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Report to the
Board of Directors

The Childhood Language Center at Richmond, Inc.

December 31, 2020

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Communication with Those Charged with Governance

June 17, 2021

Board of Directors
The Childhood Language Center at Richmond, Inc.
Richmond, Virginia

We have audited the financial statements of The Childhood Language Center at Richmond, Inc. (the "Center") for the year ended December 31, 2020, and have issued our report thereon dated June 17, 2021. Professional standards require that we provide you with information about our responsibilities in accordance with 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. We have communicated such information in our letter to you dated January 14, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

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. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the depreciation is based on management's estimate of the assets' useful lives. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. The most sensitive disclosure affecting the financial statements were:

The disclosure of the composition of Endowment Funds in Note 7 to the financial statements. The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds (UPMIFA) law, and was enacted in Virginia during 2008. The disclosure presents the composition of and appropriation from endowment funds which are deemed restricted. Because of the comingling of donated and existing funds, this disclosure required an allocation of investment income and losses among funds and classifications within the funds.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management that are included in the management representation letter included at Appendix A.

Management Consultations with Other 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 Center’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.

Other Significant Matters, Findings, or Issues

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

IT Security

During our audit, we obtained an understanding of the Center's controls over information technology ("IT") and network security. We identified the following items which are not considered to be control deficiencies but are areas for the Board and Management to consider strengthening controls and security:

- Employees do not currently receive cybersecurity awareness training.
- An assessment over network security vulnerability, including penetration testing, is not performed on a regular basis.
- The Center does not have cybersecurity insurance.

As the risks related to IT continuously evolve and the Center maintains and stores electronic protected health information, we recommend that the Board and management perform a regular IT risk assessment to identify areas to implement additional controls. Additionally, we recommend that the Center consider adding cybersecurity insurance to its existing insurance policies.

This information is intended solely for the use of the Board of Directors and management of The Childhood Language Center at Richmond, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Dixon Hughes Goodman LLP

Richmond, VA

DHG

Communication of Internal Control-Related Matters

June 17, 2021

Board of Directors
The Childhood Language Center at Richmond, Inc.
Richmond, Virginia

In planning and performing our audit of the financial statements of The Childhood Language Center at Richmond, Inc. (the "Center") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

We consider the following deficiencies in the Company's internal control to be significant deficiencies:

The Center utilizes its auditing firm to prepare annual financial statements in accordance with the modified cash basis of accounting. It is not certain that such preparation including the required disclosures could be performed by management.

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

Sincerely,

Dixon Hughes Goodman LLP

Richmond, VA

Appendix A

Management Representation Letter

Scottish Rite Childhood Language Center
4202 Hermitage Road
Richmond, VA 23227

June 17, 2021

Dixon Hughes Goodman LLP
901 E. Cary Street, Suite 1000
Richmond, Virginia 23219

This representation letter is provided in connection with your audits of the financial statements of The Childhood Language Center at Richmond, Inc. (the "Center"), which comprise the modified cash basis statements of assets, liabilities, and net assets as of December 31, 2020 and 2019, and the related modified cash basis statements of revenue, support, and expenses, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

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 the 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 14, 2021, for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting.

2. We acknowledge 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. The following have been properly accounted for and disclosed in the financial statements:

   a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties

   b. Guarantees, whether written or oral, under which the Center is contingently liable

   c. Other liabilities or gain or loss contingencies

5. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Center vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

6. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the modified cash basis of accounting.

8. There are no uncorrected misstatements or omitted disclosures.

9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Center's accounts.

10. We represent to you the following for the Center's fair value measurements and disclosures:

    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

    b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

    c. The disclosures related to fair values are complete, adequate, and in conformity with the modified cash basis of accounting.

    d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

11. 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. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

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

13. 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.

14. We have no knowledge of any fraud or suspected fraud affecting the Center involving:

    a. Management.

    b. Employees who have significant roles in internal control.

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

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Center's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

16. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

17. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

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

19. The Center has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

20. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

21. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.

22. The Center 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.

23. The Center recognizes tax benefits only to the extent that the Center believes it is more-likely-than-not (i.e. greater than 50 percent) that its tax positions will be sustained upon examination. We have evaluated the Center's tax positions, including its not-for-profit status, and have determined that the Center does not have any material uncertain tax positions.

24. You have provided the following services:

- Bookkeeping assistance related to fundraising activities, fixed assets, in-kind gifts and bequests

- Assistance with the preparation of the financial statements and the related notes

    In regards to these services provided by you, we have:

    a. Assumed all management responsibilities.

    b. Overseen the service by designating an individual within senior management, who possesses suitable skill, knowledge, or experience.

    c. Evaluated the adequacy and results of the services performed.

    d. Accepted responsibility for the results of the services.

    e. Evaluated and maintained internal controls, including monitoring ongoing

activities.

25. With respect to the non-attest services performed by you during this engagement, we have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

26. The Childhood Language Center at Richmond, Inc. is an exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Center's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

27. 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. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

28. We have complied with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Virginia state legislature and have disclosed restrictions on endowment fund net assets in accordance with this law.

29. The methods and assumptions used to allocate the Center's expenses by nature and function are reasonable and appropriate.

30. Disclosures regarding the Center's method for managing its liquidity, along with disclosures regarding the availability of liquid resources to meet cash needs for general expenditures within one year of the statement of financial position date are complete and accurate.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. Except as made known to you and as disclosed in the financial statements, no events have occurred subsequent to the modified cash basis statements of assets, liabilities, and net assets and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

The Childhood Language Center at Richmond, Inc.

Susan M. Combee
Executive Director

Board of Directors