

**SPECIALIZED EDUCATION OF FLORIDA, INC.  
(A SUBSIDIARY OF FB TOPCO, INC.,  
FORMERLY KNOWN AS CATAPULT  
LEARNING, INC.)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Year Ended July 31, 2021*

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**

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YEAR ENDED JULY 31, 2021

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## ***Independent Auditors' Report***

To the Board of Directors and Shareholders  
Specialized Education of Florida, Inc.  
Camden, New Jersey

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Specialized Education of Florida, Inc. (a Subsidiary of FB Topco, Inc., formerly known as Catapult Learning, Inc.), which comprise the balance sheet as of July 31, 2021, and the related statements of operations and accumulated deficit and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 audit 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 from 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 control 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 control. 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Specialized Education of Florida, Inc. as of July 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors and Shareholders  
Specialized Education of Florida, Inc.  
Camden, New Jersey

### ***Emphasis of Matter***

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note A to the financial statements, the entity has suffered an accumulated deficit and has terminated a contract which provided for all of the entity's revenues in the fiscal year ending July 31, 2021. The accumulated deficit and contract termination raise substantial doubt about the entity's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note A. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

As discussed in Note B, Specialized Education of Florida, Inc. adopted new accounting guidance, implementing the FASB's ASU 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 25, 2021, on our consideration of Specialized Education of Florida, Inc.'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 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 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 Specialized Education of Florida, Inc.'s internal control over financial reporting and compliance.

*Maillie LLP*

Limerick, Pennsylvania  
October 25, 2021

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**

**BALANCE SHEET**

**JULY 31, 2021**

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ASSETS

CURRENT ASSETS

Cash	\$	20,969
Accounts receivable, net		<u>85,317</u>
TOTAL CURRENT ASSETS		106,286

PROPERTY AND EQUIPMENT, NET		<u>11,643</u>
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TOTAL ASSETS	\$	<u><u>117,929</u></u>
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LIABILITIES AND SHAREHOLDERS' DEFICIENCY

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	11,961
Due to parent		<u>500,055</u>
TOTAL CURRENT LIABILITIES		<u>512,016</u>

SHAREHOLDERS' DEFICIENCY

Common stock, \$.01 par value, 1,000 shares authorized, 100 issued and outstanding		1
Accumulated deficit		<u>(394,088)</u>
TOTAL SHAREHOLDERS' DEFICIENCY		<u>(394,087)</u>

TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	\$	<u><u>117,929</u></u>
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*See accompanying notes.*

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT  
YEAR ENDED JULY 31, 2021

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REVENUE	
Program revenues	\$ <u>280,921</u>
OPERATING EXPENSES	
Program expenses	424,991
Management, general and administrative	<u>57,263</u>
TOTAL OPERATING EXPENSES	<u>482,254</u>
NET LOSS	(201,333)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	<u>(192,755)</u>
ACCUMULATED DEFICIT, END OF YEAR	\$ <u><u>(394,088)</u></u>

*See accompanying notes.*

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**

STATEMENT OF CASH FLOWS  
YEAR ENDED JULY 31, 2021

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CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (201,333)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation	6,806
Increase in accounts receivable	(85,317)
Increase in accounts payable and accrued expenses	(2,404)
NET CASH USED BY OPERATING ACTIVITIES	<u>(282,248)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net repayments to parent	<u>(219,388)</u>
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NET DECREASE IN CASH	(501,636)
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CASH AT BEGINNING OF YEAR	<u>522,605</u>
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CASH AT END OF YEAR	<u><u>\$ 20,969</u></u>
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*See accompanying notes.*

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2021

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**NOTE A - DESCRIPTION OF BUSINESS**

Specialized Education of Florida, Inc. (the "Company") provides an alternative education program for children of Miami-Dade County, Florida. The Company is a wholly-owned subsidiary of FB Topco, Inc. (formerly known as Catapult Learning, Inc.) ("FB Topco") and was formed in August 2012.

As of July 31, 2021, the Company has an accumulated deficit. In July 2021, the Company provided the School Board of Miami-Dade County, Florida ("the School Board") with written notice of its intent to terminate its contract to provide students of Miami-Dade County, Florida an alternative education program. The termination will be effective August 30, 2021. The contract to provide services to students of Miami-Dade County, Florida accounted for all of the Company's fiscal year ending July 31, 2021, program revenues.

FB Topco has represented to the Company its intention to provide continuing financial support to the Company. The financial support will be provided to assist the Company as it expands its operations to provide specialized education to children in the State of Florida. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern; however, the above conditions raise substantial doubt about the Company's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Change in Accounting Policy**

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new accounting standard (ASC Topic 606) that amends the accounting guidance on revenue recognition. The new accounting standard is intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, and improve disclosure requirements. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services.

The principles in the standard should be applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied.



**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2021

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Company adopted the accounting standard effective August 1, 2020, using the modified retrospective approach applied only to contracts not completed as of the date of adoption. The adoption of ASC 606 did not have a significant impact on the Company's financial position, results of activities, or cash flows. Based on the Company's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. The adoption of this pronouncement did not have a material effect on the opening balances of the balance sheet and statement of operations and accumulated deficit.

**Revenue Recognition**

Students enrolled in the alternative education program are supported by the School Board. Therefore, the Company is subject to the rules and regulations of its agreement with the School Board. Funding from the School Board is based on actual student attendance as determined during semi-annual survey periods. Revenue is recognized over time, as the services are provided to the students.

**Cash and Cash Equivalents**

The Company considers time deposits in financial institutions with original maturities of 90 days or less to be cash equivalents.

**Accounts Receivable**

The Company provides services to children of Miami-Dade County, Florida and is reimbursed based on terms outlined in its contract with the School Board. The Company evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risks of specific customers, historical trends, and other information. There was no allowance for doubtful accounts at July 31, 2021.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is charged to income for the period.

**Impairment of Long-Lived Assets**

Management evaluates the carrying amount of long-lived assets, including property and equipment and finite lived intangibles, whenever changes in circumstances or events indicate that the value of such assets may not be recoverable. If impaired, the assets are recorded at fair value.

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2021

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Instruments**

The Company's financial instruments are cash and cash equivalents, accounts receivable and accounts payable. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature.

**Income Taxes**

The Company is subject to U.S. federal income tax. The Company uses the asset and liability method to account for income taxes. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes and tax carry forwards, as determined under enacted tax laws and rates.

The Company adopted guidance issued by the FASB with respect to accounting for uncertainty in income taxes as of July 16, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of realization on examination. For tax positions not meeting the "more than likely not" test, no tax benefit is recorded.

The Company files its tax returns on the consolidated basis with its parent, FB Topco. FB Topco and its subsidiaries are subject to U.S. federal income tax as well as income tax in various states.

FB Topco and its subsidiaries file a consolidated tax return for U.S. federal income tax reporting purposes. The Company has elected to use the separate return method in calculating its income tax provision (benefit) for the year ended July 31, 2021. Under the separate return method, the Company calculates its income tax provision (benefit) and deferred taxes as if it was filing its own separate tax return based on the pre-tax amounts reported by the Company.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits as a component of income tax benefit (expense).

**Concentrations of Credit Risk**

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company holds its cash primarily in one financial institution and, at times, balances may exceed federal insurance limits. The Company has not experienced any losses in its cash and temporary investment accounts and does not anticipate any significant credit risk.

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2021

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All of the Company's fiscal year ending July 31, 2021 program revenues are from services provided in accordance with its agreement with the School Board. The Company assesses the financial strength of all customers on an ongoing basis and provides for allowances when it is determined that an amount may not be collected. Historically, the Company has not experienced significant losses associated with uncollectable receivables.

**Florida Audit Requirements**

In accordance with the terms of its contracts with the School Board, the records of the Company are subject to audit by the Florida Auditor General and/or the Florida Department of Education. Therefore, the Company is contingently liable for any disallowed funding that was provided.

**Guarantees and Pledges**

The financial statements for the year ended July 31, 2021, represent the financial position and results of operations of Specialized Education of Florida, Inc. The Company's assets along with the assets of affiliated companies acquired by FB Topco are pledged with respect to the repayment of debt under a credit agreement of FB Topco dated April 24, 2018. FB Topco does not have substantial business operations and as such, cash flows required to repay the debt incurred by FB Topco will be derived from the operations of the Company and the affiliated companies acquired and charges similar in nature to those outlined in Note D will be required of the Company at least until the debt of FB Topco is repaid.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

**Goodwill and Intangibles**

Goodwill and customer relationships are reported as assets on the books of FB Topco. In 2016, FB Topco elected to adopt ASU 2014-02, which allows a nonpublic entity an accounting alternative to amortize goodwill on a straight-line basis over fifteen years. The Company receives an allocation of amortization expense from FB Topco.

**Interest**

FB Topco's interest that is allocable to SESI is charged to each subsidiary's school units. Interest expense charged to the Company for the year ended July 31, 2021, totaled \$26,237.

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2021

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Date of Management's Review**

Management has evaluated subsequent events through October 25, 2021, the date which the financial statements were available to be issued.

**NOTE C - REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Disaggregation of Revenues, Performance Obligations and Significant Judgments**

The Company's revenue from contracts with customers consist of revenues from services provided to students that are supported by the School Board. These revenues are reported as program revenue on the statement of operations and accumulated deficit. For performance obligations related to these program revenues, control transfers over time as the services are provided in accordance with the agreement with the School Board.

**Contract Assets and Liabilities**

Contract assets would arise when the Company recognizes revenue for amounts that cannot yet be billed under the terms of the contract. Contract liabilities would arise when the Company receives payments from customers in advance of recognizing revenue. The Company does not have any material contract assets or liabilities as of July 31, 2021.

**NOTE D - RELATED-PARTY TRANSACTIONS**

FB Topco incurs certain general, administrative, and overhead costs on behalf of the Company, as well as its subsidiaries in other states. Costs charged to the Company for the year ended July 31, 2021 totaled \$69,911. These costs consist of \$26,237 of operating interest, \$25,636 of amortization, \$8,886 of regional overhead and \$9,152 of other general, administrative, and overhead costs. Operating interest and regional overhead are reported as program expenses in the statement of operations. Amortization and other general, administrative, and overhead costs are reported as management, general and administrative expenses.

FB Topco also charges licensing fees to the school units in each of its operating subsidiaries, which are assessed at 8% of school revenues. Generally, such fees are paid in exchange for the use of the parent's specialized expertise in the design, implementation, and operation of private special education schools, including without limitation, proprietary business systems, classroom models, brand promotion, logos, trademarks, quality control standard operating procedures, training, and outreach. Licensing fees charged to the Company totaled \$22,474 for the year ended July 31, 2021 and are reported within management, general and administrative expenses.

Advances from FB Topco to the Company are unsecured and payable on demand without interest. Total advances to the Company were \$500,055 at July 31, 2021.

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2021

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**NOTE D - RELATED-PARTY TRANSACTIONS (Continued)**

FB Topco represented to the Company its intention to provide continuing financial support to the Company. The financial support will be provided to assist the Company as it expands its operations to provide specialized education to children in the State of Florida.

**NOTE E - PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following at July 31, 2021:

Leasehold improvements	\$ 5,500
Furniture and equipment	<u>36,207</u>
Total property and equipment	41,707
Less: accumulated depreciation	<u>(30,064)</u>
Property and equipment, net	<u>\$ 11,643</u>

Estimated lives used in the calculation of depreciation for financial statement purposes are generally three to seven years. Depreciation expense for the fiscal year ended July 31, 2021 was \$6,806.

**NOTE F - INCOME TAXES**

The Company's tax expense would differ from statutory rates due to permanent differences from items that are included in expenses for book purposes but are not deductible for tax purposes, such as meals and entertainment and lobbying expenses. Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Realization of any portion of the Company's deferred tax assets is dependent on the availability of taxable income in the relevant jurisdictions. The Company considers all sources of taxable income including (a) taxable income in any available carry back period, (b) the reversal of temporary differences, (c) tax planning strategies, and (d) taxable income expected to be generated in the future other than reversing temporary differences.

For financial reporting purposes, the Company has incurred a loss in each of the years ended July 31, 2021, 2020, 2019, and 2018. Based on the available evidence including the Company's history of losses, management believes it is more likely than not that its net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at July 31, 2021.

FB Topco and its subsidiaries files a consolidated tax return for U.S. federal income tax reporting purposes. During the year ended July 31, 2021, FB Topco principle provisions of the methods by which the consolidated amounts of current and deferred tax expense is allocated to the Company has not changed which is a method that allocates current and deferred taxes to the Company as if it were a separate taxpayer. The Company does not have any significant deferred taxes items other than net operating losses carry forwards.

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2021

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**NOTE F - INCOME TAXES (Continued)**

No uncertain tax positions have been allocated to the Company from FB Topco as of July 31, 2021.

FB Topco and its subsidiaries are subject to U.S. federal income tax as well as various other state income taxes. FB Topco tax returns are generally subject to examination by taxing authorities for three years.

**NOTE G - EMPLOYEE BENEFIT PLAN**

The Company, FB Topco, and its subsidiaries maintain a defined contribution retirement plan which covers substantially all employees. The plan provides that eligible employees may make voluntary contributions to the plan to which the Company adds matching contributions at predetermined percentages. There were no matching contributions for the year ended July 31, 2021.

**NOTE H - SELF-INSURANCE**

FB Topco sponsors a self-insured employee welfare benefit plan for healthcare coverage. An administrative services agreement was signed with a third-party company (claims administrator) to administer the costs and claims associated with the plan. A portion of the expense is allocated to the Company.

**NOTE I - RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic which has impacted the global economy. Any state-mandated quarantines, labor shortages or other disruptions to operations may adversely impact the Company's ability to provide its services and operating results. The Company is able to transition to remote services as necessary and is able to bill the School Board for remote services. The COVID-19 pandemic is still on-going and the extent of any future financial impact on the Company's financial position, operations and cash flows is uncertain and cannot be reasonably estimated at this time.

## **SUPPLEMENTARY INFORMATION**

**SPECIALIZED EDUCATION OF FLORIDA, INC.**  
**(A SUBSIDIARY OF FB TOPCO, INC.)**

**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JULY 31, 2021**

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PROGRAM EXPENSES

Employee compensation and related expenses	\$ 356,386
Other program/operating expense	20,975
Direct administrative expense	7,862
Other expenses	6,709
Depreciation, amortization and interest	33,059
TOTAL PROGRAM EXPENSES	<u>424,991</u>

MANAGEMENT, GENERAL AND ADMINISTRATIVE

Employee compensation and related expenses	6,601
Occupancy	236
Other program/operating expense	864
Subcontractor expense	22,474
Other expenses	23
Depreciation and amortization	27,065
TOTAL MANAGEMENT, GENERAL AND ADMINISTRATIVE	<u>57,263</u>

TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 482,254</u></u>
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***Independent Auditors' 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 Board of Directors and Shareholders  
Specialized Education of Florida, Inc.  
Camden, New Jersey

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 Specialized Education of Florida, Inc., which comprise the balance sheet as of July 31, 2021 and the related statements of operations and accumulated deficit, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Specialized Education of Florida, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Specialized Education of Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Specialized Education of Florida, Inc.'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 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 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 may exist that have not been identified.

To the Board of Directors and Shareholders  
Specialized Education of Florida, Inc.  
Camden, New Jersey

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Specialized Education of Florida, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maillie LLP

Limerick, Pennsylvania  
October 25, 2021