

CITY OF COOPER CITY
MEMORANDUM

TO: Mayor and Members of the City Commission

THROUGH: Alex Rey, City Manager

FROM: Irwin Williams, Chief Financial Officer, and Ximena Suarez, Parks and Recreation Manager

DATE: September 30, 2026

SUBJECT: Status of Optimist Club Financial and Internal Control Items – Review of September 25, 2026

Purpose

This memorandum updates the City Commission on the status of the financial and internal control items identified for the Cooper City Optimist Club. It covers the review completed on September 25, 2026.

Background

The Optimist Club of Cooper City is a nonprofit organization that has partnered with the City to provide youth sports programs since 1982 and obtained 501(c)(3) status in 2011. The Club currently offers baseball, basketball, cheerleading, flag football, soccer, softball, and volleyball under its Facility Use Agreement with the City.

The City's relationship with the Club was historically governed by a series of resolutions beginning with Resolution No. 83-1-2 and subsequently amended through Resolutions 2003-2-9, 2004-11-8, 12-7-5, and 21-43.

On June 10, 2025, the City Commission approved Resolution No. 25-37, authorizing a new Facility Use Agreement to strengthen oversight and clarify responsibilities. On July 22, 2025, the Commission adopted Resolution No. 25-44, repealing the prior governing resolution and establishing the Facility Use Agreement as the governing document for the City's relationship with the Club.

Compliance History

- Facility Use Agreement Compliance (2026): In March 2026, Commissioner Shrouder reported that the Club:
 - Was not procuring items as required by the Agreement;
 - Was not allowing City staff to attend certain Board meetings, although the Agreement requires open meetings;
 - Had not provided financial statements or budgets to the City;
 - Had presented bylaws that did not include the provisions of the Facility Use Agreement; and
 - Had indicated it would not participate in IRS reporting for the year.

Forensic Review – Winks Ledgers, LLC (May 2026)

The City engaged Winks Ledgers, LLC to perform a forensic review of the Club's financial and operational activities for January 1, 2022, through September 30, 2025. The review was conducted under the AICPA Statement on Standards for Forensic Services No. 1 and the ACFE Code of Professional Standards. The review was prompted by:

- Allegations, investigated by the Broward County Sheriff's Office, that a former Club President rented a City-owned soccer field without authorization, deposited donations into a personal account, and sought reimbursement for expenses already covered by those donations;
- Questionable cash flows from concession stand operations;
- City concerns the use of public facilities and funds.

The forensic review identified a total of 52 observations, of which 29 were classified as High Risk.

The report also noted the following:

- **Financial Statements:** Records were not kept in the standard format for nonprofit organizations. Beginning January 1, 2025, standard GAAP-format statements have been prepared in QuickBooks.
- **Board Compliance:** The Club was not following its own bylaws and policies on third-party financial review. The Club committed to a monthly third-party accounting review by October 1, 2026.
- **Board Review of Financial Reports:** There was no evidence that the Board reviewed financial reports. The Club committed to begin this review by September 1, 2026.
- **Reconciliations:** There was no evidence of Board review of reconciliations. A financial review committee was to be formed by October 1, 2026.
- **Registration Fee Pricing:** There was no formal approval process for each sport's fees. The Club committed to adopting a guideline by October 31, 2026.
- **Fee Waivers and Discounts:** Fee waivers and reductions were not applied uniformly or properly approved. A policy was to be developed.
- **Budget Records:** The review identified deficiencies in budget preparation, approval, and record retention (Observations 15–18). During the May 26, 2026, Commission meeting, concerns were raised about budget shredding, and Ms. Williams of Winks Ledgers confirmed that an interviewee had described this practice during the review.
- **1099-NEC Compliance:** Forms 1099 were not issued for 2025. The Club committed to issuing them going forward.

The report concluded:

“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... Strengthening internal controls will not only mitigate the risk of errors or misuse of funds but also enhance transparency and credibility with stakeholders.”

Following the forensic review, which identified 52 observations, including 29 classified as high risk, the City Manager and the Chief Financial Officer (CFO) conducted an independent review to identify the findings requiring the most immediate attention based on their financial, operational, and governance significance. As a result of that review, **21 recommendations were designated as high-priority items**. These recommendations were presented to the City Commission and became the primary focus of the City’s compliance review with the Optimist Club.

The **21 high-priority items** were independently identified by the City Manager and CFO from the 52 observations and represent the City’s priorities for immediate corrective action, separate from the risk classifications assigned by Winks.

City Manager High-Priority Items	City Manager High-Priority Items (cont.)
Board Minutes	Payroll Support Documentation
Fundraising Policy	School Custodian Payments
Fundraising Cash Collections	1099-NEC Compliance
Reconciliation Reviews by Board	Segregation of Duties – Cash & Banking
Fee Waivers & Discounts	Creation of Payment Accounts
Banner & Sign Pricing	Banking Fraud Controls
Banner & Sign Receipt Controls	Bank Reconciliations
Contributions / Gifts / Grants Controls	Contracts for Large Purchases
Disbursement Approvals	Self-Approval of Reimbursements
Cash Payments Without Documentation	Reimbursement Documentation
Board Member Compensation	

City Commission Action – August 11, 2026

At its August 11, 2026, meeting, the City Commission voted 5–0 to send a written notice of termination for convenience under Section 2.3 of the Facility Use Agreement, effective 60 days from transmittal. The notice is contingent on the Club's implementation of high-priority financial recommendations identify by the City Manager.

- If the Club does not comply, the City may take the Club's financial operations, or the Facility Use Agreement will be terminated effective October 11, 2026.
- If the Club complies with all such recommendations before the 60-day notice takes effect, the City Commission will rescind the notice.

High-Priority Items Summary

The following summarizes the status of each of these City Manager high-priority items as of September 25, 2026, review.

Of the 21 items reviewed, 11 are complete, 4 are in process but not yet implemented, and 6 are not in compliance. The Club has made progress on policies, governance, and segregation of duties. The

main remaining issues are that approved forms are not being used consistently and that supporting documentation is missing for disbursements, sponsorships, payroll, and large purchases.

Completed Items

- **Board Minutes:** Minutes have been provided through September 17, 2026.
- **Fundraising Policy:** Approved and implemented for Travel Soccer. No other sports programs are currently collecting fundraising money.
- **Fee Waivers and Discounts:** Approved by the Club's Board.
- **Banner and Sign Pricing:** A pricing structure has been approved, however, there is a companion item to this policy that calls for banner receipt controls that is not implemented.
- **Board Member Compensation:** Confirmed that no Board members are paid.
- **Contributions, Gifts, and Grants Controls:** No activity was reported for the current year.
- **School Custodian Payments:** Moved to City payroll.
- **Segregation of Duties (Cash and Banking):** The Club has a Treasurer and a bookkeeper. The Vice President and President provide additional oversight.
- **Bank Reconciliations:** Reconciliations have been prepared. Board approval has not yet been confirmed.
- **Self-Approval of Reimbursements:** The Vice President and President approve expenses submitted by sports programs and vendors.
- **Reimbursement Documentation:** A reimbursement form has been created and approved. No reimbursement requests have been submitted since the form was adopted.

Items in Process or Not in Compliance

- **IRS Form 1099-NEC Compliance:** Forms 1099 for 2025 have not yet been issued. The Club is in the process of issuing 1099s for 2025 and setting up 1099 vendors in QuickBooks. Collection of 2026 information has started but is incomplete.
- **Creation of Payment Accounts:** No accounts have been created as of the review date. The Club plans to open a separate bank account for all 1099 vendors to simplify reconciliation and the issuance of Forms 1099.
- **Banking Fraud Controls:** Pending a response from the Club's bank. The Club is scheduling a meeting with the bank to implement Positive Pay.
- **Cash Payments Without Documentation:** Payments are being approved by email instead of on the form required by the approved procedure, and the role of each person receiving payment is not clearly documented. The new Treasurer is in the process of developing procedures to eliminate the acceptance of cash except for Publix fundraising
- **Fundraising Cash Collections:** Collection procedures are in place for Travel Soccer only. No other sports programs are currently complying.
- **Reconciliations Reviews by the Board:** The Board approved the bank reconciliations despite identifying deficiencies, including issues with the program budgets. However, subsequent Board

meeting minutes do not document that these deficiencies were addressed or corrected. The Optimist Club Treasurer has stated that a reconciliation report will be presented to the Board monthly, beginning October 15, 2026.

- **Banner and Sign Receipt Controls:** Pending.

- Travel Soccer is complying with the policy.
- Baseball has recorded payments in SportsEngine and in QuickBooks but the required forms and supporting documentation are missing.
- Some sponsorship checks for sponsored uniforms have no backup documentation.
- Basketball's sponsorship documentation needs clarification and backup documentation.

- **Disbursement Approvals:** An approval form has been adopted for Travel Soccer, Baseball, and Basketball, but it is not being used consistently.

- **Contracts for Large Purchases:** Pending further review.

- Travel Soccer's season started before the purchasing policy took effect.
- Baseball obtained three bids, but the final purchase did not match the bid documentation.
- Baseball's bid cannot be used to support Basketball's purchases from the same vendor.
- Basketball bought from that vendor without getting its own comparable bid using summer not comparable quotes.
- Other sports programs made purchases under \$10,000 from the same vendor.
- Bids in the system did not use the required three-bid form.

- **Payroll Support Documentation:** W-9 forms are not attached to the vendor files in QuickBooks.

Conclusion

The September 25, 2026, review concluded that the Optimist Club has not met the required timeline for implementing the high-priority financial recommendations identified in the forensic report. Of the 21 priority items reviewed, 10 remain incomplete or require additional supporting documentation to demonstrate compliance.

Of note, the most positive step that the Club has taken is the selection of a new Treasurer and a new bookkeeper, they both seem to have a good understand of the proper controls needed to run an organization of this size and budget.

Staff await further directions from the City Commission at its October 13, 2026, meeting.