

## Report of Independent Auditor

The Board of Directors  
Chico's FAS, Inc.  
Fort Myers, Florida

We have audited the accompanying schedule of expenditures of State financial assistance (the "Schedule") of Chico's FAS, Inc. for the annual period ended January 30, 2016 and the related notes to the Schedule as listed in the table of contents.

### Management's Responsibility

Management is responsible for the preparation and fair presentation of this Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on this Schedule based on our audit.

We conducted our audit 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 of America; and the audit requirements of Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards, Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 Schedule.

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 Schedule referred to above presents fairly, in all material respects, the expenditures of State financial assistance of Chico's FAS, Inc. for the annual period ended January 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

*Cherry Bekaert LLP*

Tampa, Florida  
November 6, 2018

**CHICOS FAS, INC.**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

*ANNUAL PERIOD ENDED JANUARY 30, 2016*

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<u>Name of State Agency</u>	<u>CSFA Number</u>	<u>Contract Numbers</u>	<u>Contract Expenditures</u>
<b><i>State of Florida - Department of Economic Opportunity</i></b>			
<b>Quick Response Training</b>			
Quick Response Training (02/01/2015 - 01/30/2016)	40.026	QR 15/1614Q	<u>\$ 139,500</u>
<b>Qualified Target Industry Tax Refund</b>			
Qualified Target Industry Tax Refund	40.011	12-00058	350,000
Qualified Target Industry Tax Refund	40.011	07-00169	<u>180,000</u>
<b>Total Qualified Target Industry Tax Refund</b>			<u>530,000</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 669,500</u></u>

**CHICOS FAS, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

*ANNUAL PERIOD ENDED JANUARY 30, 2016*

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**Note 1—Basis of accounting**

The accompanying schedule of expenditures of State financial assistance (the "Schedule") provides a summary of the grant activity for which Chico's FAS, Inc. (the "Company") has received certain amounts provided by the State of Florida, for the annual period ended January 30, 2016. The Company has adopted a 52-53 week fiscal year ending on the Sunday closest to January 31. The Schedule is prepared on the accrual basis of accounting. The information contained in the Schedule is presented in accordance with the requirements of Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the results of operations of the Company, it is not intended to and does not present either the financial position or results of operations of the Company

**Note 2—Basis of presentation**

The accompanying Schedule depicts the expenditures of the State awards. In accordance with the Florida Administrative Code 288.106, expenditures under the Qualified Target Industry Tax Refund are recognized within the Schedule when received. Expenditures reported under the Quick Response Training grant are recorded when considered eligible by the grant per the Florida Administrative Code 288.047.

**Note 3—Contingency**

Expenditures incurred by the Company associated with the execution of the state financial assistance project are subject to audit and possible disallowances by the grantor agency. Management believes that if audited, any adjustment for disallowed expenditures would be immaterial.

**Note 4—Indirect cost rate**

The Company did not utilize the indirect cost rates for reimbursement of grant expenditures for the annual period ended January 30, 2016.

**Report of Independent Auditor on Compliance for Each Major State Financial Assistance Project and on Internal Control over Compliance Required by Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General of the State of Florida**

The Board of Directors  
Chico's FAS, Inc.  
Fort Myers, Florida

**Report on Compliance**

We have audited Chico's FAS, Inc.'s (the "Company") compliance with the types of compliance requirements described in the State of Florida's Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the Company's major State projects for the annual period ended January 30, 2016. The Company's major State projects are identified in the summary of auditor's results section in the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of state awards applicable to its State financial assistance projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Company's major State financial assistance projects based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards, Section 215.97 and Chapter 10.650 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 the State financial assistance projects occurred. An audit includes examining, on a test basis, evidence about the Company'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 on compliance for the Company's State financial assistance projects. However, our audit does not provide a legal determination of the Company's compliance.

**Opinion on Each Major Financial Assistance Project**

In our opinion, Chico's FAS, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State financial assistance projects for the annual period ended January 30, 2016.

### **Report on Internal Control over Compliance**

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on its State financial assistance projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with Section 215.97 and Chapter 10.650, 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 Company'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 State financial assistance 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 State financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 215.97 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Tampa, Florida  
November 6, 2018

**CHICO'S FAS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

ANNUAL PERIOD ENDED JANUARY 30, 2016

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**Part I—Summary of audit results**

**Financial Statement Section**

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <u>x</u> no
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ yes	_____ <u>x</u> none reported
Noncompliance material to Schedule noted?	_____ yes	_____ <u>x</u> no

**State Financial Assistance Section**

Internal control over Project:		
Material weakness(es) identified?	_____ yes	_____ <u>x</u> no
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ yes	_____ <u>x</u> none reported
Type of auditor's report on compliance for Projects:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Section 215.97 and Chapter 10.650?	_____ yes	_____ <u>x</u> no

**Identification of the major state financial assistance projects:**

<u>Name of State Project</u>	<u>CSFA Number</u>
Florida Department of Economic Opportunity Qualified Target Industry Tax Refund	40.011

Dollar threshold used to distinguish between type A and type B projects: \$200,850

**CHICO'S FAS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*ANNUAL PERIOD ENDED JANUARY 30, 2016*

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**Part II—Financial statement findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, and instances of noncompliance related to the financial statements.

**Part III—Findings and questioned costs – Major State Financial Assistance Projects**

This section identifies significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, related to the audit of major state projects as required to be reported by Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

There were no findings required to be reported in accordance with Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

**Part IV—Other matters**

No management letter is required in accordance with Section 215.97, *Florida Statutes* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

**Prior Year Findings**

Findings 2014-001 and 2014-002, were issued for the annual period ended February 1, 2014, which was the last reported issued, since no report was required for the annual period ending January 31, 2015. No such instances of noncompliance or deficiencies were found in testing applicable to the annual period ended January 30, 2016.