MID-ATLANTIC EQUITY CONSORTIUM, INC.

Financial Statements
and Supplemental Information
June 30, 2020 and 2019
With Independent Auditor's Report

MID-ATLANTIC EQUITY CONSORTIUM, INC.

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June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Mid-Atlantic Equity Consortium, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Mid-Atlantic Equity Consortium, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses 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; 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 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 Mid-Atlantic Equity Consortium, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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 awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of Mid-Atlantic Equity Consortium, 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 Mid-Atlantic Equity Consortium, Inc.'s internal control over financial reporting and compliance.

DS Accounting Group, LLC

March 31, 2021

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Statements of Financial Position
June 30, 2020 and 2019

Assets	**2020**	**2019**
Cash	$ 179,550	$ 163,494
Investments	268,948	254,816
Grants receivable	594,654	229,166
Prepaid expenses	1,750	342
Property and equipment, net	1,601	9,834
Deposits	4,620	4,620
Total assets	**$ 1,051,123**	**$ 662,272**
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 363,768	$ 159,664
Accrued payroll, payroll taxes and benefits	85,609	1,029
Accrued vacation	55,381	23,239
Deferred revenue	99,398	-
Total liabilities	**604,156**	**183,932**
Net Assets		
Without donor restrictions	355,792	478,340
With donor restrictions - Network for school improvement	91,175	-
Total net assets	**446,967**	**478,340**
Total liabilities and net assets	**$ 1,051,123**	**$ 662,272**

The accompanying notes are an integral part of these financial statements.

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Contributions and grants:						
Contributions and non-government grants	$ 271,740	$ 91,175	$ 362,915	$ 7,469	$ -	$ 7,469
Government grants	3,250,472	-	3,250,472	2,011,089	-	2,011,089
Total contributions and grants	3,522,212	91,175	3,613,387	2,018,558	-	2,018,558
Program service revenue	183,910	-	183,910	151,490	-	151,490
Total revenue - without donor restrictions	**3,706,122**	**91,175**	**3,797,297**	**2,170,048**	**-**	**2,170,048**
Expenses:						
Program services:						
Equity assistance and technical training	1,770,645	-	1,770,645	1,615,166	-	1,615,166
Youth development	126,134	-	126,134	73,945	-	73,945
Family engagement initiatives	1,294,334	-	1,294,334	222,387	-	222,387
Total program services	3,191,113	-	3,191,113	1,911,498	-	1,911,498
Supporting services:						
Management and general	501,052	-	501,052	238,884	-	238,884
Fundraising	136,505	-	136,505	-	-	-
Total expenses	**3,828,670**	-	**3,828,670**	**2,150,382**	-	**2,150,382**
Change in net assets	**(122,548)**	**91,175**	**(31,373)**	**19,666**	-	**19,666**
Net assets, beginning of year	478,340	-	478,340	458,674	-	458,674
Net assets, end of year	**$ 355,792**	**$ 91,175**	**$ 446,967**	**$ 478,340**	**$ -**	**$ 478,340**

The accompanying notes are an integral part of these financial statements.

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Equity Assistance and Technical Training	Youth Development	Family Engagement Initiatives	Total Program Services	Management and General	Fundraising	Total
Expenses:							
Salaries and related benefits:							
Salaries	$ 742,746	$ 81,690	$ 454,147	$ 1,278,583	$ 194,015	$ 64,672	**$ 1,537,270**
Payroll taxes and benefits	184,702	21,171	111,896	317,769	52,547	17,516	**387,832**
Total salaries and related benefits	927,448	102,861	566,043	1,596,352	246,562	82,188	**1,925,102**
Conference	7,828	1,234	33,678	42,740	1,275	425	**44,440**
Consultants	669,218	8,244	596,973	1,274,435	55,631	18,544	**1,348,610**
Insurance	6,390	604	4,536	11,530	2,275	654	**14,459**
Office expenses	17,910	3,761	11,434	33,105	52,762	17,550	**103,417**
Professional fees	-	-	4,240	4,240	62,770	1,730	**68,740**
Rent	50,982	4,820	36,191	91,993	44,152	5,216	**141,361**
Resource materials	21,357	645	6,436	28,438	470	157	**29,065**
Telephone	7,258	142	818	8,218	14,807	4,936	**27,961**
Travel	55,878	3,576	33,079	92,533	3,140	-	**95,673**
Miscellaneous	284	-	-	284	16,220	5,105	**21,609**
Depreciation and amortization	6,092	247	906	7,245	988	-	**8,233**
Total expenses	**$ 1,770,645**	**$ 126,134**	**$ 1,294,334**	**$ 3,191,113**	**$ 501,052**	**$ 136,505**	**$ 3,828,670**

The accompanying notes are an integral part of these financial statements.

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Equity Assistance and Technical Training	Youth Development	Family Engagement Initiatives	Total Program Services	Management and General	Total
Expenses:						
Salaries and related benefits:						
Salaries	$ 710,283	$ 51,844	$ 135,962	$ 898,089	$ 90,540	**$ 988,629**
Payroll taxes and benefits	171,330	12,374	35,690	219,394	22,897	**242,291**
Total salaries and related benefits	881,613	64,218	171,652	1,117,483	113,437	**1,230,920**
Conference	10,136	-	2,220	12,356	-	**12,356**
Consultants	554,297	5,536	2,796	562,629	2,600	**565,229**
Insurance	10,781	484	1,501	12,766	1,804	**14,570**
Office expenses	28,502	300	11,799	40,601	15,525	**56,126**
Professional fees	135	292	1,446	1,873	61,210	**63,083**
Rent	49,729	2,231	6,923	58,883	8,322	**67,205**
Resource materials	16,665	84	9,878	26,627	1,225	**27,852**
Telephone	7,110	-	-	7,110	9,375	**16,485**
Travel	47,245	172	12,995	60,412	8,909	**69,321**
Miscellaneous	-	-	-	-	14,813	**14,813**
Depreciation and amortization	8,953	628	1,177	10,758	1,664	**12,422**
Total expenses	**$ 1,615,166**	**$ 73,945**	**$ 222,387**	**$ 1,911,498**	**$ 238,884**	**$ 2,150,382**

The accompanying notes are an integral part of these financial statements.

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (31,373)	$ 19,666
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,233	12,422
(Increase) decrease in:		
Grants receivable	(365,488)	47,099
Prepaid expenses	(1,408)	8,708
Increase (decrease) in:		
Accounts payable and accrued expenses	204,104	26,167
Accrued payroll, payroll taxes and benefits	84,580	1,029
Accrued vacation	32,142	-
Deferred revenue	99,398	-
Net cash provided by operating activities	**30,188**	**115,091**
Cash flows from investing activities:		
Purchase of investments, including reinvestment of income	(14,132)	(254,816)
Net cash used in investing activities	**(14,132)**	**(254,816)**
Net change in cash	**16,056**	**(139,725)**
Cash, beginning of year	163,494	303,219
Cash, end of year	**$ 179,550**	**$ 163,494**

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of Organization: Mid-Atlantic Equity Consortium, Inc. (Organization) was incorporated under the laws of the Maryland Nonprofit Corporation Act on September 1, 1992. Its primary programs are:

- Equity Assistance and Technical Training: Increase equitable educational opportunities for all students regardless of race, sex, religion, national origin (English learners), or socioeconomic status by providing technical assistance and training to improve and sustain the systemic capacity of public education systems to address problems caused by segregation and inequities.

- Youth Development: Identify and address academic, professional, and youth development needs of students in an after-school and college prep program to increase students' academic achievement and attendance, promote family engagement, and facilitate college and career readiness, preparation, and competitiveness.

- Family Engagement Initiatives: Provide technical assistance and training to build the capacity of families to work more effectively with their children at home so they can thrive and achieve academically. Work with educators to create a shared responsibility for children's learning with families. Work collaboratively with State Departments of Education to create frameworks and policies regarding statewide family engagement practices.

New Accounting Pronouncement: In June 2018, the FASB issued ASU No. 2018-08 – Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance applies to all entities that receive or make contributions. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU No. 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Organization adopted this standard prospectively for contributions received for the year ended June 30, 2020.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

Investments: The Organization's investments in certificates of deposit are classified as Investments in the statements of financial position and are carried at amortized cost. These

investments do not qualify as securities as defined in *FASB Accounting Standards Codification* (ASC) 320, *Investments – Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided.

Grants Receivable: Accounts and grants receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are believed to be uncollectible by the time the financial statements are issued. GAAP requires the allowance method for accounting for bad debts, but the differences between the two methods is immaterial.

Property and Equipment: Property and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Additions with a cost or fair value of less than $2,500 are expensed.

Depreciation of furniture and equipment is provided using the straight-line method over the estimated useful lives of the assets, generally three to seven years. Amortization of leasehold improvements is provided using the straight-line method over the lesser of the estimated useful lives or term of the lease.

Contributions: Contributions received are recorded as with or without restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same reporting period are recorded as contributions without donor restrictions. Governmental grant awards are recognized as revenue when the related costs are expended.

Program Service Fees: Program service fees are recognized when services are performed.

Cost Allocation: Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort per each employee's individual compensation; and occupancy, supplies, lease costs and depreciation, which are allocated on the basis of estimates of average time and effort of all employees.

Income Taxes: The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

Note 2. Investments

The Organization's investments are certificates of deposit with original maturities over three months. The certificates of deposits mature between November 2021 and June 2023, with interest rates ranging between 1.35% and 2.45%.

Note 3. Property and Equipment

Property and equipment consisted of the following as of June 30:

	2020	2019
Furniture and fixtures	$ 13,913	$ 13,913
Equipment	18,959	18,959
Leasehold improvements	12,793	12,793
Property and equipment	45,665	45,665
Less accumulated depreciation and amortization	44,064	35,831
Property and equipment, net	$ 1,601	$ 9,834

Note 4. Deferred Revenue

On April 22, 2020, the Organization received a $202,229 forgivable loan under the Paycheck Protection Program. The loan is unsecured and bears interest at 1.00%, if not forgiven. The Organization is accounting for the funds as a conditional contribution and is recognizing revenue as the loan forgiveness conditions are met. For the year ended June 30, 2020, $102,831 was recognized and is included in contributions revenue on the statements of activities. As of June 30, 2020, the balance of deferred revenue was $99,398. The loan was forgiven in full on March 2, 2021.

Note 5. Government Grant Revenue

Government grant revenue consisted of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Federal government grants	$ 2,583,780	$ 1,817,157
State government grants	603,792	193,932
Local government grants	62,900	-
Total government grants	$ 3,250,472	$ 2,011,089

Note 6. Employee Benefit Plans

The Organization has adopted a noncontributory retirement plan which is a money purchase plan. The plan covers all employees who have met certain requirements. The Organization must contribute an amount equal to 10% of participants' compensation to the plan each year. The plan is a prototype that has received IRS approval under Section 403(B) of the IRC. For the years ended June 30, 2020 and 2019, $131,927 and $84,230, respectively, was contributed.

Note 7. Line of Credit

The Organization has an unsecured line of credit with a bank with a borrowing limit of $25,000. As of June 30, 2020 and 2019, the balance of the line of credit was $0.

Note 8. Commitments and Contingencies

Grant revenue: Grant revenue is generated primarily from the U.S. Department of Education, directly or through pass-through agencies, under cost reimbursable arrangements. The grant is subject to audit by various governmental agencies. No provision for possible adjustments resulting from audits has been made in the accompanying financial statements. In the opinion of management, such adjustments, if any, would not have a material effect on the financial statements.

Operating lease: The Organization has entered into an operating lease agreement for 2,247 square feet of office space located at 5272 River Road, Bethesda, Maryland. The space coverage was. In March 2019, the Organization extended their lease until June 30, 2022 effective July 1, 2019, and increased their office space to 2,939 square feet. The monthly lease payments are approximately $13,000.

Rent expense was $141,360 and $67,205 for the years ended June 30, 2020 and 2019, respectively.

Minimum future rental payments under leases in excess of one year as of June 30, 2020:

2021	$ 162,000
2022	168,000
Total future minimum lease payments	$ 330,000

Note 9. Concentrations

Revenue: During 2020 and 2019, approximately 71% and 87%, respectively, of the Organization's funding is provided from grants from the U.S. Department of Education.

Note 10. Related Party Transactions

The Organization obtains legal services from a firm owned by the spouse of the President of the Organization. The Organization incurred legal fees in the amount of $36,000 and $36,000, for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, $6,000 and $3,000, respectively, were included in accounts payable.

The Organization both contracts with and from an organization with which it shares board members. The Organization received revenue in the amount of $15,000 and $0 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, $5,000 and $0, respectively, were included in accounts receivable. In addition, the Organization incurred Consultant fees in the amount $80,049 and $0 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, $60,730 and $0, respectively, were included in accounts payable.

Note 11. Liquidity and Availability of Financial Assets

Financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures consisted of the following as of June 30, 2020:

Cash	$ 179,550
Investments	268,948
Grants receivable	594,654
Financial assets available to meet cash needs for general expenditures within one year	$ 1,043,152

Note 12. Reclassifications

Certain 2019 amounts have been reclassified to conform with the 2020 financial statement presentation.

Note 13. Subsequent Events

Subsequent events were evaluated through March 31, 2021, which is the date the financial statements were available to be issued.

Supplemental Information

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Pass-through Number	CDFA No.	Federal Expenditures
Department of Education:			
Direct programs:			
Center for Education Equity		84.004D	$ 1,712,036
Collaborative Action for Family Engagement Center		84.310A	871,744
Pass-through programs from:			
Maryland State Department of Education:			
Achievement Linking Innovation, Vision and Engagement (ALIVE)	R00R52106	84.287	97,264
Total Department of Education			2,681,044
Department of Health and Human Services:			
Pass-through programs from:			
Maryland State Department of Education:			
Birth to Five Statewide Needs Assessment and Strategic Plan	191477	93.434	409,994
Maryland Department of Health:			
Maternal, Infant and Early Childhood Home Visiting (MIECHV)	PHPA-892	93.505	51,594
Total Department of Health and Human Services			461,588
Total expenditures of federal awards			**$ 3,142,632**

See accompanying notes to the schedule of expenditures of federal awards.

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Mid-Atlantic Equity Consortium, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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Independent Auditor's 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 of
Mid-Atlantic Equity Consortium, Inc.

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 Mid-Atlantic Equity Consortium, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report dated March 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mid-Atlantic Equity Consortium, Inc.'s internal control over financial reporting (internal control) 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 Mid-Atlantic Equity Consortium, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-Atlantic Equity Consortium, 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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DS Accounting Group, LLC

March 31, 2021

DS Accounting Group
Certified Public Accountants & Advisors

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
Mid-Atlantic Equity Consortium, Inc.

Report on Compliance for Each Major Federal Program

We have audited Mid-Atlantic Equity Consortium, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mid-Atlantic Equity Consortium, Inc.'s major federal programs for the year ended June 30, 2020. Mid-Atlantic Equity Consortium, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mid-Atlantic Equity Consortium, Inc.'s major federal programs 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about Mid-Atlantic Equity Consortium, Inc.'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 each major federal program. However, our audit does not provide a legal determination of Mid-Atlantic Equity Consortium, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Mid-Atlantic Equity Consortium, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Mid-Atlantic Equity Consortium, Inc. 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 Mid-Atlantic Equity Consortium, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Mid-Atlantic Equity Consortium, 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 program 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. 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 federal program 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DS Accounting Group, LLC

March 31, 2021

MID-ATLANTIC EQUITY CONSORTIUM, INC.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Summary of Auditor's Results

Financial Statements

Financial statements prepared in accordance with:	GAAP
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____Yes ✔ No
Significant deficiencies identified that are not considered to be material weakness(es)?	____Yes ✔ None reported
Noncompliance material to financial statements noted?	____Yes ✔ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____Yes ✔ No
Significant deficiencies identified that are not considered to be material weakness(es)?	____Yes ✔ None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) and are reported in this schedule?	____Yes ✔ No

Identification of major program(s):

CFDA Number:	84.310A
Name of Federal Program or Cluster:	Collaborative Action for Family Engagement Center
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	✔ Yes ____No