



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

June 20, 2023

Mr. J. Kent Rogers, Executive Director
Northwest Louisiana Council of Governments
625 Texas Street, Suite 200
Shreveport, Louisiana 71101

Dear Kent:

Heard, McElroy & Vestal, LLC (“firm,” “we,” “us,” or “our”) is pleased to provide Northwest Louisiana Council of Governments (“you” or “your”) with the professional services described below. This letter, and the attached *Terms and Conditions Addendum* and any other attachments incorporated herein (collectively, “Agreement”), confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

Engagement Objective and Scope

We will audit the financial statements of the governmental activities and the major fund, including the related notes to the financial statements (collectively, the “financial statements”) of Northwest Louisiana Council of Governments, which are comprised of the statement of net position and balance sheets as of June 30, 2023, and the related statements of activities and revenues, expenditures, and changes in fund balances for the year then ended, and the related notes to the financial statements.

The following supplementary information (“SI”) accompanying the financial statements will be presented for the purpose of additional analysis and is not a required part of the financial statements. Such information, which is the responsibility of management, will be subjected to auditing procedures applied in our audit of the financial statements, additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our auditor’s report on the financial statements will provide an opinion on the supplementary information in relation to the financial statements as a whole.

- 1) Schedule of Compensation, Benefits, and Other Payments to Agency Head
- 2) Schedule of Revenues and Expenditures by Project
- 3) Computation of Indirect Cost Rate
- 4) Schedule of Expenditures of Federal Awards

Accounting standards generally accepted in the United States of America (“GAAP”) require certain supplementary information (“RSI”). Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We will apply certain limited procedures to Northwest Louisiana Council of Governments 's RSI in accordance with auditing standards generally accepted in the United States of America (“GAAS”) to the following RSI:

- 1) Management’s Discussion and Analysis
- 2) Budgetary Comparison Schedule-General Fund

The objective of the audit is the expression of an opinion about whether the financial statements present fairly, in all material respects, the financial position of Northwest Louisiana Council of Governments as of June 30, 2023, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles (“GAAP”), and to report on whether the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The objective also includes reporting on internal control over financial reporting and compliance with the provisions of laws, regulations, contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“Government Auditing Standards”), and compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles; and Audit Requirements for Federal Awards* (“Uniform Guidance”).

The Government Auditing Standards reports on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwest Louisiana Council of Governments’ internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Northwest Louisiana Council of Governments’ internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is intended solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose. Both reports will state that the report is not suitable for any other purpose.

Our reports will be addressed to those charged with governance of Northwest Louisiana Council of Governments.

Engagement Deliverable

We will issue a written report upon completion of our audit of your financial statements. Our report will be addressed to the Board of Directors of Northwest Louisiana Council of Governments. We cannot provide assurance that an unmodified opinion will be rendered. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of the circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or, if necessary, withdraw from the engagement without expressing an opinion. We will discuss the reasons with you in advance should such circumstances arise.

You agree to include our audit report in any document containing financial statements that indicate that such financial statements have been audited by us and, prior to inclusion of our audit report, to ask our permission to do so.

Due to the inherent limitations of an audit, as well as the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected in the performance of our audit procedures, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards.

If during our audit we become aware that the Northwest Louisiana Council of Governments is subject to an audit requirement that is not encompassed by the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with GAAS and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We will notify the Legislative Auditor, immediately and in writing of:

- Any fraud, abuse or illegal acts that are detected during our engagement
- Any client-imposed scope restrictions, to include failure to provide the appropriate books and records in a timely manner; or denial of access to appropriate books and records
- Any significant disagreements with the local auditee
- Any change in the scope of the engagement (for example, a change from an audit engagement to a review/attestation engagement), to include all reasons for such change
- Any decision to withdraw from or cancel the engagement, to include all substantive reasons for the withdrawal or cancellation
- Our decision to disclaim the auditor's opinion, or to render an adverse opinion on the financial statements for any reason other than omitted component units.

CPA Firm Responsibilities

We will conduct our engagement in accordance with GAAS, Government Auditing Standards, the provisions of the *Louisiana Governmental Audit Guide*, authorized by Louisiana Revised Statute 24:513 A. (5) (a) (i), which is published jointly by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants, the Single Audit Act Amendments of 1996 and the provisions of the Uniform Guidance, and will include tests of the accounting records of Northwest Louisiana Council of Governments, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express our opinions.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error, fraud, misappropriation of assets or violations of laws or governmental regulations that are attributable to Northwest Louisiana Council of Governments or to acts by management or employees on its behalf. Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, account balances, and disclosures, there is a risk that material misstatements, whether caused by error or fraud, may exist and not be detected by us.

In addition, our engagement is not designed to detect immaterial misstatements, including those caused by error, fraud, theft, illegal acts, any wrongdoing within the Northwest Louisiana Council of Governments, or noncompliance with laws or governmental regulations, that do not have a direct and material effect on the financial statements. However, we will discuss with the appropriate level of management and, when appropriate, those charged with governance, as professional standards require, of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of or noncompliance with laws, governmental regulations, provisions of contracts or grant agreements that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention during the audit. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Our audit will include testing of accounting records and other procedures we consider necessary to obtain sufficient appropriate audit evidence to afford a reasonable basis for an opinion on the financial statements. The audit will include examining, on a test basis, evidence 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. Based upon the assessed risk of material misstatement, we will design and perform substantive procedures. Such 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 receivables and certain other assets and liabilities by correspondence with selected customers, funding sources, creditors, financial institutions, and other third parties. We also may request written representations from your attorneys on litigation, claims, and assessments as part of the engagement, and they may bill you for responding to our inquiries. At the conclusion of our audit, we also will request certain written representations from management made during the audit about the financial statements; compliance with laws, regulations, contracts and grant agreements; and other matters as required by GAAS, Government Auditing Standards, and the Uniform Guidance.

Our audit also will include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, including the related disclosures. We may advise management about appropriate accounting principles and their application, and we may assist in the assembly of your financial statements. However, management has the final responsibility for the selection and application of accounting policies and the fair presentation of financial statements that reflect the nature and operation of Northwest Louisiana Council of Governments.

Our audit includes obtaining an understanding of Northwest Louisiana Council of Governments and its environment, including internal controls over financial reporting (“internal controls”), sufficient to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. Accordingly, we will consider your internal controls as a basis for designing our audit procedures for the purpose of expressing an opinion on your financial statements. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control pursuant to the Uniform Guidance.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *Compliance Supplement* issued by the Office of Management and Budget for the types of compliance requirements that could have a direct and material effect on each of Northwest Louisiana Council of Governments' major federal programs.

We will communicate to management and, when appropriate, those charged with governance in a separate letter or report those significant deficiencies or material weaknesses in internal controls relevant to the audit of the financial statements that we have identified and that are required to be communicated under AICPA professional standards and Government Auditing Standards. This communication of internal control related matters is intended solely for the information and use of management and the audit committee or those charged with governance. The communication is not intended to be, and should not be, distributed to anyone other than these specified parties.

We also are responsible for communicating with those charged with governance our audit responsibility under GAAS and Government Auditing Standards, an overview of the planned scope and timing of the audit, significant issues or findings from the audit, including our views about the qualitative aspects of Northwest Louisiana Council of Government's significant accounting practices, significant difficulties encountered during the audit, disagreements with management, uncorrected and corrected misstatements, significant findings or issues discussed or subject to correspondence with management, and management's written representations.

As required by the Uniform Guidance, we will follow-up on prior audit findings and perform procedures to assess the reasonableness of the summary schedule of prior audit findings as prepared by you. The summary schedule of prior audit findings, if applicable, should be available for our review at the commencement of final fieldwork.

At the conclusion of the engagement, we will electronically complete the appropriate sections of and certify Form SF-SAC, *Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations*, specifically section 6 of Part I, *General Information*, Part II, *Financial Statements*, and Part III, *Federal Programs*, through the Bureau of Census' Internet Data Entry System (IDES). We will certify the submission as entered in IDES. However, it is management's responsibility to electronically submit the reporting package (including Northwest Louisiana Council of Governments' financial statements, schedule of expenditures of federal awards, summary of prior audit findings, auditor's reports, and corrective action plan). The IDES submission process must be completed within the earlier of thirty (30) calendar days following receipt of the auditor's report or nine months after the audit period.

We will provide copies of our reports to Northwest Louisiana Council of Governments; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection if called for by applicable requirements.

The audit documentation for this engagement is the property of Heard, McElroy & Vestal, LLC. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a grantor agency or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. If requested, access to such audit documentation will be provided under the supervision of Heard, McElroy & Vestal, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Nick Courville is the Engagement Partner responsible for supervising the engagement and signing the report or authorizing another Partner to do so.

Our responsibility under this engagement is limited to the period covered by our audit and does not extend to matters that may arise during any periods for which we are not engaged as auditor.

Client Responsibilities

Our audit will be conducted on the basis that your management acknowledges and understands that it is responsible for:

- the selection of the financial reporting framework to be applied in the preparation of the financial statements;
- the preparation and fair presentation of the financial statements in accordance with U.S. GAAP;
- designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met;
- preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud;
- identifying and ensuring that you comply with the applicable laws, regulations, contracts, agreements and grants applicable to your activities, for informing us of any known material violations of such laws, regulations, agreements and grants, and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report;
- designing, implementing, and maintaining internal controls relevant to achieve compliance with applicable laws, regulations, contracts and grant agreements;
- providing us with:
 - access to all information of which your management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - additional information that we may request from your management for the purpose of the audit; and
 - unrestricted access to persons within the entity of whom we determine it necessary to obtain audit evidence;
- identifying significant contractor relationships in which the contractor has responsibility for program compliance, and for the accuracy and completeness of that information;
- ensuring that the records and information are complete, accurate and safeguarded;

- preparing and signing the local government compliance questionnaire provided by the Louisiana Legislative Auditor; adopting it in an open meeting of your Board., and returning it to us;
- adjusting the financial statements to correct material misstatements and affirming 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 taken as a whole;
- informing us about all actual or suspected thefts or alleged fraud affecting the Commission that involve your management, employees who have a significant role in internal control over financial reporting, former employees, or others where the actual, suspected, or alleged fraud could have a material effect on the financial statements, whether received in communications from employees, former employees, grantors, regulators or others; and
- providing us, at the conclusion of the engagement, with a management representation letter that confirms certain representations made to us during the audit.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility:

- for the preparation of the supplementary information in accordance with the applicable criteria;
- to provide us with appropriate written representations regarding supplementary information;
- to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and
- to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Engagement Objective and Scope section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. Management is also responsible for providing its views on our current findings, conclusions, and recommendations, as well as its planned corrective actions, for the report, and for the timing and format for providing that information.

Your management is responsible for performing the following in connection with any non-attest services we provide, including preparation of the audited financial statements and form 990, and assistance with the preparation of the Schedule of Federal Expenditures:

- making all management decisions and performing all management functions;
- designating an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management, to oversee our services;
- establishing and maintaining internal controls over the processes related to services performed, including monitoring ongoing activities;

- evaluating the adequacy and results of the services performed; and
- accepting responsibility for the results of the services.

We understand that you have designated Kent Rogers as our primary contact for this engagement.

With respect to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information. Therefore, we are not required to read the information on these sites or to consider the consistency of other information in the electronic site with the original document.

To ensure our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

It is understood that our audit documentation is confidential information. However, we will make our audit documentation available to the Legislative Auditor, any successor auditor, or any organization of the Louisiana Board of Certified Public Accountants authorized to perform quality assurance reviews. We will follow the Louisiana Legislative Auditor's policy regarding confidentiality of audit documentation found in the Louisiana *Governmental Audit Guide* when giving access to audit documentation to any parties other than those previously named individuals and organizations. Should we become aware of any illegal acts, we will make our engagement documentation available to the local district attorney and/or any other state or federal enforcement or regulatory agency without liability. We will retain the audit documentation for a minimum of five years.

Immediately upon completion of the engagement, we will submit a copy of the report, any management letter, and management's corrective action plan (if applicable) to the local auditee and the Legislative Auditor. Subsequent to the issuance of the report, should it be necessary to revise and reissue the report, we will notify the Legislative Auditor immediately. We will distribute such revised and reissued report in the same manner and to the same individuals and organizations as the original report. You agree to submit a copy of the report, any management letter, and management's corrective action plan (if applicable) to the following persons and agencies, as applicable:

- Each member of the local auditee's governing board
- Each Louisiana state agency (if any) providing financial assistance to the local auditee

Other Matters

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of contract when requested by you. Accordingly, our 2021 peer review report accompanies this letter.

Timing of the Engagement

We expect to begin our services, as described in the *Engagement Objective and Scope*, in October 2023 and plan to issue our report according to your deadline. The timing of our work is dependent upon the timely receipt of the information we request from you. Our services will conclude at the earliest occurrence of one (1) of the following:

- delivery of our report to you;
- written termination of the engagement by either party; or
- one (1) year from the execution of this Agreement.

Professional Fees

Our fee for this audit will be \$37,000. This fee is based upon the complexity of the expected work to be performed, the provision of assistance detailed in a schedule to be provided by us, our professional time, and out-of-pocket expenses. Circumstances may arise that impact our estimated fee such as, but not limited to, issues encountered with the timely delivery, availability, quality, or completeness of the information you provide to us, changes in your personnel or operations that impact our services, assistance with implementing new accounting standards, or other unanticipated items that arise during our engagement and that require additional time in order to complete the agreed-upon services. You agree to pay all fees and expenses we incur whether or not we complete the engagement. Time and charges for non-audit services will be separately recorded and billed at our standard rates. In addition, time necessary to meet with other entities or individuals, such as federal or state auditors, will be separately billed. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. At the conclusion of our audit, we will send to you one pdf electronic copy and fifteen bound copies of the reporting package.

We appreciate the opportunity to be of service to Northwest Louisiana Council of Governments. Please date and execute this Agreement and return it to us to acknowledge your acceptance.

Very truly yours,
HEARD, McELROY & VESTAL, LLC


CPA

ENGAGEMENT APPROVED:

J. Kent Rogers
Executive Director

Date

Heard, McElroy & Vestal, LLC's Terms and Conditions Addendum

Overview

This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This addendum, and the accompanying engagement letter, comprises your agreement with us ("Agreement"). If there is any inconsistency between the engagement letter and this *Terms and Conditions Addendum*, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to "HMV," "firm," "we," "us," or "our" is a reference to Heard, McElroy & Vestal, LLC, and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this *Terms and Conditions Addendum*.

Billing and Payment Terms

We will bill you for our professional fees and out-of-pocket costs. Payment is due within 30 days of the date of the billing statement. If payment is not received by the due date, you will be assessed interest charges on the unpaid balance. You have thirty (30) days from the invoice date to review the invoice and communicate to us, in writing, any disagreement with the charges, after which you waive the right to contest the invoice.

We reserve the right to suspend or terminate our work for non-payment of fees. In the event that work is discontinued, either temporarily or permanently, as a result of delinquent payment, we shall not be liable for any damages you may incur as a result of the work stoppage.

Electronic Data Communication and Storage

In the interest of facilitating our services to you, we may send data over the Internet, store electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications during this engagement.

Client Portals

To enhance our services to you, we may utilize one or more secure portals (CCH Axxess Portal, CCH Axxess Share Safe, Suralink, Karbon, and/or PensionPro), which are collaborative, virtual workspaces in a protected, online environment. These secure portals permit real-time collaboration across geographic boundaries and time zones and allows HMV and you to share data, engagement information, knowledge, and deliverables in a protected environment. By completing the steps to create your client portal, you are agreeing to the use of a portal.

You agree that we have no responsibility for the activities of these secure portals and agree to indemnify and hold us harmless with respect to any and all claims arising from or related to the operations of the secure portals.

Unless we are specifically engaged to do so, Heard, McElroy & Vestal, LLC is not a host for any of your information. You are responsible for maintaining your own copy of this information. We do not provide back-up services for any of your data or records, including information we provide to you. Portals are utilized solely as a method of transferring data and are not intended for the storage of your information. Information on a portal may be deleted by HMV.

If you decide to transmit your confidential information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than a secure portal, you agree that we are not responsible for any liability, including, but not limited to, (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

Third-Party Service Providers or Subcontractors

To enhance our availability to meet your professional service needs while maintaining service quality and timeliness, we may use a third-party service provider to assist us. This may include provision of your confidential information to the third-party service provider. We require our third-party service providers to have established procedures and controls designed to protect client confidentiality and maintain data security. As the paid provider of professional services, our firm remains responsible for exercising reasonable care in providing such services, and our work product will be subjected to our firm's customary quality control procedures.

By accepting the terms and conditions of our engagement, you consent to the disclosure of your confidential information to third-party service providers, if such disclosure is necessary to deliver professional services to you or provide support services to our firm.

Independent Contractor

When providing services to your company, we will be functioning as an independent contractor and in no event will we or any of our employees be an officer of you, nor will our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you.

Our obligations under this Agreement are solely obligations of HMV, and no partner, principal, employee or agent thereof shall be subjected to any personal liability whatsoever to you or any person or entity.

Records Management

Record Retention and Ownership

We will return any original records and documents you provide to us on or before the conclusion of the engagement. Our copies of your records and documents are solely for our documentation purposes and are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns, and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within 30 days. Professional standards preclude us from being the sole repository of your original data, records, or information.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your request and our prior consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. A copy of our record retention policy is available upon request.

Our firm destroys workpaper files after a period of six (6) to eight (8) years depending on applicable professional standards. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

Workpaper Access Requests by Regulators and Others

State, federal, and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, the sale of your organization, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. 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 may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit 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 may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

Confidentiality

In providing services to you, we may require information that is considered confidential and may include Personally Identifiable Information (PII), i.e., information that can be used to distinguish or trace an individual's identity such as, bank account and social security information. We treat all client information,

including PII, as confidential and have a duty to do so based on the standards promulgated by the American Institute of Certified Public Accountants as well as applicable laws and regulations. You agree to only provide us with information, including PII, that is necessary for us to provide services to you in accordance with the Agreement.

Newsletters and Similar Communications

We may send newsletters, emails, explanations of technical developments, or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not constitute a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.

Federally Authorized Practitioner - Client Privilege

Internal Revenue Code §7525, *Confidentiality Privileges Related to Taxpayer Communication*, provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, the privilege may not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this federally authorized practitioner-client privilege.

Disclaimer of Legal and Investment Advice

Our services under this Agreement do not constitute legal or investment advice unless specifically engaged to provide investment advice in the *Engagement Objective and Scope* section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

Referrals

In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. We may identify a professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You agree that we will not oversee the activities of and have no responsibility for the work product of any professional or the suitability of any product we refer to you or that you separately retain. Further, we are not responsible for any services we perform that fail to meet the intended outcomes as a result of relying on the services of other professionals or products you may retain.

Brokerage, Investment Advisory, or Digital Assets Statements

If you provide our firm with copies of brokerage, investment advisor, or digital assets statements and/or read-only access to your accounts, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of this Agreement. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend

that you receive and carefully review all statements upon receipt and direct any questions regarding account activity to your banker, broker, or investment advisor.

Limitations on Oral and Email Communications

We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with a decision solely on the basis of any oral or email communication from us. You accept all responsibility, except to the extent caused by our gross negligence or willful misconduct, for any liability, including but not limited to, additional tax, penalties or interest resulting from your decision (a) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (b) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. You may engage us to provide formal advice on a matter on which we have communicated orally or by email.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature is intended to authenticate a written signature, shall be valid, and shall have the same force and effect as a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. Documents may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same Agreement.

Conflicts of Interest

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

Mediation

If a dispute arises out of or relates to this Agreement including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Professional Accounting and Related Services Dispute Resolution Rules* before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in Louisiana.

The mediation will be treated as a settlement discussion and, therefore, all discussions during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

Limitation of Liability

Heard, McElroy & Vestal, LLC's liability for all claims, damages, and costs arising from this engagement is limited to three (3) times the total amount of fees paid by you to Heard, McElroy & Vestal, LLC for the service giving rise to this liability.

Limitation of Damages

Notwithstanding anything to the contrary in this agreement, Heard, McElroy & Vestal, LLC shall not be liable for any lost profits, indirect, special, incidental, punitive or consequential damages of any nature even if we have been advised by you of the possibility of such damages.

Indemnification of Heard, McElroy & Vestal, LLC

The following is applicable to audit and attest engagements only:

You agree to hold us harmless from any and all claims which arise from knowing misrepresentations to us, or the intentional withholding or concealment of information from us by your management. You also agree to indemnify us for any claims made against us by third parties, which arise from any of these actions by your management. The provisions of this paragraph shall apply regardless of the nature of the claim.

The following applies to non-attest engagements only:

Unless otherwise stated in the agreement, you agree to indemnify, defend, and hold harmless Heard, McElroy & Vestal, LLC and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any and all claims made by third parties arising from this engagement, regardless of the nature of the claim, and including the negligence of any party, excepting claims arising from the gross negligence or intentional acts of Heard, McElroy & Vestal, LLC.

Designation of Venue and Jurisdiction

In the event of a dispute, the courts of the state of Louisiana shall have jurisdiction. We also agree that the law of the state of Louisiana shall govern all such disputes.

Proprietary Information

You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents, or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce, or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

Statute of Limitations

You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against HVM.

Insurance

Heard, McElroy & Vestal, LLC shall, during the term of the engagement and for one (1) year after termination of same by either you or us, maintain in full force and effect, accountants professional liability

and cyber liability insurance coverage from an insurer or insurers licensed to conduct business in the state of Louisiana. As of the policy effective date, such insurer or insurers shall be rated A- (Excellent), by A.M. Best with a Financial Size Category of Class VII or greater. Premiums for said insurance policy shall be paid by Heard, McElroy & Vestal, LLC.

Upon your written request, Heard, McElroy & Vestal, LLC shall furnish certificates of insurance for the required insurance coverage. Such certificate of insurance shall indicate the minimum limits of liability per claim and in the aggregate, as required by you.

Termination and Withdrawal

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, non-payment of fees, your failure to comply with the terms of this Agreement, or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including, but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines.

If this Agreement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

Force Majeure

Neither party shall be held liable for any delays resulting from circumstances or causes beyond our reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, epidemics or pandemics as defined by The Centers for Disease Control and Prevention, or any law, order or requirement of any governmental agency or authority. However, no Force Majeure event shall excuse you of any obligation to pay any outstanding invoice or fee or from any indemnification obligation under this Agreement.

Assignment

All parties acknowledge and agree that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

Severability

If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

Entire Agreement

This Agreement, including this *Terms and Conditions Addendum* and any other attachments, encompass the entire Agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties.