



Financial Statements
June 30, 2024

Orange County Special Education Alliance

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Independent Auditor's Report

To the 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, 2024, 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 Orange County Special Education Alliance JPA, as of June 30, 2024, 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 GAAS, 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 financial statements. The other information is 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 16, 2024 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 16, 2024

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, 2024. 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. Overtime, the focus of the Alliance shifted to supporting districts with professional development related to special education as well as legislative advocacy.

Membership

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

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 Change 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 Alliance 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 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 \$354,154 for the fiscal year ended June 30, 2024.

| | <u>2024</u> | <u>2023</u> |
|---------------------|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Investments | \$ 360,712 | \$ 369,593 |
| Receivables | - | 4,237 |
| | <u> </u> | <u> </u> |
| Total assets | <u>\$ 360,712</u> | <u>\$ 373,830</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 6,558 | \$ 804 |
| | <u> </u> | <u> </u> |
| Net Position | <u>\$ 354,154</u> | <u>\$ 373,026</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>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Operating Income | | |
| Member contributions | \$ 42,954 | \$ 39,698 |
| Operating Expenses | | |
| Professional consulting services and other operating expenses | 54,697 | 29,221 |
| Management fees | 5,098 | 2,732 |
| Total operating expenses | <u>59,795</u> | <u>31,953</u> |
| Net Operating Income (Loss) | <u>(16,841)</u> | <u>7,745</u> |
| Non-Operating Income (Loss) | | |
| Change in fair market value of pooled investments | <u>(2,031)</u> | <u>2,197</u> |
| Change in Net Position | (18,872) | 9,942 |
| Net Position, Beginning of Year | <u>373,026</u> | <u>363,084</u> |
| Net Position, End of Year | <u>\$ 354,154</u> | <u>\$ 373,026</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 March 6, 2024.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

For the 2023-2024 school year, the Alliance continued to assess \$0.10 cents per ADA. The various amounts allocated for professional development were combined into one account to provide greater flexibility in planning professional development trainings for the districts. There were no other significant changes to the budget.

The Alliance continued to plan for a two-part professional development series on Maintenance of Effort, in partnership with Schools Services of California to take place in the 2024-2025 school year. The Alliance also funded the travel/registration costs of 2 Parents/Community Advisory Committee (CAC) representatives to participate in the 2024 Legislative Sharing Day in Sacramento on May 1, 2024.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

For the 2024-2025 school year, the Alliance approved a budget maintaining an assessment of \$0.10 cents per ADA.

Orange County Special Education Alliance
Statement of Net Position
June 30, 2024

| | |
|---------------------|-------------------|
| Assets | |
| Current assets | |
| Investments | <u>\$ 360,712</u> |
| Liabilities | |
| Current liabilities | |
| Accounts payable | <u>\$ 6,558</u> |
| Net Position | <u>\$ 354,154</u> |

Orange County Special Education Alliance
Statement of Revenues, Expenditures, and Change in Net Position
Year Ended June 30, 2024

| | |
|---|--------------------------|
| Operating Income | |
| Member contributions | <u>\$ 42,954</u> |
| Operating Expenses | |
| Professional consulting services and other operating expenses | 54,697 |
| Management fees | <u>5,098</u> |
| Total operating expenses | <u>59,795</u> |
| Net Operating Loss | <u>(16,841)</u> |
| Non-Operating Loss | |
| Change in fair market value of pooled investments | <u>(2,031)</u> |
| Change in Net Position | (18,872) |
| Net Position, Beginning of Year | <u>373,026</u> |
| Net Position, End of Year | <u><u>\$ 354,154</u></u> |

Orange County Special Education Alliance

Statement of Cash Flows
Year Ended June 30, 2024

| | |
|--|--------------------------|
| Operating Activities | |
| Cash received for membership dues | \$ 47,191 |
| Cash paid for operating expenses | <u>(54,041)</u> |
| Net Cash Used for Operating Activities | <u>(6,850)</u> |
| Investing Activities | |
| Investment income | <u>(2,031)</u> |
| Net Decrease in Cash and Cash Equivalents | (8,881) |
| Cash and Cash Equivalents, Beginning of Year | <u>369,593</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 360,712</u></u> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities | |
| Operating loss | <u>\$ (16,841)</u> |
| Changes in assets and liabilities | |
| Accounts receivable | 4,237 |
| Accounts payable | <u>5,754</u> |
| Net Cash Used for Operating Activities | <u><u>\$ (6,850)</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 at 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 ledger, 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.

Receivables

Receivables generally include member contributions and interest. Management has analyzed these accounts and believes all amounts are fully collectible.

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.

The Alliance’s investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

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 Alliance manages its exposure to interest rate risk by primarily investing in the Orange County Treasury Investment Pool. The Alliance maintains an investment of \$360,712 with the Orange County Treasury Investment Pool. This investment has an average weighted maturity of 407 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 are not required to be rated nor have they been rated.



Other Information
June 30, 2024

Orange County Special Education Alliance

Orange County Special Education Alliance

Executive Committee (Unaudited)

June 30, 2024

Executive Committee

| <u>Representative</u> | <u>Member Agency</u> |
|--------------------------|---|
| Christopher Downing | Anaheim Elementary School District |
| Michael B. Matsuda | Anaheim Union High School District |
| Brinda C. Leon | Brea Olinda Unified School District |
| Julienne Lee, Ed.D. | Buena Park School District |
| Christopher Brown, Ed.D. | Capistrano Unified School District |
| Norma E. Martinez | Centralia School District |
| Anne Silavs | Cypress School District |
| Katherine Stopp, Ed.D. | Fountain Valley School District |
| Steve McLaughlin, 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, Ed.D. | Huntington Beach City School District |
| Clint Harwick, Ed.D. | Huntington Beach Union High School District |
| Terry L. Walker | Irvine Unified School District |
| Mario A. Carlos, Ed.D. | La Habra City School District |
| Jason Vilorio, Ed.D. | Laguna Beach Unified School District |
| Andrew Pulver, Ed.D. | Los Alamitos Unified School District |
| Jim Coombs | Lowell Joint School District |
| Frank Donovan, Ed.D. | Magnolia School District |
| Wesley Smith, Ed.D. | Newport-Mesa Unified School District |
| Michael Conroy, Ed.D. | Ocean View School District |
| Ernest Gonzalez | Orange Unified School District |
| Alex Cherniss, Ed.D. | Placentia-Yorba Linda Unified School District |
| Crystal Turner, Ed.D. | Saddleback Valley Unified School District |
| Jerry Almendarez | Santa Ana Unified School District |
| Sue Johnson, Ed.D. | Savanna School District |
| Mark Johnson, Ed.D. | Tustin Unified School District |
| Gunn Marie Hansen, Ed.D. | Westminster School District |
| Al Mijares, Ph.D. | Orange County Department of Education |

Review Committee

| <u>Representative</u> | <u>Member Agency</u> |
|----------------------------------|---|
| Frank Donavan, Ed.D., Chair | Superintendent, Magnolia School District |
| Clint Harwick, Ed.D., Vice Chair | Superintendent, Huntington Beach City School District |
| Jim Coombs | Superintendent, Lowell Joint School District |
| Terry L. Walker | Superintendent, Irvine Unified School District |
| Gabriela Mafi, Ed.D. | Superintendent, Garden Grove Unified School District |
| Sue Singh, Ed.D. | Director, Orange Unified School District, SELPA |
| Kristin Cinco | Director, Anaheim Elementary School District, SELPA |
| Renee Gray | Assistant Superintendent, Student Support Services, Placentia-Yorba Linda Unified School District, SELPA |
| Scott Martin | Assistant Superintendent, Business Services, Centralia School District |
| Jennifer Fant, Esq. | Attorney, Harbottle Law Group |
| Justin Shinnefield, Esq. | Attorney, Atkinson Andelson, Loya, Ruud, & Romo |
| Lysa Saltzman, Esq. | Counsel, Orange County Department of Education |

Treasurer/Auditor

| | |
|----------------|---|
| David Giordano | Assistant Superintendent, Administrative Services, Orange County Department of Education |
|----------------|---|

Administration

Administrative Support provided by OCDE Legal Services



Independent Auditor's Reports
June 30, 2024

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***

To the 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 (*Government Auditing Standards*), the financial statement of the Orange County Special Education Alliance (the Alliance), which comprise the statement of net position as of June 30, 2024, 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 16, 2024.

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 were not 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 16, 2024