

Bay Education Foundation, Inc.

Financial Statements And Independent Auditors' Reports

June 30, 2021

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Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Education Foundation, Inc.
Panama City, Florida

Report on the Audit of the Financial Statements

Opinion.

We have audited the accompanying financial statements of Bay Education Foundation, Inc. (the Corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information. We have previously audited the Corporation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinion. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

"Not everything that counts can be counted, and not everything that can be counted counts."

-Albert Einstein

Report on the Audit of the Financial Statements (concluded)

Auditors' Responsibilities for the Audit of the Financial Statements (concluded).

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the Corporation's internal control over financial reporting (internal control) and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance.

Kattell and Company, P.L.

February 9, 2022
Gainesville, Florida

"Not everything that counts can be counted, and not everything that can be counted counts."

-Albert Einstein

Statement of Financial Position
June 30, 2021
(with summarized information for 2020)
Bay Education Foundation, Inc.

	<u>2021</u>	<u>2020</u>
Assets		
Cash - Checking	\$ 1,354,170	\$ 1,334,110
Cash - Savings	360,697	357,763
Grants Receivable	27,596	24,076
Prepaid Expenses	25,705	--
Florida Prepaid Scholarship Fund	<u>1,027,035</u>	<u>994,511</u>
Total Assets	<u>\$ 2,795,203</u>	<u>\$ 2,710,460</u>
Liabilities and Net Assets		
Liabilities:		
Accrued Liabilities	\$ 17,740	\$ --
Deferred Event Revenues	36,786	35,806
Agency Funds Payable	<u>557,129</u>	<u>250,000</u>
Total Liabilities	611,655	285,806
Net Assets:		
Without donor restrictions	792,699	861,679
With donor restrictions	<u>1,390,849</u>	<u>1,562,975</u>
Total Net Assets	<u>2,183,548</u>	<u>2,424,654</u>
Total Liabilities and Net Assets	<u>\$ 2,795,203</u>	<u>\$ 2,710,460</u>

See accompanying notes.

Statement of Activities
For Year Ended June 30, 2021
(with summarized information for the year ended June 30, 2020)
Bay Education Foundation, Inc.

	2021			2020
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenue:				
State Grants:				
CFEF Grant	\$ --	\$ 46,493	\$ 46,493	\$ 47,628
TSIC Grant	93,547	--	93,547	99,803
Contributions:				
Classroom Grants	--	46,120	46,120	147,573
Scholarships	--	37,790	37,790	26,639
General Contributions	42,201	59,791	101,992	568,508
Fundraising Events, Net	21,835	--	21,835	49,806
Other Income	5,831	--	5,831	15,751
Net Assets Released from Restrictions	362,320	(362,320)	--	--
Total Revenues	525,734	(172,126)	353,608	955,708
Expenses:				
Programs	543,516	--	543,516	772,637
Management and General	37,621	--	37,621	29,315
Fundraising	13,577	--	13,577	20,083
Total Expenses	594,714	--	594,714	822,035
Revenues over Expenses	(68,980)	(172,126)	(241,106)	133,673
Loss on uncollectable pledge	--	--	--	(2,650,000)
Change in Net Assets	(68,980)	(172,126)	(241,106)	(2,516,327)
Net Assets, Beginning	861,679	1,562,975	2,424,654	4,940,981
Net Assets, End	\$ 792,699	\$ 1,390,849	\$ 2,183,548	\$ 2,424,654

See accompanying notes.

Statement of Functional Expenses
For Year Ended June 30, 2021
(with summarized information for the year ended June 30, 2020)
Bay Education Foundation, Inc.

	2021				Total	2020
	Programs	Management and General	Fundraising	Direct Donor Benefits		Total
Grants	\$ 136,909	\$ --	\$ --	\$ --	\$ 136,909	\$ 251,638
Bay District School Board	--	--	--	--	--	158,808
Scholarships	88,978	--	--	--	88,978	42,920
Salaries	76,615	21,890	10,945	--	109,450	108,423
Professional Fees	--	11,945	--	--	11,945	1,570
Office Expenses	13,251	3,786	1,893	--	18,930	29,849
Other Program Expenses	32,713	--	--	--	32,713	24,408
Program Supplies	195,050	--	--	--	195,050	198,209
Event Supplies	--	--	739	18,331	19,070	27,350
Total Expenses	543,516	37,621	13,577	18,331	613,045	843,175
Expenses Netted Against Revenues:						
Fundraising Events (Note 8)	--	--	--	(18,331)	(18,331)	(21,140)
Total Functional Expenses	\$ 543,516	\$ 37,621	\$ 13,577	\$ --	\$ 594,714	\$ 822,035

See accompanying notes.

Statement of Cash Flows
For Year Ended June 30, 2021
(with summarized information for the year ended June 30, 2020)
Bay Education Foundation, Inc.

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (241,106)	\$ (2,516,327)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes In:		
Contributions Receivable	--	2,650,000
Grants Receivable	(3,520)	(233)
Prepaid Expenses	(25,705)	--
Florida Prepaid	(32,524)	76,996
Accrued Liabilities	17,740	--
Deferred Event Revenue	980	35,806
Agency Funds Payable	307,129	250,000
Net Cash Provided Used in Operating Activities	<u>22,994</u>	<u>496,242</u>
Net Change in Cash	22,994	496,242
Cash, Beginning	<u>1,691,873</u>	<u>1,195,631</u>
Cash, End	<u><u>\$ 1,714,867</u></u>	<u><u>\$ 1,691,873</u></u>
	<u>2021</u>	<u>2020</u>
Cash as presented on Statement of Financial Position:		
Cash - Checking	\$ 1,354,170	\$ 1,334,110
Cash - Savings	360,697	357,763
Total Cash	<u><u>\$ 1,714,867</u></u>	<u><u>\$ 1,691,873</u></u>

See accompanying notes.

Notes to Financial Statements
June 30, 2021
Bay Education Foundation, Inc.

NOTE 1 – NATURE OF ENTITY AND TAX STATUS

Bay Education Foundation, Inc. (the Corporation) is a not-for-profit corporation organized under the Florida Not-For-Profit Corporation Act. The Corporation is operated to provide classroom support and scholarships to schools, teachers, and students in the Bay County School District (the District).

The Corporation is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Corporation has been classified by the Internal Revenue Service as an organization that is not a private foundation and qualifies for the charitable contribution deduction. The Corporation is operated exclusively for charitable, scientific, and educational purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared using the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations (US GAAP). Although the Corporation works closely with the District, the Corporation is comprised of a self-perpetuating board of directors and, therefore, is not considered a governmental entity for financial reporting purposes.

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, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash consists of checking deposits and certificates of deposit in financial institutions in the United States. Amounts on deposit exceeded insured balance limits of the Federal Deposit Insurance Corporation by approximately \$1,153,000 and \$1,096,000 at June 30, 2021 and 2020, respectively.

Receivables

Grants receivable consists primarily of Take Stock in Children (TSIC) Grant receivable for which allowable costs have been incurred.

Florida Prepaid Scholarship Fund

The Corporation purchases prepaid scholarships through the Stanley G. Tate Florida Prepaid College Foundation. Scholarships are generally purchased in batches and later assigned to specific students. Although scholarships are matched dollar for dollar via the Project STARS scholarship program funded by the Florida Legislature, the Corporation reports only the value of the scholarships purchased net of any amounts redeemed or refunded to the Corporation. The asset value presented is the balance available to the Corporation for redemption.

Agency Funds

When a resource provider makes donations to the Corporation and stipulates that the resources must be passed through to the District, the Corporation is acting in the capacity of an agent for the District. In those circumstances, the donations are reported as liabilities until the resources are provided to the District.

Net Assets

The Corporation's net assets, the excess of assets over liabilities, are reported in two classes that are based upon existence or absence of restriction on use that are imposed by its donors, as follows:

Net Assets Without Donor Restrictions are available for use in general operations. The only limits of these net assets are board designations or the broad limits resulting from the nature of the organization.

Net Assets With Donor Restrictions are restricted by a donor to be used for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Notes to Financial Statements
June 30, 2021
Bay Education Foundation, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Revenue Recognition – Contributions

Restricted Contributions. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. However, contributions that are restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions expire in the same fiscal year in which the contributions are recognized. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the same fiscal year in which they are recognized.

Contributed Services. Contributions of services are recognized when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although the Corporation received significant contributions of time from its Board of Directors, none of these services were recorded since they did not meet the criteria for recognition.

Conditional Contributions. Conditional contributions are recognized when the condition has been substantially met. Amounts received before the conditions have been met are reported as refundable advances. Amounts received after the conditions have been met are recorded as Grants Receivable. The following are considered conditional contributions:

CFEF (Consortium of Florida Education Foundations) Grant. CFEF grant consisted of a dollar-for-dollar match from the State of Florida which may be used for projects in any of six target areas. Revenues are recognized when the Corporation incurs allowable costs.

TSIC Grant. TSIC is a grant from the State of Florida which may be used for staffing, scholarships, and recruiting and supporting volunteer mentors. Revenues are recognized when the Corporation incurs allowable costs.

Revenue Recognition – Contracts with Customers

Revenue from contracts with customers is limited to the fair value of tickets to special events. Revenues are recognized at the point in time that the event is held. Deferred revenue represents the revenue portion of the tickets sold for the Arts Alive event to be held after June 30, 2021.

Expense Recognition and Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Corporation assigns most expenses directly to the benefited function. The Corporation uses a reasonable method of allocating expenses relating to more than one functional category. Fundraising expenses include an allocation of salaries and supporting expenses as well as costs of fundraising events that are not direct donor benefits. Functions are further described as follows:

Program Services. Program services include the expenses of classroom grants and scholarships, as well as an allocation of salaries and other overhead expenses.

Management and General. Management and general activities are those that provide governance oversight, business and financial management, financial recordkeeping, budgeting, legal and human resource management.

Fundraising. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, and any other activities that solicit contributions from corporations, foundations, individuals and others.

Notes to Financial Statements
June 30, 2021
Bay Education Foundation, Inc.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The Corporation considers all of its expenditures to be general expenditures. The following table displays financial assets available for general expenditure within one year of the date of the statement of financial position:

Financial assets at June 30,	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 1,714,867	\$ 1,691,873
Grants receivable	<u>27,596</u>	<u>24,076</u>
Financial assets available for general expenditures	<u>\$ 1,742,463</u>	<u>\$ 1,715,949</u>

The Corporation has structured its financial assets to be available as its general expenditures and liabilities come due. The Corporation employed no mechanism for investment of cash in excess of immediate cash needs during the years ended June 30, 2021 and 2020. In addition, the Corporation does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them.

NOTE 4 – FLORIDA PREPAID SCHOLARSHIP FUND

The following details the activity of the Florida Prepaid Scholarship Fund:

	<u>2021</u>	<u>2020</u>
Scholarship Funds Available – Beginning of Year	\$ 994,511	\$ 1,071,507
Scholarships purchased	92,645	119,506
Scholarships redeemed	(60,121)	(36,257)
Refunds	<u>--</u>	<u>(160,245)</u>
Scholarship Funds Available – End of Year	<u>\$ 1,027,035</u>	<u>\$ 994,511</u>

Scholarships redeemed are included in Scholarships expenses in the statement of functional expenses.

NOTE 5 – AGENCY FUND TRANSACTIONS

The Corporation serves as an agent for certain contributions throughout the year. The following is a schedule of activity by major donor:

	<u>2021</u>	<u>2020</u>
Walsingham Academy Donation Received		
Balance, beginning of year	\$ 250,000	\$ --
Received	--	250,000
Disbursed	<u>(2,079)</u>	<u>--</u>
Balance, end of year	247,921	250,000
St. Joe Community Foundation Grants:		
Balance, beginning of year	--	--
Received	402,820	628,353
Disbursed	<u>(93,612)</u>	<u>(628,353)</u>
Balance, end of year	309,208	--
Total Agency Funds Liability At June 30	<u>\$ 557,129</u>	<u>\$ 250,000</u>

Notes to Financial Statements
June 30, 2021
Bay Education Foundation, Inc.

NOTE 6 – NET ASSETS

Net assets with donor-imposed restrictions for the year ended June 30 consist of the following purpose restrictions:

	<u>2021</u>	<u>2020</u>
Hurricane Michael Relief	\$ 3,784	\$ 184,523
Classroom Grants	231,660	273,323
Scholarships:		
Florida Prepaid Scholarship Fund	1,027,035	994,511
Other Scholarships	70,620	98,935
Other	<u>57,730</u>	<u>11,683</u>
Total	<u>\$ 1,390,829</u>	<u>\$ 1,562,975</u>

Net assets without donor restrictions for the year ended June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 582,516	\$ 457,129
Board Designated:		
Reserve	199,473	199,473
Scholarships	10,710	67,151
Operations	<u>--</u>	<u>137,926</u>
Total Net Assets Without Donor Restriction	<u>\$ 792,699</u>	<u>\$ 861,679</u>

NOTE 7 – FACILITIES

Staff and volunteers conduct the activities of the Corporation utilizing space provided by the District. The Corporation does not report a value for donated use of space since the Corporation's purpose is to provide services to the District.

NOTE 8 – FUNDRAISING EVENTS

The Corporation held two fundraising events during the years ended June 30, 2021 and 2020. Net revenues consist of the following:

	<u>Strides for</u> <u>Scholars</u>	<u>Golf</u> <u>Tournament</u>	<u>2021</u> <u>Total</u>
Total Revenue	\$ 9,440	\$ 30,726	\$ 40,166
Direct Donor Benefits	<u>(7,585)</u>	<u>(10,746)</u>	<u>(18,331)</u>
Fundraising Events, Net	<u>\$ 1,855</u>	<u>\$ 19,980</u>	<u>\$ 21,835</u>
	<u>Strides for</u> <u>Scholars</u>	<u>Golf</u> <u>Tournament</u>	<u>2020</u> <u>Total</u>
Total Revenue	\$ 16,198	\$ 54,748	\$ 70,946
Direct Donor Benefits	<u>(8,384)</u>	<u>(12,756)</u>	<u>(21,140)</u>
Fundraising Events, Net	<u>\$ 7,814</u>	<u>\$ 41,992</u>	<u>\$ 49,806</u>

Notes to Financial Statements
June 30, 2021
Bay Education Foundation, Inc.

NOTE 9 – DONATED SERVICES

The following tables display donated services received by the Corporation during the years ended June 30, 2021 and 2020, that were not recorded in the financial statements because they do not meet the criteria for recognition:

2021			
<u>Volunteer Function</u>	<u>Activity</u>	<u>Hours</u>	<u>Value</u>
Take Stock in Children	Program	1,665	\$ 43,823
Board of Directors	Management	422	11,107
Events (Golf, Strides, Arts)	Fundraising	1,820	47,902
Totals		<u>3,907</u>	<u>\$ 102,832</u>

2020			
<u>Volunteer Function</u>	<u>Activity</u>	<u>Hours</u>	<u>Value</u>
Take Stock in Children	Program	1,159	\$ 28,894
Board of Directors	Management	422	10,520
Events (Golf, Strides, Arts)	Fundraising	1,922	47,915
Totals		<u>3,503</u>	<u>\$ 87,330</u>

Value is computed at an hourly rate of \$26.32 and \$24.93 for 2021 and 2020, respectively. These hourly rates are the estimated value per hour of volunteer time for Florida as estimated by Independent Sector. For more information, see http://www.independentsector.org/volunteer_time.

NOTE 10 – COMMITMENTS

Event Commitments. The Corporation had unrecognized obligations under a facility contract related to the upcoming Arts Alive Event at June 30, 2021 and 2020, of approximately \$15,000 and \$0, respectively.

NOTE 11 – SUBSEQUENT EVENTS

The Corporation has evaluated events and transactions for potential recognition or disclosure through February 9, 2022, which is the date the financial statements were available to be issued.

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 352-395-6565 www.kattell.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors.
Bay Education Foundation, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Bay Education Foundation, Inc. (the Corporation) as of and for the year ended June 30, 2021, as listed in the table of contents, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated February 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kattell and Company, P.L.

February 9, 2022