



Financial Statements
June 30, 2022

Orange County Special Education Alliance

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Independent Auditor's Report

Executive Committee and Review Committee
Orange County Special Education Alliance
Costa Mesa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Orange County Special Education Alliance (the Alliance), which comprise the statement of net position as of June 30, 2022 and 2021, and the related statement of revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Alliance, as of June 30, 2022, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance, 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 opinions.

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 they are conditions or events, considered in the aggregate, that raise substantial doubt about Alliance's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. 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 and *Government Auditing Standards* 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 including 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 Alliance'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alliance'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 were identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Management is responsible for the other information included in the annual report. The other information identified in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the Alliance's internal control over financial reporting 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alliance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alliance's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 15, 2022

The management of the Orange County Special Education Alliance (the Alliance) is pleased to present the following discussion and analysis of the operating results, financial condition, and liquidity of the Alliance for the fiscal year ended June 30, 2022. This discussion should be read in conjunction with the financial statements and notes to the financial statements included with this report.

Introduction and Background

For a number of years, the encroachment of special education funds on the general fund has been growing tremendously. In addition, the Special Education Hearing Office associated with McGeorge School of Law, the predecessor to the Office of Administrative Hearings, was issuing decisions which were having a severe negative impact on districts. District legal fees were increasing and the expectations for providing residential placements and private therapy for children with autism was eating away at the budgets of school districts.

As a result, district superintendents were growing increasingly frustrated with these negative trends in special education. Many of the districts in Orange County participate in the California School Boards Associations Legal Alliance and are aware that the Education Legal Alliance of CSBA provides legal support and assistance to districts involved in litigation. Conversations among the superintendents led to the idea of forming a similar alliance in Orange County that would emphasize support of districts in special education matters.

A planning meeting was held in late 2004, and the idea of forming a Joint Powers Agency to fund district support in special education litigation was developed. The first Joint Powers Agreement emphasized district support and provided that each member would pay \$.50 per ADA to join. In response to feedback from the community, a First Amended Joint Powers Agreement was developed and approved which also emphasized staff development and training to county office and district employees and advocacy. The Joint Powers Agency (JPA) is made up of all of the superintendents who formed the Executive Committee. The Executive Committee developed and published bylaws which govern the organization.

Membership

The membership in the Alliance is composed of the school districts in Orange County.

Financial Management and Control

The Alliance is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and to ensure that accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The Alliance's financial statements are prepared based on the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America and includes amounts based upon reliable estimates and judgments. The financial statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows along with accompanying Notes to the Financial Statements.

Financial Statements

The *Statement of Net Position* provides information on all the Authority assets and liabilities, with the difference reported as Net Position. Net Position may be an indicator of the overall pool financial status. The *Statement of Revenues, Expenses, and Change in Net Position* presents information showing total revenue and expense and the resulting effect on Net Position. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of related cash flows. The *Statement of Cash Flows* presents information about the cash receipts and cash payments during the year.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of the Group's operations and significant accounting policies as well as clarify unique financial information.

Analysis of Overall Financial Position and Results of Operations

Statement of Net Position

The Alliance's net position was \$363,084 for the fiscal year ended June 30, 2022.

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Investments	<u>\$ 364,348</u>	<u>\$ 402,061</u>
Liabilities		
Current liabilities		
Accounts payable	<u>\$ 1,264</u>	<u>\$ 23,301</u>
Net Position		
Unassigned	<u>363,084</u>	<u>378,760</u>
Total Net Position	<u>\$ 363,084</u>	<u>\$ 378,760</u>

Statement of Revenues, Expenditures, and Changes in Net Position

The results of this year’s operations for the Alliance are reported in the *Statement of Revenues, Expenditures, and Changes in Net Position* on page 8.

	<u>2022</u>	<u>2021</u>
Expenses		
Professional consulting services and other operating expenses	\$ 8,938	\$ 40,982
Indirect costs	834	3,828
Total expenses	<u>9,772</u>	<u>44,810</u>
Total operating expense	<u>(9,772)</u>	<u>(44,810)</u>
Non-Operating Revenues		
Change in fair market value of pooled investments	<u>(5,904)</u>	<u>-</u>
Change in Net Position	(15,676)	(44,810)
Net Position, Beginning of Year	<u>378,760</u>	<u>423,570</u>
Net Position, End of Year	<u><u>\$ 363,084</u></u>	<u><u>\$ 378,760</u></u>

Budgetary Highlights

Over the course of the year, the Alliance revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on May 21, 2021.

Significant Accomplishments of Fiscal Year 2021-2022 are noted below:

For the 2021-2022 year, the ADA contribution was suspended again this school year. There were no other significant changes to the budget. The Alliance sponsored a virtual professional development training, “Virtual Orange County Legal Panel: Serving Our Students with Special Needs During COVID-19 – Where Do We Go From Here.” The Alliance also approved an AB490 Transportation of Foster Youth Application from Westminster School District in the amount of \$8,521.20. There were no other significant changes to the budget.

Economic Factors and Next Year’s Budget

For the 2022-2023 school year, the Alliance approved a budget that included the \$0.10 per ADA contribution given that there had been no ADA contribution for the past two years and based on the then current reserves. There was a reduction to the allocation of consultation services based on limited past use and maintenance of the reserves.

Orange County Special Education Alliance
Statement of Net Position
June 30, 2022

Assets	
Current assets	
Investments	<u>\$ 364,348</u>
Liabilities	
Current liabilities	
Accounts payable	<u>\$ 1,264</u>
Net Position	
Unassigned	<u>363,084</u>
Total net position	<u>\$ 363,084</u>

Orange County Special Education Alliance
Statement of Revenues, Expenditures, and Change in Net Position
Year Ended June 30, 2022

Expenses	
Professional consulting services and other operating expenses	\$ 8,938
Indirect costs	<u>834</u>
Total expenses	<u>9,772</u>
Non-Operating Revenues	
Change in fair market value of pooled investments	<u>(5,904)</u>
Change in Net Position	(15,676)
Net Position, Beginning of Year	<u>378,760</u>
Net Position, End of Year	<u><u>\$ 363,084</u></u>

Orange County Special Education Alliance

Statement of Cash Flows
Year Ended June 30, 2022

Operating Activities	
Operating expenses	<u>\$ (31,809)</u>
Investing Activities	
Investment income (loss)	<u>(5,904)</u>
Net Decrease in Cash and Cash Equivalents	(37,713)
Cash and Cash Equivalents, Beginning of Year	<u>402,061</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 364,348</u></u>
Reconciliation of Operating Expense to Net Cash Used by Operating Activities	
Operating expenses	<u>\$ (9,772)</u>
Adjustments to reconcile net position to net cash used by operating activities	
Accounts payable	<u>(22,037)</u>
Net Cash Used by Operating Activities	<u><u>\$ (31,809)</u></u>

Note 1 - Organization and Summary of Significant Accounting Policies**Financial Reporting Entity**

The Orange County Special Education Alliance (the Alliance) was formed under a Joint Powers Agreement with Orange County public school districts and the Orange County Superintendent of Schools within the state of California on July 1, 2005 for the purpose of supporting systemic legal change in special education by providing professional staff development training and legislative advocacy, and jointly supporting selected special education cases of countywide significance through judicial and administrative processes.

The Alliance accounts for its financial transactions in accordance with the Policies and Procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts. The accounting policies of the Alliance conform to accounting principles generally accepted in the United States of America (U.S. GAAP).

Reporting Entity

The Alliance is governed by an Executive Committee, which is comprised of each of the superintendents of participating school districts. The Executive Committee controls the operations of the Alliance, including approval of operating budgets, independent of any influence by members beyond their representation on the committee. The Executive Committee may delegate any of its functions to the Review Committee, which is comprised of twelve members that include five superintendents, three special education administrators from Special Educational Local Plan Areas (SELPA) or school districts in Orange County, two attorneys in private practice representing school districts in special education matters, one attorney from the Orange County Department of Education (OCDE), and one business official from a school district in Orange County.

Accounting Policies

The accounting policies of the Alliance conform to U.S. GAAP as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The Alliance records financial transactions on the accrual basis of accounting wherein expenditures are recorded at the time liabilities are incurred and income is recorded when earned.

Fund Accounting

The Alliance's financial statements include only the proprietary fund type. This fund type includes one enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to its members on a continuing basis be financed or recovered primarily through user charges.

The accounts of the Alliance are maintained in the County School Service Fund of the County Superintendent, also referred to as the Orange County Department of Education (OCDE). The operations of the Alliance are accounted for in a separate cost center in which separate accounts are maintained for recording the Alliance's transactions for assets, liabilities, net position, revenues, and expenses.

Use of Estimates

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

Budgeting

The Alliance's Executive Committee approves and adopts a final budget no later than April 15 of each fiscal year. Formal budgetary integration was employed as a management control device during the year for the funds budgeted.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Alliance considers investments in the County Treasurer to be cash equivalents.

Note 2 - Investments

Policies and Practices

The Orange County Department of Education, as part of its contractual services provided for the Alliance, maintains all investments for the Alliance in the County Treasury. The Orange County Department of Education is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Deposits with County Treasurer

Deposits with the County Treasurer is an external investment pool sponsored by the County of Orange. In accordance with its agreement, the Alliance maintains all of its cash in the Orange County Treasury Investment Pool. Therefore, the Alliance is considered to be a voluntary participant in an external investment pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that the change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Consortium does not have a form investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Alliance manages its exposure to interest rate risk by primarily investing in the Orange County Treasury Investment Pool. The Alliance maintains an investment of \$364,348 with the Orange County Treasury Investment Pool with an average maturity of 287 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Orange County Treasury Investment Pool has been rated Aaa by Moody's Investor Service.

Note 3 - Fair Value Measurements

The Alliance categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the Alliance has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Alliance 's own data. The Alliance should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the Alliance are not available to other market participants.

As of June 30, 2022, the Alliance's investments of \$364,348 in the Orange County Treasury Investment Pool are uncategorized.



Other Information
June 30, 2022

Orange County Special Education Alliance

Executive Committee

<u>Representative</u>	<u>Member Agency</u>
Christopher Downing	Anaheim Elementary School District
Michael Matsuda	Anaheim Union High School District
Brinda Leon ¹	Brea-Olinda Unified School District
Ramon Miramontes	Buena Park School District
Kirsten Vital	Capistrano Unified School District
Norma Martinez	Centralia School District
Anne Silavs	Cypress School District
Katherine Stopp ²	Fountain Valley School District
Scott Scambray Ed.D	Fullerton Joint Union High School District
Robert Pletka, Ed.D	Fullerton School District
Gabriela Mafi, Ed.D	Garden Grove Unified School District
Leisa Winston	Huntington Beach City School District
Clint Harwick, Ed.D	Huntington Beach Union High School District
Terry Walker	Irvine Unified School District
Joanne Culverhouse, Ed.D	La Habra City School District
Jason Vilorio	Laguna Beach Unified School District
Andrew Pulver	Los Alamitos Unified School District
Jim Combs ³	Lowell Joint School District
Frank Donovan, Ed.D	Magnolia School District
Wesley Smith ⁴	Newport-Mesa Unified School District
Carol Hansen, Ed.D	Ocean View School District
Gunn Marie Hansen, Ph.D	Orange Unified School District
James Elasser	Placentia-Yorba Linda Unified School District
Crystal Turner	Saddleback Valley Unified School District
Jerry Almendarez	Santa Ana Unified School District
Sue Johnson, Ed.D	Savanna School District
Mark Johnson ⁵	Tustin Unified School District
Cyndi Paik	Westminster School District
Al Mijares, Ph.D	Orange County Department of Education

¹ Brinda Leon became the interim Superintendent of Brea Olinda Unified School District when Brad Mason left in January 2022.

² Katherine Stopp became the Superintendent of Fountain Valley School District in April 2022.

³ Lowell Joint School District transferred to Orange County Department of Education’s jurisdiction on July 1, 2021 .

⁴ Wesley Smith became the Superintendent of Newport-Mesa Unified School District October 2021.

⁵ Mark Johnson became the Superintendent of Tustin Unified School District in January 2022.

Review Committee

<u>Representative</u>	<u>Member Agency</u>
Frank Donovan, Chair	Superintendent, Magnolia School District
Clint Harwick, Vice Chair	Superintendent, Huntington Beach City School District
Jim Coombs ¹	Superintendent, Brea-Olinda Unified School District
Terry Walker	Superintendent, Irvine Unified School District
Gabriela Mafi	Superintendent, Garden Grove Unified School District
Jean Martin	Director, North Orange County SELPA
Amy Lambert	Director, Tustin Unified School District SELPA
Paul Lavigne	Director, Greater Anaheim SELPA
David Giordano	Assistant Superintendent, Business Services, Placentia-Yorba Linda Unified School District
Jennifer Fant	Attorney, Harbottle Law Group
Justin Shinnefield	Attorney, Atkinson Andelson, Loya, Ruud, & Romo
Lysa Saltzman	Counsel, Orange County Department of Education

Treasurer/Auditor

Renee Hendrick	Associate Superintendent, Administrative Services, Orange County Department of Education
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Administration

Administrative Support provided by OCDE Legal Services

¹ Lowell Joint School District transferred to Orange County Department of Education's jurisdiction on July 1, 2021 .



Independent Auditor's Reports
June 30, 2022

Orange County Special Education Alliance



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Executive Committee and Review Committee
Orange County Special Education Alliance
Costa Mesa, California

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 statement of the Orange County Special Education Alliance (the Alliance), which comprise the statement of net position as of June 30, 2022, and the related statement of revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alliance's internal control over financial reporting (internal control) as a basis for designing 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 Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Alliance'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Alliance'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 Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 15, 2022