

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Quit Doc Research and Education Foundation, Inc.
Coral Springs, Florida

Report on Financial Statements

We have audited the accompanying financial statements of Quit Doc Research and Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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

MEMBER

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Independent Auditor's Report

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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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quit Doc Research and Education Foundation, Inc. as of December 31, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance, as required by the Rules of Department of Financial Services and Chapter 10.650, Rules of Auditor General, 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 basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2020, on our consideration of Quit Doc Research and Education

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Independent Auditor's Report
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Other Reporting Required by *Government Auditing Standards* (Continued)

Foundation, 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 Quit Doc Research and Education Foundation, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements as of and for the year ended December 31, 2018, and we expressed an unmodified opinion on those audited financial statements in our report dated July 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Earl M. Cohen CPA CA

August 18, 2020
Boca Raton, Florida

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	ASSETS	
	<u>2019</u>	<u>2018</u>
Cash	\$ 724,640	\$ 729,958
Grants and state contracts receivable	410,027	408,827
Prepaid expenses	12,823	17,411
Furniture and equipment - Net	12,371	15,841
Advance rent/security deposits	<u>4,715</u>	<u>5,515</u>
 TOTAL ASSETS	 <u>\$ 1,164,576</u>	 <u>\$ 1,177,552</u>
 LIABILITIES AND NET ASSETS		
 LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 58,021</u>	<u>\$ 57,972</u>
 COMMITMENTS		
 NET ASSETS		
Without donor restrictions	1,084,412	1,081,657
With donor restrictions	<u>22,143</u>	<u>37,923</u>
Total Net Assets	<u>1,106,555</u>	<u>1,119,580</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,164,576</u>	 <u>\$ 1,177,552</u>

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	Without Donor Restrictions	With Donor Restrictions	Total	2018 (Summarized)
REVENUES, GAINS AND OTHER SUPPORT:				
State contracts	\$ 1,605,310	\$ -	\$ 1,605,310	\$ 1,605,310
Grants	-	-	-	155,216
Contributions	6,693	1,200	7,893	33,086
Program fees and other income	35,370	-	35,370	18,357
Interest income	325	-	325	307
Net Assets Released From Restrictions:				
Satisfaction of usage restrictions	<u>16,980</u>	<u>(16,980)</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gains and Other Support	 <u>1,664,678</u>	 <u>(15,780)</u>	 <u>1,648,898</u>	 <u>1,812,276</u>
EXPENSES AND LOSSES:				
Program services	1,553,105	-	1,553,105	1,665,996
Management and general	<u>108,818</u>	<u>-</u>	<u>108,818</u>	<u>78,737</u>
 Total Expenses	 1,661,923	 -	 1,661,923	 1,744,733
Loss on disposal of equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>457</u>
 Total Expenses and Losses	 <u>1,661,923</u>	 <u>-</u>	 <u>1,661,923</u>	 <u>1,745,190</u>
CHANGE IN NET ASSETS	2,755	(15,780)	(13,025)	67,086
NET ASSETS - BEGINNING OF YEAR	<u>1,081,657</u>	<u>37,923</u>	<u>1,119,580</u>	<u>1,052,494</u>
NET ASSETS - END OF YEAR	<u>\$ 1,084,412</u>	<u>\$ 22,143</u>	<u>\$ 1,106,555</u>	<u>\$ 1,119,580</u>

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	Program <u>Services</u>	Management <u>and General</u>	<u>Total</u>	2018 <u>(Summarized)</u>
Salaries and wages	\$ 901,132	\$ 37,072	\$ 938,204	\$ 976,985
Payroll taxes	68,117	2,802	70,919	73,120
Contract labor	209,732	31,217	240,949	250,767
Educational materials, sponsorships and media campaigns	156,299	-	156,299	199,196
SWAT ("Students Working Against Tobacco") expenses	50,844	-	50,844	43,667
Rent and storage	78,769	1,152	79,921	80,277
Professional fees	-	29,360	29,360	29,865
Office supplies and expense	24,715	2,235	26,950	29,101
Telephone	14,430	616	15,046	15,154
Travel	12,301	140	12,441	11,384
Meals and entertainment	9,884	54	9,938	10,844
Insurance	8,706	2,556	11,262	8,588
Utilities	8,440	-	8,440	6,350
Dues and subscriptions	5,530	-	5,530	4,037
Public relations and promotion	-	500	500	500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	1,548,899	107,704	1,656,603	1,739,835
Depreciation	4,206	1,114	5,320	4,898
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 1,553,105</u>	<u>\$ 108,818</u>	<u>\$ 1,661,923</u>	<u>\$ 1,744,733</u>

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (13,025)	\$ 67,086
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,320	4,898
Loss on disposal of equipment	-	457
(Increase) Decrease In:		
Grants and state contracts receivable	(1,200)	45,364
Prepaid expenses	4,588	(6,673)
Advance rent/security deposits	800	-
Increase (Decrease) In:		
Accounts payable and accrued expenses	49	(25,686)
	(3,468)	85,446
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,468)	85,446
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(1,850)	(7,242)
NET INCREASE (DECREASE) IN CASH	(5,318)	78,204
CASH - BEGINNING OF YEAR	729,958	651,754
CASH - END OF YEAR	\$ 724,640	\$ 729,958

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1. DESCRIPTION AND NATURE OF BUSINESS

Quit Doc Research and Education Foundation, Inc. was organized as a nonprofit organization under the laws of the State of Florida on November 22, 2006. The Organization's mission is to reduce the number of deaths in the United States from tobacco use and abuse through a combination of education and research programs. Its head office is in Coral Springs, Florida but has satellite offices in Palm City, Trenton, Vero Beach, Ocala, Sebring, Starke, Arcadia and Lake City, Florida.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions represents net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions represents net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization and/or the passage of time. 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.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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 using a discount rate commensurate with the risks involved. Any allowance for uncollectible unconditional promises to give is based on prior years' experience and management's analysis of specific promises made. Amounts received that are designated for future periods or for specific purposes are reported in net assets with donor restrictions. State contracts are recognized when the deliverables as specified in the contracts are provided. Grants are generally recognized as contributions but may be recognized as revenue depending upon the provisions of the grant. Program fees are recognized when services are rendered.

Donated Property

The Organization records the value of donated property when there is an objective basis available to measure their value. Donated property is reflected as a contribution at their estimated value on the date of receipt.

Furniture and Equipment

It is the Organization's policy to capitalize furniture and equipment in excess of \$500. Furniture and equipment is recorded at cost. Expenditures for major betterments

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment (Continued)

and additions are capitalized while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Office and other equipment	5 to 7 years

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. 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 Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2016.

Functional Allocation of Expenses

The costs of providing the program and other activities of the Organization are, for the most part, separately identifiable. However, certain expenses such as salaries and wages, contract labor and office supplies and expense have been allocated among the various functions in the statement of functional expenses based on management's estimate of usage and time and effort.

Statement of Cash Flows

For purposes of this statement, the Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2019 and 2018, the Organization had no cash equivalents.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses. Accordingly, actual results could vary from the estimates that were assumed in preparing the financial statements and those differences could be material.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amounts of the Organization's financial instruments including grants and state contracts receivable, prepaid expenses and accounts payable and accrued expenses approximate fair value due to the relatively short period to maturity for these instruments.

NOTE 3. FURNITURE AND EQUIPMENT

Furniture and equipment as of December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 7,827	\$ 7,827
Office and other equipment	<u>35,750</u>	<u>35,013</u>
	43,577	42,840
Accumulated depreciation	<u>(31,206)</u>	<u>(26,999)</u>
Total Furniture and Equipment - Net	<u>\$12,371</u>	<u>\$15,841</u>

Depreciation for the years ended December 31, 2019 and 2018 was \$5,320 and \$4,898, respectively.

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2019 and 2018, net assets with donor restrictions were subject to the following specific purposes:

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
Video based Internet smoking cessation project	\$13,718	\$13,718
Student tobacco intervention programs	<u>8,425</u>	<u>24,205</u>
Total	<u>\$22,143</u>	<u>\$37,923</u>

During the years ended December 31, 2019 and 2018, net assets released from restrictions by incurring expenditures satisfying the purpose specified by the donors was \$16,980 and \$162,263, respectively.

NOTE 5. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash at high credit quality financial institutions insured through the Federal Deposit Insurance Corporation.

NOTE 6. RELATED PARTY TRANSACTIONS

The Organization has subcontractor agreements with companies the stockholders of which are the Organization's president and treasurer to perform general and program administration and state contracts compliance. The agreements terminated June 30, 2019 but were renegotiated and extended to June 30, 2020 and again to June 30, 2021. During the years ended December 31, 2019 and 2018, compensation expense related to these companies totaled \$216,461 and \$217,500, respectively. As of December 31, 2019 and 2018, the amount due these companies was \$4,961 and \$0, respectively. These amounts due are included in accounts payable and accrued expenses.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6. RELATED PARTY TRANSACTIONS (CONTINUED)

During the years ended December 31, 2019 and 2018, bookkeeping fees were paid to a relative of the Organization's treasurer totaling \$11,870 and \$11,700, respectively.

The Organization shares its head office in Coral Springs, Florida with a company, the stockholder of which is the Organization's treasurer. During the years ended December 31, 2019 and 2018, rent paid was \$5,760.

NOTE 7. COMMITMENTS

Operating Leases

The Organization leases its satellite offices under non-cancellable operating leases expiring through June 30, 2022 and two leases on a month-to-month basis. The leases provide for monthly base rental payments ranging between \$325 and \$1,000. In addition, some of the leases require the Organization to pay its share of utilities.

Future minimum lease payments due under these leases for the years ending subsequent to December 31, 2019 are as follows:

<u>December 31,</u>	<u>Amount</u>
2020	\$48,983
2021	30,099
2022	<u>7,511</u>
Total	<u>\$86,593</u>

During the years ended December 31, 2019 and 2018, rent expense was \$79,921 and \$80,277, respectively.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8. LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization has \$1,134,667 of financial assets available within one year of the balance sheet date to meet its needs for general expenditure consisting of cash of \$724,640 and grants and state contracts receivable of \$410,027. None of the financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to maintain as liquid as possible to meet its normal operating expenditures, liabilities and other obligations as they become due. Cash in excess of its daily requirements is maintained in a money market account.

NOTE 9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 18, 2020, the date the financial statements were available to be issued.

NOTE 10. COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

SUPPLEMENTARY INFORMATION

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2019

State Agency/State Project	<u>CFSA Number</u>	Contract Grant <u>Number</u>	<u>Expenditure</u>
DEPARTMENT OF HEALTH			
Community-Based Tobacco Prevention Interventions	64.093	COTGI R1A1	\$ 115,203
Community-Based Tobacco Prevention Interventions	64.093	COTGK R1A1	143,198
Community-Based Tobacco Prevention Interventions	64.093	COTGL R1A1	123,364
Community-Based Tobacco Prevention Interventions	64.093	COTGN R1A1	123,971
Community-Based Tobacco Prevention Interventions	64.093	COTGO R1A1	115,379
Community-Based Tobacco Prevention Interventions	64.093	COTGR R1A1	113,740
Community-Based Tobacco Prevention Interventions	64.093	COTGS R1A1	119,066
Community-Based Tobacco Prevention Interventions	64.093	COTGT R1A1	114,485
Community-Based Tobacco Prevention Interventions	64.093	COTGU R1A1	174,211
Community-Based Tobacco Prevention Interventions	64.093	COTGW R1A1	211,455
Community-Based Tobacco Prevention Interventions	64.093	COTHB R1A1	113,426
Community-Based Tobacco Prevention Interventions	64.093	COTHC R1A1	137,812
			<hr/> <hr/> \$ 1,605,310

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the state contract activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Rules of Department of Financial Services and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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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*

To the Board of Directors
Quit Doc Research and Education Foundation, Inc.
Coral Springs, Florida

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 Quit Doc Research and Education Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated August 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Quit Doc Research and Education Foundation, Inc.'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 Quit Doc Research and Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Quit Doc Research and Education Foundation, Inc.'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 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. 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

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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*

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Internal Control Over Financial Reporting (Continued)

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Quit Doc Research and Education Foundation, Inc.'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*.

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.

Earl M. Cohen CPA CA

August 18, 2020
Boca Raton, Florida

Earl M. Cohen, C.P.A., P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
RULES OF DEPARTMENT OF FINANCIAL SERVICES AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL

To the Board of Directors
Quit Doc Research and Education Foundation, Inc.
Coral Springs, Florida

Report on Compliance for Each Major State Project

We have audited Quit Doc Research and Education Foundation, Inc.'s compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Quit Doc Research and Education Foundation, Inc. major state projects for the year ended December 31, 2019. Quit Doc Research and Education Foundation, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Quit Doc Research and Education Foundation, Inc.'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; Rules of Department of Financial Services; and Chapter 10.650, Rules of the Auditor General. Those standards, Rules of the Department of Financial Services and Chapter 10.650, Rules of the Auditor General 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 state project occurred. An audit includes examining, on a test basis, evidence about Quit Doc Research and Education Foundation, Inc.'s compliance

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE RULES OF DEPARTMENT OF FINANCIAL SERVICES AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

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Auditor's Responsibility (Continued)

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 Quit Doc Research and Education Foundation, Inc.'s compliance.

Opinion on Each Major State Project

In our opinion, Quit Doc Research and Education Foundation, 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 state projects for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Quit Doc Research and Education Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Quit Doc Research and Education Foundation, Inc.'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 the 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 Rules of Department of Financial Services and Chapter 10.650, Rules of the Auditor General, 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 Quit Doc Research and Education Foundation, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a

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Report on Internal Control Over Compliance (Continued)

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 noncompliance 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 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 material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Rules of Department of Financial Services; and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Earl M. Cohen CPA CA

August 18, 2020
Boca Raton, Florida

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 STATE PROJECTS
 YEAR ENDED DECEMBER 31, 2019

Section A - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

State Projects

Internal Control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u>None reported</u>

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Rules of Department of Financial Services or Chapter 10.650?	<u>No</u>
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Identification of major programs/projects:

<u>State CSFA Number</u>	<u>State Project</u>
64.093	Community-Based Tobacco Prevention Interventions

Dollar threshold used to distinguish between Type A and Type B programs/projects for major state projects:	<u>\$300,000</u>
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Auditee qualified as low-risk auditee pursuant to Rules of Department of Financial Services?	<u>Yes</u>
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QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS
YEAR ENDED DECEMBER 31, 2019
Page Two

Section B - Financial Statement Findings

None reportable. No management letter was issued.

Section C - Findings and Questioned Costs - Major State Projects

None reportable. No management letter was issued.

Section D - Prior Year Audit Findings - Major State Projects

None reportable.