AMERICAN COLLEGE OF EDUCATION, INC.

FINANCIAL STATEMENTS

Years ended December 31, 2017 and 2016
with Report of Independent Auditors

AMERICAN COLLEGE OF EDUCATION, INC.

FINANCIAL STATEMENTS

Years ended December 31, 2017 and 2016

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholder of
American College of Education, Inc.

We have audited the accompanying financial statements of American College of Education, Inc. ("the Company") which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, shareholder's equity, and cash flows for the years 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 ("GAAP"); 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.

Auditor's 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 ("GAAS") 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 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 the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with GAAP.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018, on our consideration of the Company'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 the Company's internal control over financial reporting and compliance.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information of Financial Responsibility Composite Score on page 15 is requested by outside agencies and is presented for purposes of additional analysis and is not a required part of the financial statements. The related party transactions included in Footnote 10 are required by the U.S. Department of Education and included as part of our audit opinion above. 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Whitley Penn LLP

Dallas, Texas
April 26, 2018

AMERICAN COLLEGE OF EDUCATION, INC.

BALANCE SHEETS
(In thousands except share and per share amounts)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 4,334	$ 5,022
Receivables, net	316	209
Prepaid and other current assets	238	333
Total current assets	4,888	5,564
Property and equipment, net	1,926	888
Intangible assets	3,294	3,294
Deferred taxes, net	-	66
Other assets	80	78
Total assets	$ 10,188	$ 9,890
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable	$ 509	$ 651
Accrued liabilities	1,391	989
Due to related parties	-	24
Deferred rent	22	7
Deferred revenue	1,671	2,040
Total current liabilities	3,593	3,711
Deferred revenue	42	27
Deferred taxes, net	103	-
Total liabilities	3,738	3,738
Commitments and contingencies		
Shareholder's equity:		
Common stock, par value $0.01 per share 100 shares authorized, issued and outstanding	-	-
Additional paid-in capital	4,298	5,259
Retained earnings	2,152	893
Total shareholder's equity	6,450	6,152
Total liabilities and shareholder's equity	$ 10,188	$ 9,890

See accompanying notes to financial statements.

AMERICAN COLLEGE OF EDUCATION, INC.

STATEMENTS OF OPERATIONS
(In thousands)

	Year Ended December 31, 2017		Year Ended December 31, 2016	
Revenue:				
Tuition and other, net	$	25,611	$	20,327
Costs and expenses:				
Academic and instruction		10,264		7,574
Marketing and enrollment		7,905		7,578
General and administrative		4,073		2,957
		22,242		18,109
Income from operations		3,369		2,218
Interest and other income (expense), net		(5)		(4)
Income before taxes		3,364		2,214
Income tax expense		225		774
Net income	$	3,139	$	1,440

See accompanying notes to financial statements.

AMERICAN COLLEGE OF EDUCATION, INC.

STATEMENTS OF SHAREHOLDER'S EQUITY
(In thousands, except shares)

Years Ended December 31, 2017 and 2016

	Shares	Par Value	Additional Paid-In Capital	Retained Earnings (Deficit)	Total Shareholder's Equity
Balance at December 31, 2015	100	$ -	$ 6,142	$ (547)	$ 5,595
Distribution to Parent	-	-	(883)	-	(883)
Net income	-	-	-	1,440	1,440
Balance at December 31, 2016	100	-	5,259	893	6,152
Distribution to Parent	-	-	(961)	-	(961)
Dividend to Parent	-	-	-	(1,880)	(1,880)
Net income	-	-	-	3,139	3,139
Balance at December 31, 2017	100	$ -	$ 4,298	$ 2,152	$ 6,450

See accompanying notes to financial statements.

AMERICAN COLLEGE OF EDUCATION, INC.

STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating Activities		
Net income	$ 3,139	$ 1,440
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	445	364
Amortization of debt financing costs	6	6
Deferred taxes	169	709
Changes in operating assets and liabilities:		
Receivables, net	(107)	(90)
Prepaid and other assets	87	(71)
Due to/from related parties	(24)	(26)
Accounts payable, accrued liabilities and deferred rent	275	348
Deferred revenue	(354)	394
Net cash provided by operating activities	3,636	3,074
Investing Activities		
Capital expenditures	(1,483)	(538)
Net cash used in investing activities	(1,483)	(538)
Financing Activities		
Dividends paid to parent	(1,880)	-
Distribution to parent	(961)	(883)
Payments of debt financing costs	-	(12)
Net cash used in financing activities	(2,841)	(895)
Net increase (decrease) in cash and cash equivalents	(688)	1,641
Cash and cash equivalents, beginning of year	5,022	3,381
Cash and cash equivalents, end of year	$ 4,334	$ 5,022
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 5	$ 4
Cash paid for income taxes	$ -	$ 24

See accompanying notes to financial statements.

1. Nature of Operations

American College of Education, Inc. ("ACE" or the "Company") is an Illinois corporation that was formed on February 25, 2005.

ACE is an accredited institution which provides postsecondary degrees and other programs and is committed to improving effective teaching, practical school leadership, and student performance. ACE improves the academic performance of primary and secondary students by educating future and in-service teachers and administrators with innovative degree programs.

In October 2011 ACE moved its operations from Chicago, Illinois to Indianapolis, Indiana.

ACE is a wholly owned subsidiary of ACE Holdco PBC ("HOLDCO" or "Parent") and formerly known as Higher Ed Holdings, LLC, a holding company established to invest in educational institutions to increase access to postsecondary education.

ACE is affiliated with several other entities ("Affiliates") which share some common ownership and/or management with HOLDCO. These entities include Academic Partnerships, LLC ("AP"), Whitney International University System Ltd. ("WIU"), and Best Merchant Partners ("BMP").

In January 2017 the Company was reincorporated as a certified Benefit ("B") Corporation. B Corporations are for-profit companies certified by the non-profit organization, B Lab, to meet rigorous standards of social and environmental performance, accountability, and transparency. B Corporation Certification entails both a performance requirement and an accountability requirement to legally consider stakeholders in the Company's decision-making.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents

The Company considers cash deposits and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2017 and 2016, the Company had no such investments. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

2. Summary of Significant Accounting Policies – continued

Receivables

Receivables are stated at amounts the Company expects to collect. The Company provides for probable uncollectible amounts through bad debt expense and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances still outstanding after reasonable collection efforts have been made are written off through a charge to the allowance for doubtful accounts and a reduction to receivables.

Long-lived Assets

The Company reviews its long-lived assets for impairment in accordance with the guidelines of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 360, *Property, Plant, and Equipment*. Topic 360 requires that when events or circumstances indicate that the carrying amount of an asset may not be recoverable, the Company should determine if impairment of value exists. If the estimated undiscounted future net cash flows are less than the carrying amount of the assets, impairment exists and an impairment loss must be calculated and recorded. If impairment exists, the impairment loss is calculated based on the excess of the carrying amount of the asset over the asset's fair value. Any impairment loss is treated as a permanent reduction in the carrying value of the assets. There were no impairment losses recorded for property and equipment in 2017 and 2016.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on all furniture, equipment, and software using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful lives of the related assets. Maintenance and repairs are expensed as incurred.

Internal – Use Software

The Company recognizes internally developed software for internal use in accordance with FASB ASC Topic 350, *Intangibles – Goodwill and Other*. Costs incurred during the preliminary project phase are expensed as incurred. Costs incurred during the application development state are capitalized with the exception of training and data conversion costs which are expensed as incurred. Costs incurred during the post implementation state are expensed as incurred. Capitalization begins once the preliminary project phase is complete and capitalization stops when the software is substantially complete and ready for its intended use. Depreciation begins when the capitalization phase ends and the capitalized costs are amortized straight-line over five years. Capitalized costs are included in property and equipment.

2. Summary of Significant Accounting Policies – continued

Intangible Assets

Intangible assets consist entirely of the cost of operating licenses acquired through the Company's purchase of Barat College in October 2005. These assets are accounted for in accordance with FASB ASC Topic 350, *Intangibles – Goodwill and Other* and Accounting Standards Update ("ASU") 2012-02, *Intangibles – Goodwill and Other* (Topic 350): *Testing Indefinite-Lived Intangible Assets for Impairment*. The intangible assets are considered to have indefinite useful lives and, as such, are not subject to amortization. On at least an annual basis the intangible asset is reviewed for impairment by first analyzing qualitative factors and, if necessary, assessing the intangible asset's fair value. No impairment charges were recorded in 2017 or 2016.

Revenue

ACE provides educational programs that primarily consist of master's degrees lasting approximately 18 months and doctoral degrees lasting approximately 36 months. Students enrolled in ACE's master's and doctoral degree programs are enrolled in a series of five and ten-week courses that are taken consecutively over the length of the programs. Revenue is recognized on a course-by-course basis as students enroll in and pay for each course within the programs. If a course carries over into a new year, revenue and related direct expenses are recognized on a pro-rata basis based on the time the course is active in each year.

Students have the option to pay for the program on a course-by-course basis or pay for the full program in advance. Payments for courses which have not yet been delivered to students are recorded as deferred revenue. Advance payments which have not been applied against courses taken are fully refundable to students if they choose to withdraw from the program.

Curriculum Development Costs

The Company incurs curriculum development costs to create the curriculum delivered to students. These costs are expensed as incurred.

Advertising Expense

Advertising costs are expensed as incurred and approximated $1,591,000 and $1,431,000 in 2017 and 2016, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income taxes are measured using enacted tax rates expected to apply to taxable income in years in which such temporary differences are expected to be recovered or settled. The effect on deferred income taxes of a change in tax rates is recognized in the statement of operations of the period that includes the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized. No valuation allowances were recorded in 2017 or 2016.

2. Summary of Significant Accounting Policies – continued

Fair Value of Financial Instruments

The Company calculates the fair value of its assets and liabilities which qualify as financial instruments under this statement, and includes this additional information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of receivables, accounts payable, and accrued liabilities approximate the carrying amounts due to the relatively short maturity of these instruments. The carrying value of the line-of-credit also approximates fair value since this instrument bears market rate of interest. None of these instruments are held for trading purposes.

Use of Estimates

The preparation of financial statements in accordance with GAAP 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 could differ from these estimates and assumptions.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

3. Receivables

Receivables consisted of the following at December 31, (in thousands):

	2017	2016
Gross accounts receivable, trade	$ 791	$ 321
Allowance for doubtful accounts	(105)	(103)
Uncollected portion of deferred revenue	(370)	(9)
	$ 316	$ 209

The reduction for the uncollected portion of deferred revenue represents future customer obligations which have been billed to customers but remained uncollected as of December 31, 2017 and 2016. Deferred revenue on the Company's balance sheets represent future customer obligations which have been billed and collected as of December 31, 2017 and 2016.

During 2017 the Company entered into an agreement with a third party to lend funds to students to cover tuition costs the Company charges for enrollment. The Company collects a portion of the tuition in advance from the third party. At December 31, 2017, the Company had an uncollected receivable for approximately $365,000 in advance payments from the third party, which is recorded within the uncollected portion of deferred revenue in the table above.

4. Property and Equipment

Property and equipment consisted of the following at December 31, (in thousands):

	2017	2016
Office equipment and computers	$ 1,414	$ 1,153
Software	1,576	418
Leasehold improvements	283	268
Work in progress	132	83
	3,405	1,922
Less accumulated depreciation	(1,479)	(1,034)
	$ 1,926	$ 888

5. Accrued Liabilities

Accrued liabilities consisted of the following at December 31, (in thousands):

	2017	2016
Payroll and related liabilities	$ 1,007	$ 504
Legal and accounting	112	130
Taxes	51	86
Other	221	269
	$ 1,391	$ 989

6. Debt

The Company has a $1 million line of credit with its primary bank. The bank line of credit is collateralized by the assets of the Company and bears interest at the higher of the Prime Rate or 5%. Additionally, ACE must pay an unused commitment fee based on an annual rate of 0.375% applied to the average daily unused balance. The line of credit maturity date was June 30, 2016, and was renewed for an additional two years through June 30, 2018.

Unused commitment fees for the line of credit totaled $4,000 in 2017 and 2016. Additionally, the Company incurred $12,000 of loan origination fees relating to the line of credit during 2016. These fees were capitalized as a prepaid asset and are being amortized on a straight-line basis over the life of the arrangement. Unamortized loan origination fees at December 31, 2017 and 2016, were $3,000 and $9,000, respectively.

6. Debt – continued

As of December 31, 2017 and 2016, there were no balances outstanding against the line of credit.

Total interest expense recognized in 2017 and 2016 was $5,000 and $4,000, respectively.

7. Defined Contribution Plan

Through the Company's Parent, employees can participate in a retirement savings plan structured under Section 401(k) of the Internal Revenue Code covering substantially all of its employees. Under the Parent's plan, contributions are voluntarily made by employees. Employer matching contributions are at the discretion of executive management. ACE recorded approximately $137,000 and $60,000 of expense for expected Company contributions in 2017 and 2016, respectively.

8. Income Taxes

Deferred tax expense consisted of the following for the year ended December 31, 2017 (in thousands):

	2017	2016
Current		
Federal	$ 44	$ 34
State	11	31
Current tax expense	55	65
Deferred		
Federal	86	706
State	84	3
Deferred tax expense	170	709
Total income tax expense	$ 225	$ 774

The Company's deferred tax assets (liabilities) consisted of the following at December 31, (in thousands):

	2017	2016
Deferred tax assets (liabilities):		
Property and equipment	$ (241)	$ (78)
Intangible assets	(593)	(798)
Bad debts	25	38
Employee benefits	-	101
Other accrued expenses	12	73
Net operating loss	487	561
AMT credit	207	169
Net deferred tax assets (liabilities)	$ (103)	$ 66

8. Income Taxes – continued

The Company evaluates the recoverability of the deferred income tax assets and the associated valuation allowances on a regular basis. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible.

At December 31, 2017, the Company had federal net operating loss carryforwards of approximately $1,053,000 which expire in 2025 to 2028. Of the $487,000 in net operating losses above, approximately $267,000 relates to state net operating losses.

The Company evaluates a variety of factors on a regular basis to determine the amount of deferred income tax assets to recognize in the financial statements. These factors include the Company's recent earnings history, projected future taxable income, the number of years the Company's net operating loss and tax credits can be carried forward, the existence of taxable temporary differences, and available tax planning strategies.

The Company accounts for uncertain tax positions in accordance with FASB ASC Topic 740. This guidance prescribes a comprehensive model as to how a company should recognize, present, and disclose in its financial statement uncertain tax positions that a company has taken or expects to take on its tax return. Interest costs and penalties related to income taxes are classified as interest expense and general and administrative costs, respectively in the financial statements. For the years ended December 31, 2017 and 2016, there were no such costs related to income taxes. It is determined not to be reasonably likely for the amounts of unrecognized tax benefits to significantly increase or decrease within the next 12 months.

On December 22, 2017, the Tax Cuts and Jobs Act ("2017 Tax Act") was enacted, which among numerous other provisions, reduced the federal statutory corporate tax rate from 34% to 21%. Based on the provisions of the 2017 Tax Act, the Company re-measured its deferred tax assets and liabilities and adjusted its estimated annual effective income tax rate to incorporate the lower federal corporate tax rate into the tax provision for the year ended December 31, 2017.

9. Commitments and Contingencies

Operating Leases

The Company is obligated to make future non-cancelable payments relating to operating leases. The following table summarizes those contractual cash obligations as of December 31, 2017 (in thousands):

2018	$	137
2019		140
2020		142
2021		145
Thereafter		322
Total minimum payments	$	886

9. Commitments and Contingencies – continued

Operating Leases – continued

The Company recognizes rent expense on a straight-line basis over the term of the lease, although the lease may include escalation clauses that provide for lower payments at the start of the lease term and higher lease payments at the end of the lease term.

Rent expense for the years ended December 31, 2017 and 2016, was approximately $245,000 and $151,000, respectively, and is included in general and administrative expense in the accompanying statements of operations.

Litigation

The Company is subject to various claims and legal proceedings that arise in the ordinary course of its business from time to time. The Company will make provisions for a potential liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No provision relating to litigation was recorded at December 31, 2017 and 2016. Based on the information that is currently available, the Company believes that the ultimate outcome of litigation matters, individually and in the aggregate, will not have a material adverse effect on the Company.

10. Related Party Transactions

During 2017 and 2016 the Company received shared services from its Parent and AP, including production, accounting, facilities, and other administrative functions. The amount due to/from these entities is disclosed on the balance sheets.

Rental expense allocated to the Company by Affiliates was approximately $46,000 and $26,000 for 2017 and 2016, respectively.

11. Subsequent Events

The Company reviewed subsequent events which occurred through April 26, 2018, the date which the financials were issued.

On January 27, 2017, the Company declared to make a distribution from its additional-paid-in capital up to $500,000 during January 2018 to its parent company, ACE HoldCo PBC.

Supplemental Information

Financial Responsibility Composite Score

The U.S. Department of Education will determine a company to be financially responsible if the school (1) has sufficient cash reserves to make required debt payments and refunds, (2) has the resources necessary to provide its services and satisfy its financial obligations, and (3) exercises substantial control over its Title IV, HEA programs (not applicable for 2017 or 2016). The Department uses a ratio methodology that provides a comprehensive measure of financial health (composite score). An institution demonstrates that it is financially responsible by achieving a composite score of at least 1.5.

Composite Score

The composite score standard combines different measures of fundamental elements of financial health to yield a single measure of a school's overall financial health. This score, which has not been calculated by the U.S. Department of Education, was 2.33 as of December 31, 2017.

This information is requested by outside users and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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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*

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
American College of Education, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of American College of Education, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting 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 Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

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 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 of
American College of Education, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free of 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 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.

Whitley Penn LLP

Dallas, Texas
April 26, 2018