services	Responsible Gaming Program Services	Community Outreach Services	Research Services	Management and General	
<b>Salaries, Wages, and Fringe Benefits</b>							
Salaries and Wages	\$ 390,736	\$ 111,904	\$ 98,351	\$ 88,076	\$ 67,524	\$ 176,875	\$ 933,466
Payroll Taxes and Related Expenses	12,544	12,544	12,543	12,543	12,543	40,926	103,643
Health Benefits	31,077	31,077	31,077	31,077	31,077	51,793	207,178
<b>Total Salaries, Wages, and Fringe Benefits</b>	<b>434,357</b>	<b>155,525</b>	<b>141,971</b>	<b>131,696</b>	<b>111,144</b>	<b>269,594</b>	<b>1,244,287</b>
<b>Operating Expenses</b>							
Advertising/Outreach	6,102	968,854	6,102	6,102	6,102	10,171	1,003,433
Subcontract Consulting	16,283	16,283	16,283	16,283	16,283	27,137	108,552
Program Services	354,930	-	-	-	-	-	354,930
Telephone/Translation	5,670	5,670	5,670	5,670	5,670	3,150	31,500
Community Education/Outreach	-	-	-	272,902	-	-	272,902
Postage	1,434	1,434	1,434	1,434	1,434	797	7,967
Equipment Maintenance and Repairs	2,101	2,101	2,101	2,101	2,101	3,502	14,007
Insurance	3,116	3,116	3,116	3,116	3,116	-	15,580
Professional Fees	92,170	92,517	92,170	92,170	92,170	153,617	614,814
Program Evaluation/Monitoring	14,766	-	-	-	37,995	17,587	70,348
Administrative Expenses and Other	14,198	14,198	14,198	14,198	14,198	32,922	103,912
Payroll Processing Expense	491	491	491	491	491	817	3,272
Travel	3,416	3,416	3,416	3,416	3,416	-	17,080
Responsible Gaming Program	-	-	74,116	-	-	-	74,116
<b>Total Expenses Before Depreciation Expense</b>	<b>949,034</b>	<b>1,263,605</b>	<b>361,068</b>	<b>549,579</b>	<b>294,120</b>	<b>519,294</b>	<b>3,936,700</b>
Depreciation Expense	4,884	4,884	4,884	4,884	4,884	24,420	48,840
<b>Total Expenses</b>	<b>\$ 953,918</b>	<b>\$ 1,268,489</b>	<b>\$ 365,952</b>	<b>\$ 554,463</b>	<b>\$ 299,004</b>	<b>\$ 543,714</b>	<b>\$ 3,985,540</b>

See accompanying notes.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

<b>Cash Flows from Operating Activities</b>	
Cash Provided from Grants	\$ 2,660,464
Cash Provided from Training and Other Grants	10,000
Cash Provided from Other	20,766
Cash Paid to Employees for Services	(1,212,231)
Cash Paid for Services	(2,758,974)
<b>Net Cash Provided by (Used in)</b>	
<b>Operating Activities</b>	<u>(1,279,975)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received	84,683
Maturities of Investments	200,000
Purchases of Investments	(857,008)
Purchases of Property and Equipment	(487,354)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(1,059,679)</u>
<b>Cash Flows from Financing Activities</b>	
Payments on Capital Lease Obligation	(181)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>(181)</u>
<b>Net Increase (Decrease) in Cash</b>	
<b>and Cash Equivalents</b>	(2,339,835)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,704,342</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,364,507</u>
<b>Non-Cash Investing and Financing Activities</b>	
Equipment Purchased with Capital Lease	<u>\$ 12,755</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

**Note 1 - Nature of Organization and Summary of Significant Accounting Policies**

**General**

The Florida Council on Compulsive Gambling, Inc. (the Organization) is a non-profit organization and its mission is dedicated to increasing public awareness of problem and compulsive gambling and advocating services and treatment support for those adversely affected by gambling. The Organization provides various services including outreach, education, training, and referral services to clinics and individuals, families, friends, and employers for treatment and awareness through operation of a 24-hour problem gambling helpline and other programs, including conferences, trainings, and population specific program development and production.

**Revenue and Expense Recognition**

The Organization recognizes revenues, other support, and expenses on the accrual basis. Revenues and support from grants and contracts are generally recognized as eligible costs are incurred and/or required services are performed. Functional expenses are allocated between programs on the basis of specific identification, where possible, or management's best estimates.

**Financial Statement Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

Financial statement presentation follows *Accounting Standards Codification* (ASC) Topic 958-205, *Financial Statement for Not-For-Profit Organizations*. Under ASC Topic 958-205, the Organization is required to report information regarding its financial position and activities as follows:

- **Without Donor Restrictions** — Net assets are not subject to donor-imposed stipulations.
- **With Donor Restrictions** — Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, with donor restrictions assets are reclassified to without donor restrictions, and reported in the statement of activities as net assets released from restrictions. There are no amounts reported as With Donor Restrictions as of June 30, 2019.

**Income Taxes**

The Organization is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC. Consequently, no provision for income taxes has been included in the accompanying financial statements.

The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the tax authority is recorded. The Organization is exempt from income tax under IRC Section 501 (c)(3), though it is subject to tax on income to its exempt purposes, unless that income is otherwise excluded by the IRC. There are no tax positions for which a material change in any

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

unrecognized tax benefit liability is reasonably possible in the next 12 months. There is no interest or penalties recognized in the income statement or balance sheet. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2016-2018. The Organization believes their estimates and positions taken are appropriate based on current facts and circumstances.

**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 With Donor Restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

The Organization places its cash and cash equivalents on deposit or in money market accounts with a financial institution in the United States. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management does not believe the risk of uninsured loss due to bank failure to be significant.

**Investments**

Investments consist of certificates of deposit which are held with multiple banks such that the total value at any one bank doesn't exceed FDIC coverage. Investments are reported at fair value. Investment income and any realized or unrealized gains and losses are included in the change in net assets in the year they are earned.

**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 functional expenses. Accordingly, certain costs have been allocated among the program and supporting service categories based on management's best estimates of time spent or the benefits provided.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through February 24, 2020, which is the date the financial statements were available to be issued.

**NOTES TO FINANCIAL STATEMENTS  
FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

**Adoption of New Accounting Standard**

The FASB recently issued *Accounting Standards Update (ASU) Statement No. 2016-14, Not-for-Profit (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, which supersedes accounting standards that existed under generally accepted accounting principles and improves the current net assets classification requirements and the information presented in financial statements and notes about a Not-For-Profit's (NFP's) liquidity, financial performance, and cash flows. This standard is intended to provide information that is more useful to donors, grantors, and other users of the financial statements. The Organization implemented this standard during the fiscal year ended June 30, 2019. Under the new standard, the statement of cash flows is reported under the direct method, instead of the indirect method.

**Note 2 – Fair Value of Investments**

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 Inputs**—are quoted prices (unadjusted) for identical assets or liabilities in active markets that an organization can access at the measurement date.
- **Level 2 Inputs**—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3 Inputs**—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, an organization should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The Organization's investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value in the hierarchy described above. The fair value measurements for the Organization's investments were as follows at June 30, 2019:

Investments by Fair Value Level	Amount	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 657,008	\$ -	\$ 657,008	\$ -

**Note 3 - Accounts Receivable**

Accounts receivable substantially represents funds due under contract from the State of Florida, Department of Business and Professional Regulation, and/or the Seminole Tribe of Florida and are not collateralized. Management provides for probable uncollectible accounts using the reserve method based on its assessment of the current status of the individual receivables and after using reasonable collection efforts. As of June 30, 2019, no reserve for uncollectible accounts had been recorded.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

**Note 4 - Property and Equipment**

Property and equipment are valued at acquisition date and fair market value at date of donation. Assets are capitalized when the purchase price exceeds \$1,000 and the estimated useful life is more than one year. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method based upon the estimated useful lives of assets, which range from between five to seven years.

Property and equipment consists of the following:

Land	\$	458,665
Building and Improvements		696,749
Furniture, Fixtures, and Equipment		90,414
Computer Equipment		<u>111,003</u>
		1,356,831
(Less Accumulated Depreciation)		<u>(178,537)</u>
<b>Net Property and Equipment</b>	<b>\$</b>	<b><u>1,178,294</u></b>

**Note 5 - Concentrations**

A significant portion of the revenues and support generated by the Organization are funded through the State of Florida Department of Business and Professional Regulation (DBPR) and the Seminole Tribe of Florida. Subsequent to year-end, the Organization executed a contract with the DBPR through June 30, 2024.

**Note 6 - Retirement Plan**

The Organization sponsors a 401(k) Profit Sharing and Safe Harbor Plan (the Plan). The Plan is available to substantially all employees with one year service and 1,000 hours. Contributions by employees are made at the discretion of the employee. The Organization makes matching contributions to the Plan and has the ability to make additional contributions at its discretion. Employer contributions to the Plan for the fiscal year ended June 30, 2019, were not considered material.

The Organization's former 401(k) Profit Sharing Plan (the Former Plan) was frozen during the prior year as part of legal proceedings against the Plan. See Note 7 for a description of the legal matters. Amounts accrued for prior year's employer matching contributions and lost earnings to the Former Plan totaled \$29,985 as of June 30, 2019.

**Note 7 - Contingencies**

By terms of the Organization's grants, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund for the appropriate amount. Management of the Organization does not anticipate adjustments being made for grants in process as of June 30, 2019. Accordingly, no provision for liability has been recorded in the accompanying financial statements.

**NOTES TO FINANCIAL STATEMENTS  
FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

Prior to fiscal 2019, management was notified by the United States Bankruptcy Court for the Western District of North Carolina that certain assets of the Organization and the Former Plan were frozen by an injunction of the Bankruptcy Court. The Organization subsequently discovered that the founder and former president of the Organization had perpetrated a misappropriation of the Organization's funds by pledging certain certificates of deposit, which were owned by the Organization, as collateral for a loan to one of his personally owned companies. The Bank seized the Organization's certificates of deposit when the personal loan defaulted. The Organization has filed a criminal complaint against the former president as a result of the misappropriation and is pursuing restitution for the loss; however, the ultimate recovery is uncertain at this time. The certificates of deposit were written off in the previous fiscal year. The Former Plan was also released from the injunction in early 2019. In March 2019, the Former Plan settled with the Bankruptcy Trustee in exchange for a payment of Former Plan assets to the Trustee and also resolved a claims objection in the Bankruptcy Case filed by the Trustee. The Bankruptcy Court also lifted the injunction against the Former Plan.

The Organization has paid legal fees related to the Former Plan and is seeking reimbursement from the Former Plan for those fees. The Organization is working with the Internal Revenue Service and the Department of Labor to resolve this matter; however, the ultimate resolution is uncertain at this time.

**Note 8 - Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. The year ending June 30, 2019, is the first year of implementation and June 30, 2018, data is not required for inclusion.

Organization's Financial Assets, at June 30, 2019:	
Cash and Cash Equivalents	\$ 1,364,507
Investments	657,008
Short-Term Accounts Receivable	520,848
Total Financial Assets	2,542,363
Less Those Unavailable for General Expenditures	
Within One Year, Due to:	
Contractual or Donors Imposed Restrictions:	
Restricted by Donors with Time or Purpose Restrictions	-
<b>Organization's Financial Assets Available to Meet</b>	
<b>Cash Needs for Expenditures within One Year</b>	<b>\$ 2,542,363</b>

**Note 9 - Capital Lease**

On April 1, 2019, the Organization leased a copier under a capital lease expiring in May 2023. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease and, accordingly, the lease is recorded as part of the Organization's assets and liabilities.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

The following is a schedule of years of future minimum payments required under the lease together with its present value:

<b>Year Ending June 30, 2019</b>	<b>Lease Payments</b>
2020	\$ 3,576
2021	3,576
2022	3,576
2023	3,278
Total Minimum Lease Payments	14,006
(Amounts Representing Interest)	(1,432)
Present Value of Minimum Lease Payments	<u>\$ 12,574</u>

The following is an analysis of the leased assets included in property and equipment:

	<b>2019</b>
Furniture, Fixtures, and Equipment	\$ 12,755
(Accumulated Depreciation)	(797)
<b>Net Assets Under Capital Leases</b>	<u>\$ 11,958</u>

Amortization of the leased equipment totaled \$797 for the year ending June 30, 2019, and is included in Depreciation Expense on the Statement of Functional Expenses.

## **SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURE OF STATE FINANCIAL ASSISTANCE  
FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

	<u>CSFA or Identifying Number</u>	<u>Expenditures</u>
Florida Department of Business and Professional Regulation: Division of Pari-Mutuel Wagering Problem/Compulsive Gambling Prevention Program	79.006	\$ <u>1,250,000</u>

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditure of State Financial Assistance presents the activity of all state financial assistance and state cost reimbursement contracts, as applicable, of the Organization.

State project expenditures included in the accompanying schedule are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*.

**Note 2 - State Projects**

State projects are identified in the Summary of Audit Results section of the Schedule of Findings and Questioned Costs.

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

The Board of Directors  
Florida Council on Compulsive Gambling, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Florida Council on Compulsive Gambling, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2020.

**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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando  
purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

The Board of Directors  
Florida Council on Compulsive Gambling, Inc.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of 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.



February 24, 2020  
Tallahassee, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE *FLORIDA SINGLE AUDIT ACT***

The Board of Directors  
Florida Council on Compulsive Gambling, Inc.

**Report on Compliance for Each Major State Project**

We have audited Florida Council on Compulsive Gambling, Inc.'s (the Organization) compliance with the types of compliance requirements described in the State of Florida, State Projects Compliance Supplement that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2019. The Organization's major state projects are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects 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 the audit requirements of Section 215.97 of the Florida Statutes of the *Florida Single Audit Act*. Those Standards and the *Florida Single Audit Act* require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on test basis, evidence about the Organization'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 state project. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major State Project**

In our opinion, the Organization complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2019.

CERTIFIED PUBLIC ACCOUNTANTS

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando*

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

The Board of Directors  
Florida Council on Compulsive Gambling, Inc.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE *FLORIDA SINGLE AUDIT ACT***

**Report on Internal Control Over Compliance**

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with the *Florida Single Audit Act*, 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 the Organization's internal control over compliance.

*A deficiency in an 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, non-compliance with a type of compliance requirement of a state project 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 non-compliance with a type of compliance requirement of a state project 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 state project 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 the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. 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 the *Florida Single Audit Act*. Accordingly, this report is not suitable for any other purpose.



February 24, 2020  
Tallahassee, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Florida Council on Compulsive Gambling, Inc.
2. No significant deficiencies were disclosed during the audit of the financial statements and reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of non-compliance material to the financial statements of Florida Council on Compulsive Gambling, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major state project were disclosed during the audit in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by the *Florida Single Audit Act*.
5. The auditor's report on compliance for the major state project for Florida Council on Compulsive Gambling, Inc. expresses an unmodified opinion.
6. There were no matters reported in the Management Letter required to be reported in accordance with the *Rules of the Auditor General*, Chapter 10.656.
7. The program tested as a major state project was the Division of Pari-Mutuel Wagering Problem/Compulsive Gambling Prevention Program administered by the State of Florida Department of Business and Professional Regulation (CSFA 79.006).
8. The threshold for distinguishing Types A and B programs was \$375,000.

**B. Findings - Financial Statements**

There were no findings reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

**C. Findings and Questioned Costs - Major State Projects**

None

**D. Other Issues**

No Summary Schedule of Prior Audit Findings (See AG Rule 10.656(3)(d)(5)) is required because there are no prior audit findings related to state projects.

## MANAGEMENT LETTER

The Board of Directors  
Florida Council on Compulsive Gambling, Inc.

### Report on the Financial Statements

We have audited the financial statements of Florida Council on Compulsive Gambling, Inc. (the Organization) as of and for the year ended June 30, 2019, and have issued our report thereon dated February 24, 2020.

### Auditor's Responsibility

We conducted our audit 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 the Audit Requirements of Chapter 10.650, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance in accordance with the Chapter 10.650, *Rules of the Auditor General*.

### Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



February 24, 2020  
Tallahassee, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*