

**FLORIDA SPORTS FOUNDATION, INC.  
AND SUBSIDIARY  
TALLAHASSEE, FLORIDA  
(A COMPONENT UNIT OF THE STATE OF FLORIDA)**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2010 AND 2009**

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MANAGEMENT LETTER

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September 24, 2010

To the Board of Directors  
Florida Sports Foundation, Inc.  
Tallahassee, Florida

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated general purpose financial statements of the Florida Sports Foundation, Inc. and subsidiary (the Foundation), a component unit of the State of Florida, as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Sports Foundation, Inc., as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Florida Sports Foundation, Inc. taken as a whole. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The accompanying schedule of expenditures of state financial assistance is presented for the purposes of additional analysis as required by s. 215.97, F.S. and chapters 10.550 and 10.650, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Moore, Ellison & McDuffie, CPAs, PA*  
MOORE, ELLISON & MCDUFFIE, CPA'S, PA

**FLORIDA SPORTS FOUNDATION, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

This section of the Florida Sports Foundation's annual report offers readers a narrative overview and analysis of the Foundation's financial performance during the years ended June 30, 2010 and 2009. Please read it in conjunction with the Foundation's financial statements, which follow this section.

**Overview of the Foundation**

The Florida Sports Foundation, (Foundation), operates as a nonprofit direct support organization for the State of Florida, under the direction of the Executive Office of the Governor, Office of Tourism, Trade and Economic Development, for the purpose of economic development and promotion of Florida's Sports Industry.

To support this endeavor, the primary source of the Foundation's revenue comes from direct legislative appropriation of Professional Sports Teams license tag sales, which is subject to political and economic forces. The Foundation also administers other sports related license tag programs as developed by the Florida State Legislature. The NASCAR license tag program has provided almost \$80,000 to charity since it was established three years ago. The Tennis license tag was developed in 2008, and the Foundation began administering the annual use fees, distributing 95% to the United States Tennis Association Florida Section Foundation to operate youth tennis programs through nonprofit organizations in Florida. These additional tag program funds are restricted funds.

Beginning July 1, 2006, the Florida Sports Charitable Foundation, (Charitable Foundation), began operations as an entity of the Foundation. The Charitable Foundation was created by the Florida Sports Foundation to provide 501(c)(3) charitable contribution opportunities for supporting amateur sports programs, including the Sunshine State Games and the Florida Senior Games State Championships, which are directed by Florida Statute.

**Overview of the Financial Statements**

The annual report of the Foundation consists of management's discussion and analysis of the financial statements, which combine entities, as well as the Youth Golf, NASCAR and the Tennis License Plate Programs. The basic financial statements include the consolidated statements of net assets, the statements of revenues, expenses and changes in net assets, budgetary highlights and the notes to the financial statements.

The statements also present information on the net assets of the Foundation, and how they are affected by the operations during the fiscal year. It provides a view of how the Foundation performed financially over a period of time.

The Notes to the Financial Statements explain in more detail some of the information that is presented in the financial statements. The notes also present certain other information, which is not included in the other statements, but is nonetheless considered to be significant.

### Financial Highlights

The Statements of Net Assets present information on all of the Foundation's assets and liabilities, with the difference between the two reported as net assets. It provides a view of the Foundation's financial condition at a certain point in time.

A comparison of the current year financial statement information to the prior year is scheduled below:

#### Condensed Statement of Net Assets

	<u>FY 2010</u>	<u>FY 2009</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Current and Other Assets	\$ 2,835,999	\$ 3,215,060	\$ (379,061)	-11.79%
Youth Golf Assets	155,939	1,326,508	(1,170,569)	-88.24%
NASCAR Assets	29,678	18,711	10,967	58.61%
Tennis Assets	1,225	11,250	(10,025)	-89.11%
Capital Assets	28,418	39,332	(10,914)	-27.75%
Total Assets	<u>\$ 3,051,259</u>	<u>\$ 4,610,861</u>	<u>\$ (1,559,602)</u>	-33.82%
Total Liabilities	<u>\$ 654,638</u>	<u>\$ 1,607,428</u>	<u>\$ (952,790)</u>	-59.27%
Restricted Youth Golf Funds	\$ 155,939	\$ 1,326,508	\$ (1,170,569)	-88.24%
Restricted NASCAR Funds	29,678	18,711	10,967	58.61%
Restricted Tennis Funds	1,225	11,250	(10,025)	-89.11%
Unrestricted	<u>2,209,779</u>	<u>1,646,964</u>	<u>557,087</u>	34.17%
Total Net Assets	<u>2,396,621</u>	<u>3,003,433</u>	<u>(606,812)</u>	-20.20%
Total Liabilities and Net Assets	<u><u>\$ 3,051,259</u></u>	<u><u>\$ 4,610,861</u></u>	<u><u>\$ (1,559,602)</u></u>	-33.82%

The Statements of Revenues, Expenses and Changes in Net Assets provide a condensed review of the revenues and expenses of conducting operations at the Foundation.

Condensed Statement of Revenues,  
Expenses and Changes in Net Assets

	FY 2010	FY 2009	Dollar Change	Total Percent Change
Operating Revenues	\$ 3,516,912	\$ 4,414,903	\$ (897,991)	-20%
Non-operating Revenues	46,623	105,415	(58,792)	-56%
Total Revenues	<u>3,563,535</u>	<u>4,520,318</u>	<u>(956,783)</u>	-21%
Depreciation Expense	16,642	20,140	(3,498)	-17%
Other Operating Expense	3,360,225	4,471,233	(1,111,008)	-25%
Total Expenses	<u>3,376,867</u>	<u>4,491,373</u>	<u>(1,114,506)</u>	-25%
Changes in Net Assets	186,668	28,945		
Golf Assets Transferred to Dade Amateur Golf Assoc.	(793,480)			
Beginning Net Assets	<u>3,003,433</u>	<u>2,974,488</u>		
Ending Net Assets	<u>\$ 2,396,621</u>	<u>\$ 3,003,433</u>	<u>\$ (606,812)</u>	-20%

As can be seen from the tables above, net assets decreased approximately \$606,812 to \$2,396,621 in 2010, down from \$3,003,433 in 2009, largely due to the transfer of the Golf Fund Assets.

## Budgetary Highlights

The Budgetary Highlights provide detailed information on the revenues and expenses of conducting operations at the Foundation.

The Foundation adopts an annual budget subject to approval by the board of directors and the Executive Office of the Governor. The Youth Golf Fund, NASCAR Fund, Tennis Tag income and expense, unfunded grants, and non-cash publication revenues and expenses are not included in the Foundation annual budget. A 2009-10 budget comparison analysis follows:

	Budget	Actual	Dollar Change	Total Percent Change
<b>Revenues</b>				
From Foundation Operations	\$ 3,066,809	\$ 3,005,241	\$ (61,568)	-2%
Foundation Non-operating	52,500	46,623	(5,877)	-13%
Total Budgeted Revenues	<u>3,119,309</u>	<u>3,051,864</u>	<u>\$ (67,445)</u>	-2%
Non-budgeted Revenues	<u>0</u>	<u>511,671</u>		
Total Revenues	<u>\$ 3,119,309</u>	<u>\$ 3,563,535</u>		
<b>Foundation Operating Expenses</b>				
Regional Grants	\$ 600,000	\$ 374,000	\$ (226,000)	-60%
Major Sports	600,000	765,801	165,801	22%
Employee Costs	544,184	623,899	79,715	13%
Charities & Royalties	276,000	270,206	(5,794)	-2%
Amateur Sports Events	381,125	362,864	(18,261)	-5%
Marketing Expenses	340,102	240,486	(99,616)	-41%
Board Travel Expense	33,000	26,586	(6,414)	-24%
Other Operating Expenses	344,898	329,754	(15,144)	-5%
Total Budgeted Expenses	<u>3,119,309</u>	<u>2,993,596</u>	<u>\$ (125,713)</u>	-4%
Non-budgeted Expenses	<u>0</u>	<u>383,271</u>		
Total Expenses	<u>\$ 3,119,309</u>	<u>\$ 3,376,867</u>		
Change in Net Assets	<u>\$ 0</u>	<u>\$ 186,668</u>		

The results of operations of the Foundation are dependent upon many external factors. The timing of major sporting events in the state of Florida has a significant effect on major sports grant expenditures.



Condensed Statement of Revenues,  
Expenses and Changes in Youth Golf Net Assets

Prior to this year, and since 2002, the Foundation administered the Junior Golf Program, (Youth Golf), which was fully funded by the sale of the Junior Golf license tags. Effective July 1, 2009, the State Legislature reassigned the administration of the Golf tag funds to the Dade Amateur Golf Association. Therefore, all revenues received during the year, as well as unencumbered fund balances of the Golf Tag Fund were distributed to Dade Amateur Golf Association. Previously encumbered, outstanding grants are included in any fund balance that remains at the close of this year.

The Florida Sports Foundation transferred \$793,480 in Restricted Net Assets to the Dade Amateur Golf Association. Net Remaining Golf Funds and any additional income received by the Foundation as a result of the voiding of Golf Grants will be forwarded to the Dade Amateur Golf Association.

	FY 2010	FY 2009	Dollar Change	Total Percent Change
Youth Golf Tag Revenues	\$ 0	\$ 681,925	\$ (681,925)	-100%
Unfunded Golf Grants	79,020	47,516	31,504	66%
Total Revenues	<u>79,020</u>	<u>729,441</u>	<u>(650,421)</u>	-89%
Youth Golf Grants Encumbered	0	581,000	(581,000)	-100%
Other Youth Golf Expenses	1,581	139,515	(137,934)	-99%
Total Expenses	<u>1,581</u>	<u>720,515</u>	<u>(718,934)</u>	-100%
Change in Net Assets	77,439	8,926		
Beginning Net Assets	793,480	784,553		
Transfer of Net Assets to the Dade Amateur Golf Association	<u>793,480</u>	<u>0</u>		
Ending Net Assets	<u>\$ 77,439</u>	<u>\$ 793,480</u>	<u>\$ (716,041)</u>	-90%

Condensed Statement of Revenues, Expenses  
and Changes in NASCAR License Plate Program Net Assets

	FY 2010	FY 2009	Dollar Change	Total Percent Change
NASCAR Revenues	\$ 79,934	\$ 80,043	\$ (109)	-0%
NASCAR Expense	63,948	67,911	(3,963)	-6%
Change in Net Assets	15,986	12,132	3,854	
Beginning Net Assets	12,132	0	0	
Ending Net Assets	\$ 28,118	\$ 12,132	\$ 15,986	132%

The ending net assets of \$28,118 in the table above reflect the year-end amount available for marketing the license plate.

Condensed Statement of Revenues, Expenses  
and Changes in Tennis License Plate Program Net Assets

	FY 2010	FY 2009	Dollar Change	Total Percent Change
Tennis Revenues	\$ 42,102	\$ 23,025	\$ 19,077	83%
Tennis Expense	42,102	23,025	19,077	83%
Change in Net Assets	0	0	0	
Beginning Net Assets	0	0	0	
Ending Net Assets	\$ 0	\$ 0	\$ 0	0%

All funds collected for the Tennis license plate are expended; therefore, there is no fund balance.

### **Additional Information**

In addition to the basic financial statements described above, the annual report also contains information presented in accordance with the Florida Single Audit Act. This information describes the results of the auditors' examination of the Foundation's compliance with and controls over compliance with provisions of laws, regulations, contracts and grants related to the funding received from the State of Florida, as well as the Foundation's control over financial reporting. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report.

### **Contacting Financial Management**

This financial report is designed to provide a general overview of the Florida Sports Foundation's finances. If you have any questions about this report or need additional financial information, contact the Foundation's office at 2930 Kerry Forest Parkway, Suite 101, Tallahassee, Florida, 32309.



Larry Pendleton  
President

**EXHIBIT A**

**FLORIDA SPORTS FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF NET ASSETS  
AS OF JUNE 30, 2010 AND 2009**

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>
Cash	\$ 2,665,198	\$ 4,145,799
Accounts Receivable	341,825	413,821
Prepaid Expenses	13,743	9,834
Furniture and Equipment, Net	28,418	39,332
Deposits	<u>2,075</u>	<u>2,075</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,051,259</u></b>	<b><u>\$ 4,610,861</u></b>
 <b>LIABILITIES</b>		
Accounts Payable	\$ 595,888	\$ 1,554,928
Accrued Expenses	<u>58,750</u>	<u>52,500</u>
<b>TOTAL LIABILITIES</b>	<b>654,638</b>	<b>1,607,428</b>
 <b>NET ASSETS</b>		
Unrestricted	2,209,779	1,646,964
Temporarily Restricted	<u>186,842</u>	<u>1,356,469</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,396,621</u></b>	<b><u>3,003,433</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$ 3,051,259</u></b>	 <b><u>\$ 4,610,861</u></b>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THESE FINANCIAL STATEMENTS**

**EXHIBIT B****FLORIDA SPORTS FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

<b>OPERATING REVENUES</b>	<b>2010</b>	<b>2009</b>
Operating Contract - OTTED	\$ 200,000	\$ 191,997
Golf Tag Revenue	0	681,925
Olympic Tag Revenue	56,059	60,293
Professional License Tag Revenue	2,245,894	2,396,215
NASCAR Tag Revenue	79,934	80,043
Tennis Tag Revenue	42,102	23,025
Corporate Partnerships	36,651	168,575
Amateur Sports Events	290,768	316,592
Unfunded Grants	130,635	99,851
Special Events	46,339	41,657
Other Sources	103,280	75,730
Publication Revenue	<u>285,250</u>	<u>279,000</u>
<b>TOTAL OPERATING REVENUES</b>	<b>3,516,912</b>	<b>4,414,903</b>

**OPERATING EXPENSES**

Regional Grant Expenses	374,000	497,000
Major Sports Expenses	765,801	904,910
Team Charity Expenses	244,120	258,412
League Royalties	26,086	27,629
Golf Grant Expenses	0	581,000
Golf Tag Expenses	1,581	139,515
NASCAR Tag Expenses	63,947	67,911
Tennis Tag Expenses	42,101	23,025
Amateur Sports Events Expenses	362,864	457,496
Salaries & Employee Lease Expense	623,899	669,000
Pension Expense	51,104	48,454
Payroll Taxes and Licenses	47,193	44,239
Special Events	70,678	79,890
Conventions & Conferences	35,022	27,516
Publications and Promotions	379,628	295,854
Insurance	63,087	55,008
Rent	93,876	92,028
Travel and Meals	8,483	16,187
Board Travel	26,586	43,502
Legal and Accounting	28,369	29,342

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THESE FINANCIAL STATEMENTS**

**EXHIBIT B (CONT'D)****FLORIDA SPORTS FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
Contract Labor	0	29,856
Miscellaneous	11,155	11,221
Website Maintenance	12,508	3,070
Postage	7,363	7,563
Repairs and Maintenance	1,464	2,950
Office Supplies	5,090	4,855
Telephone	6,689	6,816
Economic Study	1,650	41,000
Utilities	5,881	5,984
Depreciation	<u>16,642</u>	<u>20,140</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,376,867</u>	<u>4,491,373</u>
<b>OPERATING INCOME (LOSS)</b>	140,045	(76,470)
<b>NONOPERATING REVENUES</b>		
Interest Income	<u>46,623</u>	<u>105,415</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>46,623</u>	<u>105,415</u>
<b>CHANGE IN NET ASSETS</b>	186,668	28,945
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,003,433	2,974,488
<b>TRANSFER OF NET ASSETS TO THE DADE AMATEUR GOLF ASSOCIATION</b>	<u>(793,480)</u>	<u>0</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,396,621</u>	<u>\$ 3,003,433</u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THESE FINANCIAL STATEMENTS**

**EXHIBIT C**

**FLORIDA SPORTS FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2010</b>	<b>2009</b>
Cash Received for Operating Contract	\$ 196,000	\$ 195,997
Cash Received for Golf Tags	28,775	702,393
Cash Received for Olympic Tags	55,145	62,103
Cash Received for Professional Tags	2,271,700	2,410,944
Cash Received for NASCAR Tags	80,984	79,968
Cash Received for Tennis Tags	41,402	21,675
Cash Received for Corporate Partnerships	50,400	165,545
Cash Received for Amateur Sports Events	290,768	316,592
Cash Received for Publication Licensing	26,250	20,000
Cash Received from Other Sources	149,619	117,387
Cash Paid for Regional Sports Grants	(362,386)	(452,165)
Cash Paid for Major Sports Grants	(1,232,801)	(1,634,910)
Cash Paid for Team Charities	(253,775)	(262,008)
Cash Paid for League Royalties	(26,387)	(27,726)
Cash Paid for Amateur Sports Events	(370,764)	(505,396)
Cash Paid for General and Administrative Expenses	(1,204,613)	(1,245,619)
Cash Paid for Golf Grants	(368,038)	(605,643)
Cash Paid for NASCAR Tags	(67,322)	(121,330)
Cash Paid for Tennis Tags	<u>(51,563)</u>	<u>(12,338)</u>
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b>(746,606)</b>	<b>(774,531)</b>
<b>CASH FROM CAPITAL FINANCING ACTIVITIES</b>		
Cash Paid for Youth Golf Net Assets	(793,480)	0
Cash Paid for Furniture and Equipment	<u>(5,728)</u>	<u>0</u>
<b>NET CASH (USED) IN CAPITAL FINANCING ACTIVITIES</b>	<b>(799,208)</b>	<b>0</b>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Cash Received from Interest Income	<u>65,213</u>	<u>83,746</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>65,213</u></b>	<b><u>83,746</u></b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,480,601)</b>	<b>(690,785)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b><u>4,145,799</u></b>	<b><u>4,836,584</u></b>
<b>CASH AT END OF YEAR</b>	<b><u>\$ 2,665,198</u></b>	<b><u>\$ 4,145,799</u></b>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THESE FINANCIAL STATEMENTS**

**EXHIBIT C (CONT'D)**

**FLORIDA SPORTS FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b>2010</b>	<b>2009</b>
Operating Income (Loss)	\$ 140,045	\$ (76,470)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	16,642	20,140
Loss on Disposal of Assets	0	351
Non-cash Support	(261,151)	(261,630)
Non-cash Expenses	261,151	261,630
(Increase) Decrease in Accounts Receivable	53,406	42,188
(Increase) Decrease in Prepaid Expenses	(3,909)	2,358
Increase (Decrease) in Accounts Payable	(959,040)	(763,098)
Increase (Decrease) in Accrued Expenses	<u>6,250</u>	<u>0</u>
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (746,606)</u></b>	<b><u>\$ (774,531)</u></b>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THESE FINANCIAL STATEMENTS**



**FLORIDA SPORTS FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

**NOTE 1 - ORGANIZATION**

The Foundation is a non-profit corporation, which was organized under Florida Statutes Chapter 617, on September 13, 1989, to serve as a direct support organization of the Florida Department of Commerce. Effective July 1, 1996, the Foundation became a direct support organization of the Executive Office of the Governor, Office of Tourism, Trade, and Economic Development due to the dissolution of the Florida Department of Commerce. The purpose of the Foundation is to receive, hold, invest, and administer property, to raise funds and receive gifts and to promote and develop sports related industries. Effective June 30, 1999, the Foundation became responsible for coordinating and facilitating the Sunshine State Games and programs directed toward amateur sports activities and physical fitness.

The accompanying consolidated financial statements include the accounts of Florida Sports Foundation, Inc. and its subsidiary, Florida Sports Charitable Foundation, Inc. All material intercompany accounts and transactions have been eliminated.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

The financial statements of the Florida Sports Foundation, Inc. have been prepared on the accrual basis of accounting. Revenue is recognized when it is earned or promised. Expenses are recognized when incurred.

The financial statements have been prepared in accordance with statements of financial accounting standards No. 117, which requires that net assets (deficit) and results of activities be reported, based upon the donor-imposed restrictions. The Foundation reports as temporarily restricted the assets and activities related to the proceeds of the Florida Golf License Plate, the Florida NASCAR License Plate, and the Florida Tennis License Plate. Such funds have been restricted for specific purposes as outlined in the Florida Statutes.

The Foundation has reported its assets and liabilities according to the nearness of their maturity and resulting use of cash.

For the purpose of reporting cash flows, cash consists of demand deposits, cash on hand and certificates of deposit maturing in six months or less.

The Foundation records the value of contributed materials and services when there is an objective basis available to measure their value. Contributed materials and services are reflected as support and revenue in the accompanying statements at their estimated values at the date of receipt.

The Florida Sports Foundation, Inc. is exempt from Federal and State income taxes under Section 115 of the Internal Revenue Code.

The Florida Sports Charitable Foundation is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

## NOTE 2 (CONT'D) - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable consisted of the following:	2010	2009
Accounts Receivable – Professional License Tag Revenue	\$ 241,914	\$ 267,720
Accounts Receivable – Corporate Partnerships	9,500	17,900
Accounts Receivable – Publishing Revenue	20,000	20,000
Accounts Receivable – Miscellaneous	7,864	2,122
Accounts Receivable – OTTED Contract	50,000	46,000
Accounts Receivable – Youth Golf Program	0	28,775
Accounts Receivable - NASCAR Tag Revenue	3,050	4,100
Accounts Receivable - Tennis Tag Revenue	2,050	1,350
Accounts Receivable – Olympic Tag Revenue	4,365	4,185
Accounts Receivable - Accrued Interest	<u>3,082</u>	<u>21,669</u>
	<u>\$ 341,825</u>	<u>\$ 413,821</u>

## NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

The cash and accounts receivable restricted for youth golf programs are restricted to be used to provide grants to organizations to operate youth golf programs and for marketing the Florida Golf license plates. Florida Sports Foundation may also establish a Florida Youth Golf Program to assist organizations in promoting youth golf. The assets are the proceeds from the Florida Golf license plates, which are received by the Foundation from the State of Florida Comptroller's Office.

The cash and accounts receivable restricted for use related to the NASCAR license plate program are restricted to be used to provide assistance to the Florida Sports Foundation's Regional Grant Program, the marketing of motorsports-related tourism, and contributions to the NASCAR Foundation charitable organization, to support Florida-based charitable organizations. The assets are the proceeds from the Florida NASCAR license plates, which are received by the Foundation from the State of Florida Comptroller's Office.

The cash and accounts receivable restricted for use related to the Tennis license plate program are restricted to be used for promoting and marketing the license plate program and contributions to the United States Tennis Association Florida Section Foundation grant program to operate youth tennis programs and adaptive tennis programs for special populations of all ages, and for building, renovating, and maintaining public tennis courts.

#### NOTE 4 (CONT'D) – TEMPORARILY RESTRICTED NET ASSETS

The changes in unrestricted and temporarily restricted net assets are as follows:

	2010	2009
Change in Net Assets – Unrestricted	\$ 562,815	\$ (14,753)
Change in Net Assets – Temporarily Restricted	<u>(376,147)</u>	<u>43,698</u>
Change in Net Assets	186,668	28,945
Transfer of Net Assets to the Dade Amateur Golf Association	<u>(793,480)</u>	<u>0</u>
	<u>\$ (606,812)</u>	<u>\$ 28,945</u>

The components of temporarily restricted net assets are as follows:

	2010	2009
Cash - Youth Golf Program	\$ 155,939	\$ 1,297,733
Accounts Receivable - Youth Golf Program	0	28,775
Cash - NASCAR	26,628	14,611
Accounts Receivable - NASCAR	3,050	4,100
Cash - Tennis	(825)	9,900
Accounts Receivable - Tennis	<u>2,050</u>	<u>1,350</u>
	<u>\$ 186,842</u>	<u>\$ 1,356,469</u>

#### NOTE 5 - PREPAID EXPENSES

Prepaid Expenses consisted of the following:	2010	2009
Prepaid Insurance	\$ 13,743	\$ 9,834

#### NOTE 6 - FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost. Expenditures for repairs and maintenance are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts and the resulting gain or loss from such disposition is credited or charged to income, except that the gain or loss on assets traded in for new equipment is applied as an adjustment to the cost of the asset acquired. Depreciation is calculated for financial reporting purposes by the straight-line method over the estimated useful life of the assets. For financial reporting purposes the furniture is given a life of 7 years and the equipment and vehicles a life of 5 years.

## NOTE 6 (CONT'D) - FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following:

	2010	2009
Furniture	\$ 21,317	\$ 21,317
Equipment	104,472	102,698
Amateur Sports Events Equipment	<u>102,864</u>	<u>100,748</u>
	228,653	224,763
Less: Accumulated Depreciation	<u>(200,235)</u>	<u>(185,431)</u>
	<u>\$ 28,418</u>	<u>\$ 39,332</u>

## NOTE 7 - ACCOUNTS PAYABLE

Accounts Payable consisted of the following:

	2010	2009
Accounts Payable – Vendors	\$ 77,796	\$ 60,831
Accounts Payable – League Royalties	2,806	3,107
Accounts Payable – Team Charity Expenses	60,643	70,298
Accounts Payable – Regional Grants	272,000	284,000
Accounts Payable – Olympic Tags	1,358	2,092
Accounts Payable – Golf Tags	0	25,792
Accounts Payable – NASCAR Tags	1,560	4,935
Accounts Payable - Tennis Tags	1,225	10,687
Accounts Payable – Youth Golf Grants	78,500	498,186
Accounts Payable – Major Grants	<u>100,000</u>	<u>595,000</u>
	<u>\$ 595,888</u>	<u>\$1,554,928</u>

## NOTE 8 - ACCRUED EXPENSES

Accrued Expenses consisted of the following:

	2010	2009
Accrued Employee Bonus	\$ 52,500	\$ 52,500
Accrued Pension Expense	<u>6,250</u>	<u>0</u>
	<u>\$ 58,750</u>	<u>\$ 52,500</u>

## NOTE 9 - CONTRIBUTED MATERIALS AND SERVICES

The value of contributed materials and services included in the financial statements and the corresponding expenditures for the years ended June 30, 2010 and 2009 were as follows:

	2010	2009
Support:		
Contributed Publishing Costs	\$ 259,000	\$ 259,000
Contributed Meals	<u>2,151</u>	<u>2,630</u>
	<u>\$ 261,151</u>	<u>\$ 261,630</u>
Expenses:		
Publications and Promotions	\$ 259,000	\$ 259,000
Amateur Sports Events Expenses	<u>2,151</u>	<u>2,630</u>
	<u>\$ 261,151</u>	<u>\$ 261,630</u>

## NOTE 10 - PENSION PLAN

The Foundation has a defined contribution money purchase pension plan covering all full-time employees. The annual contribution is 10% of covered compensation. The plan participants self-direct their accounts and the accounts vest gradually over 6 years until fully vested. Total pension costs for the years ended June 30, 2010 and 2009 were \$51,104 and \$48,454 respectively. As of June 30, 2010 and 2009 the Foundation had additional contributions owed to the plan of \$6,250 and \$0 respectively.

## NOTE 11 - RELATED PARTY TRANSACTIONS

The Foundation has contracted with the State of Florida to hold and disburse the proceeds from the Florida Professional Sports Team License Plate program. As of June 30, 2010 and 2009, the Foundation had accounts receivable due from the State of Florida of \$241,914 and \$267,720, respectively. The total revenues from this program for the years ended June 30, 2010 and 2009 were \$2,245,894 and \$2,396,215, respectively.

Also, to assist the Foundation in services to the State of Florida, the Foundation receives proceeds from the Olympic License Plate program. For the years ended June 30, 2010 and 2009, the Foundation received \$56,059 and \$60,293, respectively of total revenues and had accounts receivable as of June 30, 2010 and 2009 of \$4,365 and \$4,185, respectively.

The Foundation contracts with the State of Florida to provide services for the State, to assist the Governor in working with the Legislature, state agencies, business leaders and economic development professionals, and to coordinate the Sunshine State Games. Total revenues received by the Foundation for the years ended June 30, 2010 and 2009 were \$200,000 and \$191,997 respectively. As of June 30, 2010 and 2009, the Foundation had accounts receivable of \$50,000 and \$46,000 respectively, due from the State of Florida.

**NOTE 11 (CONT'D) - RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2010, an employee of the Foundation purchased tickets to a sporting event from the Foundation in the amount of \$1,600. Members of the Board of Directors purchased tickets to a sporting event from the Foundation in the amount of \$6,800.

**NOTE 12 - CONCENTRATIONS OF CREDIT RISK**

The Foundation receives the majority of its revenue from the sale of professional sports team license plates, which is subject to annual appropriation by the Florida Legislature. It is reasonably possible that in the near term, the Legislature could cease to appropriate these monies for the benefit of the Foundation, which would cause a severe impact on the ability of the Foundation to continue its operations.

**NOTE 13 – GOLF TAG FUNDS**

The Temporarily Restricted Net Asset balance of the Golf Tag Fund does not include amounts due but not yet disbursed by the Golf Tag Fund. Payments are not deducted from the Golf Tag Fund until disbursed. The payable balance of the Golf Tag Fund for the years ended June 30, 2010 and 2009 was \$78,500 and \$533,028 respectively.

2010

Golf Tag Fund Net Assets Balance	\$ 155,939
Approved Golf Grants payable	<u>(78,500)</u>
Net Remaining Golf Funds	<u>\$ 77,439</u>

The Florida Sports Foundation will no longer be administering the Florida Youth Golf Program and as such will no longer be receiving proceeds from the sale of the Florida Golf license plate. This change is effective July 1, 2009. The Foundation will continue to administer all board approved, outstanding Golf Grants.

The Florida Sports Foundation transferred \$793,480 of Temporarily Restricted Net Assets to the Dade Amateur Golf Association. Net Remaining Golf Funds and any additional income received by the Foundation as a result of the voiding of Golf Grants will be forwarded to the Dade Amateur Golf Association.

#### NOTE 14 – NASCAR TAG FUNDS

The Temporarily Restricted Net Asset balance of the NASCAR Tag Fund does not include amounts due but not yet disbursed by the NASCAR Tag Fund. Payments are not deducted from the NASCAR Tag Fund until disbursed. The payable balance of the NASCAR Tag Fund for the years ended June 30, 2010 and 2009 was \$1,560 and \$6,580 respectively.

2010

NASCAR Tag Fund Net Assets Balance	\$	29,678
Amounts due to Florida Sports Foundation		(390)
Amounts due to NASCAR charity & royalty		<u>(1,170)</u>
Net Remaining NASCAR Funds Available for Marketing	\$	<u>28,118</u>

#### NOTE 15 - TENNIS TAG FUNDS

The Temporarily Restricted Net Asset balance of the Tennis Tag Fund does not include amounts not yet disbursed by the Tennis Tag Fund. Payments are not deducted from the Tennis Tag Fund until disbursed. The payable balance of the Tennis Tag Fund for the years ended June 30, 2010 and 2009 was \$1,225 and \$11,250.

2010

Tennis Tag Fund Net Assets Balance	\$	1,225
Amounts due to Florida Sports Foundation		(61)
Amounts due to United States Tennis Association Florida Section Foundation		<u>(1,164)</u>
Net Remaining Tennis Tag Funds	\$	<u>0</u>

#### NOTE 16 - SUBSEQUENT EVENTS

The Foundation approved \$545,000 in major grants subsequent to the end of the fiscal year.

The company has considered subsequent events through August 31, 2010, the latest date with available financial information.

# MOORE, ELLISON & MCDUFFIE, CPA'S, PA

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## 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*

September 24, 2010

To the Board of Directors  
Florida Sports Foundation, Inc.  
Tallahassee, Florida

We have audited the consolidated financial statements of Florida Sports Foundation, Inc. and subsidiary as of and for the year ended June 30, 2010 and have issued our report thereon dated September 24, 2010. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Florida Sports Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Florida Sports Foundation, 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, OTTED and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moore, Ellison & McDuffie, CPAs, PA*  
MOORE, ELLISON & MCDUFFIE, CPA'S, PA

# MOORE, ELLISON & MCDUFFIE, CPA'S, PA

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR STATE PROJECT

September 24, 2010

To the Board of Directors  
Florida Sports Foundation, Inc.  
Tallahassee, Florida

### Compliance

We have audited the compliance of Florida Sports Foundation, Inc. with the types of compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to its major state project for the year ended June 30, 2010. The Foundation's major state project is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state project is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapters 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major state project for the year ended June 30, 2010.

### Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, OTTED and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moore, Ellison & McDuffie, CPA's, PA*  
MOORE, ELLISON & MCDUFFIE, CPA'S, PA

**FLORIDA SPORTS FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Florida Sports Foundation, Inc.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Florida Sports Foundation, Inc., which would be required to be reported in accordance with s. 215.97 F.S., and chapters 10.550 and 10.650, Rules of the Auditor General.
4. No reportable conditions were disclosed during the audit of internal control over major state financial assistance programs.
5. The auditor's report on compliance for the major state financial assistance programs for Florida Sports Foundation, Inc. expresses an unqualified opinion on all major state financial assistance programs.
6. There are no findings relative to the major state financial assistance programs for Florida Sports Foundation, Inc.
7. The programs tested as major state financial assistance programs included: Florida Sports Foundation 31.005.
8. The threshold used to distinguish between type A and type B programs was \$300,000.
9. Florida Sports Foundation, Inc. does not qualify as a low risk auditee.

Findings – Financial Statement audit

None

Findings and questioned costs – major state financial assistance program audit

None

**FLORIDA SPORTS FOUNDATION**  
**2930 KERRY FOREST PARKWAY**  
**TALLAHASSEE, FL 32309**

Florida Sports Foundation, Inc.  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010

There are no prior audit findings to report the status of.

**FLORIDA SPORTS FOUNDATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

State Agency Pass-through entity State project	CSFA No.	Contract Grant No.	Expenditures	Transfer to sub-recipients
OTTED				
Direct Projects				
Florida Sports Foundation	31.005	OT-01-002	\$ 2,567,953	\$ 793,480

Notes to Schedule

1. The accompanying schedule of expenditures of state financial assistance includes the state contract activity of Florida Sports Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of s. 215.97, F.S. and chapters 10.550 and 10.650, rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# MOORE, ELLISON & MCDUFFIE, CPA'S, PA

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September 24, 2010

To the Board of Directors  
Florida Sports Foundation, Inc.  
Tallahassee, FL

## MANAGEMENT LETTER

Dear Sir or Madam:

In planning and performing our audit of the financial statements of Florida Sports Foundation, Inc. for the year ended June 30, 2010, we became aware of several ideas and suggestions that should be considered by management for further study and could possibly enhance and strengthen internal controls, and improve operations. Only after additional study and research should the following suggestions be implemented, as our engagement did not allow us the time to fully investigate and study these suggestions.

1. The Foundation should continue its efforts developing corporate sponsorships for the sports events administered by the charitable foundation. This is especially critical due to continuous budget cut backs from the State of Florida.

The above comments are intended to serve as general suggestions that may, after further study and investigation, help to improve the efficiency of performance and profitability of Florida Sports Foundation, Inc. and as such are broad in nature. We would be happy to discuss, at length, these suggestions. We think it would be important to assign one or two persons to be in charge of investigation and recommendation as to implementation of each comment. They, in turn, could retain Moore Ellison & McDuffie, CPA's, PA to assist in this duty, detail recommendations, and implementation where applicable and appropriate.

We will review the status of these comments during our annual audit engagement, especially comments involving internal control structure and segregation of duties. Many of these comments and suggestions have already been discussed with some of your staff.

We appreciate the assistance of Florida Sports Foundation, Inc.'s staff during our audit fieldwork.

Sincerely,

*Moore Ellison & McDuffie, CPAs PA*  
MOORE ELLISON & MCDUFFIE, CPA'S, PA