

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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, 2020 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

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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 24, 2021, on our consideration of Quit Doc Research and Education

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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, 2019, and we expressed an unmodified opinion on those audited financial statements in our report dated August 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Earl M. Cohen CPA CA

August 24, 2021
Boca Raton, Florida

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
Cash	\$ 493,010	\$ 724,640
Grants and state contracts receivable	405,078	410,027
Prepaid expenses	6,641	12,823
Furniture and equipment - Net	9,154	12,371
Website - Net	8,226	-
Advance rent/security deposits	4,715	4,715
Cssh surrender value of life insurance	<u>234,802</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 1,161,626</u>	 <u>\$ 1,164,576</u>
 LIABILITIES AND NET ASSETS		
 LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 24,712</u>	<u>\$ 58,021</u>
 COMMITMENTS		
 NET ASSETS		
Without donor restrictions	1,116,584	1,084,412
With donor restrictions	<u>20,330</u>	<u>22,143</u>
Total Net Assets	<u>1,136,914</u>	<u>1,106,555</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,161,626</u>	 <u>\$ 1,164,576</u>

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Without Donor Restrictions	With Donor Restrictions	Total	2019 (Summarized)
REVENUES, GAINS AND OTHER SUPPORT:				
State contracts	\$ 1,605,310	\$ -	\$ 1,605,310	\$ 1,605,310
Grants	265,000	-	265,000	22,500
Contributions	10,560	-	10,560	7,893
Program fees and other income	315	-	315	12,870
Interest income	102	-	102	325
Net Assets Released From Restrictions:				
Satisfaction of usage restrictions	<u>1,813</u>	<u>(1,813)</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gains and Other Support	 <u>1,883,100</u>	 <u>(1,813)</u>	 <u>1,881,287</u>	 <u>1,648,898</u>
EXPENSES AND LOSSES:				
Program services	1,675,357	-	1,675,357	1,553,105
Management and general	<u>175,288</u>	<u>-</u>	<u>175,288</u>	<u>108,818</u>
 Total Expenses	 1,850,645	 -	 1,850,645	 1,661,923
Loss on disposal of equipment	<u>283</u>	<u>-</u>	<u>283</u>	<u>-</u>
 Total Expenses and Losses	 <u>1,850,928</u>	 <u>-</u>	 <u>1,850,928</u>	 <u>1,661,923</u>
CHANGE IN NET ASSETS	32,172	(1,813)	30,359	(13,025)
NET ASSETS - BEGINNING OF YEAR	<u>1,084,412</u>	<u>22,143</u>	<u>1,106,555</u>	<u>1,119,580</u>
NET ASSETS - END OF YEAR	<u>\$ 1,116,584</u>	<u>\$ 20,330</u>	<u>\$ 1,136,914</u>	<u>\$ 1,106,555</u>

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Program <u>Services</u>	Management <u>and General</u>	<u>Total</u>	2019 <u>(Summarized)</u>
Salaries and wages	\$ 833,477	\$ 50,585	\$ 884,062	\$ 938,204
Payroll taxes	64,969	3,943	68,912	70,919
Contract labor	236,065	30,780	266,845	240,949
Educational materials, sponsorships and media campaigns	346,267	-	346,267	156,299
SWAT ("Students Working Against Tobacco") expenses	48,702	-	48,702	50,844
Rent and storage	78,447	672	79,119	79,921
Insurance	7,355	47,782	55,137	11,262
Professional fees	-	30,641	30,641	29,360
Office supplies and expense	24,066	5,020	29,086	26,950
Telephone	14,612	985	15,597	15,046
Utilities	7,153	-	7,153	8,440
Dues and subscriptions	6,497	-	6,497	5,530
Meals and entertainment	2,188	54	2,242	9,938
Public relations and promotion	-	2,023	2,023	500
Travel	1,572	-	1,572	12,441
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation and Amortization	1,671,370	172,485	1,843,855	1,656,603
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and amortization	3,987	2,803	6,790	5,320
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 1,675,357</u>	<u>\$ 175,288</u>	<u>\$ 1,850,645</u>	<u>\$ 1,661,923</u>

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 30,359	\$ (13,025)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,790	5,320
Loss on disposal of equipment	283	-
(Increase) Decrease In:		
Grants and state contracts receivable	4,949	(1,200)
Prepaid expenses	6,182	4,588
Advance rent/security deposits	-	800
Increase (Decrease) In:		
Accounts payable and accrued expenses	(33,309)	49
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>15,254</u>	<u>(3,468)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(1,870)	(1,850)
Website	(10,212)	-
Cssh surrender value of life insurance	(234,802)	-
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(246,884)</u>	<u>(1,850)</u>
NET (DECREASE) IN CASH	(231,630)	(5,318)
CASH - BEGINNING OF YEAR	<u>724,640</u>	<u>729,958</u>
CASH - END OF YEAR	<u>\$ 493,010</u>	<u>\$ 724,640</u>

Read accompanying Notes to Financial Statements.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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. The Organization has twelve state contracts with the Florida Department of Health representing twelve state counties. 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, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Support

Revenue

The Organization adopted the guidance of Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

Revenue from contracts with customers is recognized when, or as, the Organization satisfies its performance obligations by transferring the promised goods or services to the customer. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized by measuring the Organization's progress in satisfying the performance obligation in a manner that depicts the transfer of the goods or services to the customer. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Organization determines the customer obtains control over the promised good or service. The amount of revenue recognized reflects the consideration the Organization expects to be entitled to in exchange for those promised goods or services.

This ASC did not materially affect the Organization's current revenue recognition policies.

Program fees such as lecturing and training are recognized in the period the services are provided.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support

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. Government and nongovernment grants and assistance are generally recognized as contributions but may be recognized as revenue depending upon the provisions of the grant.

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 and additions are capitalized while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment (Continued)

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

Website

The upgrades to the website of \$10,212 are being amortized over three years on a straight-line basis. As of December 31, 2020, accumulated amortization was \$1,986. Annual amortization expense for the years ending subsequent to December 31, 2020 is as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$3,404
2022	3,404
2023	<u>1,418</u>
Total	<u>\$8,226</u>

Amortization for the year ended December 31, 2020 was \$1,986.

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.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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, 2020, 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 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 2017.

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 including salaries and wages, contract labor, insurance 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.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, 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.

Fair Value of Financial Instruments

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

Reclassifications

Certain reclassifications were made to the 2019 financial statements to conform to the current presentation. These reclassifications had no effect on the change in net assets.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3. FURNITURE AND EQUIPMENT

Furniture and equipment as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 7,827	\$ 7,827
Office and other equipment	<u>27,711</u>	<u>35,750</u>
	35,538	43,577
Accumulated depreciation	<u>(26,384)</u>	<u>(31,206)</u>
 Total Furniture and Equipment - Net	 <u>\$ 9,154</u>	 <u>\$12,371</u>

Depreciation for the years ended December 31, 2020 and 2019 was \$4,804 and \$5,320, respectively.

NOTE 4. CASH SURRENDER VALUE OF LIFE INSURANCE

The Organization purchased a \$1 million whole life insurance policy with a lifetime paid-up addition limit of \$2 million on its president/director maturing June 1, 2083. The policy can be surrendered for its cash surrender value at any time. The Organization paid an initial payment of \$280,000 with annual premiums of \$40,000 for the next three years at which time the premiums will be covered by the growth in cash value and dividends. As of December 31, 2020, the policy's cash surrender value was \$234,802.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, 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, 2020 AND 2019

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2020</u>	<u>2019</u>
Video based Internet smoking cessation project	\$13,718	\$13,718
Student tobacco intervention programs	<u>6,612</u>	<u>8,425</u>
Total	<u>\$20,330</u>	<u>\$22,143</u>

During the years ended December 31, 2020 and 2019, net assets released from restrictions by incurring expenditures satisfying the purpose specified by the donors was \$1,813 and \$16,980, respectively.

NOTE 6. CONCENTRATIONS OF CREDIT RISK

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

NOTE 7. 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, 2020 but were renegotiated and extended to June 30, 2021 and again to June 30, 2022. During the years ended December 31, 2020 and 2019, compensation expense related to these companies totaled \$216,596 and \$216,461, respectively.

During the years ended December 31, 2020 and 2019, bookkeeping fees were paid to a relative of the Organization's treasurer totaling \$12,551 and \$11,870, respectively.

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7. RELATED PARTY TRANSACTIONS (CONTINUED)

The Organization shared 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, 2020 and 2019, rent paid was 3,360 and \$5,760, respectively.

NOTE 8. COMMITMENTS

Operating Leases

The Organization leases its satellite offices under non-cancellable operating leases expiring through June 30, 2022 and three 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.

As of June 30, 2021, all leases of its satellite offices were terminated without penalty.

Future minimum lease payments due under these leases for the years ending subsequent to December 31, 2020 are as follows:

<u>December 31,</u>	<u>Amount</u>
2021	<u>\$30,599</u>

During the years ended December 31, 2020 and 2019, rent expense was \$79,119 and \$79,921, respectively.

NOTE 9. LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization has \$898,088 of financial assets available within one year of the balance sheet date to meet its needs for general expenditure consisting of

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9. LIQUIDITY AND AVAILABILITY OF ASSETS (CONTINUED)

cash of \$493,010 and grants and state contracts receivable of \$405,078. 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 10. COVID-19

In early 2020, a global outbreak of a novel strain of coronavirus (Covid-19) emerged. This pandemic has led to widespread economic uncertainty and volatility in financial markets.

The Organization was able to conduct its government and other grant obligations remotely. However, sponsorships of local events and functions including SWAT and other tobacco meetings were cancelled.

The full extent of the impact of Covid-19 on the Organization's operations is primarily dependent upon the duration and spread of the outbreak and the impact on its donors, vendors and grantors including government assistance. Management expects Covid-19 will have a negative effect on the Organization's results of operations, the full impact of which is not readily determinable at this time.

NOTE 11. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11. SUBSEQUENT EVENTS (CONTINUED)

potential recognition or disclosure through August 24, 2021, the date the financial statements were available to be issued.

Effective July 1, 2021, the Organization renewed six of its twelve state contracts with the Florida Department of Health.

NOTE 12. 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, 2019, 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, 2020

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, 2020

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.

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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, 2020, 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 24, 2021.

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

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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*

Page Two

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 24, 2021
Boca Raton, Florida

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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, 2020. 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

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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, 2020.

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

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

Certified Public Accountant

2505 N.W. Boca Raton Blvd., Suite 202

Boca Raton, Florida 33431

Tel.: (561) 417-9088 Fax: (561) 417-9984

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

Page Three

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 24, 2021
Boca Raton, Florida

QUIT DOC RESEARCH AND EDUCATION FOUNDATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 STATE PROJECTS
 YEAR ENDED DECEMBER 31, 2020

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>
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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, 2020
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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.