

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

and

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

with

INDEPENDENT AUDITORS' REPORT

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REQUIRED SUPPLEMENTARY INFORMATION

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025**

The Gwinnett Place Community Improvement District (CID) was formed March 15, 2005 through a resolution of the Gwinnett County Board of Commissioners. The CID receives funding, through special tax assessments on commercial property within the CID area, to be used for purposes outlined by the Gwinnett County Community Improvement Districts Act. Taxes are collected by the Gwinnett County Tax Commissioner and are disbursed to the CID less a one-percent processing fee, which will not exceed \$25,000.

The CID pursues its mission through a comprehensive approach to planning and development that includes initiatives to enhance public safety, improve the physical environment, develop alternative transportation solutions, promote innovation and economic growth, encourage environmentally sustainable resource use, and strengthen the urban amenities.

This section of the CID's annual financial report presents our discussion and analysis of the CID's financial performance during the year ended December 31, 2025. Please read it in conjunction with the basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

Net Position:

- Net position increased 16% to \$3,934,782 at December 31, 2025.

Change in Net Position:

- Net revenue increased 8% to \$2,142,711 in 2025.
- Net property tax revenue increased 5% to \$1,954,814 in 2025.
- Operations expenses increased 13% to \$529,654 in 2025.
- Project expenditures decreased 16% to \$338,698 in 2025.
- Program expenditures increased 7% to \$738,678 in 2025.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025**

STATEMENT OF NET POSITION

The CID holds the majority of its cash to provide funding for active and anticipated improvement projects, as well as long-term funding for recurring programs and operations. The CID's Board monitors assets and liabilities to make certain funds are available for these purposes. The table below is the net position as of December 31:

| | <u>2025</u> | <u>2024</u> | <u>Change</u> |
|-----------------------------|----------------------------|----------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,905,523 | \$ 3,426,753 | \$ 478,770 |
| Accounts receivable | 37,110 | 20,571 | 16,539 |
| Prepaid expenses | 3,168 | 3,075 | 93 |
| Property and equipment, net | 24,451 | 32,172 | (7,721) |
| Right-of-use asset | <u>117,882</u> | <u>148,516</u> | <u>(30,634)</u> |
| | <u>4,088,134</u> | <u>3,631,087</u> | <u>457,047</u> |
| LIABILITIES | | | |
| Accounts payable | 22,730 | 69,648 | (46,918) |
| Lease liability | <u>130,622</u> | <u>162,338</u> | <u>(31,716)</u> |
| | <u>153,352</u> | <u>231,986</u> | <u>(78,634)</u> |
| NET POSITION | <u>\$ 3,934,782</u> | <u>\$ 3,399,101</u> | <u>\$ 535,681</u> |

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025**

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

The CID’s principal source of revenue is Community Improvement District taxes paid annually by commercial property owners within the CID boundary in Gwinnett County, Georgia. Net property tax revenues in 2025 totaled \$1,951,664, 5% above 2024 and 15% above the 2025 final budget estimate of \$1,700,000. Below is a table showing the change in net position for the years ending December 31:

| | <u>2025</u> | <u>2024</u> | <u>Change</u> |
|---|--------------------------|--------------------------|-------------------------|
| REVENUES | | | |
| Property tax revenues and inter-governmental grants | \$ 1,954,814 | \$ 1,855,142 | \$ 99,672 |
| Opportunity zone reimbursement income | 12,950 | - | 12,950 |
| Safety cameras reimbursement income | 65,000 | - | 65,000 |
| Interest income | <u>109,947</u> | <u>120,390</u> | <u>(10,443)</u> |
| | <u>2,142,711</u> | <u>1,975,532</u> | <u>167,179</u> |
| EXPENSES | | | |
| Operations | 529,654 | 470,155 | 59,499 |
| Projects | 338,698 | 291,553 | 47,145 |
| Program | <u>738,678</u> | <u>693,434</u> | <u>45,244</u> |
| | <u>1,607,030</u> | <u>1,455,142</u> | <u>151,888</u> |
| CHANGE IN NET POSITION | <u>\$ 535,681</u> | <u>\$ 520,390</u> | <u>\$ 15,291</u> |

Total expense levels between years and against budget estimates are heavily impacted by the timing of the CID’s funding of expenditures for approved major capital projects.



INDEPENDENT AUDITORS' REPORT

Board of Directors
Gwinnett Place Community Improvement District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gwinnett Place Community Improvement District (the "CID"), which comprise the balance sheet as of December 31, 2025, which collectively comprise the CID's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CID as of December 31, 2025, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CID and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CID's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CID's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CID's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4, 5, 6 and 21, respectively, be presented to supplement the basic financial statements. Such 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 operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026, on our consideration of the CID's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CID's internal control over financial reporting and compliance.

Smith and Howard PC

Atlanta, GA
March 25, 2026

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

ASSETS

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 3,905,523 |
| Accounts receivable, no allowance for doubtful accounts deemed necessary | 37,110 |
| Prepaid expenses | 3,168 |
| Depreciable capital assets, net | 24,451 |
| Right-of-use asset | <u>117,882</u> |
| | <u>\$ 4,088,134</u> |

LIABILITIES AND NET POSITION

| | |
|---------------------------|---------------------|
| Accounts payable | \$ 22,730 |
| Operating lease liability | <u>130,622</u> |
| | <u>153,352</u> |
| Net position | <u>3,934,782</u> |
| | <u>\$ 4,088,134</u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025**

| | |
|--|---------------------|
| Program Revenues: | |
| Property taxes and inter-governmental grants | \$ 1,954,814 |
| | |
| Program Expenses: | |
| Community Improvement District | <u>1,607,030</u> |
| | |
| Net Increase in Net Position Before Other Income | 347,784 |
| | |
| Other Income: | |
| Interest Income | 109,947 |
| Safety Cameras Reimbursement Income | 65,000 |
| Opportunity Zone Reimbursement Income | <u>12,950</u> |
| | <u>187,897</u> |
| | |
| Increase in net position | 535,681 |
| | |
| Net Position, Beginning of Year | <u>3,399,101</u> |
| | |
| Net Position, End of Year | <u>\$ 3,934,782</u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
BALANCE SHEET
DECEMBER 31, 2025**

ASSETS

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 3,905,523 |
| Accounts receivable, no allowance for doubtful accounts necessary | 37,110 |
| Prepaid expenses | 3,168 |
| Right-of-use asset | <u>117,882</u> |
| | <u>\$ 4,063,683</u> |

LIABILITIES AND FUND BALANCE

| | |
|---------------------------|---------------------|
| Accounts payable | \$ 22,730 |
| Operating lease liability | <u>130,622</u> |
| | <u>153,352</u> |
| Fund balance | <u>3,910,331</u> |
| | <u>\$ 4,063,683</u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF FUND BALANCE TO NET POSITION
DECEMBER 31, 2025**

| | |
|---|---------------------|
| Fund balance (pages 12 and 14) | <u>\$ 3,910,331</u> |
| Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund financial statements. | <u>24,451</u> |
| Net position (pages 10 and 11) | <u>\$ 3,934,782</u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2025**

| | |
|--|---------------------|
| Revenues | |
| Property tax revenues, net of administrative fee | \$ 1,954,814 |
| Interest income | 109,947 |
| Safety cameras reimbursement income | 65,000 |
| Opportunity zone reimbursement income | <u>12,950</u> |
| Total revenues | <u>2,142,711</u> |
| Expenditures | |
| Accounting | 41,417 |
| Business development | 11,538 |
| Cameras | 162,500 |
| Computer expense | 6,325 |
| Dues and subscriptions | 2,350 |
| Insurance | 20,715 |
| Legal ads | 145 |
| Legal fees | 8,444 |
| Occupancy expenses | 40,835 |
| Office supplies | 219 |
| Other | 504 |
| Payroll and related expenses | 380,843 |
| Postage and delivery | 37 |
| Programs, projects, and studies | 918,498 |
| Telecommunications | 2,780 |
| Website maintenance | <u>2,159</u> |
| Total expenditures | <u>1,599,309</u> |
| Increase in Fund Balance | 543,402 |
| Fund Balance, beginning of year | <u>3,366,929</u> |
| Fund Balance, end of year | <u>\$ 3,910,331</u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF CHANGES IN FUND BALANCE TO CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025**

| | |
|---|-------------------|
| Change in Restricted Fund Balance (page 14) | \$ 543,402 |
| Depreciation of capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund financial statements. | <u>(7,721)</u> |
| Change in Restricted Net Position (page 11) | <u>\$ 535,681</u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity, Formation, and Nature of Activities

The Gwinnett Place Community Improvement District (CID) was formed March 15, 2005 through a resolution of the Gwinnett County Board of Commissioners. The CID receives funding, through special tax assessments on commercial property within the CID area, to be used for restricted purposes outlined by the Gwinnett County Community Improvement Districts Act. Taxes are collected by the Gwinnett County Tax Commissioner and are disbursed to the CID less a one-percent processing fee.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements (pages 10 and 11)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental-Fund Financial Statements (pages 12 to 14)

Governmental-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Taxes, grants, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the CID receives cash.

Revenue Recognition

Property tax revenues are recorded when levied annually by the CID Board of Directors. Any tax, fee or assessment so levied is collected by the Gwinnett County Tax Commissioner in the same manner as any other taxes, fees and assessments levied by Gwinnett County (the "County"). The County is governed by the increased population provision of the Official Code of Georgia Annotated (OCGA) 48-5-23, which requires the Tax Commissioner to collect taxes in two payments. For the year 2025, property owners remitted payment on/before October 15. Tax revenues are reflected net of a 1% administrative fee charged by the County to the CID Board of Directors.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The CID implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

The CID reports a Restricted Fund Balance which is defined as amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The CID's Restricted Fund Balance reflects its' mission of improving the CID.

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 and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less from the date of purchase. The CID places its cash with high quality credit institutions in bank deposit accounts. The CID's cash and cash equivalents are maintained in fully collateralized demand deposit or money market accounts with a financial institution.

Property and Equipment

Property and equipment consist of a vehicle and are recorded at cost. Amortization of the vehicle are computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the asset. During the year ended December 31, 2025, the CID had depreciation expense of \$7,721.

NOTE B – RISKS AND UNCERTAINTIES

The CID depends on an annual tax assessment levied by the CID Board of Directors. The assessment amounts vary based upon the assessed value of property, and the mill-rate approved by the CID's board of directors. The CID's board of directors believes the CID has the resources to continue its programs, however, its ability to do so and the extent to which it continues is dependent upon the above factors.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE C – LINE OF CREDIT

The CID has an unsecured revolving line of credit agreement with a bank whereby the CID may borrow up to \$1,100,000. Borrowings under the agreement bear interest at SOFR plus 2.00% (an effective rate of 5.87% at December 31, 2025), with final payment of principal and unpaid interest due on April 12, 2026. There were no outstanding borrowings under the agreement at December 31, 2025.

NOTE D – LEASE COMMITMENTS

The CID has an operating lease agreement for its office space with a third party which expires in June 2029. As of December 31, 2025, the remaining lease term was 3.5 years and the discount rate was 3.88%.

At December 31, 2025, the CID’s operating lease liability was comprised of the following:

| | |
|--|------------------|
| Gross operating lease liability | \$ 140,064 |
| Less: Imputed interest | <u>(9,442)</u> |
| Present value of operating lease liability | 130,622 |
| Less: current portion of operating lease liability | <u>(31,716)</u> |
| Long-term operating lease liability | <u>\$ 98,906</u> |

The maturities of lease liabilities were as follows as of December 31, 2025:

| | |
|----------------------|-------------------|
| 2026 | \$ 38,590 |
| 2027 | 39,752 |
| 2028 | 40,946 |
| 2029 | <u>20,776</u> |
| Total lease payments | <u>\$ 140,064</u> |

Rental lease expense for the year ended December 31, 2025 approximated \$36,000.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE E – BUDGETARY INFORMATION

The CID adopted a formal budget for the general fund. The budget is prepared utilizing the accrual basis of accounting, comparable to actual amounts in the supplementary Statement of Activities and Changes in Net Position – Budget and Actual.

NOTE F – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION
REPORTS AND OTHER SCHEDULES

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

| | Budgeted Amounts | Budgeted Amounts | Actual | Variance with |
|--|-------------------------|-------------------------|---------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Positive (Negative)</u> |
| Revenues and Other Support | | | | |
| Property tax revenues | \$ 1,700,000 | \$ 1,700,000 | \$ 1,954,814 | \$ 254,814 |
| Investment income | <u>106,000</u> | <u>106,000</u> | <u>109,947</u> | <u>3,947</u> |
| | <u>1,806,000</u> | <u>1,806,000</u> | <u>2,064,761</u> | <u>258,761</u> |
| Expenses and Other Losses | | | | |
| Operations | 540,407 | 553,370 | 521,933 | 31,437 |
| Programs | <u>735,655</u> | <u>767,811</u> | <u>738,678</u> | <u>29,133</u> |
| | <u>1,276,062</u> | <u>1,321,181</u> | <u>1,260,611</u> | <u>60,570</u> |
| Other Income (Expenses) | | | | |
| Revitalization study reimbursement income* | - | - | 12,950 | 12,950 |
| Traffic and mobility study reimbursement income* | - | - | 65,000 | 65,000 |
| Project expenses* | <u>-</u> | <u>-</u> | <u>(338,698)</u> | <u>(338,698)</u> |
| | <u>-</u> | <u>-</u> | <u>(260,748)</u> | <u>(260,748)</u> |
| Change in Fund Balance | <u>529,938</u> | <u>484,819</u> | <u>543,402</u> | <u>58,583</u> |
| Fund Balance, Beginning of Year | | | <u>3,366,929</u> | |
| Fund Balance, End of Year | | | <u>\$ 3,910,331</u> | |

*Project-length budgets are adopted for certain long-term projects, studies, and intergovernmental revenues.



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

Board of Directors Gwinnett Place Community Improvement District

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 the Gwinnett Place Community Improvement District (the "CID"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the CID's basic financial statements, and have issued our report thereon dated March 25, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CID'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CID's internal control. Accordingly, we do not express an opinion on the effectiveness of the CID'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 CID'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 the CID's financial statements are free from 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 CID'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 CID's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith and Howard PC

March 25, 2026