

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Florida Council on Compulsive Gambling, Inc.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Florida Council on Compulsive Gambling, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Council on Compulsive Gambling, Inc. as of June 30, 2023 and the results of its operations and its cash flows for the years 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 the Organization 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 statements 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 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 the Organization'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 Responsibilities 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 the Organization'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 the Organization'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 information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024, on our consideration of the Organization'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 Organization'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 the Organization's internal control over financial reporting and compliance.

BKHM, P.A.

Orlando, Florida
March 15, 2024

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,724,199
Accounts receivable	521,470
Investments	906,201
Prepaid expenses	40,950
Total current assets	<u>3,192,820</u>
Noncurrent assets:	
Property and equipment, net	<u>1,122,982</u>
Total noncurrent assets	<u>1,122,982</u>
Total assets	<u>\$ 4,315,802</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ <u>252,056</u>
Total current liabilities	<u>252,056</u>
Net assets:	
Without donor restrictions	<u>4,063,746</u>
Total net assets	<u>4,063,746</u>
Total liabilities and net assets	<u>\$ 4,315,802</u>

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>
Operating activities:	
Support and revenue:	
State of Florida - Florida Gaming Control Commission	\$ 1,250,000
Seminole Tribe of Florida	1,500,000
Insurance proceeds	139,048
Grants - other	5,000
Other	884
Total support and revenue	<u>2,894,932</u>
Expenses:	
Program services:	
HelpLine services	1,146,216
Advertising services	480,957
Community outreach services	356,758
Research	353,405
Responsible gambling program services	327,519
Total program services	<u>2,664,855</u>
Supporting services:	
Management and general	365,635
Total expenses	<u>3,030,490</u>
Change in net assets from operations	<u>(135,558)</u>
Nonoperating activities:	
Investment return, net	<u>7,844</u>
Total nonoperating activities	<u>7,844</u>
Change in net assets	(127,714)
Net assets at beginning of year	<u>4,191,460</u>
Net assets at end of year	<u>\$ 4,063,746</u>

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services					Total Program Services	Supporting Services	Total Expenses
	HelpLine Services	Advertising Services	Community Outreach Services	Research	Responsible Gambling Program Services		Management and General	
Salaries, Wages and Fringe Benefits								
Salaries and wages	\$ 559,464	\$ 42,511	\$ 47,712	\$ 72,439	\$ 91,020	\$ 813,146	\$ 70,708	\$ 883,854
Health benefits	89,982	6,837	7,674	11,651	14,639	130,783	11,372	142,155
Payroll taxes and related expenses	42,826	3,254	3,652	5,545	6,967	62,244	5,413	67,657
Retirement	13,625	1,035	1,162	1,764	2,217	19,803	1,722	21,525
Total Salaries, Wages and Fringe Benefits	705,897	53,637	60,200	91,399	114,843	1,025,976	89,215	1,115,191
Professional services	94,386	94,389	94,389	94,389	94,389	471,942	162,408	634,350
Advertising/outreach	-	254,325	-	-	-	254,325	-	254,325
Program services	243,065	-	-	-	-	243,065	-	243,065
Administrative expenses and other	57,829	57,829	57,829	57,829	57,829	289,145	96,771	385,916
Program evaluation/monitoring	-	-	-	91,660	-	91,660	-	91,660
Community education	-	-	126,355	-	-	126,355	-	126,355
Responsible gambling program	-	-	-	-	36,631	36,631	-	36,631
Telephone/translation	25,488	1,593	1,593	1,593	1,593	31,860	3,540	35,400
Insurance	9,222	8,285	8,294	8,339	8,373	42,513	128	42,641
Travel	-	2,821	-	-	2,821	5,642	-	5,642
Postage	396	198	198	198	2,968	3,958	440	4,398
Equipment rental and maintenance	697	697	697	697	697	3,485	1,162	4,647
Payroll processing expense	2,220	169	189	287	361	3,226	281	3,507
Total Operating Expenses	433,303	420,306	289,544	254,992	205,662	1,603,807	264,730	1,868,537
Total Expenses Before Depreciation Expense	1,139,200	473,943	349,744	346,391	320,505	2,629,783	353,945	2,983,728
Depreciation expense	7,016	7,014	7,014	7,014	7,014	35,072	11,690	46,762
Total Expenses	\$ 1,146,216	\$ 480,957	\$ 356,758	\$ 353,405	\$ 327,519	\$ 2,664,855	\$ 365,635	\$ 3,030,490

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (127,714)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Gain on investments	(7,844)
Depreciation expense	46,762
Changes in assets and liabilities:	
Accounts receivable	(469,026)
Prepaid expenses	(28,503)
Accounts payable and accrued expenses	104,918
	<hr/>
Net cash used for operating activities	(481,407)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<hr/> (37,317)
Net cash used for investing activities	<hr/> (37,317)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on capital lease obligation	<hr/> (3,441)
Net cash used for financing activities	<hr/> (3,441)
Net decrease in cash and cash equivalents	(522,165)
Cash and cash equivalents at beginning of year	<hr/> 2,246,364
Cash and cash equivalents at end of year	<hr/> <hr/> \$ 1,724,199

See accompanying notes to financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Entity

Florida Council on Compulsive Gambling, Inc. (the "Organization") is a nonprofit organization established in 1988. The Organization's 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The Organization's board of directors may designate net assets without donor restrictions for specific operational purposes from time to time.
- Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate net realized and unrealized gains and losses from investments, endowment contributions and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments purchased with maturities of 90 days or less to be cash equivalents.

Investments

Investments consist of exchange traded funds and mutual funds held with a financial institution. Investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Interest, dividends, gains and losses on investments bought and sold as well as held during the year and investment expenses are included in investment return, net in the statement of activities.

Property and Equipment

The Organization's policy is to capitalize purchases of property and equipment in excess of \$500 having a useful life of greater than one year. Property and equipment are recorded at cost, if purchased, or if donated, at fair market value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives range as follows:

	<u>Years</u>
Building and improvements	7 - 40
Equipment	4 - 7
Furniture and fixtures	7
Computers and software	5

Revenue Recognition

All items of support and revenue are stated on the accrual basis. The Organization's primary source of revenues are from contracts and grants from the State of Florida - Florida Gaming Control Commission ("FGCC") 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.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Functional Expenses

Functional expenses are allocated between programs on the basis of specific identification, where possible, or management's best estimates of the time spent or the benefits provided. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses.

Financial Instruments and Concentration of Credit Risk

The Organization's financial instruments consist principally of cash and cash equivalents, accounts receivable, investments, and accounts payable and accrued expenses. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair value of the Organization's cash and cash equivalents and investments was determined based on Level 1 inputs. The Organization does not have any financial instruments in the Level 2 or Level 3 categories. The recorded values of accounts receivable and accounts payable and accrued expenses approximate their fair values based on their short-term nature.

There have been no changes in Level 1, Level 2 and Level 3 and no changes in valuation techniques for these assets or liabilities for the year ended June 30, 2023.

Financial instruments which potentially expose the Organization to a concentration of credit risk consist primarily of cash and cash equivalents. The Organization deposits its cash with a major bank. Deposits totaling approximately \$1,526,000 were not fully guaranteed by the FDIC as of June 30, 2023. The Organization has not historically experienced losses on its bank cash deposits.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Revenue Concentration

A significant portion of the revenues and support generated by the Organization are funded through the FGCC and the Seminole Tribe of Florida. The Organization has executed a contract with the FGCC through June 30, 2024.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Subsequent Events

The Organization has evaluated subsequent events through March 15, 2024, the date these financial statements were available to be issued.

Recently Adopted Accounting Pronouncement

Effective October 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update 2016-02, *Leases (Topic 842)*. There was no effect on the Organization's beginning net assets as a result of the adoption of the new lease accounting guidance.

2 LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

The table below presents financial assets available for general expenditures within one year as of June 30, 2023:

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,724,199
Accounts receivable	521,470
Investments	<u>906,201</u>
Total financial assets	<u>3,151,870</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,151,870</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.

3 ACCOUNTS RECEIVABLE

Accounts receivable substantially represents funds due under contract from the State of Florida - Florida Gaming Control Commission and 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.

4 INVESTMENTS

Investments consist of the following as of June 30, 2023:

Cash held by investment managers	\$ 178,459
Exchange traded funds	389,811
Mutual funds	<u>337,931</u>
Total investments	<u>\$ 906,201</u>

The unrealized gains and losses recognized during 2023 on equity securities still held as of year-end are as follows:

Net gain	\$ 7,566
Less: Net gain recognized on securities sold	<u>-</u>
Unrealized gain on securities held	<u>\$ 7,566</u>

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

5 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows as of June 30, 2023:

Building and improvements	\$ 732,013
Land	458,665
Equipment	55,524
Furniture and fixtures	42,440
Computers and software	158,609
Construction in progress	64,221
	<hr/>
	1,511,472
Less: accumulated depreciation	(388,490)
	<hr/>
	<u>\$ 1,122,982</u>

Depreciation expense totaled \$46,762 for the year ended June 30, 2023.

6 LEASES

Short-term Leases

The Organization has lease agreements that do not exceed 12 months (“short-term leases”). The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and accordingly, they are excluded from the accompanying statement of financial position. Short-term lease expense totaled \$28,949 for the year ended June 30, 2023.

Capital Lease Obligation

In 2019, the Organization entered into an agreement to lease a copier which was classified as a capital lease. The economic substance of the lease was that the Organization was financing the acquisition of the assets through the lease, and, accordingly, it was recorded in the Organization’s statement of financial position. During 2023, the leased asset became fully amortized, and the capital lease expired.

7 COMMITMENTS AND 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, 2023. Accordingly, no provision for liability has been recorded in the accompanying financial statements.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

8 EMPLOYEE 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, 2023, the Organization owed a total of \$21,525 in safe harbor matching contributions and corrective contributions to the Plan. This amount is included in accrued expenses in the accompanying statement of financial position.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

State Grantor/ Pass-Through Grantor/ Program Title	CSFA or Identifying Number	Contract Number	Expenditures
State of Florida / Florida Gaming Control Commission / Compulsive or Addictive Gambling Prevention Program	41.501	19-0003	(1) \$ 1,250,000

(1) Of this amount, \$509,526 in expenditures were incurred by other agencies participating in the program.
Payment of the reimbursement requests was passed through Florida Council on Compulsive Gambling, Inc.

See accompanying note to schedule of expenditures of state financial assistance
and independent auditor's report.

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

1 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

The accompanying schedule of expenditures of state financial assistance (“the Schedule”) presents activity of all state financial assistance and state cost reimbursement contracts, as applicable, of the Organization for the year ended June 30, 2023. The information in this schedule is presented in accordance with *Chapter 10.650, Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization. Expenditures reported on the Schedule are reported on the accrual basis.

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 of
Florida Council on Compulsive Gambling, Inc.

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 financial statements of Florida Council on Compulsive Gambling, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, the related statements of activities and changes in net assets, 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 March 15, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Organization'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors of
Florida Council on Compulsive Gambling, Inc.
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REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Organization'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 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 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.

BKHM, P.A.

Orlando, Florida
March 15, 2024

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

To the Board of Directors of
Florida Council on Compulsive Gambling, Inc.

REPORT ON COMPLIANCE FOR THE MAJOR STATE PROJECT

Opinion on the Major State Project

We have audited Florida Council on Compulsive Gambling, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Organization's major state project for the year ended June 30, 2023. The Organization's major 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 Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state project for the year ended June 30, 2023.

Basis for Opinion on the 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 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 Organization 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 major state project. Our audit does not provide a legal determination of the Organization'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 the Organization'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 Organization'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 the Organization's compliance with the requirements of the major state project 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 the Organization'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 Organization'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 the Organization'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 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 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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

PURPOSE OF THIS REPORT

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.

BKHM, P.A.

Orlando, Florida
March 15, 2024

FLORIDA COUNCIL ON COMPULSIVE GAMBLING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

State Projects

Internal control over major state projects:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with AG Rule 10.654(1)(h)(4)? No

Dollar threshold used to distinguish between type A and type B programs: \$375,000

Identification of major state project:

**Catalog of State
Financial
Assistance
Number**

Grant Period

Name of State Project

41.501

7/1/22 – 6/30/23

Florida Gaming Control Commission -
Compulsive or Addictive Gambling
Prevention Program

SECTION II - FINANCIAL STATEMENT FINDINGS

None

FLORIDA COUNCIL OF COMPULSIVE GAMBLING, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)**

SECTION III - STATE PROJECT FINDINGS AND QUESTIONED COSTS

None

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

**ADDITIONAL INFORMATION REQUIRED BY
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

To the Board of Directors of
Florida Council on Compulsive Gambling, Inc.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Florida Council on Compulsive Gambling, Inc. as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated March 15, 2024.

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 *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*; Independent Auditor's Report on Compliance for the Major State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 15, 2024, should be considered in conjunction with this management letter.

ADDITIONAL MATTERS

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

PURPOSE OF THIS REPORT

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, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

BKHM, P.A.

Orlando, Florida
March 15, 2024