

*FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.*

*FINANCIAL STATEMENTS*

*FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

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.*

**Report on the Financial Statements**

***Opinion***

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, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of *Florida Council on Compulsive Gambling, Inc.* as of June 30, 2022, 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.

**Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of *Florida Council on Compulsive Gambling, Inc.* and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about *Florida Council on Compulsive Gambling, Inc.*'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 *Florida Council on Compulsive Gambling, Inc.*'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about *Florida Council on Compulsive Gambling, Inc.*'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary 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 *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 schedule of expenditures of State financial assistance 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 January 4, 2023, 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 Altman Company, P.A.*

Maitland, Florida  
January 4, 2023  
Firm License Number: AD0000278

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

Assets

Cash and cash equivalents	\$ 2,772,985
Property and equipment, net	1,132,427
Investments	371,736
Accounts receivable	52,444
Prepaid expenses	12,447
<b>Total Assets</b>	<u><u>\$ 4,342,039</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accrued expenses	\$ 130,305
Accounts payable	16,833
Capital lease obligation	3,441
<b>Total Liabilities</b>	<u>150,579</u>

Net Assets

Without donor restrictions	<u>4,191,460</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 4,342,039</u></u>

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

**Net Assets Without Donor Restrictions**

Revenue and other support:

State of Florida, Department of

Business and Professional Regulation

\$ 1,249,737

Seminole Tribe of Florida

1,500,000

Settlement income

259,040

Grants - other

10,000

Interest income

6,818

Other

3,826

**Total Revenue and Other Support**

3,029,421

**Expenses**

Program services:

HelpLine services

977,617

Advertising services

628,113

Research

342,141

Responsible gambling program services

339,358

Community outreach services

300,944

Supporting services:

Management and general

366,088

**Total Expenses**

2,954,261

Change in net unrealized losses on investments

44,020

Realized losses on investments

1,651

**Changes in Net Assets**

29,489

**Net Assets - Without Donor Restrictions at June 30, 2021**

4,161,971

**Net Assets - Without Donor Restrictions at June 30, 2022**

\$ 4,191,460

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

<b>Operating Activities:</b>	
Cash provided from grants	\$ 3,119,733
Cash provided from other	269,684
Cash paid to employees for services	(1,017,100)
Cash paid for services	(1,820,651)
<b>Net Cash Provided by Operating Activities</b>	<u>551,666</u>
<b>Investing Activities:</b>	
Maturities of investments	300,000
Purchases of property and equipment	(69,986)
Purchases of investments	(415,756)
<b>Net Cash Provided by Investing Activities</b>	<u>(185,742)</u>
<b>Financing Activities:</b>	
Payments on capital lease obligation	(3,395)
<b>Net Cash Used in Financing Activities</b>	<u>(3,395)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	362,529
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,410,456
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 2,772,985</u></u>

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Total	Supporting	Total
	HelpLine Services	Advertising Services	Community Outreach Services	Research	Responsible Gambling Program Services		Management and General	
<b>Salaries, Wages, and Fringe Benefits</b>								
Salaries and Wages	\$ 496,494	\$ 36,920	\$ 36,920	\$ 72,932	\$ 84,684	\$ 727,950	\$ 76,504	\$ 804,454
Health Benefits	79,044	5,878	5,878	11,611	13,482	115,893	11,462	127,355
Payroll Taxes and Related Expenses	36,371	2,705	2,705	5,343	6,204	53,328	5,274	58,602
Retirement	11,361	845	845	1,669	1,938	16,658	1,647	18,305
<b>Total Salaries, Wages, and Fringe Benefits</b>	<u>623,270</u>	<u>46,348</u>	<u>46,348</u>	<u>91,555</u>	<u>106,308</u>	<u>913,829</u>	<u>94,887</u>	<u>1,008,716</u>
<b>Operating Expenses</b>								
Professional Fees	129,590	129,590	129,590	129,590	129,590	647,950	221,357	869,307
Advertising/Outreach	-	416,735	10,835	-	6,047	433,617	-	433,617
Program Services	151,346	-	-	-	-	151,346	-	151,346
Administrative Expenses and Other	20,932	16,893	17,973	18,412	16,893	91,103	28,532	119,635
Program Evaluation/Monitoring	-	-	-	83,800	-	83,800	-	83,800
Community Education	-	-	72,066	-	-	72,066	-	72,066
Responsible Gambling Program	-	-	-	-	51,715	51,715	-	51,715
Telephone/Translation	32,637	2,040	2,040	2,040	2,040	40,797	4,533	45,330
Insurance	7,459	6,650	6,650	6,714	6,734	34,207	127	34,334
Travel	-	-	5,585	-	5,585	11,170	-	11,170
Postage	623	311	311	311	4,670	6,226	692	6,918
Equipment Rental and Maintenance	663	663	663	663	663	3,315	1,106	4,421
Payroll Processing Expense	2,392	178	178	351	408	3,507	347	3,854
<b>Total Operating Expenses</b>	<u>345,642</u>	<u>573,060</u>	<u>245,891</u>	<u>241,881</u>	<u>224,345</u>	<u>1,630,819</u>	<u>256,694</u>	<u>1,887,513</u>
<b>Total Expenses Before Depreciation Expense</b>	968,912	619,408	292,239	333,436	330,653	2,544,648	351,581	2,896,229
Depreciation Expense	8,705	8,705	8,705	8,705	8,705	43,525	14,507	58,032
<b>Total Expenses</b>	<u>\$ 977,617</u>	<u>\$ 628,113</u>	<u>\$ 300,944</u>	<u>\$ 342,141</u>	<u>\$ 339,358</u>	<u>\$ 2,588,173</u>	<u>\$ 366,088</u>	<u>\$ 2,954,261</u>

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022.

*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. Cash balances over the FDIC limit totaled \$1,987,213 as of June 30, 2022. 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, 2022

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

*Investments*

Investments consist of exchange traded funds and mutual funds which are held with a financial institution that provides SIPC and FDIC coverage. Investments are reported at fair value. Investment income and any realized or unrealized gains and losses are included in the change in net assets in the year they are earned.

*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.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

*Subsequent Events*

In September 2022, the Category 4 storm Hurricane Ian struck the state of Florida and caused widespread damage across the state. The storm was declared a major disaster by the federal government. The Organization's office in Sanford, FL suffered severe damages as a result of the storm and has applied for FEMA assistance. As of the date of these financial statements FEMA assistance has not yet been received. The Organization is also working with their insurance company and anticipates paying a deductible equal to 5% of the value of their building, or approximately \$47,000. Management of the Organization does not anticipate any issues with receiving insurance assistance.

The DOL had filed a lawsuit against the Organization, the former Executive Director of the Organization, and the former President of the Organization seeking damages and injunctive relief for alleged violations of the Employee Retirement Income Security Act ("ERISA"), with respect to the Plan. In July 2022, the lawsuit was settled via a Consent Judgement and Order with terms favorable to both the Organization and the Plan, which declared that the Organization had no contribution or corrective contribution obligation to the Plan in connection with the lawsuit. The former members of management named above were ordered to pay amounts equal to the total amount of losses suffered by the Participants in the Plan. During the year ended June 30, 2022 the former members of management also entered into a settlement agreement with the Organization. See Note 7 for further information on the settlement agreement.

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through January 4, 2023, which is the date the financial statements were available to be issued.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 2 FAIR VALUE OF INVESTMENTS – continued**

The fair value measurements for the Organization’s investments were as follows at June 30, 2022:

Investments by Fair Value Level	Amount	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange Traded Funds & Mutual Funds	\$ 371,736	\$ 371,736	\$ -	\$ -

**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, 2022, no reserve for uncollectible accounts had been recorded.

**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 \$58,032 for the year ended June 30, 2022.

Property and equipment consists of the following:

Building and Improvements	\$ 791,819
Land	458,665
Computer Equipment	125,707
Furniture, Fixtures, and Equipment	97,964
	1,474,155
(Less Accumulated Depreciation)	(341,728)
Net Property and Equipment	\$ 1,132,427

**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.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**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 that meet participation requirements. 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. As of June 30, 2022 the Organization owed a total of \$17,513 in safe harbor matching contribution and corrective contributions to the Plan. This amount has been included in Accrued expenses on the accompanying Statement of Financial Position.

The Organization’s former 401(k) Profit Sharing Plan (the “Former Plan”) was involved in ongoing legal proceedings against the former Plan. See Note 7 for a description of legal matters involving the Former Plan, which was terminated in May 2022.

**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, 2022. Accordingly, no provision for liability has been recorded in the accompanying financial statements.

The DOL had filed a lawsuit against the Organization, the former Executive Director of the Organization, and the former President of the Organization seeking damages and injunctive relief for alleged violations of the Employee Retirement Income Security Act (“ERISA”), with respect to the Plan. The DOL asserted that the former members of management, during their service as Co-Trustees of the Plan, engaged in legally prohibited transactions that benefited an entity owned by the former President. The Organization is the named fiduciary of the Plan, and self-reported the ERISA violations it uncovered after learning of the actions committed by the former members of management during their service as Co-Trustees of the Plan. The Organization has previously taken remedial action to bring the Plan into compliance with ERISA. The lawsuit was settled in July 2022 as discussed in the Subsequent Events section of Note 1 above.

The Plan, in turn, filed its own lawsuit against the former member of management for damages, and the Organization is also seeking damages against the former members of management for their conduct as officers of the Organization. In April 2022, a settlement agreement for this lawsuit was filed and approved by all parties. The settlement agreement required that the former President and former Executive Director of the Organization must pay a total of \$259,040 to the Organization as reimbursement for losses sustained by the Organization due to the actions of the former members of management. The settlement payments were received in full during the year ended June 30, 2022 and are included in Settlement income on the accompanying Statement of Activities.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022:	
Cash and Cash Equivalents	\$ 2,772,985
Short-term Accounts Receivable	52,444
Investments	<u>371,736</u>
Total Financial Assets	3,197,165
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>\$ 3,197,165</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.

**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 <u>June 30,</u>	<u>Lease Payments</u>
2023	\$ 3,571
2024	-
2025	-
2026	-
2027	-
Thereafter	<u>                  -</u>
Total Minimum Lease Payments	\$ 3,571
(Amounts Representing Interest)	<u>(130)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,441</u>

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 CAPITAL LEASE – continued

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

	2022
Furniture, Fixtures, and Equipment	\$ 12,755
(Accumulated Depreciation)	<u>(7,175)</u>
Net Assets Under Capital Leases	<u>\$ 5,580</u>

Amortization of the leased equipment totaled \$3,189 for the year ending June 30, 2022, and is included in Depreciation Expense on the Statement of Functional Expenses. Interest expense incurred under the capital lease agreement was \$396 for the year ended June 30, 2022.

*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, 2022, 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 January 4, 2023.

**Report on 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") as a basis for designing 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.

**Report on 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 financial statements. 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 Altman Company, P.A.*

Maitland, Florida  
January 4, 2023  
Firm License Number: AD0000278

**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 OF THE STATE OF FLORIDA**

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

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

***Opinion on 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, 2022. *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.

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, 2022.

***Basis for Opinion on Each Major State Project***

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 of the State of Florida*. Our responsibilities under those standards and *Chapter 10.650, Rules of the Auditor General of the State of Florida* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of *Florida Council on Compulsive Gambling, Inc.* and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of *Florida Council on Compulsive Gambling, Inc.*'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to *Florida Council on Compulsive Gambling, Inc.*'s State projects.

## *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on *Florida Council on Compulsive Gambling, Inc.*'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and *Chapter 10.650, Rules of the Auditor General of the State of Florida* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about *Florida Council on Compulsive Gambling, Inc.*'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and *Chapter 10.650, Rules of the Auditor General of the State of Florida*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding *Florida Council on Compulsive Gambling, Inc.*'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of *Florida Council on Compulsive Gambling, Inc.*'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *Chapter 10.650, Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of *Florida Council on Compulsive Gambling, Inc.*'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

*Keith Allgona Company, P.A.*

Maitland, Florida

January 4, 2023

Firm License Number: AD0000278

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

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE YEAR ENDED JUNE 30, 2022**

<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:				
<b>Program Title</b>				
Division of Pari-Mutuel Wagering Compulsive or Addictive Gambling Prevention Program	79.006	19-00003	\$ <u>378,450</u>	\$ <u>1,249,737</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, 2022. 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, 2022

**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, 2022, and have issued our report thereon dated January 4, 2023.

### 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 January 4, 2023, 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.

*Keith Altizer and Company, P.A.*

Maitland, Florida

January 4, 2023

Firm License Number: AD0000278