

Schedule of Expenditures of State Financial Assistance

Florida Restaurant & Lodging Association

*Year ended June 30, 2022*  
*with Report of Independent Auditors*

Florida Restaurant & Lodging Association  
Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2022

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## Report of Independent Auditors

Board of Directors  
Florida Restaurant & Lodging Association

### ***Opinion***

We have audited the accompanying Schedule of Expenditures of State Financial Assistance for the In-State Tourism Marketing Campaign (the Program) of the Florida Restaurant & Lodging Association (the Association) for the year ended June 30, 2022 and the related notes (the financial statement).

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of state awards for the Program of the Association, for the year ended June 30, 2022 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Chapter 10.650, *Rules of the Auditor General* (Guidance). 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 the Association 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 opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statement is issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 GAAS 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 statement.

In performing an audit in accordance with GAAS 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 statement.
- 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 the Association'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022 on our consideration of the Association'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 the Association'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 Association's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
December 12, 2022

Florida Restaurant & Lodging Association

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2022

State Grantor/ Program Title	CSFA Number	State Expenditures
<b>STATE FINANCIAL ASSISTANCE</b>		
<b><u>Florida Department of Business and Professional Regulation</u></b>		
In-State Tourism Marketing Campaign	79.010	\$ 804,856
<b>Total Florida Department of Business and Professional Regulation Services</b>		804,856
<b>Total Expenditures of State Financial Assistance</b>		\$ 804,856

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) presents the State award activity of Florida Restaurant and Lodging Association under programs of the State of Florida government for the year ended June 30, 2022. All expenditures related to State awards received directly from State agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of Florida Single Audit Act Section 215.97, *Florida Statutes*, Department of Financial Services Rules, Chapter 69I-5, *Florida Administrative Code*; or Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Florida Restaurant and Lodging Association, it is not intended to and does not present the financial positions, results of its operations and its cash flows of the Florida Restaurant and Lodging Association.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule were prepared on the accrual basis of accounting. There were no transfers to subrecipients during the fiscal year. No state assistance was expended in noncash assistance.

**Note 3 - Contingency**

Grant monies received and disbursed by the Association are subject to review by the grantor agency. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon discussion with grantor agency personnel, the Association does not believe that any requests will be made.

*See report of independent auditors.*

Florida Restaurant & Lodging Association

Schedule of Findings and Questioned Costs  
Relating to State Financial Assistance

Year ended June 30, 2022

**Section I -- Summary of Auditor's Results**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

State Projects

Type of auditors' report issued on compliance for major programs?	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with Chapters 10.656, <i>Rules of the Auditor General</i> .	No

Identification of major program:

<u>CSFA Number</u>	<u>Name of State Project</u>
79.010	In-State Tourism Marketing Campaign

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**Section II -- Financial Statement Findings**

We noted one matter involving internal control over financial reporting and its operation that we considered to be a material weakness required to be reported in accordance with *Government Auditing Standards*. See finding **2022-001** below in Section III.

**Section III -- State Award Findings and Questioned Costs**

**2022-001 Internal Controls Over Compliance - Allowable Costs - In-State Tourism Marketing Campaign Grant - CSFA 79.010 - Grant Period Year Ended June 30, 2022**

*Criteria:* In accordance with the requirements of the Program outlined in CSFA 79.010 and the Florida Department of Financial Services State Projects Compliance Supplement, Part Three, B. Allowable Costs, grant funds must be spent on the grant's allowable costs.

*Condition:* The Association wired funds to an entity based upon instructions received in a fraudulent email, which resulted in an unallowable fraudulent cost.

*Questioned Costs:* \$150,000

Florida Restaurant & Lodging Association

Schedule of Findings and Questioned Costs  
Relating to State Financial Assistance

Year ended June 30, 2022

**Section III -- State Award Findings and Questioned Costs (Continued)**

**2022-001 Internal Controls Over Compliance - Allowable Costs - In-State Tourism Marketing Campaign Grant - CSFA 79.010 - Grant Period Year Ended June 30, 2022 (Continued)**

*Effect:* The Association is out of compliance with the allowable costs for the grant as defined by the grant contract and the Florida Department of Financial Services State Projects Compliance Supplement.

*Cause:* The Association's internal controls did not include verification of bank wire information via phone.

*Recommendation:* The Association should implement an additional internal control for bank wires that include telephone verification of all account and routing information.

*Management's Response:* Management agrees with this recommendation and, upon discovery of the fraudulent email, immediately implemented controls necessary to prevent similar transactions from occurring. Not only did the Association implement phone verification for bank wires, but also implemented multi-factor authentication for email credentials to prevent fraudulent phishing attempts. The State did not suffer from any loss as the full value of the \$150,000 marketing campaign was delivered pursuant to the grant agreement.

**Section IV -- Other Matters**

No other matters.

*See report of independent auditors.*



**Report of Independent Auditors 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***

Board of Directors  
Florida Restaurant & Lodging Association

We have audited, in accordance with the 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 Schedule of Expenditures of State Awards of the Florida Restaurant & Lodging Association. (the Association), for the year ended June 30, 2022, and the related notes to the schedule, and have issued our report thereon dated December 12, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 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 identify a deficiency in internal control that we consider to be a material weakness. See **Finding 2022-001** in the Schedule of Findings and Questioned Costs Related to State Financial Assistance.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statement is 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 financial statement. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
December 12, 2022

Report of Independent Auditors on Compliance for the Major State Project  
and on Internal Control Over Compliance Required by Chapter 10.650,  
*Rules of the Auditor General*

Board of Directors  
Florida Restaurant & Lodging Association

**Report on Compliance for the State Project**

***Opinion on the State Project***

We have audited Florida Restaurant & Lodging Association 's (the Association) compliance with the types of compliance requirements identified as subject to audit in the *Florida Department of Financial Service's State Projects Compliance Supplement* that could have a direct and material effect on the Association's major state project for the year ended June 30, 2022. The Association's state project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its state project for the year ended June 30, 2022.

***Basis for Opinion on the State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association 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 the state project. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

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***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 the Association's state project.

***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 the Association'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 GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General*, 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 the Association's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the audit requirements of Chapter 10.650, *Rules of the Auditor General*, 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 the Association'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 the Association'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 the audit requirements of Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

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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 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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 identify a deficiency in internal control over compliance that we consider to be material weaknesses, as defined above. We consider the deficiency in internal control over compliance described in the accompany schedule of findings and questions cost and Report of Independent Auditors 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 be a material weakness. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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*. Accordingly, this report is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
December 12, 2022