

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Florida Council on Compulsive Gambling, Inc.

Sanford, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of *Florida Council on Compulsive Gambling, Inc.* (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses 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 the 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Florida Council on Compulsive Gambling, Inc.* as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Chapter 10.650, Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of *Florida Council on Compulsive Gambling, 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 solely 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 effectiveness of *Florida Council on Compulsive Gambling, Inc.*'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Florida Council on Compulsive Gambling, Inc.*'s internal control over financial reporting and compliance.

Keith Albright Company, P.A.

Maitland, Florida
December 8, 2020

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Assets

Cash and cash equivalents	\$ 1,554,175
Property and equipment, net	1,133,806
Accounts receivable	831,090
Investments	559,675
Prepaid expenses	23,586
Total Assets	<u><u>4,102,332</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	15,381
Accrued expenses	81,430
PPP loan payable	117,500
Capital lease obligation	9,882
Total Liabilities	<u><u>224,193</u></u>

Net Assets

Without donor restrictions	<u>3,878,139</u>
Total Liabilities and Net Assets	<u><u>4,102,332</u></u>

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

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
Interest income	23,421
Other	24,749

Total Revenue and Other Support

2,798,170

Expenses

Program services:

HelpLine and treatment services	571,829
Advertising services	556,115
Community outreach services	336,924
Responsible gambling program services	318,773
Research	253,824

Supporting services:

Management and general	<u>471,704</u>
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Total Expenses

2,509,169

Changes in Net Assets

289,001

Net Assets - Without Donor Restrictions at June 30, 2019

3,589,138

Net Assets - Without Donor Restrictions at June 30, 2020

\$ 3,878,139

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

Operating Activities:	
Cash provided from grants	\$ 2,439,758
Cash provided from other	36,629
Cash paid to employees for services	(865,451)
Cash paid for services	<u>(1,664,352)</u>
Net Cash Used in Operating Activities	<u>(53,416)</u>
Investing Activities:	
Maturities of investments	100,000
Net investment activity	20,754
Purchases of property and equipment	<u>7,522</u>
Net Cash Provided by Investing Activities	<u>128,276</u>
Financing Activities:	
Proceeds from notes payable	117,500
Payments on capital lease obligation	<u>(2,692)</u>
Net Cash Provided by Financing Activities	<u>114,808</u>
Net Increase in Cash and Cash Equivalents	189,668
Cash and Cash Equivalents, Beginning of Year	1,364,507
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,554,175</u></u>

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services	
	HelpLine and Treatment Services	Advertising Services	Community Outreach Services	Responsible Gambling Program Services	Research	Total	Management and General	Total
Salaries, Wages, and Fringe Benefits								
Salaries and Wages	\$313,178	\$ 60,556	\$ 58,214	\$ 63,943	\$ 46,757	\$ 542,648	\$ 93,521	\$ 636,169
Health Benefits	20,012	20,012	20,012	20,012	20,012	100,060	33,354	133,414
Payroll Taxes and Related Expenses	7,146	7,146	7,146	7,146	7,146	35,730	11,911	47,641
Retirement	1,632	1,632	1,632	1,632	1,632	8,160	24,486	32,646
Total Salaries, Wages, and Fringe Benefits	341,968	89,346	87,004	92,733	75,547	686,598	163,272	849,870
Operating Expenses								
Advertising/Outreach	4,324	386,631	4,324	4,324	4,324	403,927	-	403,927
Professional Fees	28,868	28,868	28,868	28,868	28,868	144,340	234,489	378,829
Community Education	-	-	165,458	-	-	165,458	-	165,458
Responsible Gambling Program	-	-	-	141,578	-	141,578	-	141,578
Program Services	129,899	-	-	-	-	129,899	-	129,899
Program Evaluation/Monitoring	15,500	-	-	-	93,815	109,315	-	109,315
Administrative Expenses and Other	13,618	13,618	13,618	13,618	13,618	68,090	29,610	97,700
Subcontract Consulting	13,953	13,953	13,953	13,953	13,953	69,765	23,254	93,019
Telephone/Translation	5,653	5,653	5,653	5,653	5,653	28,265	3,141	31,406
Insurance	4,442	4,442	4,442	4,442	4,442	22,210	727	22,937
Postage	2,232	2,232	2,232	2,232	2,232	11,160	1,240	12,400
Travel	1,787	1,787	1,787	1,787	1,787	8,935	-	8,935
Payroll Processing Expense	986	986	986	986	986	4,930	1,643	6,573
Equipment Rental and Maintenance	797	797	797	797	797	3,985	1,328	5,313
Total Operating Expenses	222,059	458,967	242,118	218,238	170,475	1,311,857	295,432	1,607,289
Total Expenses Before Depreciation Expense	564,027	548,313	329,122	310,971	246,022	1,998,455	458,704	2,457,159
Depreciation Expense	7,802	7,802	7,802	7,802	7,802	39,010	13,000	52,010
Total Expenses	\$571,829	\$ 556,115	\$ 336,924	\$ 318,773	\$ 253,824	\$ 2,037,465	\$ 471,704	\$ 2,509,169

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 NATURE OF OPERATIONS 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.

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.

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, 2020.

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”) or the Securities Investor Protection Corporation (SIPC) up to \$250,000. Management does not believe the risk of uninsured loss due to bank failure to be significant.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments

Investments consist of certificates of deposit which are held with a financial institution that provides SIPC 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.

Revenue and Expense Recognition

The Organization recognizes revenues, other support, and expenses on the accrual basis. The Organization's primary source of revenues are from contracts and grants from the State of Florida Department of Business and Professional Regulation ("DBPR") and the Seminole Tribe of Florida. 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.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements. 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.

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.

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 December 8, 2020, which is the date the financial statements were available to be issued.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020:

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of Deposit	\$ 559,675	\$ -	\$ 559,675	\$ -

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, 2020, no reserve for uncollectible accounts had been recorded.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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. Depreciation expense was \$52,010 for the year ended June 30, 2020.

Property and equipment consists of the following:

Building and Improvements	\$ 700,578
Land	458,665
Computer Equipment	112,386
Furniture, Fixtures, and Equipment	<u>92,724</u>
	1,364,353
(Less Accumulated Depreciation)	<u>(230,547)</u>
Net Property and Equipment	<u>\$ 1,133,806</u>

NOTE 5 CONCENTRATIONS

A significant portion of the revenues and support generated by the Organization are funded through the DBPR and the Seminole Tribe of Florida. The Organization has 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 were \$10,772 for the fiscal year ended June 30, 2020.

The Organization's former 401(k) Profit Sharing Plan (the Former Plan) was frozen during the 2018 fiscal year as part of legal proceedings against the former Plan. See Note 7 for a description of the legal matters.

NOTE 7 CONTINGENCIES

By terms of the Organization's contracts, certain funding agencies reserve the right to examine records relating to cost reimbursements. Management of the Organization does not anticipate adjustments being made for contracts in process as of June 30, 2020. Accordingly, no provision for liability has been recorded in the accompanying financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 CONTINGENCIES – continued

Prior to fiscal year ended June 30, 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 a previous fiscal year. The Former Plan was 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 Plan's involvement in the Bankruptcy Case terminated in early 2020.

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.

Subsequent to year end, there was an outstanding IRS matter regarding make-up contributions and lost earnings for certain employees that were incorrectly excluded from participating in the Plan from 2013-2014. The IRS has suggested that there will need to be corrective contributions made by the Organization for lost earnings made in the subsequent year. The Organization has accrued a liability of \$15,342 as of June 30, 2020 for these corrective contributions, which is included in accounts payable on the statement of financial position.

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.

Organization's Financial Assets, at June 30, 2020:	
Cash and Cash Equivalents	\$ 1,554,175
Investments	559,675
Short-term Accounts Receivable	<u>831,090</u>
Total Financial Assets ⁴	2,944,940
Less Those Unavailable for General Expenditures	
Within One Year, Due To:	
Contractual or Donors Imposed Restrictions:	
Restricted by Donors with Time or Purpose Restrictions	<u>-</u>
Organization's Financial Assets Available to Meet	
Cash Needs for Expenditures within One Year	<u>\$ 2,944,940</u>

As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

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

Year Ended June 30	Lease Payments
2021	\$ 3,680
2022	3,791
2023	3,571
2024	-
2025	-
Thereafter	-
Total Minimum Lease Payments	\$ 11,042
(Amounts Representing Interest)	(1,160)
Present Value of Minimum Lease Payments	\$ 9,882

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

	2020
Furniture, Fixtures, and Equipment	\$ 12,755
(Accumulated Depreciation)	(3,986)
Net Assets Under Capital Leases	\$ 8,769

Amortization of the leased equipment totaled \$3,189 for the year ending June 30, 2020, and is included in Depreciation Expense on the Statement of Functional Expenses. Interest expense incurred under the capital lease agreement was \$849 for the year ended June 30, 2020.

NOTE 10 NOTES PAYABLE

In April 2020, the Organization was granted a loan (the "loan") from a bank in the amount of \$117,500 pursuant to the U.S Small Business Administration's ("the SBA") Paycheck Protection Program ("the PPP") under the Coronavirus Aid, Relief, and Economic Security Act ("the Act"). Under the PPP and the Act, up to the full principal amount of the loan and any accrued interest can be forgiven if the Organization uses all of the note proceeds for forgivable purposes as required under the Act and any rule, regulation, or guidance issued by the SBA pursuant to the Act.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 NOTES PAYABLE – continued

Pursuant to the provisions of the Act, the first six monthly payments of principal and interest on the loan will be deferred with interest accruing during the deferment period. The loan accrues interest at a rate of 1% per year. Principal and interest payments are due each month after the deferment period. If no portion of the loan is forgiven, the payments will be in the amount of \$6,580 each month. All principle and accrued interest is due and payable two years from the date of the note in April 2022. Interest expense from the note was \$202 for the year ended June 30, 2020. The Organization has not yet applied for forgiveness of the loan as of June 30, 2020 but intends to do so in a later period.

As of June 30, 2020, future minimum payments for the next five years and thereafter under the note are:

<u>Year Ended</u> <u>June 30, 2020</u>	
2021	\$ 51,614
2022	65,886
2023	-
2024	-
2025	-
Thereafter	-
	<u>\$117,500</u>

SUPPLEMENTARY INFORMATION

**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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Florida Council on Compulsive Gambling, 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 *Florida Council on Compulsive Gambling, Inc.*'s internal control. Accordingly, we do not express an opinion on the effectiveness of *Florida Council on Compulsive Gambling, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Florida Council on Compulsive Gambling, Inc.*'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 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 *Florida Council on Compulsive Gambling, Inc.*'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.

Keith Altzried Company, P.A.

Maitland, Florida
December 8, 2020

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

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 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 *Florida Council on Compulsive Gambling, Inc.*'s major State projects for the year ended June 30, 2020. *Florida Council on Compulsive Gambling, Inc.*'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 *Florida Council on Compulsive Gambling, 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; and the audit requirements of *Chapter 10.650, Rules of the Auditor General*. Those standards 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 *Florida Council on Compulsive Gambling, Inc.*'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of *Florida Council on Compulsive Gambling, Inc.*'s compliance.

Opinion on Each Major State Project

In our opinion, *Florida Council on Compulsive Gambling, Inc.*'s 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 June 30, 2020.

Report on Internal Control Over Compliance

Management of *Florida Council on Compulsive Gambling, Inc.* is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered *Florida Council on Compulsive Gambling, 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 *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 *Florida Council on Compulsive Gambling, Inc.*'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 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 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 over compliance 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 *Chapter 10.650, Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Keith Albright and Company, P.A.

Maitland, Florida
December 8, 2020

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

<u>State Grantor</u>	<u>CSFA or Identifying Number</u>	<u>Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Florida Department of Business and Professional Regulation:				
Program Title				
Division of Pari-Mutuel Wagering Compulsive or Addictive Gambling Prevention Program	79.006	19-00003	\$ <u>285,607</u>	\$ <u>1,250,000</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") presents the activity of all state financial assistance and state cost reimbursement contracts, as applicable, of the *Florida Council on Compulsive Gambling, Inc.* for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selection portion of the operations of *Florida Council on Compulsive Gambling, Inc.*, it is not intended to and does not present the financial position, changes in net assets, or cash flows of *Florida Council on Compulsive Gambling, Inc.*

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

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 of the State of Florida* ("AG"), Chapter 10.656.
7. The program tested as a major state project was the Division of Pari-Mutuel Wagering Compulsive or Addictive Gambling Prevention Program administered by the State of Florida Department of Business and Professional Regulation (CSFA 79.006).
8. The threshold for distinguishing Type A and B programs was \$375,000.

B. Findings - Financial Statements

There were no findings as described in AG, Rule 10.654(1)(h)4 that were 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, 2020, and have issued our report thereon dated December 8, 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 of the State of Florida*.

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 of the State of Florida*.

Disclosures in those reports and schedule, which are dated December 8, 2020, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General of the State of Florida*, 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, Board of Directors, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



Maitland, Florida
December 8, 2020