

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Financial Statements

June 30, 2016

(With Independent Auditors' Report Thereon)

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

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Independent Auditors' Report

To the Board of Directors
Central Florida Child Health Program, Inc.:

We have audited the accompanying statement of financial position of the Central Florida Child Health Program, Inc. (the Organization) as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audit 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 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 auditors' 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 auditors' consider internal control relevant to the Organization'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 Organization'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 Organization as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Central Florida Child Health Program, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards for the year ended June 30, 2016 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2016, on our consideration of the Organization'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 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 Organization's internal control over financial reporting and compliance.

FONTANA CPAs



August 25, 2016

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Statement of Financial Position

June 30, 2016

With comparative totals for 2015

Assets	2016	2015
Current assets:		
Cash and cash equivalents	\$ 1,250,131	1,162,931
Grants and contracts receivable	118,583	152,363
Prepaid expenses	2,072	2,321
Total current assets	<u>1,370,786</u>	<u>1,317,615</u>
Equipment, net of accumulated depreciation	<u>15,458</u>	<u>30,327</u>
Total assets	<u><u>\$ 1,386,244</u></u>	<u><u>1,347,942</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 3,259	2,619
Accrued salaries	47,805	36,585
Accrued employee benefits	26,706	45,866
Deferred revenue	—	5,886
Total current liabilities	<u>77,770</u>	<u>90,956</u>
Net assets:		
Unrestricted	<u>1,308,474</u>	<u>1,256,986</u>
Total net assets	<u>1,308,474</u>	<u>1,256,986</u>
	<u><u>\$ 1,386,244</u></u>	<u><u>1,347,942</u></u>

See accompanying notes to financial statements.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Statement of Activities

June 30, 2016
With comparative totals for 2015

	<u>2016</u>	<u>2015</u>
Unrestricted support and revenues:		
Case management	\$ 1,293,023	1,718,825
Grant revenue	805,281	849,927
Other revenue	543	998
Total unrestricted support and revenues	<u>2,098,847</u>	<u>2,569,750</u>
Expenses:		
Program services:		
Case management services	1,046,677	1,349,345
Primary care	541,517	591,709
Medical foster care	371,890	379,474
Total program services	<u>1,960,084</u>	<u>2,320,528</u>
Supporting services:		
Management and general	87,275	75,438
Total expenses	<u>2,047,359</u>	<u>2,395,966</u>
Increase in net assets	51,488	173,784
Net assets at beginning of year	<u>1,256,986</u>	<u>1,083,202</u>
Net assets at end of year	<u>\$ 1,308,474</u>	<u>1,256,986</u>

See accompanying notes to financial statements.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Statement of Functional Expenses

June 30, 2016

With comparative totals for 2015

	Program services				Supporting services	Total expenses	
	Case management services	Primary care	Medical foster care	Total	Management and general	2016	2015
Salaries	\$ 764,113	354,285	259,636	1,378,034	36,734	1,414,768	1,653,964
Payroll taxes	67,446	30,506	22,869	120,821	5,180	126,001	149,217
Employee benefits	176,517	78,879	64,884	320,280	19,592	339,872	370,629
Total salaries and related expenses	1,008,076	463,670	347,389	1,819,135	61,506	1,880,641	2,173,810
Patient Services	—	—	—	—	—	—	1,815
Rent	—	33,050	—	33,050	—	33,050	55,292
Office Supplies	—	4,277	865	5,142	27	5,169	17,065
Consultant	5,900	19,700	1,600	27,200	300	27,500	27,800
Insurance	14,109	6,784	4,852	25,745	999	26,744	3,940
Telephone	—	937	2,548	3,485	—	3,485	3,633
Training	—	—	—	—	—	—	200
Travel	—	25	5,358	5,383	97	5,480	9,072
Postage	12	1,622	60	1,694	16	1,710	1,323
Equipment Maintenance	—	1,601	1,850	3,451	—	3,451	4,232
Equipment Lease	—	1,500	540	2,040	—	2,040	2,018
Printing	—	—	—	—	—	—	13
Professional Fees	17,459	7,665	6,387	31,511	1,876	33,387	37,528
Miscellaneous	1,121	686	441	2,248	49	2,297	3,209
Total expenses before depreciation	1,046,677	541,517	371,890	1,960,084	64,870	2,024,954	2,340,950
Depreciation	—	—	—	—	22,405	22,405	25,016
Total expenses	\$ 1,046,677	541,517	371,890	1,960,084	87,275	2,047,359	2,365,966

See accompanying notes to financial statements.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Statement of Cash Flows

June 30, 2016

With comparative totals for 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 51,488	173,784
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,405	25,016
Decrease in grants and contracts receivable	33,780	18,841
Decrease in other assets	249	47
Increase/(decrease) in accounts payable	640	(209)
Increase/(decrease) in accrued salaries	11,220	(3,175)
Decrease in employee benefits	(19,160)	(4,928)
Decrease in deferred revenue	(5,886)	(92,695)
Net cash provided by operating activities	<u>94,736</u>	<u>116,681</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(7,536)</u>	<u>—</u>
Net cash used in investing activities	<u>(7,536)</u>	<u>—</u>
Net increase in cash	87,200	116,681
Cash at beginning of year	<u>1,162,931</u>	<u>1,046,250</u>
Cash at end of year	<u>\$ 1,250,131</u>	<u>1,162,931</u>

See accompanying notes to financial statements.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Notes to Financial Statements

June 30, 2016

(1) Nature of Business and Summary of Significant Accounting Policies

Central Florida Child Health Program, Inc. (the Organization) is a Florida Corporation (not-for-profit). The Organization was incorporated in September 1991 and commenced operations in November 1991.

The principal purpose of the Organization is the operation of a case management program in Central Florida to coordinate with the State of Florida Department of Health for the purpose of ensuring that children at the poverty level have available to them and receive primary medical care. The Organization shares portions of its resources and personnel with the Central Florida office of Children's Medical Services (CMS). The services provided under the program include preventive health care, immunizations and early pediatric screening diagnosis and treatment. The Organization arranges the delivery of medical care through a network of participating physicians.

(a) Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. As of June 30, 2016, the Organization did not have any temporarily restricted net assets.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Federal and state grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the unrestricted net asset class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

(b) Cash and cash equivalents

Cash consists of cash on deposit with financial institutions. The Organization considers all highly liquid investments with an initial maturity of three months or less as cash.

(c) Equipment

Equipment is stated at cost, if purchased, or at estimated fair value at the date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all equipment in good condition.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Notes to Financial Statements

June 30, 2016

(c) ***Equipment (continued)***

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds therefrom is subject to applicable regulations.

(d) ***Deferred Revenue***

Funds received under contractual agreements are deferred until earned.

(e) ***Accrued Benefits***

Accrued benefits represent vested vacation leave and accrued retirement benefits. These benefits are charged as an expense in the period in which it is earned by the employee.

(f) ***Donated Services and Materials***

Donated services are recorded at their estimated fair value if the services received create or enhance non-financial assets or the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

(g) ***Functional Allocation of Expenses***

Expenses are allocated between program services and management and general. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

(h) ***Income Taxes***

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Organization is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty.

(i) ***Use of Estimates***

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as well as pro rata allocations in the recording of expenditures, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Notes to Financial Statements

June 30, 2016

(j) **Summarized Financial Information for 2015**

The financial information for the year ended June 30, 2015, presented for comparative purposes, is not intended to be a complete presentation. Certain 2015 amounts have been reclassified to conform with the 2016 presentation.

(2) **Equipment**

Equipment consists of the following at June 30, 2016:

		<u>Estimated Useful Life</u>
Equipment	\$ 281,755	5 – 10 years
Leasehold improvements	47,947	5 – 10 years
Furniture and fixtures	<u>32,003</u>	5 – 10 years
	361,705	
Less accumulated depreciation	<u>(346,247)</u>	
	<u>\$ 15,458</u>	

(3) **Related Party Transactions**

During the year ended June 30, 2016, one Board member was paid a total of \$17,500 for his services as Medical Director.

(4) **Retirement Plan**

The Organization sponsors a defined contribution retirement plan that covers all employees. Employees may contribute up to the maximum allowed by the Internal Revenue Code. The Organization provides up to an 8% elective match contribution and a discretionary contribution. Retirement plan expense was \$130,137 for the year ended June 30, 2016.

(5) **Concentrations**

For the year ended June 30, 2016, revenue from contracts with State of Florida or a department with the State of Florida represented 99% of the Organization's revenue.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the year ending June 30, 2016, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

(6) Commitments and Contingencies

The Organization may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Organization is in compliance with the terms of its grant agreements.

(7) Subsequent Events

Management has evaluated subsequent events through August 25, 2016, the date which the financial statements were available for issue.

The Children's Medical Services medical staffing contract that the Organization was awarded in 2010 was terminated effective July 1, 2016. Revenue from this contract was approximately \$1,200,000 for the year ended June 30, 2016.

Supplementary Information

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Schedule of Expenditures of Federal and State Awards

June 30, 2016

<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant period</u>	<u>Federal CFDA #</u>	<u>Federal Expenditures</u>
State of Florida Department of Health, Primary Care	7/1/15-6/30/16	93.994	<u>166,697</u>
Total Federal Expenditures			\$ <u>166,697</u>
<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant period</u>	<u>State Contract & CSFA #</u>	<u>State Expenditures</u>
State of Florida Department of Health, Primary Care	7/1/15-6/30/16	COQWd CSFA #64.007	382,357
State of Florida Department of Health, Medical Foster Care	7/1/15-6/30/16	COQSE CSFA #64.010	<u>256,227</u>
Total State Expenditures			\$ <u>638,584</u>
Total Federal and State Expenditures			\$ <u><u>805,281</u></u>

See independent auditor's report and notes to financial statements.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Note to Schedule of Expenditures of Federal and State Awards

June 30, 2016

(1) General

The accompanying Schedule of Expenditures of Federal and State awards includes the grant activity of Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

(1) Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- | | | |
|--|-------------------|---------------|
| • Material weakness(es) identified | <u> </u> | <u> X </u> |
| | Yes | No |
| • Significant deficiencies(s) identified that are not considered to be material weaknesses | <u> </u> | <u> X </u> |
| | Yes | None Reported |
| • Noncompliance material to financial statements noted | <u> </u> | <u> X </u> |
| | Yes | No |

Federal and State Awards

Internal control over major programs:

- | | | |
|--|-------------------|---------------|
| • Material weakness(es) identified | <u> </u> | <u> X </u> |
| | Yes | No |
| • Significant deficiencies(s) identified that are not considered to be material weaknesses | <u> </u> | <u> X </u> |
| | Yes | None Reported |

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650

Rules of Auditor General:

- | | | |
|--|-------------------|--------------|
| | <u> </u> | <u> X </u> |
| | Yes | No |

CENTRAL FLORIDA CHILD HEALTH PROGRAM, INC.

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Identification of major programs:

<u>CSFA Number(s)</u>	<u>Name of State Project</u>
64.007	Primary Care
64.010	Infant and Toddler Step-Down

Dollar threshold used to distinguish between type A and type B for State projects: \$191,575

(2) Findings Relating to the Financial Statements Reported in Accordance With *Government Auditing Standards*:

None.

(3) Findings and Questioned Costs Relating to Federal and State awards:

None.

(4) Other Issues

No summary schedule of prior audit findings is presented because there were no prior year audit findings reported.

No management letter was issued for the year ending June 30, 2016.



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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*

The Board of Directors
Central Florida Child Health Program, Inc.:

We have audited the financial statements of Central Florida Child Health Program, Inc., Inc. as of June 30, 2016, and have issued our report thereon dated August 25, 2016. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Florida Child Health Program, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Florida Child Health Program, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Central Florida Child Health Program, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control over compliance 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 material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control 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 control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Florida Child Health Program, Inc.'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*.

This report is intended solely for the information and use of the Board of Directors, management, and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

FONTANA CPAs

The logo for Fontana CPAs, featuring the company name in a stylized, cursive script font.

August 25, 2016



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**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance with Chapter 10.650, *Rules of Auditor General***

The Board of Directors
Central Florida Child Health Program, Inc.:

Compliance

We have audited Central Florida Child Health Program, Inc.'s (the Organization's) compliance with the types of compliance requirements in the Florida Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the Organization's major state projects as of June 30, 2016. The Organization's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state projects as of June 30, 2016.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major state project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Central Florida Child Health Program, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as described above.

This report is intended solely for the information and use of the Board of Directors, management, and Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

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A handwritten signature in black ink that reads "Fontana CPAs". The signature is written in a cursive, flowing style.

August 25, 2016