

**AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.**  
Belleair Bluffs, Florida

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**FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.**  
Belleair Bluffs, Florida

**C O N T E N T S**

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
American Council on Consumer Interests, Inc.  
Belleair Bluffs, Florida

## Report on the Financial Statements

We have audited the accompanying statements of financial position of the American Council on Consumer Interests, Inc. as of August 31, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audits.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Council on Consumer Interests as of August 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Price & Associates*  
*Certified Public Accountants, LLC*

St Petersburg, Florida

February 7, 2020

**AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.**  
**Belleair Bluffs, Florida**

**STATEMENT OF FINANCIAL POSITION**  
**August 31, 2019**

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<b>Assets</b>	<u>2019</u>
<b>Current Assets</b>	
Cash and cash equivalents	\$ 131,524
Accounts receivable	4,794
<b>Total Current Assets</b>	<u>136,318</u>
Restricted cash	19,773
Restricted investments	145,052
Investments	<u>111,079</u>
<b>Total Assets</b>	<u><u>\$ 412,222</u></u>
 <b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Liabilities	
Accrued expenses	\$ 2,280
<b>Total Current Liabilities</b>	<u>2,280</u>
 Net Assets	
Unrestricted	
Board designated endowment funds	-
Undesignated	245,117
<b>Total unrestricted</b>	<u>245,117</u>
Temporarily Restricted	
Donor restricted endowment funds	-
Contributions received by donor for a specific purpose	145,052
<b>Total temporarily restricted</b>	<u>145,052</u>
Permanently Restricted	19,773
<b>Total Net Assets</b>	<u>409,942</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 412,222</u></u>

See accompanying notes and independent accountant's audit report.

**AMERICAN COUNCIL ON CONSUMER INTERESTS**  
**Belleair Bluffs, Florida**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>				
Royalties	\$ 134,389	\$ -	\$ -	\$ 134,389
Contributions	4,023	-	-	4,023
Program Income	75,152	-	-	75,152
Investment Income	2,173	1,326	184	3,683
Miscellaneous Income	2,300	-	-	2,300
<b>Total Support and Revenues</b>	<u>\$ 218,037</u>	<u>\$ 1,326</u>	<u>\$ 184</u>	<u>\$ 219,547</u>
<b>EXPENSES</b>				
Program Expenses	155,718	-	-	155,718
Management and General	49,143	-	-	49,143
<b>Total Expenses</b>	<u>204,861</u>	<u>-</u>	<u>-</u>	<u>204,861</u>
<b>CHANGES IN NET ASSETS</b>	13,176	1,326	184	14,686
<b>UNREALIZED GAIN FROM INVESTMENT</b>	737	841	-	1,578
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>231,204</u>	<u>142,885</u>	<u>19,589</u>	<u>393,678</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 245,117</u>	<u>\$ 145,052</u>	<u>\$ 19,773</u>	<u>\$ 409,942</u>

See accompanying notes and independent accountant's audit report.

**AMERICAN COUNCIL ON CONSUMER INTERESTS**  
**Belleair Bluffs, Florida**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**8FOR THE YEAR ENDED AUGUST 31, 2019**

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
Advertising	\$ 2,051	\$ -	\$ 2,051
Awards	7,199	-	7,199
Professional Fees	-	5,590	5,590
Office Expense	-	15,560	15,560
Conference/Meetings	82,877	-	82,877
Management Fees	46,113	22,713	68,826
Other Contract Services	10,720	5,280	16,000
Publications	2,356	-	2,356
Website	4,402	-	4,402
	<u>\$ 155,718</u>	<u>\$ 49,143</u>	<u>\$ 204,861</u>

See accompanying notes and independent accountant's audit report.

**AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.**  
**Belleair Bluffs, Florida**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

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	2019
	<u>Unrestricted</u>
<b>Cash flows from Operating Activities</b>	
Increase in net assets	\$ 14,686
Adjustments to reconcile increase in net assets	
Increase (decrease) in:	
Accounts receivable	(3,793)
Accrued expenses	(3,831)
<b>Total cash provided (used)</b> <b>by operating activities</b>	<u>7,062</u>
 <b>Cash flows from Investing Activities</b>	
Increase in restricted cash	(184)
Increase in restricted investments	(1,430)
Decrease in investments	14,965
<b>Total cash provided (used)</b> <b>by investing activities</b>	<u>13,351</u>
 <b>Net increase (decrease) in cash</b>	20,413
 Cash and cash equivalents, beginning of period	<u>111,111</u>
 Cash and cash equivalents, end of period	<u>\$ 131,524</u>

See accompanying notes and independent accountant's audit report.

AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.  
Belleair Bluffs, Florida

NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019

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**NOTE 1 - MISSION**

The mission of the American Council on Consumer Interests, Inc. (ACCI) is to enhance consumer and family economics well-being by promoting excellence in research and educational programs.

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

Basis of Accounting

The accounts of ACCI are maintained, and the financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the U.S. generally accepted accounting principles promulgated by the FASB *Accounting Standards Codification*. Under those principles, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Royalties

ACCI's principal activities and source of revenue include publication of the Journal of Consumer Affairs and sponsorship of the annual ACCI conference. The amount for the year ended August 31, 2019 was \$134,389 and included with royalties in the accompanying Statement of Activities.

Program Income

Program income includes awards, commissions, job advertisements, registration fees, membership dues and other. The total program income for the year ended August 31, 2019 was \$75,152 and is included with program income in the accompanying Statement of Activities.

Contributions

All contributions are available for unrestricted use unless specifically restricted by the donor. All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are restricted as temporarily or permanently restricted, depending upon the nature of the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction when the donor stipulated time restriction ends or purpose restriction is accomplished by ACCI. All gifts granted to ACCI are recorded at fair value at the time of receipt.

Contributed services

Contributed services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. For the year ended August 31, 2019, there were no contributed services that met the criteria for recognition as described above.

See independent auditor's report



NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED:**

Income Tax Status

ACCI is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Thus, the ACCI is not subject to corporate income taxes except for taxes on unrelated business income.

ACCI adopted accounting guidance relating to accounting for uncertainty in income taxes which sets out a consistent framework to determine the appropriate level of tax reserves to maintain tax positions. While management believes it has complied fully with the Internal Revenue Code, the sustainability of some income tax positions taken by ACCI in its tax returns may be uncertain.

There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized and disclosed in financial statements. ACCI's status as a tax-exempt organization is defined as a tax position under the accounting guidance. If ACCI were to lose its tax-exempt status, an income tax provision would be required. In addition, should an unsustainable position result in interest and penalties, they would be treated as a component of income tax expense. Management is not aware of any uncertain tax position that would have a material effect on ACCI's financial statements.

ACCI's tax returns are subject to examination by the Internal Revenue Service, generally for three years after filing. At August 31, 2019, the tax returns for the fiscal years ended 2017 through 2019 are subject to examination.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing various services, programs, and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among services benefited.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Deferred Revenue

Membership dues are recognized as revenue in the applicable period. Membership dues cover a one-year period based on the date of joining the organization.

AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.  
Belleair Bluffs, Florida

NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED:**

Advertising

ACCI expenses advertising costs as incurred. Marketing and advertising expense for the year ended August 31, 2019 was \$2,051.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Accounts Receivable

Accounts Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on Accounts Receivables using the allowance method. The allowance method is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivables when management determines the receivable will not be collected. Management believes all receivables will be collected in accordance with the agreement. Thus, no allowance for uncollectible accounts is necessary at year-end.

**NOTE 3 – CASH/LIQUIDITY MANAGEMENT**

As part of ACCI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, ACCI invests cash in excess of daily requirements in an interest-bearing cash account and liquid exchange traded funds. As indicated in the accompanying statement of financial position, ACCI has cash and cash equivalents and investments totaling \$407,428. This amount exceeds total expenses of \$204,860 incurred for the year ended August 31, 2019.

**NOTE 4 – RESTRICTED CASH**

As indicated in the accompanying statement of financial position, ACCI has restricted cash totaling \$19,773. This amount is the beginning balance of \$19,589 plus investment income of \$184 and represents the net asset balance for the permanently restricted funds. As discussed in NOTE 8, the principal of permanently restricted assets must stay intact but the interest may be used for current operations.

AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.  
Belleair Bluffs, Florida

NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019

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**NOTE 5 – INVESTMENTS AND RESTRICTED INVESTMENTS**

The Organization has invested in various exchange-traded funds (ETFs). ETFs trade like other equity investments on the stock exchange and are marketable equity securities. All of the investments are accounted for using fair value accounting in accordance with SFAS Nos. 124 (ASC 958) and 157 (ASC 820). All securities were valued based on quoted market prices on the New York Stock Exchange as of August 31, 2019.

<u>Description</u>	<u>Input Level</u>	<u>Unrealized Gains and Losses</u>	<u>Fair Value</u>
Various ETFs	Level 1	\$ 1,578	\$ 256,131

FASB ASC 820, *Fair Value Measurements*, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value. FASB ASC 820 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various other accounting pronouncements.

Assets and liabilities measured at fair value are recorded in accordance with FASB ASC 820, which clarifies that fair value is an exit price, representing the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2 Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

Restricted investments include donations for which donor stipulations that limit use for time period or purpose have not been met. They are classified as temporarily restricted net assets in the accompanying Statement of Financial Position. The amount included as restricted investments in the accompanying Statement of Financial Position as of August 31, 2019 was \$145,052.

**NOTE 6 – SERVICE AGREEMENTS**

The Organization utilizes service agreements to obtain administrative and executive services to support its activities. Under the contract, the total costs for the year ended August 31, 2019 was \$86,416.

NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019

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**NOTE 7 – PUBLISHING AGREEMENT**

The Organization has an agreement with Wiley-Blackwell Publishing to publish the Journal of Consumer Affairs. The publishers have guaranteed an annual minimum income for a specified period. Revenues for the year ended August 31, 2019 were approximately 62% of total support and revenues.

**NOTE 8 – BOARD DESIGNATED AND RESTRICTED FUNDS**

Board Designated:

Unrestricted net assets are all remaining assets of the Organization. These may be designated for specific purposes by action of the Board of Directors. At August 31, 2019, the Board of Directors had had not designated any net assets for the future projects

Temporarily Restricted:

Temporarily restricted net assets represent donations for which donor stipulations that limit use for time period or purpose have not been met.

Colston E. Warne Fund – This fund is restricted by the donor for the annual Colston E. Warne lecture honorarium. The balance in the fund at August 31, 2019 was \$50,051.

Stewart M. Lee Fund – This fund is restricted by the donor for the consumer education award. The balance in the fund at August 31, 2019 was \$19,956.

Esther Peterson Consumer Policy Forum – These funds are restricted to sponsor the annual Esther Peterson Consumer Policy Forum. The balance in the fund at August 31, 2019 was \$59,846.

Applied Consumer Economics Award – This award represents funds restricted by the donor for the annual award for the best consumer economics paper. The balance in the fund at August 31, 2019 was \$6,619.

Student Travel Award – This award represents funds restricted by the donor for student travel to the annual conference. The balance in the fund at August 31, 2019 was \$3,110.

Adopt an International Member – This fund is restricted to provide for international member annual dues. The balance in the fund at August 31, 2019 was \$1,002.

Herrmann Dissertation – This fund is restricted for graduate students whose thesis best addresses issues relevant to the well being of consumers. The balance in the fund at August 31, 2019 was \$4,163.

Thomas Brooks Best Reviewer Award – This fund is restricted by the donors for the annual award for the best reviewer. The balance in the fund at August 31, 2019 was \$305.

NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2019

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**NOTE 8 – BOARD DESIGNATED AND RESTRICTED FUNDS – CONTINUED**

Permanently Restricted:

Permanently restricted net assets are those whose principal must stay intact. Income generated by the permanently restricted net assets can be used for current operations.

Rhonda H. Karpatkin International Consumer Fellows Program – This program will provide support for international consumer scholars and leaders to participate in activities related to international consumer issues. Interest income from the endowment will cover expenditures approved by the Board of Directors. The balance in the fund at August 31, 2019 was \$19,773.

**Interpretation of Relevant Law**

The Board of Directors of ACCI has Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ACCI classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by ACCI in a manner consistent with standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, ACCI considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the endowment fund;
- b. The purpose of ACCI and the donor-restricted endowment fund;
- c. General economic conditions;
- d. The possible effect of inflation or deflation;
- e. The expected total return from income and the appreciation of investment;
- f. Other resources of ACCI; and
- g. The investment policies of ACCI.

AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.  
Belleair Bluffs, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**NOTE 8 – BOARD DESIGNATED AND RESTRICTED FUNDS – CONTINUED**

**Endowment Net Asset Information**

Endowment net asset composition by type of fund at August 31, 2019, consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 19,773	\$ 19,773
Board-designated endowment funds	-	-	-	-
Total funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,773</u>	<u>\$ 19,773</u>

Changes in endowment net assets for the ended August 31, 2019, consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	\$ -	\$ -	\$ 19,589	\$ 19,589
Investment income	-	-	184	184
Contributions	-	-	-	-
Endowment net assets end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,773</u>	<u>\$ 19,773</u>

**Return Objectives and Risk Parameters**

ACCI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support the purpose of the endowment while seeking to preserve the fair value of the original gift as of the gift date of the endowment assets. Endowment assets include those assets of donor-restricted funds that ACCI must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is conservative and assumes a minimal level of investment risk. ACCI expects its endowment fund to provide a rate of return that exceeds the highest prevailing interest rates available at local financial institutions.

**Strategies Employed for Achieving Objectives**

To satisfy its investment and rate of return objectives, ACCI invests its endowment fund assets in money market accounts. Investment returns are achieved through interest earnings.

See independent auditor's report

**AMERICAN COUNCIL ON CONSUMER INTERESTS, INC.**  
Belleair Bluffs, Florida  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

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**NOTE 8 – BOARD DESIGNATED AND RESTRICTED FUNDS CONTINUED**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

ACCI, at the discretion of the Board of Directors, appropriates funds to support the endowment purpose only from the investment earnings of the endowment fund. This is consistent with ACCI's objective to preserve the fair value of the original gift as of the gift date of the endowment assets held in perpetuity or for a specified term, as applicable.

**NOTE 9 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments, which potentially subject the Organization to concentrations of credit risks, consist principally of cash and cash equivalents. At times, such cash and cash equivalents in banks are in excess of the FDIC insurance limit. Credit risk with respect to cash and cash equivalents is minimized by using high-credit quality financial institutions.

**NOTE 10 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and transactions through January 8, 2020, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.

Price & Associates  
Certified Public Accountants, LLC  
9800 4<sup>th</sup> Street North  
St Petersburg, FL 33702

February 7, 2020

Board of Directors  
American Council on Consumer Interests, Inc.

We have audited the financial statements of American Council on Consumer Interest, Inc. for the year ended August 31, 2019 and have issued our report thereon dated February 7, 2020. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 19, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by American Council on Consumer Interests, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended August 31, 2019. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements other than allocation of functional expenses.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.



### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

### *Management Responsibilities*

We have requested certain representations from management that are included in the management representation letter dated February 7, 2020.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of any accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee and management of American Council on Consumer Interests and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Tim E. Price, CPA

Price & Associates  
Certified Public Accountants, LLC  
9800 4<sup>th</sup> Street North  
St Petersburg, FL 33702

To the Board of Directors  
American Council on Consumer Interests, Inc.

In planning and performing our audit of the financial statements of American Council on Consumer Interests, Inc. as of and for the twelve months ended August 31, 2019 in accordance with auditing standards generally accepted in the United States of America, we considered American Council on Consumer Interest's, Inc. internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies of material weakness. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is more than a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in American Council on Consumer Interest's internal control to be significant deficiencies.

1. A lack of segregation of duties was noted for the cash disbursement and cash receipt functions. The same individuals are responsible for preparing monthly bank reconciliations, generating vendor checks, and updating the general ledger. The Council has mitigated the risk to a limited degree by having the treasurer review the bank reconciliations. A general guideline for proper segregation of duties is to have different people perform the custodial, record keeping, and authoritative functions.
2. A system of internal control over financial reporting includes control over financial statement preparation, including footnote disclosure integral to the financial statements. A control deficiency exists when an entity does not have controls over preparation of its financial statements which would prevent or detect a misstatement in the financial statements. The Council does not have personal on staff with any background in the financial statement preparation and have requested assistance in this area from independent auditor. Because the independent auditor is prohibited from being part of internal control, the Council does not have sufficient internal control to prevent, detect, or correct a misstatement in the financial statements.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Tim Price, CPA

February 7, 2020