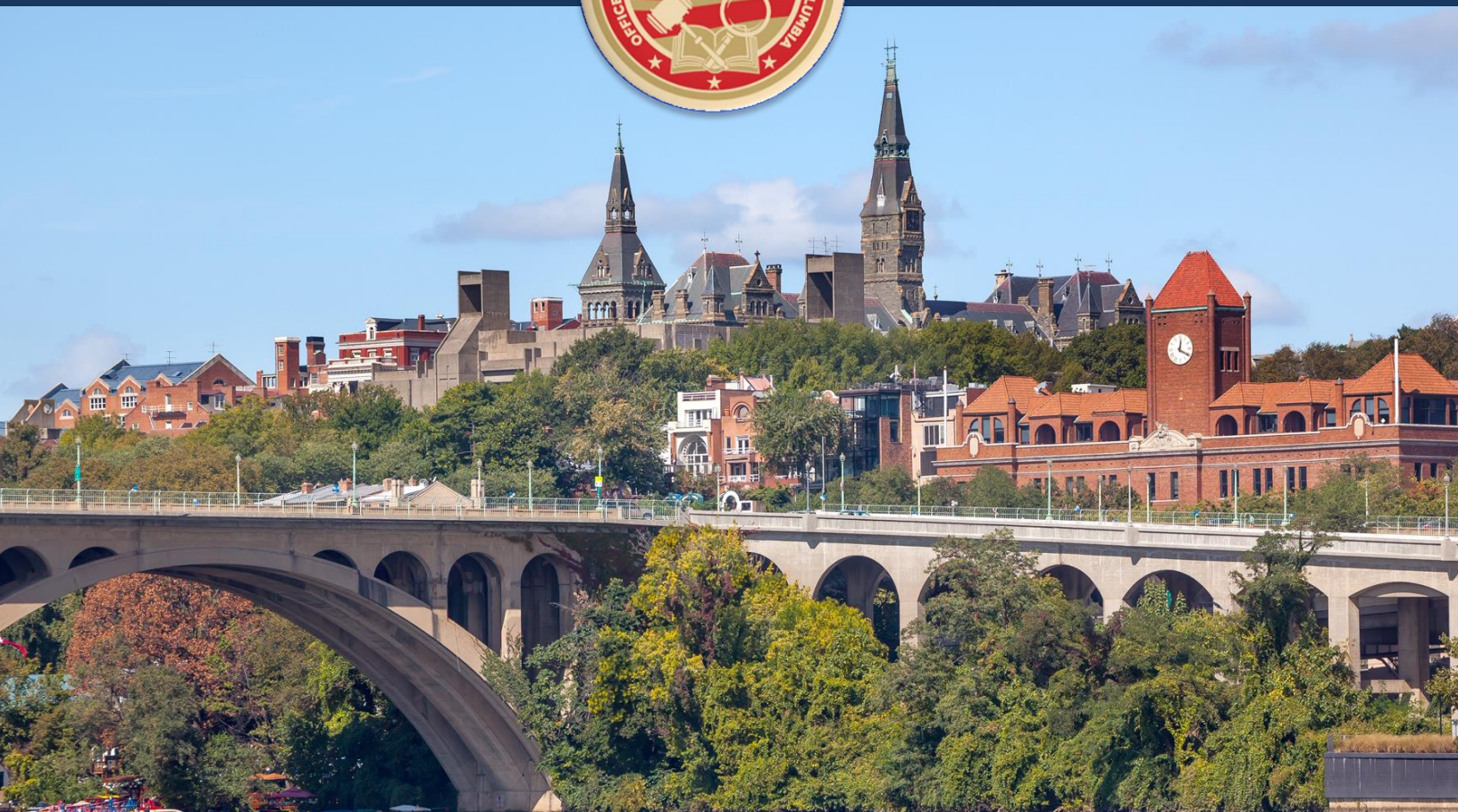


DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 20-1-10UC

January 2020



GOVERNMENT OF THE DISTRICT OF COLUMBIA E911/E311 FUND

Financial Statements Together
With Reports of Independent Public Accountants
For Fiscal Years Ended September 30, 2019 and 2018

Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
* Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration
* Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world-class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence!

Core Values

Excellence * Integrity * Respect * Creativity * Ownership
* Transparency * Empowerment * Courage * Passion
* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA

Office of the Inspector General

Inspector General



January 31, 2020

The Honorable Muriel Bowser
Mayor of the District of Columbia
Mayor's Correspondence Unit
1350 Pennsylvania Avenue, N.W., Suite 316
Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004


Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *Government of the District of Columbia E911/E311 Fund Financial Statements Together With Reports of Independent Public Accountants for the Fiscal Years Ended September 30, 2019 and 2018* (OIG No. 20-1-10UC). SB & Company, LLC (SBC) conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2019.

On December 20, 2019, SBC issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. SBC identified no material weaknesses in internal control over financial reporting.

If you have questions about this report, please contact me or Benjamin Huddle, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,


Daniel W. Lucas
Inspector General

DWL/ws

Enclosure

cc: See Distribution List

DISTRIBUTION:

Mr. Rashad M. Young, City Administrator, District of Columbia (via email)
Mr. Barry Kreiswirth, General Counsel, City Administrator, District of Columbia (via email)
The Honorable Charles Allen, Chairperson, Committee on the Judiciary and Public Safety, Council of the District of Columbia (via email)
The Honorable Kenyan R. McDuffie, Chairperson, Committee on Business and Economic Development, Council of the District of Columbia (via email)
The Honorable Brandon T. Todd, Chairperson, Committee on Government Operations (via email)
Mr. John Falcicchio, Chief of Staff, Office of the Mayor (via email)
Ms. LaToya Foster, Director of Communications, Office of Communications, Executive Office of the Mayor (via email)
Ms. Jennifer Reed, Director, Office of Budget and Performance Management, Office of the City Administrator (via email)
Ms. Nyasha Smith, Secretary to the Council (via email)
The Honorable Karl Racine, Attorney General for the District of Columbia (via email)
Mr. Jeffrey DeWitt, Chief Financial Officer, Office of the Chief Financial Officer (via email)
Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer (via email)
The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor,
Attention: Cathy Patten (via email)
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management (via email)
Ms. Berri Davis, Director, FMA, GAO, (via email)
Mr. Graylin (Gray) Smith, Partner, SB and Company, LLC (via email)

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Financial Statements Together
With Reports of Independent Public Accountants**

For the Years Ended September 30, 2019 and 2018



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

SEPTEMBER 30, 2019 AND 2018

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Balance Sheets	6
Statements of Revenues, Expenditures, and Changes in Fund Balance	7
Notes to the Financial Statements	8
Budgetary Comparison Schedule	10
Notes to the Budgetary Comparison Schedule	11
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS OVER REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	12



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Mayor and the Council of the Government of the District of Columbia,
Inspector General of the Government of the District of Columbia:

Report on the Financial Statements

We have audited the accompanying balance sheets of the Government of the District of Columbia E911/E311 Fund (the Fund), a part of the General Fund of the Government of District of Columbia, as of September 30, 2019 and 2018, the related statements of revenues, expenditures, and changes in fund balance for the years then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the Fund are intended to present only the Fund and do not purport to, and do not, present fairly the financial position of the Government of the District of Columbia as of September 30, 2019 and 2018, and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5, and budgetary comparison schedule on page 10, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Fund's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls 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 Fund's internal controls over financial reporting and compliance.

Washington, D.C.
December 20, 2019

SB & Company, LLC

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Management's Discussion and Analysis
As of September 30, 2019 and 2018**

The following is a discussion and analysis of the Government of the District of Columbia ("District") E911/E311 Fund's ("Fund") financial performance for the fiscal years ended September 30, 2019 and 2018. The Office of Unified Communications, which is an independent District agency, is responsible for the administration of the Fund. The financial statements and accompanying notes on pages 6 through 9 should be read in conjunction with this discussion.

Basic Financial Statements

The Fund's basic financial statements are comprised of two components: fund financial statements and notes to the financial statements.

- **Fund Financial Statements.** The governmental financial statements focus primarily on the sources, uses, and balances of current financial resources. The financial statements consist of balance sheets and statements of revenues, expenditures, and changes in fund balances.
- **Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Financial Highlights

2019

- Pooled Cash increased by \$22,701,491 or 380%. The increase was due to \$23.9M District Council-approved revenue transfer from Events DC.
- Fund balance increased by \$22,945,685 or 302%. The net increase was due to the \$23.9M District Council-approved revenue transfer from Events DC, offset by \$1M in fund balance used in fiscal year 2019.

2018

- Pooled Cash decreased by \$886,419 or (13%). The decrease was due to current year expenditures exceeding current year revenue.
- Fund balance decreased by \$1,016,083 or (12%). The decrease was due to decreased revenue and usage of fund balance in fiscal year 2017.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Management's Discussion and Analysis
As of September 30, 2019 and 2018**

Condensed Balance Sheets as of September 30, 2019, 2018, and 2017

	2019	2018	2017	2019 - 2018		2018 - 2017	
				Variance	% Variance	Variance	% Variance
Total Assets	\$ 31,479,936	\$ 8,811,140	\$ 9,506,046	\$ 22,668,796	257%	\$ (694,906)	-7%
Total Liabilities	\$ 927,153	\$ 1,204,042	\$ 882,865	\$ (276,889)	-23%	\$ 321,177	36%
Fund Balance	\$ 30,552,783	\$ 7,607,098	\$ 8,623,181	\$ 22,945,685	302%	\$ (1,016,083)	-12%

2019

- **Assets** – an increase in total assets by \$22,668,796 or 257% in fiscal year 2019 is attributed to the increase of \$23.9M cash received from District Council-approved revenue transfer from Events DC.
- **Liabilities** – The liabilities decreased in fiscal year 2019 by \$276,889 or 23%. The decrease is attributed to decreased non-personnel service costs incurred in fiscal year 2019 compared to fiscal year 2018.

2018

- **Assets** – A decrease in total assets by \$694,906 or (7%) in fiscal year 2018 is attributed expenditures exceeding revenue in fiscal year 2018.
- **Liabilities** – The liabilities increased in fiscal year 2018 by \$321,177 or 36%. The increase is attributed to a higher amount of invoices being processed at year end.

Condensed Statements of Revenues, Expenditures, and Changes in Fund Balance for the Years Ended September 30, 2019, 2018, and 2017

	2019	2018	2017	2019 - 2018		2018 - 2017	
				Variance	% Variance	Variance	% Variance
Revenue							
User Fees	\$ 11,964,155	\$ 11,812,025	\$ 11,612,532	\$ 152,130	1%	\$ 199,493	2%
Total Revenue	11,964,155	11,812,025	11,612,532	152,130	1%	199,493	2%
Expenditures							
Telephone, Teletype, Telegram	31,701	-	10,037	31,701	100%	(10,037)	-100%
Professional Fees	5,912,395	7,702,916	6,183,738	(1,790,521)	-23%	1,519,178	25%
Information Technology	6,436,117	4,472,088	6,753,907	1,964,029	44%	(2,281,819)	-34%
Other *	903,552	808,341	256,876	95,211	12%	551,465	215%
Total Expenditures	13,283,765	12,983,345	13,204,558	300,420	2%	(221,213)	-2%
Other Financing Sources							
Transfers from Other Funds	23,925,500	-	-	23,925,500	-	-	-
Interest Income	339,795	155,237	147,610	184,558	119%	7,627	5%
Total Other Financing Sources	24,265,295	155,237	147,610	24,110,058	15531%	7,627	5%
Net Change in Fund Balance	22,945,685	(1,016,083)	(1,444,416)	\$ 23,961,768	2358%	\$ 428,333	-30%
Beginning Fund Balance - October 1	7,607,098	8,623,181	10,067,597				
Ending Fund Balance - September 30	\$ 30,552,783	\$ 7,607,098	\$ 8,623,181				

Other* = General+Office Support+Supplies+Travel+Maintenance&Repairs-Aut+Tuition+F&F+E&M+Other Equipment

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Management's Discussion and Analysis
As of September 30, 2019 and 2018**

2019

- **Revenue** – The Fund assesses user fees to carriers. The fiscal year 2019 fees totaled \$11,964,155, which was an increase of \$152,130 or 1%.
- **Expenditures** – Overall expenditures increased by \$300,420 or 2%. The increase due to funds spent for upgrades to the Next Gen E911 platforms and related support, upgrades to the UCC Call Ops Center, and systems upgrades to the E311 Online portal and related maintenance and support.
- **Interest Income** – Interest income increased by \$184,558 or 119%. The increase is attributed to increased cash deposit during the 4th quarter of fiscal year 2019 and an increased interest rate in fiscal year 2019 relative to fiscal year 2018.
- **Fund Balance** - The fund balance increased by 23,961,768 or 2358%. The increase is due to the District Council-approved revenue transfer from Events DC.

2018

- **Revenue** – The Fund assesses user fees to carriers. The fiscal year 2018 fees totaled \$11,812,025, which was an increase of \$199,493 or 2%.
- **Expenditures** – Overall expenditures decreased by \$221,213 or (2%). The decrease due to in office support expenditures (i.e. interns, employee sustainability, etc.) funded by MOUs.
- **Interest Income** – Interest income increased by \$7,627 or 5%. The increase is attributed to an increase in the interest rate.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Balance Sheets
As of September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Pooled Cash	\$ 28,670,194	\$ 5,968,703
Accounts Receivable	<u>2,809,742</u>	<u>2,842,437</u>
Total Assets	<u><u>\$ 31,479,936</u></u>	<u><u>\$ 8,811,140</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Vouchers Payable	<u>\$ 927,153</u>	<u>\$ 1,204,042</u>
Total Liabilities	<u>927,153</u>	<u>1,204,042</u>
Fund Balance		
Restricted	<u>30,552,783</u>	<u>7,607,098</u>
Total Fund Balance	<u>30,552,783</u>	<u>7,607,098</u>
Total Liabilities and Fund Balance	<u><u>\$ 31,479,936</u></u>	<u><u>\$ 8,811,140</u></u>

The accompanying notes are an integral part of these financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenue:		
Wireline, Wireless, and VOIP User Fees	\$ 11,503,204	\$ 11,277,834
Prepaid Wireless and Internet User Fees	460,951	534,191
Total Revenue	<u>11,964,155</u>	<u>11,812,025</u>
Expenditures:		
Supplies	20,000	43,432
General	232,949	254,333
Telephone, Teletype, Telegram, etc.	31,701	-
Travel	9,967	12,735
Maintenance & Repairs - Auto	33,804	22,899
Professional Services	5,912,395	7,702,916
Office Support	293,381	259,160
IT Training	-	14,300
Tuition Reimbursement	261,189	-
IT Hardware Maintenance	257,291	648,637
IT Software Maintenance	5,486,484	3,271,901
IT Assessment	559,511	453,885
Furniture & Fixtures	40,948	-
Equipment & Machinery	11,314	215,783
IT Hardware Acquisitions	114,835	55,327
IT Software Acquisitions	17,996	28,037
Total Expenditures	<u>13,283,765</u>	<u>12,983,345</u>
Excess of Expenditures Over Revenue	(1,319,610)	(1,171,320)
Other Financing Sources		
Interest Income	339,795	155,237
Transfer from the District's General Fund	23,925,500	-
Net Change in Fund Balance	22,945,685	(1,016,083)
Beginning Fund Balance	7,607,098	8,623,181
Ending Fund Balance	<u>\$ 30,552,783</u>	<u>\$ 7,607,098</u>

The accompanying notes are an integral part of these financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Notes to the Financial Statements
September 30, 2019 and 2018**

NOTE 1 DESCRIPTION OF FUND

The Emergency and Non-Emergency Number Telephone Calling Systems Fund (the “Fund”) was created on August 11, 2000 pursuant to the Emergency and Non-Emergency Telephone Calling Systems Fund Act of 2000 (the “Act”). The Fund is part of the General Fund of the District of Columbia (the “District”) and is funded by user fees imposed by the Act. The user fees are collected from providers who have subscribers with wireless, wireline, voice over internet protocol services and prepaid wireless services. The Office of Unified Communications (OUC), a separate District agency, is responsible for the administration of the Fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Fund is part of the General Fund of the District. These financial statements present only the Fund and are not intended to present fairly the financial position or changes in financial position of the District as a whole in conformity with accounting principles generally accepted in the United States of America. Additionally, the Fund’s accompanying financial statements are not indicative of the Fund as if it were a stand-alone entity. In addition, the management’s discussion and analysis section is not required, however the management of the Fund elected to include this section.

Measurement Focus and Basis of Accounting

The financial statements are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available when collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, any revenue collected within 60 days after year-end is considered available to pay liabilities of the Fund. Expenditures are recorded when the liability is incurred.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities. These estimates also affect the contingent assets and liabilities at the date of the financial statements and the reported amounts of receivables and expenses during the period. Accordingly, actual results could differ from those estimates.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Notes to the Financial Statements
September 30, 2019 and 2018**

NOTE 3 POOLED CASH

The Fund's cash is deposited into an invested pooled account with the District. In accordance with District policies, substantially all of its deposits were insured or collateralized with securities held by the District or by its agent in the name of the District.

As required by D.C. Law 34-1802, the District allocates to the Fund its share of interest income earned from the pooled account. In fiscal years 2019 and 2018, interest income allocated to the Fund was \$339,795 and \$155,237, respectively. As of September 30, 2019 and 2018, the Fund's pooled cash with the District was \$28,670,194 and \$5,968,703 respectively.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable represents the fees owed by carriers. As of September 30, 2019 and 2018, accounts receivable were \$2,809,742 and \$2,842,437, respectively. All amounts were collected subsequent to year-end, and therefore, there was no allowance for uncollectible receivables as of September 30, 2019 and 2018.

NOTE 5 SUBSEQUENT EVENTS

The District has evaluated any subsequent events through the date this report was available for issuance, which is December 20, 2019. The review revealed no material events that would have an effect on the financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Budgetary Comparison Schedule
For the Year Ended September 30, 2019**

	Budget Adopted and Final	Actual	Variance
Revenue:			
User Fees	\$ 16,359,727	\$ 11,964,155	\$ 4,395,572
Total Revenues	16,359,727	11,964,155	4,395,572
Expenditures:			
Supplies	381,125	252,949	128,176
Telephone, Teletype, Telegram	15,000	31,701	(16,701)
Travel	32,000	9,967	22,033
Maintenance & Repairs - Auto	61,011	33,804	27,207
Professional Services	8,180,067	5,912,395	2,267,672
Contractual Services	-	-	-
IT Training	-	-	-
Tuition Reimbursement	300,000	261,189	38,811
IT Hardware Maintenance	445,175	257,291	187,884
IT Software Maintenance	5,053,880	5,486,484	(432,604)
IT Assessment	1,070,469	559,511	510,958
IT Hardware Acquisitions	370,000	114,835	255,165
IT Software Acquisitions	12,000	17,996	(5,996)
Equipment & Machinery	-	52,262	(52,262)
Other	-	-	-
Office Support	439,000	293,381	145,619
Total Expenditures	16,359,727	13,283,765	3,075,962
Excess of Expenditures Over Revenue	\$ -	\$ (1,319,610)	\$ 1,319,610

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
E911/E311 FUND**

**Notes to the Budgetary Comparison Schedule
For the Year Ended September 30, 2019**

NOTE 1 BUDGET BASIS

The Fund has a legally adopted budget approved by the District's City Council. Pursuant to the Reprogramming Policy Act, the District may reallocate budget amounts within an appropriation title. No reallocations occurred within the Fund in fiscal year 2019. The budgetary comparison schedule has been prepared in accordance with the accounting principles generally accepted in the United States of America.



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS
OVER REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Mayor and the Council of the Government of the District of Columbia,
Inspector General of the Government of the District of Columbia:

We have audited, in accordance with the 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 the Government of the District of Columbia's E911/E311 Fund (the Fund) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated December 20, 2019.

Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal controls over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal controls.

A *deficiency in internal controls* 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 controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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 determination of financial statement amounts. 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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, D.C.
December 20, 2019

S B & Company, LLC