



AGENDA

Finance Committee

December 4, 2024

11:00 AM

512 W. Aten Rd., Imperial, CA 92251

All supporting documentation is available for public review at <https://chpiv.org>

Committee Members	Representing	Present
Lee Hindman	LHA Chair-Joint Chamber of Commerce representing the public	
Mayra Widmann	Deputy CEO-Budget Fiscal	
Yvonne Bell	LHA Vice-Chair & Finance Committee Vice-Chair-CEO, Innercare	
Dr. Carlos Ramirez	Finance Committee Chair-CEO/Consultant DCRC	

1. CALL TO ORDER

Dr. Carlos Ramirez, Chair

A. Roll Call

Donna Ponce, Commission Clerk

B. Approval of Agenda

1. Items to be pulled or added from the Information/Action/Closed Session Calendar
2. Approval of the order of the agenda

2. PUBLIC COMMENT

Dr. Carlos Ramirez, Chair

Public Comment is limited to items NOT listed on the agenda. This is an opportunity for members of the public to address the Commission on any matter within the Commission’s jurisdiction. Any action taken as a result of public comment shall be limited to the direction of staff. When addressing the Commission, state your name for the record prior to providing your comments. Please address the Commission as a whole, through the Chairperson. Individuals will be given three (3) minutes to address the board.

3. CONSENT CALENDAR

All items appearing on the consent calendar are recommended for approval and will be acted upon by one motion, without discussion. Should any Commissioner or other person express their preference to consider an item separately, that item will be addressed at a time as determined by the Chair.

A. Approval of Minutes from 11/6/2024



4. ACTION

A. Motion to recommend to the full commission approval of the financial reports as presented.

David Wilson, CFO

1. Enrollment Report
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Net Position (Assets)
4. Statement of Net Position (Liabilities & Net Position)
5. Summarized TNE Calculation
6. Cash Transaction Report

B. Motion to recommend to the full commission approval of the Moss Adams Audit Engagement for 2024

David Wilson, CFO

5. CLOSED SESSION

Pursuant to Welfare and Institutions Code § 14087.38 (n) Report Involving Trade Secret new product discussion (estimated date of disclosure, 01/2025)

6. INFORMATION

A. Other new or old business

Dr. Carlos Ramirez, Chair

7. COMMISSIONER REMARKS

Dr. Carlos Ramirez, Chair

8. ADJOURNMENT



MINUTES

Finance Committee

November 6, 2024

11:00 AM

512 W. Aten Rd., Imperial, CA 92251

All supporting documentation is available for public review at <https://chpiv.org>

Committee Members	Representing	Present
Lee Hindman	LHA Chair-Joint Chamber of Commerce representing the public	✓
Mayra Widmann	Deputy CEO-Budget Fiscal	✓
Yvonne Bell	LHA Vice-Chair & Finance Committee Vice-Chair-CEO, Innercare	✓
Dr. Carlos Ramirez	Finance Committee Chair-CEO/Consultant DCRC	✓

1. CALL TO ORDER

Dr. Carlos Ramirez, Chair

Meeting called to order at 11:04 a.m.

A. Roll Call

Donna Ponce, Commission Clerk

Roll call was taken and quorum confirmed. Attendance is as shown.

B. Approval of Agenda

1. Items to be pulled or added from the Information/Action/Closed Session Calendar
2. Approval of the order of the agenda

(Hindman/Bell) To approve the agenda. Motion carried.

2. PUBLIC COMMENT

Dr. Carlos Ramirez, Chair

Public Comment is limited to items NOT listed on the agenda. This is an opportunity for members of the public to address the Commission on any matter within the Commission’s jurisdiction. Any action taken as a result of public comment shall be limited to the direction of staff. When addressing the Commission, state your name for the record prior to providing your comments. Please address the Commission as a whole, through the Chairperson. Individuals will be given three (3) minutes to address the board.

None.

3. CONSENT CALENDAR

All items appearing on the consent calendar are recommended for approval and will be acted upon by one motion, without discussion. Should any Commissioner or other person express their preference to consider an item separately, that item will be addressed at a time as determined by the Chair.



- A. Approval of Minutes from 10/9/2024
(Hindman/Bell) To approve the consent calendar. Motion carried.

4. ACTION

- A. Motion to recommend to the full commission acceptance of the financial reports as presented.
David Wilson, CFO
(Hindman/Widmann) To recommend to the full commission acceptance of the financial reports as presented. Motion carried.

1. Enrollment Report
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Net Position (Assets)
4. Statement of Net Position (Liabilities & Net Position)
5. Summarized TNE Calculation
6. Cash Transaction Report

5. CLOSED SESSION

Pursuant to Welfare and Institutions Code § 14087.38 (n) Report Involving Trade Secret new product discussion (estimated date of disclosure, 01/2025)
Chair Hindman announced the commission will enter closed session.

- A. Budget Update

6. RECONVENE OPEN SESSION

- A. Report on actions taken in closed session.
Chair Hindman announced the commission has reconvened into open session and reports no action has been taken.

7. INFORMATION

- A. Other new or old business
None.

Dr. Carlos Ramirez, Chair

8. COMMISSIONER REMARKS

None.

Dr. Carlos Ramirez, Chair

9. ADJOURNMENT

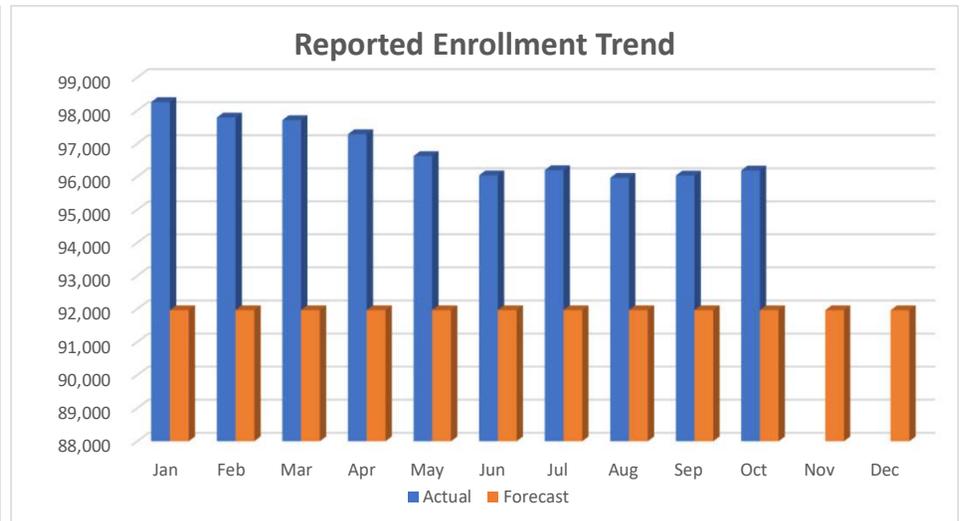
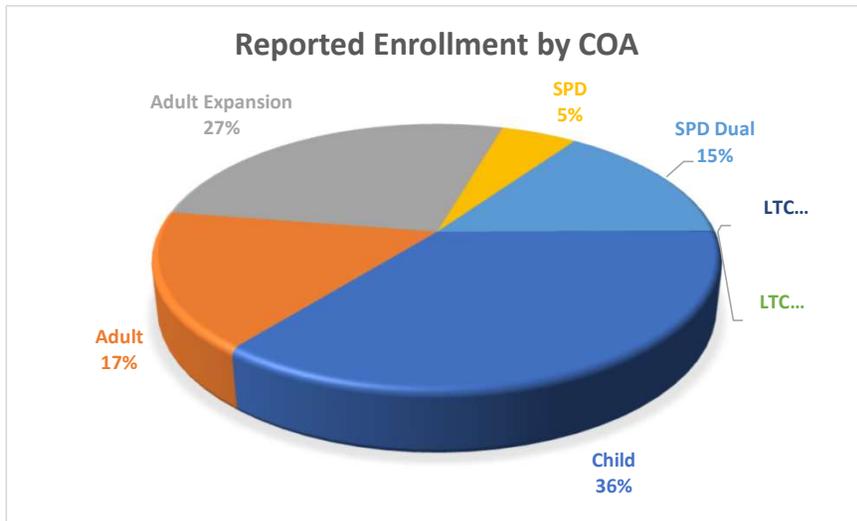
The meeting was adjourned at 11:34 a.m.
Next meeting: December 4, 2024

**Imperial County Local Health Authority
DBA Community Health Plan of Imperial Valley
Enrollment Report
For October 2024**

2024 (Reported)														
Category of Aid (COA)*	January	February	March	April	May	June	July	August	September	October	November	December	YTD Months	YTD Δ
Child	34,676	34,549	34,607	35,210	34,897	34,589	34,598	34,421	34,424	34,437			346,408	-0.7%
Adult	17,225	17,130	16,997	16,065	15,906	15,767	15,725	15,675	15,675	15,690			161,855	-9.0%
Adult Expansion	27,003	26,696	26,579	26,347	26,042	25,784	25,857	25,795	25,733	25,780			261,616	-4.7%
SPD	5,005	4,982	5,007	5,010	5,025	5,041	5,061	5,057	5,085	5,090			50,363	1.6%
SPD Dual	14,258	14,342	14,433	14,555	14,652	14,760	14,851	14,910	15,007	15,068			146,836	5.3%
LTC	11	11	12	17	17	15	17	18	19	19			156	72.7%
LTC Dual	81	80	79	83	86	87	88	92	92	105			873	13.6%
Total Medicaid	98,259	97,790	97,714	97,287	96,625	96,043	96,197	95,968	96,035	96,189			968,107	-2.3%
<i>Monthly Change</i>		-0.5%	-0.1%	-0.4%	-0.7%	-0.6%	0.2%	-0.2%	0.1%	0.2%			-0.2%	

2024 (Restated)														
Category of Aid (COA)*	January	February	March	April	May	June	July	August	September	October	November	December	YTD Months	YTD Δ
Child	35,298	35,594	35,543	35,341	35,098	34,798	34,729	34,545	34,529	34,437			349,912	-2.2%
Adult	16,470	16,579	16,494	16,190	16,060	15,925	15,838	15,803	15,752	15,690			160,801	-4.4%
Adult Expansion	26,837	26,762	26,686	26,396	26,065	25,806	25,798	25,706	25,670	25,780			261,506	-4.3%
SPD	5,043	5,105	5,101	5,092	5,100	5,106	5,091	5,093	5,080	5,090			50,901	0.7%
SPD Dual	14,395	14,526	14,626	14,704	14,781	14,869	14,908	14,976	15,038	15,068			147,891	4.5%
LTC	10	10	13	16	16	15	19	18	19	19			155	90.0%
LTC Dual	79	80	79	85	84	86	85	89	93	105			865	17.7%
Total Medicaid	98,132	98,656	98,542	97,824	97,204	96,605	96,468	96,230	96,181	96,189			972,031	-2.0%
<i>Monthly Change</i>		0.5%	-0.1%	-0.7%	-0.6%	-0.6%	-0.1%	-0.2%	-0.1%	0.0%			-0.2%	

* Source: DHCS Remittance summary; includes retroactivity



Imperial County Local Health Authority
DBA Community Health Plan of Imperial Valley
Statement of Revenues, Expenses, and Changes in Net Position
For October 2024

	September	October				October (YTD)			Current Month Explanations
	Actual	Actual	Forecast	Variance - B/(W)		Actual	Budget	Variance - B/(W)	
				vs. Forecast	vs. Prior Month				
REVENUE									
Premium	\$ 23,237,090	\$ 23,049,788	\$ 22,249,362	\$ 800,426	\$ (187,302)	\$ 228,296,742	\$ 222,493,617	\$ 5,803,125	
Pass-Through	352,208	657,816	883,592	(225,775)	305,609	6,044,601	8,835,916	(2,791,315)	
HN Settlements	-	-	-	-	-	602,764	1,135,000	(532,236)	Timing of settlements booked in 2023
Government Grants	-	-	-	-	-	134,859	-	134,859	
TOTAL REVENUE	23,589,298	23,707,604	23,132,953	574,650	118,306	235,078,966	232,464,533	2,614,432	Favorable due to member volume (+\$1.1M), offset by rate/mix (-\$0.5M)
HEALTH CARE COSTS	\$ 22,892,195	\$ 23,016,110	\$ 22,465,472	\$ (550,638)	\$ (123,915)	\$ 227,395,867	\$ 224,654,725	\$ (2,741,142)	
Gross Margin	697,103	691,494	667,481	24,013	(5,609)	7,683,099	7,809,809	(126,710)	
ADMINISTRATIVE EXPENSE									
Salaries & Wages	\$ 209,054	\$ 269,510	\$ 239,059	\$ (30,451)	\$ (60,456)	\$ 2,404,953	\$ 2,323,059	\$ (81,894)	
Benefits and Bonus	56,590	29,518	78,004	48,486	27,072	501,641	758,634	256,993	
Total Labor Costs	265,644	299,028	317,063	18,035	(33,384)	2,906,594	3,081,693	175,099	Total labor in line with forecast
Consulting, Legal, & Other Professional	\$ 158,379	\$ 173,592	\$ 15,508	\$ (158,083)	\$ (15,213)	\$ 711,494	\$ 115,083	\$ (596,411)	Largely driven by Milliman invoices for DSNP licensure
Insurance and Banking	3,934	4,492	6,380	1,888	(558)	37,014	63,802	26,788	
IT Hardware/Software	3,368	3,149	9,820	6,670	219	36,166	178,197	142,031	
Office Expense	7,858	5,624	14,606	8,982	2,234	153,228	146,060	(7,168)	
Other Admin	85,850	49,757	12,443	(37,314)	36,093	456,212	94,099	(362,113)	Property Taxes, LHPC, and travel
Total Administrative Expense	525,034	535,642	375,821	(159,821)	(10,608)	4,300,708	3,678,934	(621,774)	
Non-Operating Income									
Dividend, Interest & Investment Income	\$ 84,221	\$ 94,351	\$ 100,347	\$ (5,996)	\$ 10,129	\$ 820,710	\$ 889,972	\$ (69,262)	
Rental Income	1,450	1,450	-	1,450	-	14,500	-	14,500	
Total Non-Operating Income	85,671	95,801	100,347	(4,546)	10,129	835,210	889,972	(54,762)	
Depreciation & Amortization	\$ 9,801	\$ 10,656	\$ -	(10,656)	\$ 855	\$ 96,475	\$ -	(96,475)	
Change in Net Position	\$ 247,939	\$ 240,997	\$ 392,007	\$ (151,010)	\$ (6,943)	\$ 4,121,126	\$ 5,020,847	\$ (899,721)	
Key Metrics									
Enrollment	96,035	96,189	91,964	4,226	154	968,107	919,635	48,472	
Revenue PMPM	\$245.63	\$246.47	\$251.54	(\$5.08)	\$0.84	\$242.82	\$252.78	(\$9.96)	
MLR	97.04%	97.08%	97.1%	3 bps	(4) bps	96.8%	96.6%	(15) bps	
Admin Ratio	2.2%	2.3%	1.6%	(63) bps	(3) bps	1.8%	1.6%	(25) bps	
Net Income PMPM	\$2.58	\$2.51	\$4.26	(\$1.76)	(\$0.08)	\$4.26	\$5.46	(\$1.20)	
Net Income %	1.0%	1.0%	1.7%	(67) bps	(3) bps	1.7%	2.2%	(40) bps	

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statement of Net Position
As of October 31, 2024**

ASSETS

Current Assets	<u>Sep 2024</u>	<u>Oct 2024</u>	<u>Change</u>
Cash and Investments			
Chase - Checking	\$ 198,000	\$ 199,830	\$ 1,830
Chase - Money Market	2,779,241	3,370,693	591,451
JPMorgan Securities	12,254,545	12,304,439	49,894
First Foundation Bank	300,264	152,098	(148,165)
Receivables			
Accounts Receivable	2,773	4,223	1,450
Dividend Receivable	21,758	10,460	(11,298)
Interest Receivable	7,702	-	(7,702)
Premium Receivable	23,237,090	23,049,788	(187,302)
Pass-Through Receivable	352,208	359,633	7,425
Other Current Assets			
Prepaid Expenses	138,844	150,067	11,223
Total Current Assets	39,292,426	39,601,231	308,805
Noncurrent Assets			
Restricted Deposit			
First Foundation Bank - Restricted	300,000	300,000	-
Capital Assets			
Buildings - Net	2,983,148	2,974,601	(8,548)
Computers & Office Equipment - Net	8,236	8,068	(168)
Improvements - Net	47,217	46,809	(408)
Intangible Assets - Net	20,557	44,957	24,400
Operating ROU Asset (Copier) - Net	7,319	7,038	(282)
Total Noncurrent Assets	3,366,478	3,381,472	14,994
Total Assets	<u>\$ 42,658,903</u>	<u>\$ 42,982,703</u>	<u>\$ 323,800</u>

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Statement of Net Position
As of October 31, 2024**

LIABILITIES

CURRENT LIABILITIES	<u>Sep 2024</u>	<u>Oct 2024</u>	<u>Change</u>
Payables			
Accounts Payable	\$ 144,398	\$ 183,605	\$ 39,207
Capitation Payable	22,539,132	22,358,294	(180,838)
Pass-Through Payable	352,208	657,816	305,609
Credit Card Payable	19,160	9,294	(9,866)
Other Current Liabilities			
Short Term Lease Liability - Copier	3,344	3,359	15
Bonus Accrual	107,275	119,194	11,919
Salaries Accrual	129,146	46,190	(82,957)
Vacation Accrual	105,152	105,152	-
Total Current Liabilities	23,399,815	23,482,905	83,090
NON-CURRENT LIABILITIES			
Long Term Lease Liability - Copier	4,140	3,853	(287)
Total Noncurrent Liabilities	4,140	3,853	(287)
Total Liabilities	23,403,955	23,486,758	82,803

NET POSITION

Net investment in Capital Assets	3,366,478	3,381,472	14,994
Restricted by Legislative Authority	300,000	300,000	-
Unrestricted	11,708,341	11,693,346	(14,994)
Net Revenue	3,880,130	4,121,127	240,997
Total Net Position	19,254,948	19,495,945	240,997
Total Liabilities and Net Position	\$ 42,658,903	\$ 42,982,703	\$ 323,800

**Imperial County Local Health Authority dba
Community Health Plan of Imperial Valley
Summarized Tangible Net Equity Calculation
As of October 31, 2024**

Net Equity	\$	19,495,945
Add: Subordinated Debt and Accrued Subordinated Interest	\$	0
Less: Report 1, Column B, Line 27 including: Unsecured Receivables from officers, directors, and affiliates; Intangibles	\$	0
Tangible Net Equity (TNE)	\$	19,495,945
Required Tangible Net Equity *	\$	4,344,912
TNE Excess (Deficiency)	\$	15,151,033

Full Service Plan		
		1
A. Minimum TNE Requirement	\$	1,000,000
B. REVENUES:		
2% of the first \$150 million of annualized premium revenues (lines 1, 2, 4, 5, 7, 9 from Income Statement)	\$	3,000,000
Plus		
1% of annualized premium revenues in excess of \$150 million	\$	1,344,912
Total	\$	4,344,912

* Calculated Required Tangible Net Equity	
\$ 23,707,603.84	- Current Month Premium
x 12	
\$ 284,491,246.08	- Annualized
x 2%	
\$ 150,000,000.00	←
x 1%	
\$ 134,491,246.08	←
\$ 1,344,912.46	
\$ 4,344,912.46	- Required TNE

Community Health Plan of Imperial Valley
October 2024 Cash Transactions

Date	Account	Vendor	Memo/Description	Amount
Chase Checking				
10/04/2024	Chase Checking	AM Copiers Inc.	Chase Bill Pay - Invoice: IN5957	\$ -444.98
10/04/2024	Chase Checking	Brawley Chamber of Commerce	Chase Bill Pay - Invoice: 23566	-450.00
10/04/2024	Chase Checking	Brawley Rotary Club	Chase Bill Pay - Sep 2024 Statement	-180.00
10/04/2024	Chase Checking	City of Imperial	Chase Bill Pay - Service Period: 08/24/24 - 09/23/24	-164.17
10/04/2024	Chase Checking	CLEANBC, LLC	Chase Bill Pay - Invoice 010 / 2	-1,400.00
10/04/2024	Chase Checking	Department of Managed Health Care	Chase Bill Pay - Invoice IMR24-032	-845.00
10/04/2024	Chase Checking	Epstein Becker & Green, P.C.	Chase Bill Pay - Invoices 1173853 / 1173854 / 1173855	-34,547.00
10/04/2024	Chase Checking	Imperial County Medical Society	Chase Bill Pay - Silver Sponsorship	-5,000.00
10/04/2024	Chase Checking	Imperial Desert Landscape	Chase Bill Pay - Invoice: 24-226	-250.00
10/04/2024	Chase Checking	Law Office of William S. Smerdon	Chase Bill Pay - Invoice: 2628	-1,457.50
10/04/2024	Chase Checking	Manifest MedEx	Chase Bill Pay - Invoice: INV-2342	-35,000.00
10/04/2024	Chase Checking	Milliman, Inc.	Chase Bill Pay - Invoice: 1523078	-4,354.50
10/04/2024	Chase Checking	Quench USA	Chase Bill Pay - Invoice: INV07963658	-129.30
10/04/2024	Chase Checking	Republic Services	Chase Bill Pay - Invoice: 0467-001724573	-143.29
10/04/2024	Chase Checking	Stericycle, Inc.	Chase Bill Pay - Invoice: 8008119645 / 8008409662	-223.81
10/04/2024	Chase Checking	Vic's Air Conditioning & Electrical	Chase Bill Pay - Invoice: 99817	-95.00
10/11/2024	Chase Checking	JPMorgan Chase	Dividend Income - Sep 2024	21,758.06
10/11/2024	Chase Checking	Myrna Gallaga	Employee: Myrna Gallaga Final Check	-5,112.35
10/11/2024	Chase Checking	Mid Atlantic Trust Company	Employee/Employer Contribution - 10/04/24 Payroll	-5,745.10
10/11/2024	Chase Checking	JPMorgan Chase	Monthly Service Charges - Sep 2024	-1,261.87
10/11/2024	Chase Checking	Employment Development Department	Online Payment - Invoice: L0741729104 (Q1 Underpayment)	-170.36
10/11/2024	Chase Checking	Health Management Associates, Inc.	Chase Bill Pay - Invoices: 206100-0000019 / 210806-0000002	-54,975.00
10/11/2024	Chase Checking	Manifest MedEx	Chase Bill Pay - Invoice: INV-2718	-18,797.83
10/11/2024	Chase Checking	Martin Torres	Chase Check#6677 - Invoice: 122	-300.94
10/11/2024	Chase Checking	Nancy Flippen	Chase Bill Pay - Invoice: 0001	-240.00
10/11/2024	Chase Checking	Shalom Events Professionals	Chase Bill Pay - Invoice	-26.00
10/18/2024	Chase Checking	State of Colorado	Chase Check# 6678 - CO Family & Medical Leave Ins Payment	-51.92
10/18/2024	Chase Checking	Conveyor Group	Chase Bill Pay - Invoice: 11231	-3,270.00
10/18/2024	Chase Checking	Economic Group Pension Services	Chase Bill Pay - Invoice: 206345	-535.00
10/18/2024	Chase Checking	Great America Financial Services	Chase Bill Pay - Invoice: 37690124 (GASB 87)	-306.01
10/18/2024	Chase Checking	Imperial Irrigation District	Chase Bill Pay - Service Period: 08/23/24 - 09/23/24	-1,621.41
10/18/2024	Chase Checking	Jeffrey Scott Agency	Chase Bill Pay - Invoice	-606.75
10/18/2024	Chase Checking	KY Cakes	Chase Bill Pay - Invoice: 0008	-30.00
10/18/2024	Chase Checking	Oracle America, Inc.	Chase Bill Pay - Invoice: 2004190	-6,195.00
10/18/2024	Chase Checking	State Compensation Insurance Fund	Chase Bill Pay - Invoice: 1002048096	-815.08
10/31/2024	Chase Checking	Department of Healthcare Services	10/15/24 Receipt - DHCS (Sept 2024 Revenue)	23,079,347.38
10/31/2024	Chase Checking	Department of Healthcare Services	10/15/24 Receipt - DHCS (Sept 2024 Revenue)	433,354.67
10/31/2024	Chase Checking	Department of Healthcare Services	10/15/24 Receipt - DHCS (Sept 2024 Revenue)	59,386.05
10/31/2024	Chase Checking	Department of Healthcare Services	10/15/24 Receipt - DHCS (Sept 2024 Revenue)	15,870.25
10/31/2024	Chase Checking	Department of Healthcare Services	10/15/24 Receipt - DHCS (Sept 2024 Revenue)	1,339.21
10/31/2024	Chase Checking	Department of Healthcare Services	Pass-Through - Oct 2024 (Student BHS Incentive)	298,183.34
10/31/2024	Chase Checking	Mid Atlantic Trust Company	Employee/Employer Contribution - 10/18/24 Payroll	-5,976.98
10/31/2024	Chase Checking	Health Net	10/30/24 - Health Net Payment	-22,891,339.86
First Foundation Bank				
10/10/2024	FFB Payroll	FFB Credit Card	CC Payment 10/03/24	-19,526.06
10/31/2024	FFB Payroll	Rippling	Rippling Test Connection	0.18
10/31/2024	FFB Payroll	Rippling	Rippling Test Connection	0.71
10/31/2024	FFB Payroll	Blue Shield of California	Online Payment - Invoice# 242570048113 (10/01/24 - 10/31/24)	-18,843.77
10/31/2024	FFB Payroll	Rippling	Rippling Test Connection	-0.18
10/31/2024	FFB Payroll	Rippling	Rippling Test Connection	-0.71
10/31/2024	FFB Payroll	Paychex of New York LLC	Payroll Date 10/18/24 - Employee / Employer Taxes	-39,133.92
10/31/2024	FFB Payroll	Paychex of New York LLC	Payroll Date 10/04/24 - Salaries / Wages	-89,912.51
10/31/2024	FFB Payroll	Paychex of New York LLC	Payroll Date 10/04/24 - Processing Fee	-69.29
10/31/2024	FFB Payroll	Rippling	Module - Time & Attendance	-518.40
10/31/2024	FFB Payroll	Rippling	Platform Modules	-7,704.00
10/31/2024	FFB Payroll	Paychex of New York LLC	Platform Services	-60.00
10/31/2024	FFB Payroll	Paychex of New York LLC	Payroll Date 10/18/24 - Employee / Employer Taxes	-39,196.05
10/31/2024	FFB Payroll	Paychex of New York LLC	Payroll Date 10/04/24 - Salaries / Wages	-72,650.72
10/31/2024	FFB Payroll	Paychex of New York LLC	Platform Services	-49.50
10/31/2024	FFB Payroll	Blue Shield of California	Health Insurance Payment - Nov 2024	-16,067.31
10/31/2024	FFB Payroll	Employee: J. Crenshaw / J. Hutchins / D. Wilson	Business Reimbursement 10/28/24	-7,953.74
10/31/2024	FFB Payroll	Employee: L. Lewis	Business Reimbursement 10/30/24	-887.07
10/31/2024	FFB Payroll	Rippling	Payroll Date 11/01/24 - Employee / Employer Taxes	-39,778.92
10/31/2024	FFB Payroll	Rippling	Payroll Date 11/01/24 - Net Salaries / Wages	-71,313.15
10/31/2024	FFB Payroll	First Foundation Bank	Wire Fee 10/15/24	-10.00
10/31/2024	FFB Payroll	First Foundation Bank	Wire Fee 10/16/24	-10.00
10/31/2024	FFB Payroll	First Foundation Bank	Wire Fee 10/30/24	-10.00
10/31/2024	FFB Payroll	Pablo Velez	Pablo Valez Commission Check	-100.00
J.P. Morgan Securities				
10/31/2024	J.P. Morgan Securities	J.P. Morgan Securities	Investment Income - Oct 2024	\$ 91,627.00

Fact Sheet

Annual Audit – Moss Adams

December 4, 2024

Recommendations

Motion to approve the SOW for annual audit performed by Moss Adams, not to exceed **\$80,000**.

Background

As required by regulatory agencies, CHPIV is required to conduct an audit of its financial statements no less than once per year. Moss Adams was utilized for the 2023 audit and performed satisfactorily. As a result, we seek to re-engage Moss Adams for the 2024 audit.

Scope

Moss will perform an audit of CHPIV's Net Position, as of December 31, 2024, related revenue and expenses, Change in Net Position, Statement of Cash Flows, and related notes. Moss will not issue an opinion on whether CHPIV's management discussions and analysis (presented as supplementary information) is fairly stated.

In addition to the audit, Moss will assist CHPIV in drafting the final year-end financial statements and related footnotes for 2024. These will be non-attest services.

Objectives & Auditor Responsibility

The objective of the audit is to obtain reasonable assurances about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue a report of opinion as to the auditor's findings.

The auditor will have the responsibility of identifying and assessing key risks of material misstatement of the financials, understanding and reporting on internal controls, evaluating the appropriateness of accounting policies, and conclude whether there are conditions or events that could raise substantial doubt about CHPIV's ability to continue as a going concern.

At the conclusion of the audit, Moss Adams will prepare a written report, addressed to the Commission, detailing the results of their findings.

Financial Impact

The fees for this engagement were estimated by Moss Adams to be \$80,000, plus expenses. It is the opinion of CHPIV that this amount is sufficient to complete the work. As a point of comparison, the fees for 2023 were \$66,100; however, CHPIV was much smaller with less entries to audit. It is the opinion of CHPIV that the current estimate reflects a fair value given the current size of the organization.

October 15, 2024

David Wilson, Chief Financial Officer
Community Health Plan of Imperial Valley
1224 State Street, Suite B
El Centro, CA 92243

Re: Audit and Nonattest Services

Dear Mr. Wilson:

Thank you for the opportunity to provide services to Community Health Plan of Imperial Valley. This engagement letter (“Engagement Letter”) and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP (“Moss Adams,” “we,” “us,” and “our”) will provide to Community Health Plan of Imperial Valley (“you,” “your,” and “Company”).

Scope of Services – Audit

You have requested that we audit the Company’s financial statements, which comprise the statement of net position as of December 31, 2024, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. We have not been engaged to report on whether the management’s discussion and analysis, presented as supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Scope of Services and Limitations – Nonattest

We will provide the Company with the following nonattest services:

Assist you in drafting the financial statements and related footnotes as of and for the year ended December 31, 2024.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, Company management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service by designating an individual, preferably within senior management, who possesses skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.

- Accept responsibility for the results of the nonattest services performed.

It is our understanding that you have been designated by the Company to oversee the nonattest services and that in the opinion of the Company you are qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Stelian Damu is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin our audit on approximately February 10, 2025, complete fieldwork on approximately March 14, 2025, and issue our report no later than April 30, 2025. As we reach the conclusion of the audit, we will coordinate with you the date the audited financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the financial statements are available for issuance, (2) you will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Fees

We estimate that our fees for the services will be \$80,000. You will also be billed for expenses.

Our invoices include a flat expense charge, calculated as five percent (5%) of fees, to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel expenses and client meals/entertainment expenses will be billed separately and are not included in the 5% charge.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the Company's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments, and/or untimely assistance will result in an increase of our fees.

Reporting

We will issue a written report upon completion of our audit of the Company's financial statements. Our report will be addressed to the Board of Commissioners of the Company. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is



necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended December 31, 2024.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,

A handwritten signature in blue ink that reads 'Stelian Damu'.

Stelian Damu, Partner, for
Moss Adams LLP

Enclosures

Accepted and Agreed:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Community Health Plan of Imperial Valley with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature: _____

Print Name: _____

Title: _____

Date: _____

PROFESSIONAL SERVICES AGREEMENT

Audit and Nonattest Services

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services that Moss Adams will provide to the Company. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objectives of the Audit

The objectives of our audit 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 auditor's 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 auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. 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.

The Auditor's Responsibility

We will conduct our audit in accordance with U.S. GAAS. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- 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 Company's internal control or to identify deficiencies in the design or operation of internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time

If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws or regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws or regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws or regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

We may assist management in the preparation of the Company's financial statements. Regardless of any assistance we may render, all information included in the financial statements remains the representation of management. We may issue a preliminary draft of the financial statements to you for your review. Any preliminary draft financial statements should not be relied upon, reproduced, or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility for Financial Statements

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible 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 error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the Company involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, regulators or others. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole. Management is also responsible for identifying and ensuring that the Company complies with applicable laws and regulations.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement, management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, whether obtained from within or outside of the general and subsidiary ledgers (including all information relevant to the preparation and fair presentation of disclosures), such as records, documentation, and other matters;
- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

Management's Responsibility to Notify Us of Affiliates

Our professional standards require that we remain independent of the Company as well as any "affiliate" of the Company. Professional standards define an affiliate as follows:

- a fund, component unit, fiduciary activity or entity that the Company is required to include or disclose, and is included or disclosed in its basic financial statements, in accordance with generally accepted accounting principles (U.S. GAAP);
- a fund, component unit, fiduciary activity or entity that the Company is required to include or disclosed in its basic financial statements in accordance with U.S. GAAP, which is material to the Company but which the Company has elected to exclude, and for which the Company has more than minimal influence over the entity's accounting or financial reporting process;
- an investment in an investee held by the Company or an affiliate of the Company, where the Company or affiliate controls the investee, excluding equity interests in entities whose sole purpose is to directly enhance the Company's ability to provide government services;
- an investment in an investee held by the Company or an affiliate of the Company, where the Company or affiliate has significant influence over the investee and for which the investment is material to the Company's financial statements, excluding equity interests in entities whose sole purpose is to directly enhance the Company's ability to provide government services

In order to fulfill our mutual responsibility to maintain auditor independence, you agree to notify Moss Adams of any known affiliate relationships, to the best of your knowledge and belief. Additionally, you agree to inform Moss

Adams of any known services provided or relationships between affiliates of the Company and Moss Adams or any of its employees or personnel.

Other Information Included in an Annual Report

When financial or nonfinancial information, other than financial statements and the auditor's report thereon, is included in an entity's annual report, management is responsible for that other information. Management is also responsible for providing the document(s) that comprise the annual report to us as soon as it is available.

Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. If we identify that a material inconsistency or misstatement of the other information exists, we will discuss it with you; if it is not resolved U.S. GAAS requires us to take appropriate action.

Key Audit Matters

U.S. GAAS does not require the communication of key audit matters in the audit report unless engaged to do so. You have not engaged us to report on key audit matters, and the Agreement does not contemplate Moss Adams providing any such services. You agree we are under no obligation to communicate key audit matters in the auditor's report.

If you request to engage Moss Adams to communicate key audit matters in the auditor's report, before accepting the engagement we would discuss with you the additional fees to provide any such services, and the impact to the timeline for completing the audit.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Offering of Securities

This Agreement does not contemplate Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that Moss Adams will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Company's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the Company's financial statements that we fail to detect as a result of false or

misleading representations, whether oral or written, that are made to us by the Company's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the Company further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the Company's financial statements resulting in whole or in part from knowingly false or misleading representations made to us by any member of the Company's management.

Fees and Expenses

The Company acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;
- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation

for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Company records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the Company. The Company agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the Company, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The Company may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Use of Subcontractor and Affiliate

We may retain subcontractors and/or our affiliate, Moss Adams (India) LLP, to assist us in providing our services to you. These entities may collect, use, transfer, store, or otherwise process information provided by you or on your behalf ("Client information") in the domestic and foreign jurisdictions in which they operate. All of these entities are required to protect the confidentiality of any Client information to which they have access in the course of their work. We will be responsible for their performance in accordance with the terms of this Agreement.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding

on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

Each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

Hiring of Employees

Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

Regulatory Access to Documentation

The documents created or incorporated into our documentation for this engagement are the property of Moss Adams and constitute confidential information. However, we may be requested to make certain engagement related documents available to regulatory agencies pursuant to authority given to them by law or regulation. If requested and in our opinion a response is required by law, access to such engagement related documents will be provided under the supervision of Moss Adams personnel. Furthermore, upon request, we may provide photocopies of selected engagement related documents to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.