



50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

October 20, 2022

To the Board of Directors and Management of
Partnerships for a Skilled Workforce, Inc.:

We have audited the financial statements of Partnerships for a Skilled Workforce, Inc. (PSW, Inc.) for the year ended June 30, 2022, and have issued our report thereon dated October 20, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 June 13, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by PSW, Inc. 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 fiscal year 2022. We noted no transactions entered into by PSW, Inc. during the year 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 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 estimates affecting the financial statements were:

- The allocation of indirect costs, which is based on management's estimate of the percentage attributable to each program based on full-time equivalent employee ratios.
- The useful life of the websites, which is based on management's estimate of the period the website will be used.
- Management's estimate of the allowance for uncollectible accounts receivable, which is based on the collection history and management's communications with the payers.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Required Communications (Continued)

Corrected and 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. We are pleased to report there were no such 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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter date October 20, 2022.

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 PSW, Inc.'s financial statements or a determination of the type of auditor's 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 Audit 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 PSW, Inc.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Best Practice Recommendations

Prior Year Item in Process

Risk Assessment Plan

PSW, Inc. should develop a formal, written risk assessment and monitoring program. The risk assessment should identify risks within PSW, Inc., including any internal control risks, risks regarding certain account balances, fraud risks, and risks over the physical safeguarding of PSW, Inc.'s assets. The development of the monitoring program will allow management to ensure that existing risks are identified and addressed as appropriate.

Other Matters

New Lease Accounting

We made the Board of Directors and management aware of the new lease standard, Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, issued by the Financial Accounting Standards Board (FASB) in February 2016. Since then, the FASB also issued several subsequent amendments to the initial guidance. The new lease standard codified in Topic 842 supersedes the existing lease guidance in Topic 840. The core principle of the new guidance is for lessees to recognize lease assets and lease liabilities for those leases classified as operating leases, as defined in the new standard.

In June 2020, the FASB issued ASU 2020-05 to defer the effective date of the lease guidance for non-public companies for an additional year. Therefore, the new lease standard is effective for fiscal year 2023.

With respect to the transition to the new guidance, the FASB offers two methods of adopting this standard – Modified Retrospective Approach and an Optional Transition Method:

- **Modified Retrospective Approach** requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented in the financial statements. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply.
- **Optional Transition Method** is a practical expedient that allows an entity to present comparative financial statements for the year before adoption in accordance with the old standard, while the new standard is applied for presentation of leases in the year of adoption.

If you have any questions or need further assistance with these items, please contact a member of your audit service team.

This information is intended solely for the use of the Finance Committee, the Board of Directors and management of PSW, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "AAFCPAs, Inc." in a cursive, slightly stylized font.

AAFCPAs, Inc.
Certified Public Accountants