

ACCEL AND SUBSIDIARIES

REPORT TO THE BOARD OF DIRECTORS

Year Ended June 30, 2020



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To the Board of Directors of

ACCEL and Subsidiaries

We have audited the consolidated financial statements of **ACCEL and Subsidiaries** (the “Organization”) for the year ended June 30, 2020 and have issued our report thereon dated May 13, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 7, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were estimates related to the valuation of receivables, recognition of tuition and clinic revenue, recognition of contribution revenue, and the depreciable lives assigned to property and equipment.

Management’s estimate of the valuation of receivables and related allowances is based on historical collections and projected collectability of outstanding balances. Tuition revenue is earned from contracts with school districts and through scholarships. Revenue is earned through performance obligations that are satisfied over time as the instruction services are provided over the course of each month to students, based on agreed-upon rates. Management’s estimate of contribution revenue is based on the stipulations of the contribution as directed by the donor and estimates related to the satisfaction of stated conditions, if any, in the awards from donors. Management’s estimate of depreciation is based upon estimated useful lives of three to thirty years computed on a straight-line basis.

We evaluated the key factors and assumptions used to arrive at the estimates noted above in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Certain consolidated financial statement disclosures are particularly sensitive because of their significance to consolidated financial statement users. The most sensitive disclosure affecting the consolidated financial statements were the Organization's operations and summary of significant accounting policies in Note 1, bonds payable in Note 5, net assets with donor restrictions in Note 7, income taxes in Note 8, risks and uncertainties in Note 11, and liquidity and availability of resources in Note 12.

The consolidated financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered some difficulties in receiving timely and accurate information for certain audit areas. A significant volume of adjustments were required. Ultimately, all required information was provided by management.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements as noted in Exhibit I, other than the uncorrected misstatements as summarized in Exhibit II. Management has determined that the effects of the uncorrected misstatements are immaterial to the consolidated financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

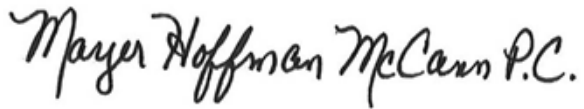
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the additional information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the additional information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of Board of Directors and management of **ACCEL and Subsidiaries** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Mayer Hoffman McCann P.C." in a cursive, professional style.

May 13, 2021

EXHIBIT I – CORRECTED MISSTATEMENTS

Number	Description	Debit	Credit
1	Accrued worker's compensation	43,860	
	Prepaid workers compensation		43,860
	<i>To adjust accrued expenses and prepaid worker's comp</i>		
2	UMB Bank - Repair & Replacement Fund	5,922	
	UMB - Bond Redemption Fund	222,835	
	Accounts Receivable		240,561
	Bond Cost of Issuance Fund		198,149
	Expense Fund	4,216	
	Project Fund		7,481
	Debt Service Reserve Fund		14,700
	Prepaid Other	14,456	
	Accum Amort - Bank Loan Fees	435,754	
	Deferred Bond Financing		199,721
	Bond Issuance Costs - Current		1,701
	Accounts Payable - Operating	392,682	
	Short Tern - NBAZ Bond		235,000
	Long Term Debt - 2018 Bonds	465,000	
	Deferred Rent Expense-3310 Cheryl		76,692
	Deferred Rent Expense-AS Annex		17,898
	Deferred Rent Expense-BISTÅ	4,685	
	Accrual - Other		11,538
	Accrued Interest		309,976
	Fund Earnings		90,329

	Other Professional Services - Admin		87
	Rent - Admin	12,041	
	Interest Expense - Admin		47,837
	Earnings on Sinking Funds		22,564
	2018 Bond Amortization Expense		124,798
	Bond Financing - Tempe		15,920
	Rent - Adult Services	64,652	
	Rent - BISTÅ		7,291
	<i>Audit adjustment to reconcile bond funds, accrued interest, amortization, and to adjust deferred rent and related accounts</i>		
3	Revenue – Admin – Consulting	225,718	
	Due to/From ACCEL Intl		225,718
	<i>Audit adjustment to update the due to/due from ACCEL international</i>		
4	Bond Cost of Issuance Fund	273	
	Interest Expense – Admin		273
	<i>To adjust bond cost of issuance fund</i>		
5	Bond Issuance Costs - Current	37,222	
	Short Term - Corp Autos		4,257
	Long Term - Corp Autos		25,742
	Short Term - Chevy Silverado		539
	Short Term - Transport Vans	9,858	
	Long Term - Transport Vans	2,053	
	Short Term - Eldorado Loan		2,304
	Long Term - Eldorado Loan	5,583	
	Interest Expense - Admin	18,754	

	Extraordinary Expense		40,628
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To reconcile capital leases and bond amortization accounts

6	Salaries & Wages – Admin	118,727	
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	Accrual – Payroll		118,727
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To accrue CEO's FY20 bonus paid in July 2020

7	Short Term – SBA Loan	924,318	
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	Long Term – SBA Loan	194,537	
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	PPP Loan forgiveness		1,118,855
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To record PPP loan forgiveness

EXHIBIT II – UNCORRECTED MISSTATEMENTS

Number	Description	Debit	Credit
1	Accounts receivable	42,885	
	BISTA revenue		42,885
	<i>Adjustment to reconcile BISTA revenue per the service date report to the trial balance</i>		
2	Accounts receivable	20,233	
	DDD revenue	56,548	
	Other revenue		76,781
	<i>To adjust adult tuition revenue based on confirmed and tested revenues received from DDD</i>		
3	Various expense accounts	62,132	
	Beginning net assets		62,132
	<i>True up of prior year accrued expense, to capture expense in current year and correct for future periods</i>		
4	Other revenue	15,624	
	Beginning net assets		15,624
	<i>To adjust overstatement of other income for the ACCEL International entity</i>		
5	Bad debt expense	40,438	
	Allowance for doubtful accounts		40,438
	<i>To adjust accounts receivable for the extrapolated difference in A/R collectability</i>		
6	Amortization expense	20,455	
	Accumulated amortization		20,455

Current year impact of prior year amortization difference

<i>7</i>	<i>Impact of prior year passed adjustments with current year rollover impacts</i>	<i>12,750</i>
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