



Winks Ledgers

May 26, 2026

Alex Rey
City Manager
City of Cooper City
9090 SW 50th Place
Cooper City, FL. 33328

Re: Forensic Review of the Optimist Club of Cooper City

Dear Mr. Rey:

Winks Ledgers, LLC (“Winks”) was engaged by the City of Cooper City (“the City”) to conduct a forensic review of the financial and operational activities of the Optimist Club of Cooper City (“the Club”) for the period January 1, 2022 through September 30, 2025. The purpose of the engagement was to identify irregularities, internal control weaknesses, and opportunities for operational and financial improvement. Attached is Winks Ledgers, LLC’s Forensic Review Report (“the Report”), which outlines the procedures performed and the related observations.

This engagement was conducted in accordance with the Statement on Standards for Forensic Services No. 1 issued by the American Institute of Certified Public Accountants (AICPA) and the Code of Professional Standards established by the Association of Certified Fraud Examiners (ACFE). Although our work included analysis of accounting records and related information, the engagement did not constitute an audit performed in accordance with generally accepted auditing standards, an examination of internal controls, or any other attestation or review service under AICPA standards. Accordingly, we do not express an opinion or provide assurance on the financial information reviewed. Had additional procedures been performed, other matters may have come to our attention that could have affected the observations presented in this report.

This report is intended solely for the use of the City and the Club and should not be distributed to or relied upon by other parties without the prior written consent of Winks. While we are under no obligation to update this report for matters arising after the report date, we reserve the right to do so if additional information becomes available.

Sincerely,

Winks Ledgers, LLC



1688 Meridian Avenue, Suite 700
Miami Beach, FL 33139



305-608-4181



Winks_ledgers@hotmail.com

Optimist Club of Cooper City

Forensic Review Report
May 26, 2026



Winks Ledgers

Table of Contents

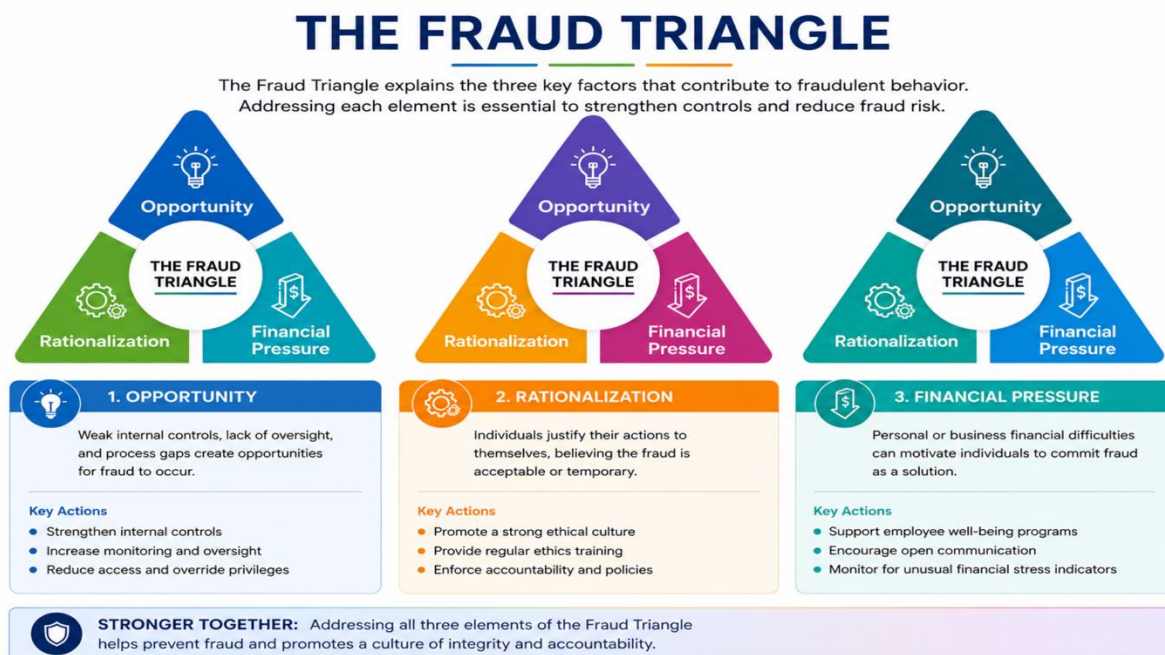
Executive Summary - - - - -	4
Background - - - - -	14
Scope - - - - -	16
Approach- - - - -	17
Summary of Procedures Performed - - - - -	18
Details of Observations, Risks, Recommendations and Club Responses - - - - -	20
Risk Classification Table - - - - -	37
Conclusion - - - - -	39

Executive Summary

Winks was engaged to conduct a forensic review of the financial and operational activities of the Club to identify irregularities, internal control weaknesses, and opportunities for improvement. The primary focus areas of the review included: (A) payments and disbursements, (B) deposits and revenue, (C) contracts and agreements, and (D) internal controls and authorization processes.

As part of our review, we considered the Fraud Triangle and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, along with the Club's governance structure and financial operations, to assist in identifying potential fraud risks, control deficiencies, and operational vulnerabilities. These frameworks were used to evaluate the adequacy of the Club's internal control environment and overall financial oversight practices.

The image below illustrates the "Fraud Triangle," a commonly recognized framework used to identify conditions that may increase the risk of fraud. The framework is based on three primary elements: financial pressure, opportunity, and rationalization.



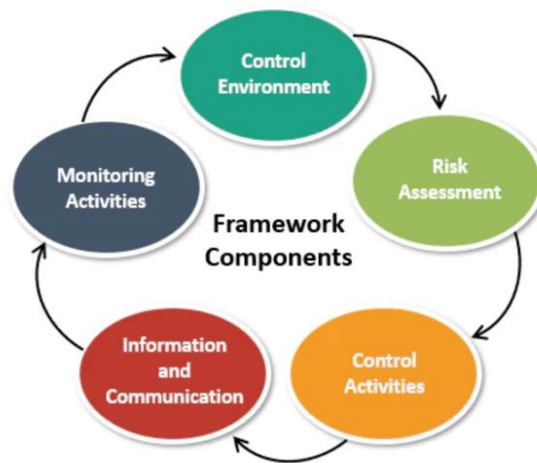
The Club is unable to control pressure and rationalization for committing fraud, however, it can reduce opportunities for fraud through adequate internal controls. To address those opportunities, we applied the COSO model.

COSO established a model for evaluating internal controls for organizations. This model was adopted as the generally accepted framework for internal control, and it is widely recognized as the definitive standard against which organizations measure the effectiveness of their internal control systems.

The COSO framework in a nonprofit provides a robust, scalable system to ensure effective internal controls, financial reliability, and operational compliance with mission goals. It uses five components—control environment, risk assessment, control activities, information and communication, and monitoring—to mitigate risks and prevent fraud.

Key Applications of COSO in nonprofits:

- **Control Environment:** Establishing a culture of integrity, ethical values, and oversight by the Board.
- **Risk Assessment:** Identifying and analyzing threats (e.g., funding risks, mismanagement) that could prevent achieving goals.
- **Control Activities:** Implementing policies like segregation of duties, proper authorization, and safeguarding assets.
- **Information & Communication:** Ensuring transparent, timely information flows to stakeholders and staff.
- **Monitoring Activities:** Regularly evaluating controls to ensure they function properly and adapt to changes.



Benefits:

- **Fraud Prevention:** Strengthens defenses against fraud by establishing clear accountability.
- **Trust Building:** Enhances donor and public trust through reliable financial reporting.
- **Operational Efficiency:** Streamlines operations to better align with the nonprofit's mission.

Winks performed certain procedures related to the Club's operations for the period January 1, 2022 through September 30, 2025 ("review period"). These procedures included, but were not limited to, conducting interviews with members of the Club's Executive Board, sports commissioners, concessionaires, Club personnel, and City employees.

In addition, Winks reviewed the Club's bylaws, policies, procedures, financial records, and supporting documentation related to the following areas of the control environment and control activities:

Control Environment:

Area	Criteria	Observations	Observation No.
Management's Philosophy and Operating Style (Tone at the top) Accountability Mechanisms	Control Environment	Nearly all Club management personnel and commissioners interviewed expressed the view that the Club operates primarily as a volunteer organization with limited resources available to implement, maintain, and monitor effective internal controls. A common sentiment among those interviewed was that their longstanding contributions and volunteer efforts had not always been fully recognized or appreciated. Those interviewed also expressed that the Club is an important part of the community and remains committed to supporting the community's best interests. Additionally, they indicated a willingness to work collaboratively with the City administration and City Commission to rebuild trust and foster a positive, cooperative, and mutually beneficial partnership moving forward.	--
Integrity and Ethical Values: Bylaws	Florida state statutes requirements Control Environment	Last Amended: September 4, 2025. Reference to other documents that did not exist.	1
Board of Directors / Committee Oversight: Board minutes	Florida state statutes requirements and IRS recommendations Control Environment	The Club has not consistently maintained agendas and meeting minutes. Minutes for several Board meetings were either unavailable or maintained in a format that was not standardized, complete, or easily legible.	2
Integrity and Ethical Values: Code of conduct policy	IRS recommendation Control Environment	For the period under review, a Code of Conduct Policy was not available.	3

Area	Criteria	Observations	Observation No.
Integrity and Ethical Values: Conflict of interest policy	IRS recommendation Control Environment	For the period under review, a Conflict of Interest Policy was not available.	4
Information & Communication: Document retention policy	IRS recommendation Control Environment	For the period under review, the Document Retention Policy was not available.	5
Management's Philosophy and Operating Style: Fundraising policy	IRS recommendation Control Environment	For the period under review, a Fundraising Policy was not available. Rules on fundraising were included in the bylaws. Based on conversation with management, there are times the cash funds raised or donated to the Club and are spent by the collector and does not go through the Treasurer.	6 and 7
Integrity and Ethical Values: Whistle Blowers' policy	IRS recommendation Control Environment	For the period under review, a Whistle Blowers' policy was not in place.	8
Management's Philosophy and Operating Style: Risk & Safety policy	Best Practice for sports organizations Control Environment	For the period under review, a Risk & Safety policy was not in place.	9
Information & Communication: IT Security	Control Environment	For the period under review, a policy for user access and roles to computer systems was not in place. Computer systems for example are QuickBooks access, banking access, PEX Cards access, Sports Connect/ Sports Engine access.	10
Management's Philosophy and Operating Style: Volunteer policy	Best Practice for volunteer-based organizations	A Volunteer policy is in place. The policy is located at https://clubs.bluesombrero.com/Default.aspx?tabid=1032151 Winks did not test for adherence to the Volunteer policy.	--

Control Activities:

Area	Criteria	Observations	Observation No.
Information processing controls Financial statements / reports	Control Activities Florida Statutes IRS Florida Department of Agriculture and Consumer Services (FDACS)	This is not a financial statement review, and as such, Winks did not review the trial balance for accuracy. However, we did use the information in the 990 filings and the trial balances to ascertain that we had a complete population of revenue, expenses and cash balances. We were able to complete this for all years except 2025. The Club is not required to and did not prepare GAAP financial statements. The Club did file the required form 990 with the IRS and FDACS for the years under review. For the period under review, the Club did not maintain financial records in a format that is standard for a nonprofit organization.	11
Review Controls (Management Review Controls): Board reports and other compliance reports	Control Activities By Laws Club policies and procedures	There were periods where financial information was not reviewed by a 3rd party on a monthly, quarterly or annual basis. There was no evidence that financial reports were reviewed by the Board. There was no evidence of review of reconciliations by the Board or others.	12, 13 and 14
Review Controls (Management Review Controls): Budgeting	Control Activities By Laws Club policies and procedures	There are periods where there was no evidence of budgets submitted to the Board and approved. There was no evidence that budget vs. actual reviews and variance analysis were performed. Budgets were not consistently prepared, and budget records were not consistently retained. There were periods where no administrative budget or comprehensive budgets were prepared.	15, 16, 17 and 18

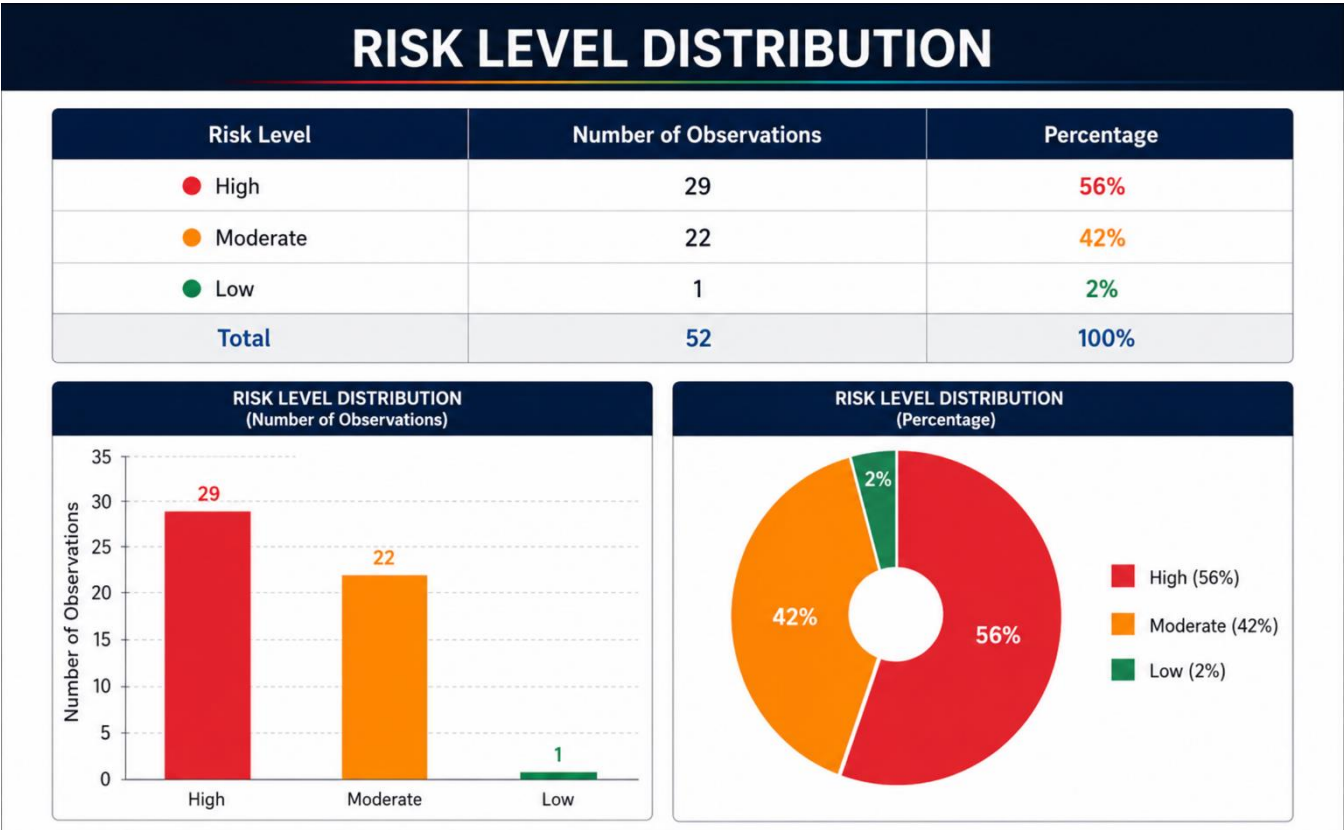
Area	Criteria	Observations	Observation No.
Organizational Structure and assignment of authority and responsibility: Authorization & Approval Controls Revenues / receipting	Control Activities	Registration fees: The Club has moved between various software for recording registration and payments collected. There is no evidence of reconciliations in place between systems for fees collected. There was no evidence of formal approval for the pricing of each team sport. Waiving or reduction of participants fees is not uniform or properly approved. A list of individuals whom registration fees were waived or discounted was not available. Memberships dues: There is no evidence of reconciliation between memberships, fees paid, fees waived for life member and fees paid to the Optimist International. Concession revenue: There are no formal controls in place for concession sales. This includes cash and P2P or mobile app payments. There was no evidence of reconciliation between what was sold and payments received in the Clubs' bank account. Banner and signs: There are no controls in place or evidence of a formal process in place for banner and sign sales. There is no standard pricing for banners or signs. Any Board member can initiate the sale of banners and signs. There are no controls in place to validate that proceeds from all banner and sign sales were deposited into the Clubs' bank account. Contributions, Gifts, Grants: There are no controls or procedures in place for receiving and accounting for contributions, gifts or grants, including pan-handling receipts approved or un-approved.	19, 20, 21, 22, 23, 24, 25, 26, 27, and 28

Area	Criteria	Observations	Observation No.
Organizational Structure and assignment of authority and responsibility: Authorization & Approval Controls Expenses / disbursements	Control Activities	There were instances of disbursements with no evidence of approval. There were instances of no segregation of duties between recording and payment (wire, ACH, check). There were instances where disbursements were not properly referenced to checks or ACH/ wire. There were instances where payments are made from cash on hand with no supporting documentation. There was no reconciliation or formal process for making disbursements through peer-to-peer (P2P) payments or mobile payment apps. We noted that Board members were compensated for services. There were instances where payroll supporting documentation did not agree to the amount paid. There was no evidence to support the hours worked and no reasonable documentation for the payroll made to the school custodian. Individuals paid under “payroll” were not issued an IRS form 1099-NEC where applicable. There is no policy in place for the purchase of gift-cards.	29, 30, 31, 32, 33, 34, 35, 36, 37, and 38
Organizational Structure and assignment of authority and responsibility: Cash and banking	Control Activities	Only one individual works with cash and banking. This individual’s tasks include setup of accounts, signing authority, recording, on-line banking, reconciliations and reporting. There was no evidence of reconciliation reviewed and approved by the Board or others. There are no controls around who create accounts for receipts from Zelle, Venmo, Cash App, credit card merchant and gateway accounts. There is no evidence of fraud controls on the	39, 40 and 41

Area	Criteria	Observations	Observation No.
		Clubs' bank accounts.	
Organizational Structure and assignment of authority and responsibility: Reconciliations	Control Activities	There is a basic monthly bank reconciliation prepared by the treasurer/ accountant. There were instances where there were differences in the reconciliation. There is no PEX Card reconciliation. PEX Card statements are not tied out and reconciled to receipts. There were instances where supporting documentation for PEX Card purchase did not provide sufficient reasonable details to show what was purchased.	42, 43, 44,
Authorization & Approval Controls Procurement	Control Activities	For the period under review, a procurement policy was not in place. There were no contracts or agreements in place for large and recurring purchases.	45 and 46
Authorization & Approval Controls Expense reimbursements	Control Activities	There were instances of self-approval for reimbursement request. There were instances where supporting documentation for reimbursements were not considered adequate or reasonable or showed proof of payment. There is no formal policy for reimbursements.	47, 48 and 49
Authorization & Approval Controls PEX Cards	Control Activities	For the period under review, a PEX Card use policy was not in place.	50
Physical and Logical Controls: Inventory (list of fixed assets) Concessions held for sale	Control Activities	The Club does not maintain a consistent inventory record of fixed asset greater than \$250 by sport or in total. For the period under review, there are no controls over concession inventory purchased, held for sale or sold.	51 and 52

Risks Assessment:

A risk level of high, moderate, or low was assigned to each observation. This will assist the Club in understanding the significance, potential impact, and urgency of each issue identified. It could be helpful for management to prioritize remediation efforts, allocate resources effectively, and demonstrate a structured approach to addressing deficiencies and strengthening governance and oversight. The graph below presents the risk level distribution.



A Risk Classification Table, organized by observation number, is provided beginning on page 37 of this report.

Based on the procedures performed, as well as the corresponding findings, Winks recommend that the Club consider implementing some version of the fifty-two (52) recommendations identified within the report as soon as possible. Prompt implementation of these recommendations is essential to restoring public trust, transparency and accountability.

The procedures performed by Winks and the resulting observations are discussed in greater detail within the Report. This executive summary is not intended to stand alone without the additional context included within the Report.



Winks Ledgers

Background

The City owns, operates, and maintains certain athletic fields and facilities for recreational use within the City. Historically, the relationship between the City and the Club was governed by City Resolutions 83-1-2 and 2023-2-9. On June 27, 2025, the City and the Club entered into a License Facility Use Agreement (“FUA”), which authorizes the Club to use designated athletic fields and facilities for recreational purposes in accordance with the terms and conditions outlined in the agreement. The agreement became effective on June 11, 2025.

Section 6.3 of the FUA grants the City the right, at its sole discretion and expense, to request a certified audit of the Club’s financial records. The stated purpose of this provision is to promote transparency, accountability, and public access to financial information in accordance with Florida public records laws.

On July 22, 2025, the City Commission authorized moving forward with that audit for the following reasons:

1. Allegations of financial irregularities or theft
 - Investigations by the Broward County Sheriff’s Office allege that a former Club President:
 - i. Reportedly rented a city-owned soccer field without authorization.
 - ii. Allegedly accepted donations from a personal account, delayed transferring donations to the Club, and also sought reimbursement from the Club for an expense already covered by donations.
2. Concession-stand cash flows seem questionable
3. The city has concerns regarding the use of public facilities and funds
 - Although the Club operates as a separate nonprofit, it uses City-owned sports complexes and benefits from subsidized facility use. The City pointed out that since public resources (parks/fields) and the Club’s programs serve the community, it has an interest in ensuring the Club's financial integrity.
4. Policy changes and partnership revision
 - The City repealed the 2012 resolution that recognized the Club as the authorized provider of youth sports and signed a new agreement on June 2, 2025, to update the relationship, strengthen oversight, and clarify responsibilities.

Founded in 1976, the Club is a nonprofit organization dedicated to serving local youth through athletic and community-based programs. Commonly referred to as the “Friends of Youth,” the Club has served as a longstanding community partner for more than 40 years and administers recreational sports programs for thousands of youth participants.

The Club received its 501(c)(3) tax-exempt status in July 2011. The Club currently operates youth programs in baseball, basketball, cheerleading, flag football, soccer, softball, and volleyball. The Board of Directors may periodically approve the addition or removal of sports programs as deemed appropriate. Each sport program is administered by a commissioner, who is appointed upon approval by a majority vote of the Board.

Composition of the Board:

The Board of Directors shall consist of not fewer than fifteen (15) and not more than twenty-five (25) Directors, as set by Member vote at the Annual Meeting. To be eligible to run for a seat on the Board of Directors, a Member must be a Sports Commissioner, or be a Member in Good Standing and have attended at least seventy-five percent (75%) of general membership meetings in the previous calendar year, unless waived for good cause by majority vote of the Board.

Eight (8) seats are reserved for Sports Commissioners (or the number of active sports programs, if greater or fewer). Five (5) seats are reserved for Life Members who have attended at least seventy-five percent (75%) of

general membership meetings in the previous calendar year, unless waived for good cause by a majority vote of the Board. All remaining seats are At-Large Member seats. If a reserved seat is unfilled, it converts to an At-Large seat until a qualified candidate is available. Such conversion shall be temporary and revert automatically upon nomination and election of a qualified Sports Commissioner or Life Member.

Responsibilities of Elected Officers:

President – The Club President shall be responsible for overseeing all operations of the club; preparing the agenda for and presiding over official Club meetings; effectively communicating with Board Members and Commissioners regarding club business; representing the Club to the community at large. The president may appoint a Club Member to fill a vacated seat on the Board. The Board must approve the appointment.

1st Vice President – Oversee operation and maintenance of the Clubhouse/shed and related equipment including but not limited to office and janitorial supplies, and furniture; coordinate the annual maintenance of concession stands with the concession stand managers; assume the responsibilities of the president in his/her absence.

2nd Vice President/Secretary – Serve as a liaison between the Club, its sports programs and the City of Cooper City coordinating the flow of information between the aforementioned parties and keeping appropriate records.

Treasurer – Provide reports including account balances and reconciled bank statements at the second meeting of the month; provide each sport commissioner with a monthly ledger showing credits and debits for their account; take in and process all monies collected; disburse monies as requested by Club and/or sports commissioners; notify Club of any suspicious financial activity.



Winks Ledgers

Scope

Our review period was for the period beginning January 1, 2022 through September 30, 2025. Our review was limited to the specific areas identified by the City of Cooper City, which included the following:

Focused Areas for Potential Issues:

- A. Payments
- B. Deposits and Revenues
- C. Contracts and Agreements
- D. Controls and Authorizations

A. Payments and Disbursements:

- Payments without sufficient supporting documentation.
- Duplicate payments to vendors.
- Personal reimbursements without clear business justification.
- Absence of segregation of duties—same person initiating and approving payments.

B. Deposits and Revenues:

- Membership dues collected in cash not fully deposited.
- Event revenues underreported compared to attendance records.
- No reconciliation between event attendance and revenue.
- Cash handling procedures that are informal and undocumented.

C. Contracts and Agreements:

- Vendor agreements that are verbal or lack signed contracts.
- Service contracts renewed automatically without Board review, despite cost increases.
- No centralized repository for contracts.
- No periodic review of vendor performance or pricing.

D. Controls and Authorizations:

- Lack of formal budget approval process.
- Inconsistent documentation of financial decisions in Board meetings.
- No audit trail for changes made to financial records.
- Lack of dual authorization for large transactions.

Certain information including receipts, invoices, etc. could not be located by the Club within its records. Had additional documents been provided to Winks or additional individuals interviewed, additional information may have been discovered that could impact the findings in this report. Winks does not believe that the missing records would substantively affect the findings and conclusions within this report.

Approach

Our engagement was conducted in accordance with the Statement on Standards for Forensic Services No. 1 (“SSFS”) and other applicable professional standards issued by the American Institute of Certified Public Accountants (“AICPA”). The SSFS establishes general standards for conducting forensic engagements but does not prescribe specific methodologies or procedures, recognizing that the nature and scope of forensic services may vary depending on the circumstances of each engagement.

These standards require that practitioners possess the appropriate professional competence to perform the engagement and exercise due professional care throughout the process. In accordance with these standards, Winks applied specialized accounting knowledge and investigative techniques to collect, analyze, evaluate, and interpret relevant evidential matter and to communicate the resulting observations and recommendations.

This engagement should not be interpreted as an audit, examination, or other attestation service performed under generally accepted auditing standards. Financial statement audits are designed primarily to determine whether the financial statements are free of material misstatement, including those resulting from fraud. Responsibility for establishing and maintaining effective internal controls, including controls designed to prevent and detect fraud, rests with management. Pursuant to the SSFS, Winks obtained sufficient relevant information to provide a reasonable basis for the observations and recommendations contained in this report.

We further confirm that all professionals involved in this engagement acted independently and objectively. Compensation for services rendered was based solely on professional time and effort expended and was not contingent upon the outcome, findings, or conclusions of the engagement.

Using the information and records provided, Winks performed the procedures outlined in the engagement letter dated October 28, 2025, as summarized below under “Summary of Procedures Performed.”

Summary of Procedures Performed

1. Conducted interviews with representatives of the City and the Club to obtain an understanding of the Club's operations, financial records, governance structure, policies, procedures, and internal control environment. Individuals interviewed included members of City management, Parks and Recreation personnel, Club officers, commissioners, accounting personnel, and concession operations representatives as listed below.
 - a. City of Cooper City – City Manager
 - b. City of Cooper City – Assistant City Manager
 - c. City of Cooper City – Chief Financial Officer
 - d. City of Cooper City – Parks and Recreation Director
 - e. City of Cooper City – Parks and Recreation Coordinator & liaison to the Optimist Club
 - f. Optimist Club – President
 - g. Optimist Club – 1st Vice President
 - h. Optimist Club – 2nd Vice President
 - i. Optimist Club – Treasurer
 - j. Optimist Club – Treasurer / Accountant
 - k. Optimist Club – Secretary
 - l. Optimist Club – Concessionaire
 - m. Optimist Club – Commissioner of Soccer (recreation)
 - n. Optimist Club – Commissioner of Soccer (travel)
 - o. Optimist Club – Commissioner of Baseball
 - p. Optimist Club – Commissioner of Basketball
2. Requested and reviewed the Club's governing documents, policies, and procedures to determine whether formal policies had been established, approved by the Board, and made available to members. Documents requested included, but were not limited to:
 - Bylaws
 - General policies and procedures
 - Code of Ethics
 - Conflict of Interest Policy
 - Document Retention Policy
 - Fundraising Policies
 - Risk and Safety Policies
 - Whistleblower Policy
3. Compiled financial statement information for fiscal years 2022, 2023, 2024 and 2025 using available trial balances and IRS Form 990 filings to identify and analyze the population of receipts and disbursements during the review period.
4. Selected and tested samples of disbursements from 2022 through 2025 to evaluate supporting documentation and internal controls, including requisitions, competitive solicitation or bid documentation, proof of receipt of goods or services, approval processes, dual approvals, payment methods, business purpose, and segregation of duties.
5. Requested and tested, where available, reconciliations related to bank accounts, PEX Cards, memberships, revenue compared to attendance, and concession sales and purchases.
6. Requested and reviewed, where available, inventory records for fixed assets and concession inventory.

7. Requested and reviewed, where available, monthly financial reports provided to the Board, financial information distributed to sports commissioners, and evidence of independent third-party financial review or oversight.
8. Requested IRS Forms 990 for fiscal years 2022, 2023, and 2024 to assist in compiling and analyzing financial information.
9. Requested information regarding personnel responsibilities and operational activities to evaluate segregation of duties within the Club's financial and operational processes.
10. Requested and reviewed, where available, documentation related to budget preparation, variance analysis, and budget approval processes.
11. Requested and tested, where available, samples of journal entries to evaluate authorization procedures and segregation of duties controls.
12. Inquired about cash handling and banking controls, including processes for safeguarding and depositing funds.
13. Inquired about revenue collection and receipting procedures to determine the nature and extent of testing that could be performed to evaluate the completeness and accuracy of recorded revenue.



Winks Ledgers

Details of Observations, Risks, Recommendations and Club Responses

1. Observation – Organizational Bylaws

The bylaws were last amended on September 4, 2025. During our review, we noted that the document referenced other supporting documents and policies that were not available or could not be located.

- Risks / Recommendations:

Bylaws that haven't been updated may not reflect current laws, organizational structure, or operational practices.

The Club should review and update bylaws periodically (e.g., every 2–3 years) to ensure alignment with current laws, regulations, and organizational practices. Ensure that Club members are knowledgeable about the bylaws. Include all exhibits and attachment to the bylaws on the Club's website.

- Club Response:

Updated and approved as of 4/16/26.

2. Observation – Board Minutes

The Club has not consistently maintained records of meeting agendas and minutes. Minutes for several Board meetings were either unavailable or not maintained in a standardized and legible format.

- Risks / Recommendations:

Failing to properly document Board meetings through formal minutes creates several significant governance, legal, and operational risks. Without documented minutes, there is no official record of decisions made, who approved them, or the rationale behind them. This weakens oversight and can erode stakeholder trust. Without a clear written record, disagreements may arise regarding what was discussed or approved, increasing the likelihood of conflicts among Board members or the City. Key approvals (e.g., budgets, contracts, policies) may lack proper authorization documentation, increasing the risk of unauthorized actions or financial mismanagement.

The Club should implement a formal process for recording, reviewing, and approving Board minutes for all meetings. Minutes should be detailed enough to capture key discussions, decisions, and approvals, and should be retained securely in accordance with recordkeeping policies.

- Club Response:

As of 3/1/25- 100% of the minutes and agendas are accounted for along with a standardized minutes form for our recording secretary to use.

3. Observation – Code of Conduct

During the period under review, a formal Code of Conduct policy was not available.

- Risks / Recommendations:

The absence of a formal Code of Conduct policy exposes an organization to several governance, legal, and reputational risks. Without clear standards, Club executives and other members may interpret acceptable behavior differently, leading to inconsistency and potential misconduct. Incidents of misconduct can significantly harm the organization's public image, especially if there is no evidence of proactive measures to promote ethical behavior.

The Club should develop, approve, and implement a comprehensive Code of Conduct that outlines expected standards of behavior, ethical principles, and compliance requirements. The policy should be communicated to all Board members, and relevant stakeholders, with periodic training and acknowledgment to ensure understanding and adherence.

- Club Response:

By-laws, Article VI, Section 12 A & B covers Code of Conduct, and all Board members must pass a level II background check.

4. Observation – Conflict of Interest Policy

During the period under review, a formal Conflict of Interest Policy was not available. The Club provided an Annual Certification of Compliance with a Conflict of Interest Policy dated December 15, 2022, which was signed by 14 individuals.

- Risks / Recommendations:

The absence of a formal conflict of interest policy exposes the Club to several serious risks. Without clear guidelines, individuals may participate in decisions where they have personal or financial interests, leading to biased or self-serving outcomes. Undisclosed conflicts can result in inappropriate transactions, favoritism in vendor selection, or misuse of organizational funds and assets. Perceived or actual conflicts can undermine stakeholder and public trust, even if no wrongdoing is proven.

The Club should establish and implement a formal conflict of interest policy that requires regular disclosure of potential conflicts, defines procedures for review and approval, and outlines steps for managing or mitigating identified conflicts. Training and annual acknowledgments should be required to ensure awareness and compliance

- Club Response:

As of 4/16/26 this is in place.

5. Observation – Document Retention Policy

During the period under review, a formal Document Retention Policy was not available.

- Risks / Recommendations:

Without a policy, important documents may be destroyed too early or kept too long, leading to potential fines, penalties, or legal exposure. In the event of audits, investigations, or lawsuits, the inability to produce required documentation can weaken the organization's legal position or result in adverse judgments.

The Club should develop and implement a document retention policy that defines retention periods, storage procedures, and secure disposal methods for all key record types. The policy should align with legal and regulatory requirements and be supported by training and periodic monitoring to ensure compliance.

- Club Response:

Pursuant to the FUA financial documents are to be retained for 5 years. As of 3/1/25 meeting minutes along with approved sports budgets are retained at the clubhouse.

6. Observation – Fundraising Policy

During the period under review, a formal Fundraising Policy was not available. Although certain fundraising provisions were included within the bylaws, we were unable to determine whether fundraising revenue was complete and accurately recorded due to the absence of formal controls and the inability to observe the fundraising process during the review period.

- **Risks / Recommendations:**

Without written procedures for handling cash, checks, P2P payments, deposits, approvals, and reconciliations, donations can be lost, stolen, or misapplied.

The Club should create a separate policy for raising funds and how to process collections of those funds. The policy should include procedures for collection, segregation of duties, counting, deposits, recording and oversight.

- **Club Response:**

Our policies and procedures have club fundraising requirements, and these have been made part of the new By-Laws. Additional sport team fundraising policies to be completed by 10/1/26.

7. Observation – Fundraising Policy (cash collections)

Based on discussions with management, there are instances in which cash funds raised or donated to the Club are expended directly by the individual collecting the funds and are not processed through the Treasurer.

- **Risks / Recommendations:**

Fundraising cash creates one of the highest risk areas for nonprofits because cash is portable, difficult to trace, and often handled by volunteers during events or campaigns.

All fundraising cash should be controlled by at least two unrelated individuals from collection through counting. All receipts shall be documented, reconciled, and deposited intact promptly.

- **Club Response:**

Additional financial controls policy for all fundraising to be put into place by 10/1/26.

8. Observation – Whistleblowers Policy

During the period under review, a formal Whistleblower Policy was not in place.

- **Risks / Recommendations:**

A whistleblower policy gives volunteers, vendors, and Board members a safe way to report suspected wrongdoing without fear of retaliation. Volunteers may stay silent about theft, embezzlement, expense abuse, or misuse of donations because they fear retaliation or don't know how to report concerns.

The Club should create a policy that is clear on reportable matters such as fraud, theft, harassment, safety concerns, funds misuse, legal violations, financial misstatements, unethical conduct. The policy should be clear that anyone acting in good faith may report suspected misconduct without fear of retaliation.

- **Club Response:**

Part of the recently 4/16/2026 adopted policies and procedures.

9. Observation – Risk & Safety Policy

During the period under review, a formal Risk and Safety Policy was not in place.

- **Risks / Recommendations:**

The Club should establish a financial risk and safety policy to provide a structured framework for protecting its financial assets, ensuring accountability, and reducing the risk of fraud, errors, or financial mismanagement. A formal policy helps define internal controls, approval processes, safeguarding procedures, and responsibilities for managing financial activities and risks.

It also supports compliance with legal, regulatory, donor, and organizational requirements while promoting transparency and consistency in financial operations. Implementing a financial risk and safety policy strengthens oversight, improves financial stability, and demonstrates responsible stewardship of Club resources to members, the City and the Community.

- Club Response:

Level II background checks for all Board members and coaches are required and registration forms have indemnity language.

10. Observation – IT Security

During the period under review, a formal policy governing user access and roles for computer systems was not in place. Systems referenced included, but were not limited to, QuickBooks access, online banking access, PEX Card access, and Sports Connect / Sports Engine access.

- Risks / Recommendations:

The Club should establish a formal IT policy to protect its financial, operational, and personal information from unauthorized access, cyber threats, data loss, and misuse of technology resources. An IT policy should define acceptable use, password requirements, system access, data security, backup procedures, and responsibilities for managing technology systems and applications.

In addition, segregation of duties within technology rights and roles is critical to ensure that no single individual has excessive control over system administration, financial systems, user access, and transaction processing. Separating these responsibilities helps reduce the risk of unauthorized changes, fraud, cybersecurity breaches, or undetected errors, while strengthening internal controls, accountability, and the integrity of the Club's information systems.

- Club Response:

Account access is limited to our bookkeeper and select officers. Future treasure will also have access.

11. Observation – Financial Statements / Reports

This engagement did not constitute a financial statement review, and accordingly, Winks did not verify the accuracy of the trial balance. However, the information contained in the trial balance and IRS Form 990 filings was utilized to develop a complete population of revenue, expenses, and cash balances for the review period through September 2025.

The Club is not required to prepare GAAP-based financial statements; however, it is required to file IRS Form 990 and applicable Florida Department of Agriculture and Consumer Services (FDACS) reports annually. For fiscal years 2022, 2023, and 2024, the Club did not maintain financial records in a format consistent with standard nonprofit accounting practices.

- Risks / Recommendations:

The Club should maintain financial records that can be traced to the IRS form 990 filing and that is prepared in a format that is standard for nonprofit organization. This should include a statement of activities by program / sport.

- Club Response:

As of 1/1/25 standard forms per GAAP accounting have been completed with updated reports available through QuickBooks.

12. Observation – Board reports and other compliance (reports)

There were periods during which financial information was not reviewed by an independent third party on a monthly, quarterly, or annual basis.

- **Risks / Recommendations:**

The Club is not in compliance with its bylaws and policies and procedures. This diminishes the Club creditability and erodes the City's and public trust.

The Club should adhere to its established bylaws and policies and procedures. Policies and procedures should be updated to include check lists and timelines.

- **Club Response:**

To be implemented by 10/1/26 along with a 3rd party monthly accounting review.

13. Observation – Board reports and other compliance reports (financial reports)

There was no evidence indicating that financial reports were reviewed by the Board during the period under review.

- **Risks / Recommendations:**

Board minutes and recordings serve as essential documentation to demonstrate that discussions occurred and that official actions were properly authorized and taken. Without adequate supporting evidence, decisions and actions may be challenged or disputed. The absence of documented records can weaken the Club's credibility and reduce the confidence and trust of the City and the public.

Financial reports should be regularly presented to the Board, and the Club should maintain detailed and organized records to support all significant activities, decisions, and financial transactions.

- **Club Response:**

To be implemented by 9/1/26.

14. Observation – Board reports and other compliance reports (reconciliations)

There was no evidence that reconciliations were reviewed by the Board or other independent individuals during the period under review.

- **Risks / Recommendations:**

Board minutes and recordings serve as essential documentation to demonstrate that discussions occurred and that official actions were properly authorized and taken. Without adequate supporting evidence, decisions and actions may be challenged or disputed. The absence of documented records can weaken the Club's credibility and reduce the confidence and trust of the City and the public.

Reconciliations should be regularly presented to the Board, and the Club should maintain detailed and organized records to support all significant activities, decisions, and financial transactions.

- **Club Response:**

Sports budgets have always received board approval. Board will review and approve club balance sheet going forward. Financial review committee to be formed to review and approve reconciliations by 10/1/26

15. Observation – Budgeting (Board approval)

There were periods during which there was no evidence that budgets were submitted to or approved by the Board.

- **Risks / Recommendations:**

Board minutes and recordings serve as essential documentation to demonstrate that discussions occurred and that official actions were properly authorized and taken. Without adequate supporting evidence, decisions and actions may be challenged or disputed. The absence of documented records can weaken the Club's credibility and reduce the confidence and trust of the City and the public.

Budgets should be regularly presented to the Board, and the Club should maintain detailed and organized records to support all significant activities, decisions, and financial transactions.

- **Club Response:**

Sports budgets have been corrected as of 3/1/2025. Club budgets to be corrected by 9/1/2026

16. Observation – Budgeting (budget to actual analysis)

There was no evidence that budget-to-actual reviews or variance analyses were performed during the period under review.

- **Risks / Recommendations:**

A budget-to-actual comparison and analysis is a critical financial management tool because it allows an organization to monitor its financial performance by comparing planned revenues and expenditures to actual results. This process helps management and the Board identify variances, control spending, evaluate operational efficiency, and make informed financial decisions in a timely manner.

Regular review of budget-to-actual reports can also help detect errors, unexpected financial trends, or potential misuse of funds before issues become significant. In addition, it promotes accountability, strengthens internal controls, and demonstrates sound financial oversight to stakeholders, donors, grantors, and governing bodies.

- **Club Response:**

Sports budgets have always been reviewed and approved by the Board, but consistently since 3/1/25 with copied retained in our minutes binder. Club budget reconciliations to be in place by 12/31/2026.

17. Observation – Budgeting (consistency and retention)

Budgets were not consistently prepared, and budget records were not consistently maintained or retained during the period under review.

- **Risks / Recommendations:**

Budgets should be consistently prepared across all sports within the Club to ensure uniform financial oversight, accountability, and transparency. Consistent budgeting practices allow the Club to accurately compare financial performance among programs, allocate resources fairly, and identify areas of financial risk or operational inefficiency. Standardized budgets also help management and the Board monitor revenues and expenditures more effectively, support informed decision-making, and ensure that all sports programs are operating within approved financial expectations.

- **Club Response:**

Sports budgets are consistently retained since 3/1/2025, Club financial statement will be retained as of

12/31/2026. Financial review committee may be formed to review and approve reconciliations by 12/1/26. New bylaws established a non-voting, elected treasurer position that will work with the bookkeeper to enhance reporting of financials.

18. Observation – Budgeting (administrative budget)

There were periods during which no administrative budget or comprehensive budget was prepared.

- **Risks / Recommendations:**

The Club should prepare an administrative budget to ensure that general operating and overhead costs are properly planned, monitored, and controlled. An administrative budget provides a clear financial framework for expenses such as salaries, insurance, office supplies, utilities, technology, facility operations, and other shared costs that support the overall operations of the Club.

Establishing an administrative budget helps management and the Board allocate resources effectively, maintain financial stability, and avoid unplanned deficits or overspending. In addition, it promotes transparency and accountability by allowing the Club to evaluate whether administrative expenses are reasonable, necessary, and aligned with the organization's mission and financial goals.

- **Club Response:**

Same as 17.

19. Observation – Revenue and Receipting (registration fees – reconciliation between systems)

The Club has utilized various software systems for recording registrations and collecting payments. Although the payment collection process has transitioned to the City, multiple systems are still involved in processing and tracking fees. During the period under review, there was no evidence that reconciliations were performed between these systems to verify the completeness and accuracy of fees collected.

- **Risks / Recommendations:**

The Club should prepare regular reconciliations between registration software records, fees collected, and participant registration records to ensure the accuracy, completeness, and accountability of financial and participant data. Reconciling these records helps verify that all participants who are registered have properly paid required fees and that all funds collected have been accurately recorded and deposited. This process can help identify discrepancies, missing payments, duplicate registrations, unauthorized discounts, or potential misappropriation of funds in a timely manner.

- **Club Response:**

The City is now in control of collecting all funds.

20. Observation – Revenue and Receipting (registration fees – pricing)

There was no evidence of formal approval for the pricing established for each team sport during the period under review.

- **Risks / Recommendations:**

The Club should establish formal pricing for each sport activity offered to promote consistency, transparency, and financial accountability. Formal pricing structures help ensure that registration fees and program charges are applied fairly and uniformly across participants, reducing the risk of unauthorized discounts or disputes regarding fees.

Clearly documented pricing also assists management and the Board in budgeting, forecasting revenues, and evaluating whether program fees adequately cover operational costs. In addition, having approved pricing

schedules strengthens internal controls, supports accurate financial reporting, and demonstrates responsible stewardship of Club resources to members, parents, sponsors, and governing entities.

- Club Response:

This is part of the sports budget approval, with all items costing over \$10,000 requiring 3 bids. Travel teams only offer team sport pricing and a guideline to be implemented by 10/31/26

21. Observation – Revenue and Receipting (registration fees – waiver and discounts)

The waiver or reduction of participant registration fees was not consistently applied or formally approved. In addition, a listing of individuals receiving waived or discounted registration fees was not available during the period under review.

- Risks / Recommendations:

The Club should establish a formal policy or checklist for waiving or discounting participant fees to ensure consistency, fairness, and proper oversight in the approval process. A documented policy helps define eligibility criteria, required supporting documentation, approval authority, and limits on discounts or fee waivers, reducing the risk of favoritism, unauthorized adjustments, or financial abuse.

Maintaining standardized procedures also promotes transparency and accountability by ensuring that all fee reductions are properly reviewed, approved, and documented. In addition, a formal policy assists the Club in monitoring the financial impact of discounts and waivers, supports accurate financial reporting, and demonstrates responsible stewardship of Club resources to members, parents, sponsors, and governing entities.

- Club Response:

A policy is now in place with the City.

22. Observation – Revenue and Receipting (membership dues)

There was no evidence of reconciliations being performed between membership fees collected, fees not paid, fees waived for life members, and amounts remitted to the Optimist International.

- Risks / Recommendations:

The Club should perform regular reconciliations between membership records, fees collected, fees waived for life members, and amounts remitted to the Optimist organization to ensure the accuracy and completeness of membership and financial information. This reconciliation process helps verify that all active members are properly accounted for, membership dues are accurately collected and recorded, approved fee waivers are appropriately documented, and required payments to the Optimist organization are complete and accurate.

Maintaining these reconciliations can help identify discrepancies, unrecorded memberships, unauthorized waivers, or errors in reporting and remittance.

- Club Response:

Reconciliations to be provided going forward by 12/1/2026.

23. Observation – Revenue and Receipting (concession revenue process)

There were no formal controls in place over concession sales during the period under review, including controls related to cash collections and P2P or mobile application payment transactions.

- **Risks / Recommendations:**

The Club should establish strong controls over concession sales, including peer-to-peer (P2P) payment methods, to ensure that all revenues are accurately collected, recorded, and deposited. Concession operations often involve high volumes of cash and electronic transactions, which can increase the risk of theft, fraud, unrecorded sales, or misappropriation of funds if proper controls are not in place.

Controls such as approved payment platforms, sales tracking, cash reconciliation procedures, segregation of duties, and regular monitoring of P2P transactions help verify that all sales activity is properly accounted for and deposited into Club accounts.

- **Club Response:**

Concession controls to be completed by 12/31/26 including going cashless.

24. Observation – Revenue and Receipting (concession receipts reconciliations)

There was no evidence of reconciliations being performed between concession sales and payments deposited into the Club's bank accounts.

See Observation 23. Cash reconciliation procedures are important to ensure that all sales activity is properly recorded, accounted for, and deposited into Club accounts.

25. Observation – Revenue and Receipting (banner and signs process)

There were no formal controls or documented procedures in place governing banner and sign sales during the period under review.

- **Risks / Recommendations:**

The Club should establish formal controls over banner and sign sales, including pricing approvals and payment collection procedures, to ensure consistency, transparency, and accountability in sponsorship and advertising activities. Standardized pricing and documented agreements help ensure that sponsors are charged fairly and consistently, while reducing the risk of unauthorized discounts, unrecorded sales, or disputes regarding sponsorship terms.

Controls over invoicing, payment tracking, and deposit procedures help verify that all revenues are properly collected, recorded, and deposited into Club accounts. In addition, maintaining strong oversight of banner and sign sales supports accurate financial reporting, strengthens internal controls, and demonstrates responsible stewardship of sponsorship revenues to members, sponsors, donors, and governing entities.

- **Club Response:**

Banner policy now in place.

26. Observation – Revenue and Receipting (banner and signs pricing)

There was no standardized pricing structure for banners or signs during the period under review. Any Board member could initiate banner and sign sales.

See Observation 25.

27. Observation – Revenue and Receipting (banner and signs sales receipts)

There were no controls in place to verify that all proceeds from banner and sign sales were properly deposited into the Club's bank account.

See Observation 25.

28. Observation – Revenue and Receipting (contribution, gifts, grants)

Formal controls and procedures were not in place for the receipt, recording, and accounting of contributions, gifts, and grants, including funds collected through authorized or unauthorized panhandling activities.

- **Risks / Recommendations:**

The Club should establish formal controls for receiving and accounting for contributions, gifts, grants, and panhandling receipts, whether approved or unapproved, to ensure that all funds are properly safeguarded, recorded, and used in accordance with donor intentions and organizational policies. Strong controls help reduce the risk of lost or misappropriated funds, unauthorized fundraising activities, inaccurate financial reporting, and noncompliance with Club policies.

Procedures such as documented approvals, receipt tracking, timely deposits, reconciliation processes, and clear authorization requirements help ensure transparency and accountability over all fundraising and donation activities.

- **Club Response:**

Policy to be put in place by 10/1/26.

29. Observation – Expense and Disbursements (approvals)

There were instances of disbursements processed without evidence of approval.

- **Risks / Recommendations:**

The Club should maintain documented evidence of approval for all disbursements to ensure that expenditures are properly authorized, legitimate, and consistent with the Club's budget, policies, and operational objectives. Approval documentation, such as signed invoices, purchase authorizations, or Board approvals, helps reduce the risk of unauthorized payments, fraud, duplicate payments, or misuse of Club funds. Maintaining evidence of approval also promotes accountability by clearly identifying who reviewed and authorized each transaction. In addition, proper disbursement approval procedures strengthen internal controls, support accurate financial reporting, and demonstrate responsible stewardship and transparency to members, donors, sponsors, and the City.

- **Club Response:**

Accounting / approval procedures to be implemented by 10/1/26.

30. Observation – Expense and Disbursements (segregation of duties)

There were instances in which segregation of duties was not maintained between the recording and processing of payments, including payments made by wire transfer, ACH, or check.

- **Risks / Recommendations:**

The Club should maintain segregation of duties between the approval, recording, and payment functions to strengthen internal controls and reduce the risk of fraud, errors, or unauthorized transactions. Separating these responsibilities ensures that no single individual has complete control over a financial transaction from beginning to end, which helps provide independent oversight and accountability throughout the process.

For example, one person should approve expenditures, another should record the transaction in the accounting records, and a separate individual should process or issue the payment. This division of responsibilities helps detect mistakes or irregularities in a timely manner, promotes accurate financial reporting, and demonstrates responsible financial stewardship.

- Club Response:

Accounting procedure to be improved by 10/1/26.

31. Observation – Expense and Disbursements (payment references)

There were instances in which disbursements were not properly referenced to related checks or ACH/wire transactions.

- Risks / Recommendations:

The Club should maintain accurate references in the accounting records for each disbursement to ensure that all payments can be properly traced, verified, and supported by appropriate documentation. Detailed references, such as invoice numbers, vendor names, payment dates, check or transaction numbers, and descriptions of the purpose of the expenditure, help create a clear audit trail for financial transactions. Accurate recordkeeping reduces the risk of duplicate payments, errors, unauthorized expenditures, or difficulty locating supporting documentation during reviews or audits. In addition, maintaining complete and accurate disbursement references strengthens internal controls, supports reliable financial reporting, and demonstrates transparency and responsible stewardship of Club funds.

- Club Response:

Procedures to be in place by 10/1/2026.

32. Observation – Expense and Disbursements (cash payments)

There were instances in which payments were made using cash on hand without adequate supporting documentation.

- Risks / Recommendations:

The Club should maintain supporting documentation for all cash payments to ensure that expenditures are legitimate, properly authorized, and accurately recorded. Documentation such as receipts, invoices, approval forms, and payment logs provides evidence of the purpose and amount of each transaction and helps reduce the risk of fraud, misuse of funds, or unsupported expenditures.

- Club Response:

This may have occurred during our Golf Classic which is no longer offered. This activity was eliminated.

33. Observation – Expense and Disbursements (P2P and mobile app payments)

There was no reconciliation or formal process in place for processing disbursements made through peer-to-peer (P2P) platforms or mobile payment applications.

- Risks / Recommendations:

The Club should establish a reconciliation and formal approval process for disbursements made through peer-to-peer (P2P) payment platforms or mobile payment applications to ensure that all transactions are properly authorized, recorded, and supported. Because P2P payments can occur quickly and outside traditional banking controls, they may increase the risk of unauthorized transactions, errors, fraud, or incomplete recordkeeping. Regular reconciliation of P2P activity to accounting records and bank statements helps verify the accuracy and completeness of transactions and ensures that all payments are supported by appropriate documentation and approvals.

- Club Response:

Accounting procedure to be improved by 10/1/26.

34. Observation – Expense and Disbursements (Board members compensations)

We noted that certain Board members received compensation for services provided including stipend payments made to the Treasurer/Accountant.

- **Risks / Recommendations:**

In accordance with the City's agreement, Board members should not receive compensation from the Club. Failure to comply with the terms of the Facilities Use Agreement may negatively impact the Club's standing and ongoing relationship with the City.

- **Club Response:**

Addressed in the FUA.

35. Observation – Expense and Disbursements (payroll)

There were instances in which payroll supporting documentation did not agree to the amounts paid.

- **Risks / Recommendations:**

The Club's payroll payments should agree to supporting documentation to ensure that individuals who are paid are paid accurately and only for authorized services performed. Supporting records such as timesheets, pay rates, and approvals help verify the accuracy of payroll amounts and reduce the risk of overpayments, unauthorized compensation, or payroll fraud.

- **Club Response:**

Accounting procedures to be improved by 10/1/2026 and final payrolls are always reconciled.

36. Observation – Expense and Disbursements (school custodian)

There was no evidence to support the hours worked or other reasonable documentation supporting payments made to the school custodian.

- **Risks / Recommendations:**

Payments made by the Club to the school custodian should be supported by appropriate documentation to ensure that compensation is accurate and only for authorized services actually performed. Records supporting the approved pay rates, hours worked, and services provided should be reviewed and maintained prior to processing payment. Proper supporting documentation helps promote accountability, reduce the risk of errors or unauthorized payments, and strengthen the Club's financial controls.

- **Club Response:**

Addressed in FUA and updated Bylaws.

37. Observation – Expense and Disbursements (IRS form 1099-NEC)

Individuals compensated under "payroll" were not issued IRS form 1099-NEC where applicable.

- **Risks / Recommendations:**

The Club should issue IRS form 1099-NEC to eligible service providers to comply with federal tax reporting requirements and maintain accurate financial records. Issuing the required IRS form 1099-NEC forms helps ensure that nonemployee compensation is properly reported to the IRS and reduces the risk of penalties, fines, or noncompliance issues. Maintaining procedures for identifying vendors subject to IRS form 1099-NEC reporting also promotes accountability, supports accurate recordkeeping, and demonstrates responsible financial management and adherence to applicable tax regulations.

- Club Response:

To be implemented in 2026 per IRS rules.

38. Observation – Expense and Disbursements (gift cards)

During the period under review, there was no formal policy governing the purchase and use of gift cards.

- Risks / Recommendations:

The Club should establish a formal policy governing the purchase and gifting of gift cards to ensure proper authorization, accountability, and tracking of Club funds. Because gift cards function similarly to cash, they can be vulnerable to loss, theft, misuse, or unauthorized distribution if adequate controls are not in place.

A formal policy should define approval requirements, allowable uses, spending limits, documentation standards, and procedures for tracking the purchase and distribution of gift cards.

- Club Response:

To be part of the annual club budget by 12/31/2026. All-New bylaws establish a non voting, elected treasurer position that will work the bookkeeper to enhance reporting of financials.

39. Observation – Cash and Banking (segregation of duties)

Cash handling and banking responsibilities were concentrated with a single individual. Duties assigned to this individual included account setup, signing authority, transaction recording, online banking access, reconciliations, and reporting.

- Risks / Recommendations:

The Club should maintain segregation of duties over cash handling and banking activities to reduce the risk of fraud, errors, or unauthorized transactions. When one individual is responsible for multiple financial functions—such as setting up accounts, maintaining signing authority, recording transactions, conducting online banking activities, preparing reconciliations, and financial reporting—there is an increased risk that errors or irregularities may go undetected. Separating these responsibilities among different individuals provides independent oversight and accountability, strengthens internal controls, and helps ensure the accuracy and integrity of the Club’s financial records and banking activities.

- Club Response:

Controls set up in QuickBooks and future Treasurer to review and approved monthly statements.

40. Observation – Cash and Banking (creation of accounts)

There were no formal controls governing the creation or administration of accounts used to receive payments, including Zelle, Venmo, Cash App, credit card merchant accounts, and payment gateway accounts.

- Risks / Recommendations:

The Club should establish controls over who is authorized to create and manage accounts for receipt platforms such as Zelle, Venmo, Cash App, credit card merchant services, and payment gateway accounts to protect Club funds and financial information. Without proper oversight, unauthorized or duplicate accounts could be created, increasing the risk of fraud, misappropriation of funds, or unrecorded transactions.

Formal controls should include documented approval procedures, restricted administrative access, periodic account reviews, and monitoring of transaction activity. These measures help ensure that all electronic payment accounts are legitimate, properly secured, and accurately integrated into the Club’s financial records and reporting processes.

- Club Response:

This is handled by our bookkeeper and to be part of a monthly board review and approval, by 10/1/26.

41. Observation – Cash and Banking (banking fraud controls)

There was no evidence of formal fraud prevention or banking security controls over the Club's bank accounts during the period under review. Specifically, there was no evidence of procedures such as independent review of banking activity, dual authorization requirements for electronic transactions, positive pay services, restricted user access, or periodic review of authorized signers and online banking permissions.

- Risks / Recommendations:

Banking fraud controls are safeguards designed to detect and prevent fraudulent activity and may include dual authorization for payments, restricted user access, multi-factor authentication, positive pay services, account alerts, segregation of duties, regular bank reconciliations, and periodic reviews of account activity and authorized signers.

The Club should implement fraud controls over its bank accounts to protect organizational funds from theft, unauthorized transactions, cybercrime, and financial mismanagement. Establishing these controls helps reduce the risk of financial loss, strengthens internal oversight, improves the accuracy of financial reporting, and demonstrates responsible stewardship of Club resources.

- Club Response:

There has been no evidence of bank fraud to date and the City now handle all funds.

42. Observation – Reconciliations (bank reconciliations)

Monthly bank reconciliations were prepared by the Treasurer/Accountant; however, there were instances in which differences were identified within the reconciliations.

- Risks / Recommendations:

The Club should prepare accurate and timely bank reconciliations to ensure that cash balances in the accounting records agree to bank statements and that all transactions are properly recorded. Regular reconciliations help identify errors, unauthorized transactions, missing deposits, duplicate payments, or potential fraud in a timely manner.

In addition, bank reconciliations should be reviewed and approved by an individual independent of the person preparing them to provide an additional level of oversight and accountability. Independent review strengthens internal controls, helps ensure the accuracy and completeness of financial records, and reduces the risk that errors or irregularities will go undetected.

- Club Response:

QuickBooks reports have been updated and 3rd party monthly accounting review to be in place by 10/1/26.

43. Observation – Reconciliations (PEX Card)

There was no evidence of formal PEX Card reconciliations being performed. PEX Card statements were not consistently matched, reviewed, or reconciled to supporting receipts and underlying transactions.

- **Risks / Recommendations:**

The Club should reconcile purchasing card transactions to monthly statements and supporting receipts to ensure that all charges are accurate, authorized, and related to legitimate Club business. Supporting documentation should include sufficient detail describing what was purchased, the business purpose of the expenditure, and evidence that the purchase benefited the Club. Detailed reconciliations help identify unauthorized charges, duplicate payments, personal purchases, or errors in a timely manner.

- **Club Response:**

Accounting procedures to be improved by 10/1/2026.

44. Observation – Reconciliations (PEX Card receipts)

There were instances in which supporting documentation for PEX Card purchases did not contain sufficient detail to reasonably identify or support the items purchased.

See observation 43.

45. Observation – Procurement (policy)

During the period under review, a formal procurement policy was not in place.

- **Risks / Recommendations:**

The Club should establish a procurement policy to ensure that purchases are made in a fair, consistent, and cost-effective manner while promoting transparency and accountability. A formal procurement policy helps define approval requirements, competitive bidding thresholds, vendor selection procedures, and documentation standards for purchasing goods and services.

These controls help reduce the risk of unauthorized purchases, conflicts of interest, favoritism, fraud, or unnecessary spending. In addition, a procurement policy supports responsible financial management, strengthens internal controls, and helps ensure that Club resources are used appropriately and in the best interest of the organization.

- **Club Response:**

In place as of 4/16/26.

46. Observation – Procurement (contracts)

There were no formal contracts or written agreements in place for significant or recurring purchases during the period under review.

- **Risks / Recommendations:**

The Club should establish a policy for large and recurring purchases to ensure that significant expenditures are properly reviewed, approved, and monitored.

The Club should maintain written contracts or agreements for large and recurring purchases to clearly define the terms, pricing, scope of services, payment obligations, and responsibilities of all parties involved. Formal agreements help protect the Club by ensuring that expectations are documented and enforceable, while reducing the risk of misunderstandings, unauthorized charges, service disputes, or unexpected cost increases.

- **Club Response:**

In place as of 4/16/26 and in the FUA.

47. Observation – Procurement (expense reimbursements approval)

There were instances in which reimbursement requests were self-approved.

- **Risks / Recommendations:**

The Club should prohibit self-approval of reimbursement requests to maintain proper oversight and reduce the risk of unauthorized, inaccurate, or inappropriate expenditures. Requiring reimbursements to be reviewed and approved by an independent individual helps ensure that expenses are legitimate, properly supported, and related to official Club business. Independent approval also strengthens internal controls, promotes accountability and transparency, and helps prevent conflicts of interest, fraud, or misuse of Club funds.

- **Club Response:**

Accounting procedures to be improved by 10/1/2026.

48. Observation – Procurement (expense reimbursements documentation)

There were instances in which supporting documentation for reimbursements was insufficient, lacked evidence of payment by the requester, or was not considered reasonable to support the reimbursement request.

- **Risks / Recommendations:**

Before the Club processes a reimbursement payment, it should require adequate and reasonable supporting documentation, including proof that the requestor made payment to a third party for a legitimate Club-related expense. Documentation such as itemized receipts, invoices, payment confirmations, and explanations of the business purpose helps verify the accuracy and validity of the reimbursement request.

Requiring proof of payment reduces the risk of duplicate reimbursements, unsupported expenses, personal purchases, or fraudulent claims, while strengthening internal controls and promoting accountability and transparency in the use of Club funds.

- **Club Response:**

As of 3/1/25 receipts are required.

49. Observation – Procurement (expense reimbursements documentation)

During the period under review, there was no formal reimbursement policy in place.

- **Risks / Recommendations:**

The Club should establish a formal reimbursement policy to ensure that expenses incurred on behalf of the Club are consistently reviewed, approved, and reimbursed in a fair and accountable manner. A written policy helps define eligible expenses, required supporting documentation, approval procedures, reimbursement limits, and submission timelines.

Clear guidelines reduce the risk of misunderstandings, inconsistent treatment, unsupported claims, or misuse of Club funds.

- **Club Response:**

As of 3/1/25 receipts are required.

50. Observation – PEX Cards Use Policy

During the period under review, a formal PEX Card usage policy was not in place.

- **Risks / Recommendations:**

The Club should establish a formal purchasing card (PEX Card) policy to ensure that purchasing cards are used appropriately, securely, and only for authorized Club business. A written policy should define spending limits, allowable purchases, approval requirements, receipt documentation standards, reconciliation procedures, and responsibilities of cardholders and reviewers.

Formal guidelines help reduce the risk of unauthorized purchases, personal use, fraud, or inadequate documentation. In addition, a purchasing card policy strengthens internal controls, promotes accountability and transparency, and supports accurate financial reporting and oversight of Club expenditures.

- **Club Response:**

As of 3/1/25 receipts are required and confirmation within QuickBooks. Funds balances to be limited and replenishment policy as of 9/1/26.

51. Observation – Inventory (inventory fixed asset)

The Club did not maintain a consistent inventory record of fixed assets with a value greater than \$250, either by individual sport or on a consolidated basis.

- **Risks / Recommendations:**

The Club is not in compliance with its bylaws and policies and procedures. This diminishes the Club creditability and erodes the City's and public trust.

The Club should maintain consistent inventory records for fixed assets greater than \$250, whether tracked by individual sport or in total, to ensure proper accountability and safeguarding of Club property.

Accurate inventory records help the Club monitor the location, condition, and use of equipment and other assets, while reducing the risk of loss, theft, misuse, or duplicate purchases.

- **Club Response:**

Inventory list to be compiled by 9/1/26. Personal property list compiled and filed with Ins co as of 3/1/26.

52. Observation – Inventory (concession held for sale)

During the period under review, there were no formal controls in place over concession inventory purchased, maintained for sale, or sold.

- **Risk and Recommendation:**

The Club should establish controls over concession inventory that is purchased, held for sale, or sold to ensure accurate tracking and safeguarding of inventory and related revenues. Effective inventory controls help monitor quantities purchased and sold, reduce the risk of theft, loss, waste, or unrecorded sales, and support accurate calculation of concession profitability.

Procedures such as inventory counts, purchase documentation, sales tracking, and reconciliation of inventory to cash collections strengthen accountability and improve the reliability of financial reporting.

- **Club Response:**

Improved policies to be compiled by 12/1/26.

Risk Classification Table

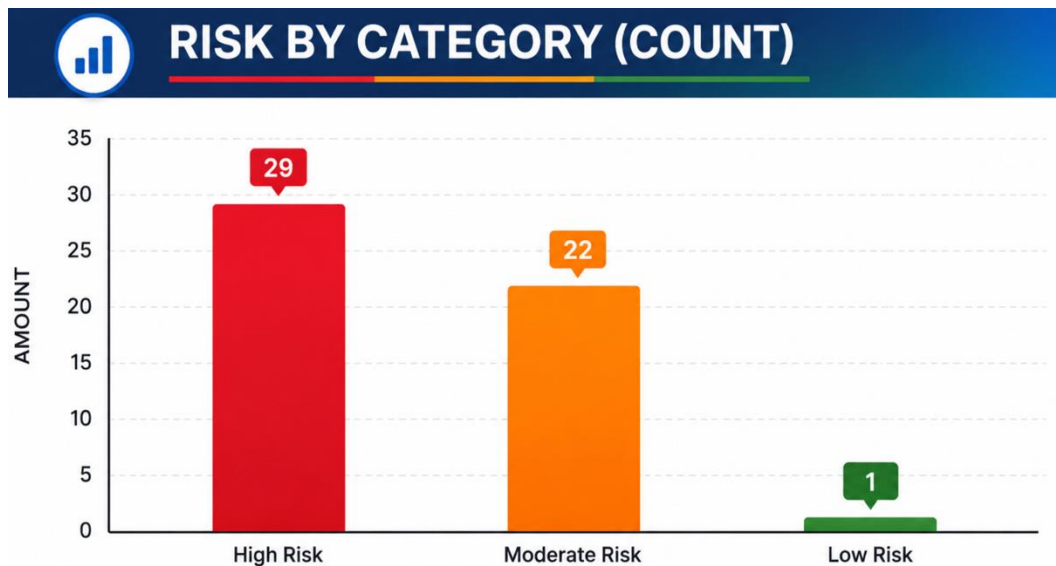
Below is a suggested risk classification for each observation based on governance impact, fraud exposure, financial exposure, compliance concerns, operational impact, and reputational risk.

#	Observation	Risk Level
1	Organizational Bylaws	Moderate
2	Board Minutes	High
3	Code of Conduct	Moderate
4	Conflict of Interest Policy	High
5	Document Retention Policy	Moderate
6	Fundraising Policy	High
7	Fundraising Cash Collections	High
8	Whistleblower Policy	Low
9	Risk & Safety Policy	Moderate
10	IT Security / User Access	High
11	Financial Statements & Reporting	Moderate
12	Board Reports & Compliance Reviews	High
13	Financial Reports Reviewed by Board	High
14	Reconciliation Reviews by Board	High
15	Budget Approval Evidence	Moderate
16	Budget vs. Actual Analysis	Moderate
17	Budget Consistency & Retention	Moderate
18	Administrative Budget	Moderate
19	Registration Fee Reconciliations	High
20	Registration Fee Pricing Approval	Moderate
21	Fee Waivers & Discounts	High
22	Membership Dues Reconciliations	Moderate
23	Concession Revenue Controls	High
24	Concession Receipt Reconciliations	High
25	Banner & Sign Sales Process	Moderate
26	Banner & Sign Pricing	Moderate
27	Banner & Sign Receipt Controls	High
28	Contributions / Gifts / Grants Controls	High
29	Disbursement Approvals	High
30	Segregation of Duties – Disbursements	High
31	Payment References / Audit Trail	Moderate
32	Cash Payments Without Documentation	High
33	P2P / Mobile Payment Disbursements	High
34	Board Member Compensation	High
35	Payroll Support Documentation	High
36	School Custodian Payments	High
37	IRS form 1099-NEC Compliance	Moderate
38	Gift Card Policy	Moderate
39	Segregation of Duties – Cash & Banking	High
40	Creation of Payment Accounts	High
41	Banking Fraud Controls	High
42	Bank Reconciliations	High
43	PEX Card Reconciliations	High

44	PEX Card Receipt Documentation	Moderate
45	Procurement Policy	Moderate
46	Contracts for Large Purchases	Moderate
47	Self-Approval of Reimbursements	High
48	Reimbursement Documentation	High
49	Reimbursement Policy	Moderate
50	PEX Card Policy	Moderate
51	Fixed Asset Inventory Records	Moderate
52	Concession Inventory Controls	High

General Guidance for Risk Ratings

- **High Risk:** Significant exposure to fraud, theft, noncompliance, financial loss, governance failure, or reputational damage.
- **Moderate Risk:** Control weakness that may impair operations, transparency, or compliance but may not present immediate material exposure.
- **Low Risk:** Best-practice or governance enhancement with limited immediate financial or operational impact.



Conclusion

This forensic review of the Optimist Club indicates that, while some controls are in place and support the organization's mission and stewardship of resources, there are weaknesses in areas where implementation and enhancements of controls are needed. Key controls related to financial oversight, governance, and operational processes that demonstrate a commitment to accountability should be implemented, especially in areas such as segregation of duties, documentation practices and revenue receipting practices.

Addressing these weaknesses will be particularly important given the organization's reliance on use of the City's facilities and public trust. Strengthening internal controls will not only mitigate the risk of errors or misuse of funds but also enhance transparency and credibility with stakeholders.

While the evidence supports certain conclusions, it is important to acknowledge any limitations encountered, such as incomplete records or constraints in scope. Overall, this review offers a well-founded basis for informed decision-making and, where necessary, further investigation or corrective action.

The Club began as a small organization and developed operational practices that were appropriate for its size and activities at the time. However, many of these practices have not evolved to keep pace with the Club's growth, advancements in technology, and increasing operational and financial risks. Management generally acknowledged that improvements to the Club's operations and internal controls were necessary and expressed a willingness to implement changes. Nevertheless, the Club's reliance on volunteers and its limited resources have created challenges in establishing and maintaining adequate controls and administrative oversight.

The Club should consider hiring an Executive Director or Club Administrator who is independent of both the Club and the City to promote objective oversight and strengthen governance practices. The Club has expressed its commitment to working collaboratively with City administration and the City Commission to rebuild trust and maintain a positive and mutually beneficial relationship. As of the date of this report, the Club had already begun implementing several improvements, including enhancements related to compliance with the Facilities Use Agreement.



Winks Ledgers