Maryland$aves

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Maryland Small Business Retirement Savings Board

July 31, 2019

The Honorable Larry Hogan
Governor
State House
100 State Circle
Annapolis, Maryland 21401

The Honorable Thomas V. "Mike" Miller, Jr.
President
Maryland Senate
State House, H-107
Annapolis, Maryland 21401

The Honorable Adrienne A. Jones
Speaker
Maryland House of Delegates
State House, H-101
Annapolis, Maryland 21401

Re: Maryland Small Business Retirement Savings Program and Trust, Labor and Employment Article § 12-206(a) (MSAR # 10917)

In accordance with § 2-1246 of the State Government Article, attached please find the annual audited financial report for the Maryland Small Business Retirement Savings Program and Trust for the period of June 1, 2018 to December 31, 2018.

Thank you for your support!

Sincerely,

Joshua Gotbaum

Hon. Joshua Gotbaum
Chair

John M Wasilisin

John M. Wasilisin
CEO/Executive Director

cc: Sarah Albert, Department of Legislative Services (5 copies)

MARYLAND SMALL BUSINESS RETIREMENT SAVINGS PROGRAM

FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCEPTION (JUNE 1, 2018) TO DECEMBER 31, 2018

CliftonLarsonAllen LLP
CLAconnect.com

Management
Maryland Small Business Retirement Savings Program
Baltimore, Maryland

In planning and performing our audit of the financial statements of the Maryland Small Business Retirement Savings Program (the Program) as of and for the period from inception (June 1, 2018) to December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Program's internal control over financial reporting (internal control) as a basis for designing 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 Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below.

Uninsured Cash Deposits

We identified that certain cash accounts held by the Program are in excess of FDIC insurance limits. In addition, the deposits are not secured with collateral pledged by the financial institution, as required by Maryland State Finance & Procurement Code § 6-209. This exposes the funds to risk of loss in the event of the bank's failure. We recommend the Program evaluate the risk associated with its cash deposits and either accept or take measures to mitigate this risk.

Segregation of Duties

Internal controls are designed to safeguard assets and prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. Although the size of the Program's staff prohibits complete adherence to this concept, we believe that the following practice could be implemented to improve existing internal control without impairing efficiency:

The Marketing Director has the ability to both add new vendors as well as initiate electronic payments through an online banking module. We understand there are currently detective controls in place that serve to monitor payment activity, however our recommendation is to establish a preventative control limiting the Marketing Director's access to add vendors or initiate online payments.

Document Significant Operational and Accounting Processes

Documentation of significant accounting and financial reporting processes, including performance of a walk through, may reveal whether procedures are operating as prescribed, the kinds of exceptions or errors that occur, and the types of actions taken to correct errors. We recommend the Program establish an internal periodic (i.e., monthly) checklist of all essential tasks related to day-to-day operations as well as management review. The checklist can serve as a resource to ensure key functions are performed as well as demonstrate appropriate management oversight.

Employment Practices

The Program should draft a handbook outlining its employment policies as well as the responsibilities of key employees. Among the vast potential of items to include in such a manual, it should formally define paid time off policies as well as allowable carry over limits into future years. Determination of this policy could impact the Program's liabilities related to accrued vacation balances owed to employees.

Information System

As the organization grows and the program is launched, this will increase the risk of data theft and data loss. The Program should work internally and with its IT service provider to establish formalized policies and procedures to protect its information systems and the data stored on the systems.

To improve security and align with industry best practices, the Program should strengthen the enforceable requirements related to passwords. We recommend passwords have the following requirements: minimum of 8 characters long made up of a combination of letters, numbers, and symbols with at least one character being uppercase; mandatory rotation every 90 days; may not be re-used within an 18 month period; and temporarily locked out after 5 consecutive failed attempts.

Additionally, policies and procedures should be established to formalize the backup of data, as well as processes for periodic risk assessment to be performed by both management and the Board of Directors. This periodic review should include consideration of insurance policies and coverage as it relates to data theft and loss that would cause business interruptions.

***

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Program personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Board of Trustees, and others within the Program, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
June 17, 2019

MARYLAND SMALL BUSINESS RETIREMENT SAVINGS PROGRAM
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FOR THE PERIOD FROM INCEPTION (JUNE 1, 2018) TO DECEMBER 31, 2018

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

To the Members and Board of Trustees
Maryland Small Business Retirement Savings Program
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Maryland Small Business Retirement Savings Program (the Program), a component unit of the State of Maryland, which comprise the statement of net position, as of December 31, 2018, and the related statement of changes in net position for the period from inception (June 1, 2018) to December 31, 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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.

To the Members and Board of Trustees
Maryland Small Business Retirement Savings Program

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of December 31, 2018, and the results of its changes in net position and cash flows for the period from inception (June 1, 2018) to December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
June 17, 2019

MARYLAND SMALL BUSINESS RETIREMENT SAVINGS PROGRAM
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS		
Cash and Cash Equivalents	$	1,111,546
Prepaid Assets and Security Deposits		2,846
Capital Assets, Net		7,318
Total Assets		1,121,710
LIABILITIES		
Accrued Expenses		13,700
Due to State of Maryland		1,304,800
Total Liabilities		1,318,500
NET POSITION / (DEFICIT)		
Net Investment in Capital Assets		7,318
Unrestricted		(204,108)
Net Deficit	$	(196,790)

See accompanying Notes to Financial Statements.

MARYLAND SMALL BUSINESS RETIREMENT SAVINGS PROGRAM
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD FROM INCEPTION (JUNE 1, 2018) TO DECEMBER 31, 2018

OPERATING EXPENSE		
Salaries, Wages, and Benefits	$	143,627
Insurance		19,905
Facilities Operations		9,250
Advertising		9,000
Travel		1,537
General Expenses		12,388
Depreciation		1,547
Total Operating Expenses		197,254
OPERATING LOSS		(197,254)
NONOPERATING REVENUES		
Interest income		464
CHANGE IN NET POSITION		(196,790)
Net Position - Beginning of Year		-
NET DEFICIT - END OF YEAR	$	(196,790)

See accompanying Notes to Financial Statements.

MARYLAND SMALL BUSINESS RETIREMENT SAVINGS PROGRAM
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (JUNE 1, 2018) TO DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Paid to Suppliers	$ (47,970)
Cash Paid to Employees	(136,883)
Net Cash Used by Operating Activities	(184,853)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Note Payable	1,304,800
Net Cash Provided by Financing Activities	1,304,800
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(8,865)
Net Cash Used by Capital and Related Financing Activities	(8,865)
CAS FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings	464
Net Cash Provided by Investing Activities	464
NET INCREASE IN CASH AND CASH EQUIVELANTS	1,111,546
Cash and Cash Equivalents - Beginning of Year	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,111,546
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	$ (197,254)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	1,547
(Increase) Decrease in Assets:	
Prepaid Assets and Security Deposits	(2,846)
Increase (Decrease) in Liabilities:	
Accrued Expenses	13,700
Total Adjustments	12,401
Net Cash Used by Operating Activities	$ (184,853)

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

In July 2016, the Maryland Small Business Retirement Savings Board (Board) was authorized by Chapter 324, Acts of 2016. The Board was established to implement, maintain, and administer the Maryland Small Business Retirement Savings Program, also known as MarylandSaves (the Program) and the Maryland Small Business Retirement Savings Trust (the Trust).

The program was established as a body corporate and politic and a public instrumentality of the state of Maryland (the State) and is a discretely presented component unit of the State of Maryland. As such, its activity is included in the Comprehensive Annual Financial Report of the State of Maryland as a discretely presented component unit.

The Board consists of eleven members which include the Maryland State Treasurer and, the Secretary of Labor, Licensing, & Regulation, ex-officio, and 3 members each appointed by the Governor, the President of the Senate, and the Speaker of the House of Delegates. Operations of the organization started June 1, 2018.

Under the Program, Maryland employees of employers that do not offer workplace retirement savings will be automatically enrolled in an Individual Retirement Account (IRA) through an employee payroll deduction plan. Anyone who is automatically enrolled may choose a different contribution rate or opt out of the program entirely. The Program will arrange for a selection of privately-managed investment options, with a default option in the absence of an employee's specific selection. Employers that participate in the Program or offer any other form of workplace retirement savings will receive a $300 credit via waiver of [certain] State filing fees.

The Program and Employers that participate in the Program have no interest in the contributions to or earning on amounts contributed to accounts established under the Program. The Board acts as a fiduciary with respect to the investments offered by the Program.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Program's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standard Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Program is an enterprise fund and prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The Program distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Program's ongoing operations. The principal operating revenues of the Program will be administrative fees received from program participants. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Program has received startup loans from the State of Maryland, see Note five for the amounts reported and repayment terms.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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 those estimates.

Cash and Cash Equivalents

The Program considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents.

Capital Assets

Capital assets are recorded at cost. The Program capitalizes all expenditures for property and equipment over $1,000. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years. When assets are sold or otherwise disposed, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Accrued Expenses

Accrued expenses represent cost incurred as of yearend that have not yet been paid. These expenses have been included in total operating expenses reported on the statement of revenue, expenses, and change in net position.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The Program did not have any deferred outflows or deferred inflows at December 31, 2018. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Unrestricted net position represents resources available to meet the general operations of the Program and may be used to meet current expenses for any purpose.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Program is in the process of applying for tax exempt status as a government instrumentality from the Internal Revenue Service, as contemplated under its authorizing legislation.

NOTE 3 CASH AND CASH EQUIVALENTS

At December 31, 2018, the Program's cash and cash equivalents balance by type were as follows:

	Carrying Amount	Bank Balance
Demand Deposits at Financial Institutions	$ 12,072	$ 12,072
Cash Equivalents/Money Market Accounts	1,099,474	1,099,474
Total	$ 1,111,546	$ 1,111,546

Custodial credit risk is the risk that in the event of a bank failure, the Program's deposits may not be returned to it. At December 31, 2018, the Program had $849,474 in excess of the FDIC insured limit, which is uninsured and uncollateralized as of December 31, 2018.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the period from inception, June 1, 2018 to December 31, 2018 was as follows:

	Balance 6/1/2018	Additions	Deletions	Balance 12/31/2018
Depreciable Capital Assets:				
Furniture and Equipment	$ -	$ 8,865	$ -	$ 8,865
Less: Accumulated Depreciation	-	1,547	-	1,547
Total	$ -	$ 7,318	$ -	$ 7,318

NOTE 5 DUE TO STATE OF MARYLAND

The Program entered into a memorandum of understanding with the State of Maryland Department of Labor, Licensing and Regulation (the Department) to provide loan funds for the implementation, maintenance and administration for the Program. The Department issued two loans in the amount of $404,800 and $900,000 on the dates of May 24, 2018 and August 28, 2018, respectively. The terms of the loan call for principal to be repaid as the Program becomes self-sufficient but no later than seven years from the date of each funding with no interest.

NOTE 5 DUE TO STATE OF MARYLAND (CONTINUED)

A summary of changes in long-term debt was as follows:

	Balance 6/1/2018	Additions	Deletions	Balance 12/31/2018
Payable to State of Maryland	$ -	$ 1,304,800	$ -	$ 1,304,800

NOTE 6 LEASES

The Program leases its office facility under an operating lease agreement with the initial lease term ending in June 2021. The lease agreement calls for monthly rental payments ranging from $1,081 to $1,181. Rent expense for the period from inception (June 1, 2018) to December 31, 2018 was $6,136.

Minimum annual lease payments under non-cancelable lease agreements are as follows:

Year Ending December 31,	Amount
2019	$ 13,358
2020	13,758
2021	6,338
Total	$ 33,454

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Members and Board of Trustees
Maryland Small Business Retirement Savings Program
Baltimore, Maryland

We have audited the financial statements of the Maryland Small Business Retirement Savings Program (the Program) as of and for the period from inception (June 1, 2018) to December 31, 2018, and have issued our report thereon dated June 17, 2019.We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Program are described in Note 2 to the financial statements.

We noted no transactions entered into by the Program during the period from inception (June 1, 2018) to December 31, 2018 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated June 17, 2019.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Other audit findings or issues

The financial statements omit management's discussion and analysis, which is required by the Governmental Accounting Standards Board to present operational, economic, and historical context. Management's election to omit this information was based on qualitative considerations related to the Program's status as of December 31, 2018. We have included an Other Matters paragraph in the audit report referencing the matter.

Additionally, we have provided a separate letter to you dated June 17, 2019, communicating internal control related matters identified during the audit.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board of Trustees and management of Maryland Small Business Retirement Savings Program and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore Maryland
June 17, 2019

Maryland$aves

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June 17, 2019

CliftonLarsonAllen LLP
1966 Greenspring Drive
Timonium, Maryland 21093

This representation letter is provided in connection with your audit of the financial statements of Maryland Small Business Retirement Savings Program, which comprise the respective financial position of the business-type activities as of December, 31, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 17, 2019, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 13, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We acknowledge and have fulfilled our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates are reasonable.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts

receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

8. We have not identified or been notified of any uncorrected financial statement misstatements.

9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.

11. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.

12. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.

13. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

14. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

Information Provided

1. We have provided you with:
    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

    e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.

   f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.

   g. Access to all audit or relevant monitoring reports, if any, received from funding sources.

2. All transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

a. Management;

b. Employees who have significant roles in internal control; or

c. Others when the fraud could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.

7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

11. We have a process to track the status of audit findings and recommendations.

12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Maryland Small Business Retirement Savings Program, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit

objectives, including legal and contractual provisions for reporting specific activities in separate funds.

14. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

15. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.

17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.

19. The financial statements properly classify all funds and activities.

20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

21. Components of net position and equity amounts are properly classified and, if applicable, approved.

22. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

23. Provisions for uncollectible receivables have been properly identified and recorded.

24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

30. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

Signature: John M Walsh Title: CEO/Executive Director

Signature: Glenn Simmons Title: Marketing Director