



SVHCD AUDIT COMMITTEE

AGENDA

Tuesday, March 19, 2024

4:00 p.m.

**To Be Held in Person at
 Sonoma Valley Hospital, 347 Andrieux Street
 Administrative Conference Room
 Sonoma, CA 95476
 and Via Zoom Videoconference**

To Participate via Zoom Videoconferencing,
 use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/98207401478>

One tap mobile
 +16692192599,,98207401478#
 +16699009128,,98207401478#

<p>In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact Board Clerk, Whitney Reese at wreese@sonomavalleyhospital.org or (707) 935.5005 at least 48 hours prior to the meeting.</p>		
<p>AGENDA ITEM</p>	<p>RECOMMENDATION</p>	
<p>MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p>1. CALL TO ORDER/ANNOUNCEMENTS</p>	<p><i>Boerum</i></p>	
<p>2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i></p>	<p><i>Boerum</i></p>	
<p>3. MINUTES 01.09.24</p>	<p><i>Boerum</i></p>	<p>Action</p>
<p>4. RECOMMEND FIRM FOR EXTERNAL FINANCIAL AUDIT</p>	<p><i>Armfield</i></p>	<p>Inform/Action</p>
<p>5. ADJOURN</p>	<p><i>Boerum</i></p>	



SVHCD
AUDIT COMMITTEE MEETING
MINUTES
TUESDAY, JANUARY, 9, 2024 6:00 PM
Zoom

Present	Excused	Staff	Public	
Bill Boerum via Zoom Dennis Bloch via Zoom Art Grandy via Zoom Wendy Lee Myatt via Zoom		Ben Armfield, CFO, via Zoom		
AGENDA ITEM	DISCUSSION		ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>				
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Boerum</i>			
	Called to order at 6:15 pm.			
2. PUBLIC COMMENT SECTION	<i>Boerum</i>			
	None			
3. CONSENT CALENDAR Minutes 11.08.23	<i>Boerum</i>			
	Committee review of the November 8 th minutes.		MOTION: by Grandy to approve, 2 nd by Myatt Lee. All in favor.	
4. AUDIT FIRM CONSIDERATION	<i>Armfield</i>			
	<p>Mr. Armfield reported that two firms have been approached to submit proposals for the audit project: Armanino and Moss Adams. They will be responding in effect to an RFP (guidelines being provided by an outside firm). Another firm is being contacted for a possible third proposal.</p> <p>March 14th will be the next Audit committee. Mr. Armfield will present the options for a recommendation for the Board at a March 14th Audit</p>			

	Committee meeting.		
5. REVIEW OF AUDIT COMMITTEE CHARTER	<i>Boerum</i>	MOTION: by Grandy to approve the charter 2 nd by Bloch. All in favor.	
	<p>Mr. Boerum presented the committee charter for review and revision.</p> <p>Mr. Grandy raised the idea of adding internal hospital auditing to the committee duties. After discussion it was recommended that the Compliance Officer, Lynn McKissock and the Director of Risk, Kylie Cooper attend the March meeting to discuss the current process for risk assessment review. Mr. Bloch suggested inviting Mr. Hennelly to the next committee meeting to discuss the current internal processes.</p> <p>Mr. Boerum recommended accepting the charter as presented.</p>		
6. 2024 AUDIT COMMITTEE WORK PLAN	<i>Boerum</i>		
	<p>Mr. Boerum presented the draft 2024 workplan. The committee recommended the following revisions:</p> <ul style="list-style-type: none"> • Remove Charter review from February. • Schedule work plan additions to March. • Add review and consider recommendation of draft audit report in October. • Move Sept “progress report on project” to August. 	MOTION: to accept work plan with noted revisions by Bloch 2 nd by Myatt Lee. All in favor	
7. ADJOURN	<i>Boerum</i>		
	Meeting adjourned at 6:56p.m.		



To: Sonoma Valley Health Care District Audit Committee
From: Ben Armfield, Chief Financial Officer
Date: March 19, 2024
Subject: **Audit Engagement Firm Selection – FY24 Audit**

I am writing to provide an update on the Request for Proposal (RFP) process for selecting an auditing firm for the upcoming fiscal year 2024 financial statement audit and beyond. As outlined in our previous discussions, a Request For Proposal (RFP) was initiated to ensure the selection of a reputable firm with expertise in healthcare auditing, capable of providing high-quality and cost-effective assurance services for the District.

We have received bids from three firms – Moss Adams LLP, Wipfli LLP, and Armanino LLP. Each of these firms are highly reputable and have demonstrated a strong track record in assurance services, and all three were included in both the Forbes' list of Top 100 Public Accounting Firms for 2023, as well as top 20 performers in AccountingToday's Top 100 Audit Firms of 2022, underscoring their industry recognition and credibility.

In this packet we are including the initial RFP that was distributed, as well as the final bid proposals that were received by the three firms. The proposals themselves are thorough and rich with detail. In an effort to condense the information that was provided, we have included tables below that summarize some of the key, pertinent information for each of the firms that submitted bids.

I. BID COMPARISON – GENERAL INFORMATION

Firm Comparison - General	Armanino	Moss Adams	Wipfli
Headquarters	San Ramon, CA	Seattle, WA	Milwaukee, WI
Primary Office(s) (for SVH audit) :	San Ramon, CA (partner on east coast)	San Francisco, CA	Oakland, CA
Accounting Today 2022 Top 100 Audit Firms Rank	#19	#12	#21
Offices	21	30	50
Partners	154	355	320
Professionals	1,358	4,400	2,900
Revenue (in millions)	\$458.00	\$954.50	\$442.60

Armanino LLP – Armanino are our current auditors and have been performing this work for the District for over a decade. They are a credible firm and are nationally recognized. Armanino has demonstrated familiarity with our organization and has consistently provided satisfactory assurance services over the course of our engagement with them. They are based out of San Ramon, so the majority of their engagement team is also local.

Moss Adams – Moss Adams is the largest of the three firms and like Armanino, is also a nationally recognized firm. Health care is one of the firm’s largest practice areas as they have more than 4,000 health care clients. Moss Adams possesses deep industry knowledge and is a market leader in providing industry solutions with an extensive consultative/communications practice that supplements their assurance services. While headquartered in Seattle, they have a strong presence in California (San Francisco) and are known for their

exceptional service quality. It should be noted that the majority of the California District Hospitals use Moss Adams as their financial statement auditors.

Wipfli – Wipfli was the other competing bid that management received. Although perhaps not as large as Moss Adams, they are also well regarded and nationally recognized. Headquartered in Wisconsin, Wipfli has a local presence through their Oakland, CA location. They do have a specialization in the health care sector, specifically out of their Oakland office. They provide assurance services as well as consultancy work specializing in critical access hospitals, FQHCs, rural health clinics and senior living providers. They offer cost-effective solutions, which is supported by the fact that their bid was the most cost-effective among the three.

II. BID COMPARISON - FEE

The table below summarizes the proposed cost for each bid – both in the 1st year as well as total estimated costs over a 3-year engagement. *Please note, more detailed information about each of the cost proposals are included in each respective proposal.*

All of the bids received were in the same ballpark in terms of proposed cost. Wipfli came in the lowest with a proposed cost of \$63,000 / \$211,200 (Proposed 1st Year Cost / Estimated 3-Year Total). This was slightly less than the Moss Adams proposal of \$70,000 / \$224,000 and Armanino’s proposal of \$80,000 / \$255,000.

Fee Schedule Comparison - Year 1	Armanino	Moss Adams	Wipfli
Financial Statement Audit Services	\$80,000	\$70,000	\$55,000
Mid-Year A/R Review	Included	Included	\$3,500
OOP Expenses	Included	Included	\$4,500
Calls/Correspondence, Communications, Presentations	Included	Included	Included
Proposed Bid - 1st Year	\$80,000	\$70,000	\$63,000
Proposed Bid - 3 Year Total	\$255,000	\$224,000	\$211,200

III. BID COMPARISON – MANAGEMENT SCORING / ASSESSMENT OF STRENGTHS, WEAKNESSES

In an effort to be objective as possible, management conducted a thorough scoring analysis of the proposals based on the criteria outlined in the original Request for Proposal. Each bid was scored and ranked based on adherence to the following criteria:

- **RFP Scope (10%)** | Timeliness of proposal received, completeness of proposal, and overall quality of proposal
- **Mandatory Criteria (10%)** | No record of substandard work, licensed CPA firm
- **Technical Criteria (30%)** | Firm’s technical experience, comprehensiveness of work plan submitted, commitment to time requirements, firm experience auditing district hospitals & similar entities
- **Cost Criteria (25%)** | Reasonableness of proposed audit cost, scoring of proposed bid vs. competitors
- **Ad-Hoc/Specialty Criteria (25%)** | Scoring of firm’s expertise as it relates to California District Hospitals, breadth of services provided, ease of transition, and management’s scoring on firm’s ability to meet expectation.

Further, SVH management considered industry expertise, service quality, cost-effectiveness, and familiarity with district hospitals heavily as part of the evaluation process. Please see Attachment E - FY24 Audit Engagement Scoring Matrix to see how we scored each proposal in detail, but the summarized results of this exercise are below:

Criteria Scores	Weight	Armanino Weighted Score	Moss Adams Weighted Score	WipFli Weighted Score	Notes
1. Adherence to RFP Instructions	10%	0.30	0.30	0.30	No difference between the 3 bids.
2. Mandatory Criteria	10%	0.30	0.30	0.30	No difference between the 3 bids.
3. Technical Criteria	30%	0.80	0.90	0.90	Moss Adams scored highest in technical criteria due to expertise with District Hospitals.
4. Cost Criteria	20%	0.45	0.55	0.60	WipFli lowest bid, although all 3 were in similar range.
5. Ad-Hoc / Specialty Criteria	30%	0.65	0.83	0.75	Moss Adams scored highest here due to District Hospital experience as well as being a market leader on the consulting/communications side and providing support tools.
TOTAL SCORE	100%	2.50	2.88	2.85	While all bids were similar in nature, Moss Adams scored the highest based on their expertise and additional services they provide.

While the three bids were comparable, Moss Adams came away with the highest weighted score of 2.88. This is slightly higher than the 2.85 that was scored for Wip i and the 2.50 for Armanino. The drivers in this are primarily due to Moss Adams’ extensive exper se in the health care sector, speci cally with district hospitals.

In addi on to this scoring, management also considered what were to be the perceived strengths and weaknesses of each firm:

	Armanino	Moss Adams	WipFli
NOTABLE STRENGTHS:	<ul style="list-style-type: none"> + Known Entity / Familiarity with organization + Minimal lift from SVH with no transition to new firm + Local staff (San Ramon) 	<ul style="list-style-type: none"> + Extensive Industry Experience + District Hospital Expertise + Extensive Consulting Practice + Fresh Perspective + Local staff (San Francisco) + Some familiarity - Moss Adams were auditors prior to Armanino 	<ul style="list-style-type: none"> + Most Cost Effective + Industry Experience + Robust Consulting Practice + Fresh Perspective * Local(ish) Presence - Oakland office but supplement from other offices

	Armanino	Moss Adams	WipFli
PERCEIVED WEAKNESSES:	<ul style="list-style-type: none"> - Most Expensive Bid - Maintains status-quo, no fresh perspective 	<ul style="list-style-type: none"> - SVH Bandwidth to accommodate transition to new firm 	<ul style="list-style-type: none"> - Unknown - No previous relationship for assurance services - SVH Bandwidth to accommodate transition to new firm

REFERENCE CHECK:	Armanino	Moss Adams	WipFli
	* n/a	+ Feedback all positive	+ Feedback all positive

IV. SUMMARY AND RECOMMENDATION

From management’s perspective, all three firms would be quality choices for selection. All three are highly reputable and have proven to be a leader in the assurance industry. The bids received from the three firms were also similar in-nature when considering each proposal. All were in the same ballpark in terms of cost and what each firm would provide during the audit engagement. So for management, our recommendation is based on VALUE, and what we perceive to be differentiating factors between the firms in respects to industry expertise, service quality, and support.

While all three firms met the necessary criteria and presented compelling proposals that are certainly worthy of consideration, the Moss Adams proposal stood out, particularly due to their extensive experience with district hospitals. Management believes they are best positioned to meet the audit and operational needs of the District over the next three years.

Recommendation: Management proposes to move forward with the Moss Adams proposal and seek a 3-year engagement with them.

Attachments:

Attachment A – SVHCD FY24 Audit Services Request for Proposal | **Pages 5-6**

Attachment B – Armanino LLP Audit Services Proposal | **Pages 7-17**

Attachment C – Moss Adams LLP Audit Services Proposal | **Pages 18-54**

Attachment D – Wipfli Audit Services Proposal | **Pages 55-75**

Attachment E – FY24 Audit Engagement Proposal Scoring Matrix | **Page 76**

SONOMA VALLEY HEALTH CARE DISTRICT

Request For Proposal – Fiscal Year 2024 Audit Services

ABOUT US

Sonoma Valley Health Care District (the "District") is a political subdivision of the State of California organized under the State of California Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The Health Care District is governed by an elected Board of Directors and is considered the primary government for financial reporting purposes.

The Health Care District owns and operates Sonoma Valley Hospital (the "Hospital"). The Hospital is located in Sonoma, California, and is licensed for 24 general acute care beds and 27 skilled nursing beds. It also provides 24-hour basic emergency care, outpatient diagnostic and therapeutic services, and it operated a home health agency through September 2018. The Hospital derives a significant portion of its revenues from third-party payors, including Medicare, Medi-Cal and commercial insurance organizations.

PURPOSE OF REQUEST FOR PROPOSALS

The Sonoma Valley Health Care District issues this Request for Proposals (RFP) to select a firm to perform an agency audit for the current fiscal year 2024 ending on June 30, 2024. The State of California requires the District to undergo a fiscal audit annually to determine that financial statements fairly present the financial position of the agency being audited in accordance with Government Accounting Standards Board (GASB).

Our financial statement audits typically follow the schedule below:

ACTION	TIMING
Planning/Interim Fieldwork	April-July
Fieldwork	First Week of August
Drafts of Auditor's Report and Financial Statements Sent to Management	First Week of September
Presentation of Audit Report to Audit Committee	First or Second Week of October

PROPOSAL TIMELINE

In order to be considered, firms must submit their proposal by **Friday, March 8th**. Please send responses to Lois Fruzynski (Sonoma Valley Hospital Accounting Manager) LFruzynski@sonomavalleyhospital.org and Ben Armfield (Sonoma Valley Hospital Chief Financial Officer) BArmfield@sonomavalleyhospital.org.

SCOPE OF SERVICES

The firm will be required to perform any and all tasks related to a certified audit including but not limited to the following:

1. Agency audit is to be performed in accordance with Government Accounting Standards Board.
2. The firm will evaluate the adequacy for the internal control systems and where weaknesses are noted, make appropriate recommendations for improvements. A management letter will be submitted by the auditing firm if material weaknesses are noted or if otherwise deemed appropriate.
3. The auditing firm will be required to make immediate written report of all irregularities, fraud and illegal acts of which they become aware to the Board.
4. The audit will cover the general-purpose financial statements and supporting documentation and schedules.
5. The auditing firm shall provide at least (15) copies of the auditor's report, financial statements, supporting schedules, and management letter.
6. The partner in charge of the audit must be available to attend at least one (1) public meeting at which the audit report will be discussed.
7. The firm shall make available its working papers and respond to all reasonable inquiries of successor auditors and others to review working papers of the District, upon the District's written consent.

PROPOSAL SUBMISSION REQUIREMENTS

Firms should respond to the following prompts in the given order, not to exceed four (4) typed single sided pages:

1. Provide a brief description of the organization, size, and structure of your firm. Include information on the division that focusses on public entities or related type agencies.
2. List other similar governmental agency audits your firm currently performs or has performed in the last 3 years. Indicate audits performed by the local office and fiscal year(s) audited.
3. Provide a draft workplan that outlines the entirety of the proposed processes. The workplan should describe the proposed approach to be taken, including a timeline and suggestions for strategies that may be necessary for completing the audit.
4. Identify key personnel proposed to work with the District including background, relevant experience, and time available to complete this project.
5. List the names and contact information for at least three (3) references from current and former clients.
6. Delineate costs for services considering the possible opportunity to renew the contract for five additional years. Provide a proposed budget that includes cost breakdowns for the following milestones of the project. • Completion of interim work • Completion of field work • Draft Financial Statements • Completed Financial Statements
7. Provide a statement that summarizes why your firm is best suited to be chosen by the District to provide assurance services.



Sonoma Valley Health Care District & Armanino

March 2024

ARMANINO

Firm Overview

When it comes to your success, we know addressing today's challenges is just as important as planning for the future. Our teams bring deep industry experience to help organizations reach peak performance today, and to help you prepare for the future.

Our Promise

Armanino delivers **impactful, bold solutions** that **increase clarity and spark success** for today and tomorrow.

Snapshot

2700+ Employees

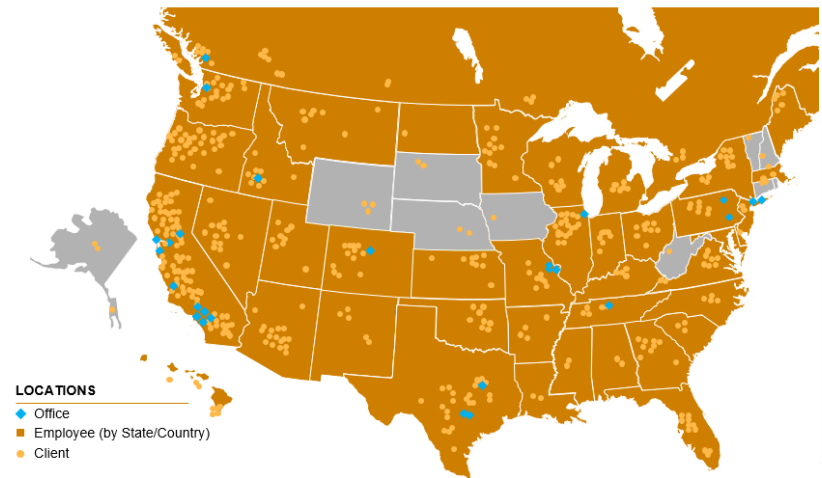
Team Members in **41 States**

18th Largest CPA & Consulting Firm

Locations

2700 + Employees | 18th Largest CPA & Consulting Firm

- CALIFORNIA**
San Ramon
San Jose
San Francisco
Los Angeles (2)
Irvine
El Segundo
Woodland Hills
San Luis Obispo
- COLORADO**
Denver
- CANADA**
Vancouver
- IDAHO**
Boise
- TENNESSEE**
Nashville
- ILLINOIS**
Chicago
- TEXAS**
Austin
Dallas
- PENNSYLVANIA**
Philadelphia
Scranton
- NEW YORK**
New York City
Garden City
- MISSOURI**
St. Louis
St. Charles
- WASHINGTON**
Bellevue



AFFILIATE COMPANY



RECOGNITION & AWARDS

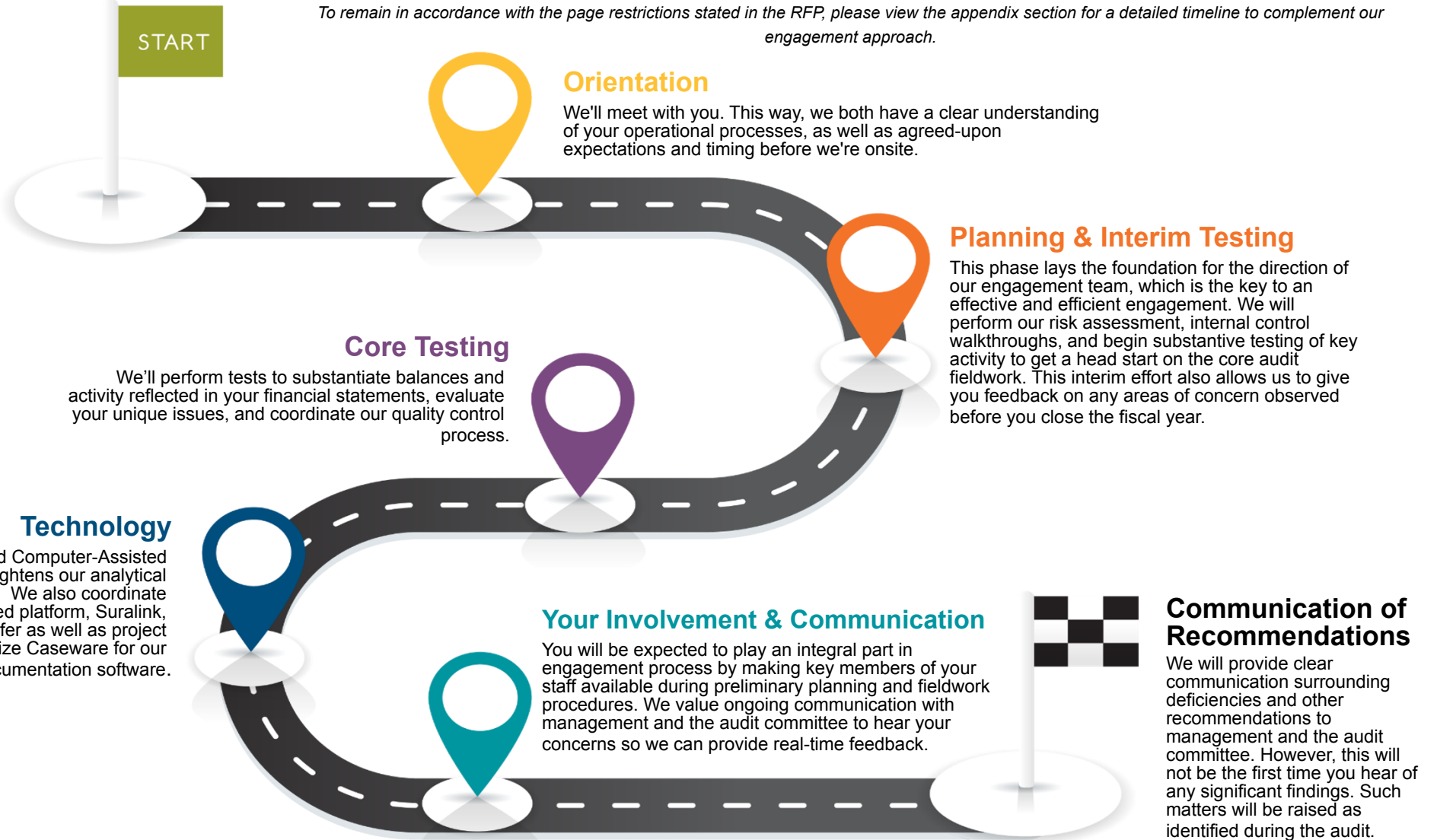


2. Armanino has a professional and contractual duty to our clients to maintain confidentiality. Please feel free to reach out to any references provided within this proposal, who have given their consent to be named a source of reference.

OVERVIEW

3. Our Engagement Approach

To remain in accordance with the page restrictions stated in the RFP, please view the appendix section for a detailed timeline to complement our engagement approach.



4. You will be supported by Brian Sackstein as your primary engagement partner, along several other healthcare industry experts. Please see the appendix for biographies.

5. References

If you would like to learn more about our clients' experiences, please refer to the references mentioned below and give them a chance to share their thoughts about Armanino with you.

Santa Cruz Community Health

Contact: Ignacio Perez, Chief Financial Officer

Email: IPerez@schealthcenters.org

Services Provided: Audit and Tax Services

UCSF Health

Contact: Lual T. Lualhati, Sr. Accounting Manager

Email: lual.lualhati@ucsf.edu

Services Provided: Audit and Tax Services

Oroville Hospital

Contact: Colleen Sue Duncan, Chief Financial Officer

Email: cduncan@orohosp.com

Services Provided: Audit and Consulting Services

6. Proposed Pricing

SCOPE OF VALUE	2024	2025	2026
Audit of the financial statements for Sonoma Valley Health Care District for the years ended June 30, in accordance with Generally Accepted Auditing Standards (GAAS)	\$80,000	\$85,000	\$90,000
Preparation of management letter (including management action plan as part of final submission to the Board of Directors)	✓	✓	✓
Presentation of the financial statements report noted above, the results of operations and all required communications to the Finance Committee, Audit Committee and Board of Directors. This will include any additional meetings related to internal control matters and/or management letter comments (if applicable) and the presentation of financial benchmarks. Finally, our recommended quarterly meeting with management and/or the board of directors.	✓	✓	✓
Communication of Best Practice Recommendations	✓	✓	✓
Attendance to Armanino Webinars, Events, and Symposium for Nonprofits	✓	✓	✓
TOTAL PRICE	\$80,000	\$85,000	\$90,000

This submitted proposal is expressly contingent upon the reserved right to negotiate the terms of any definitive contract, agreement, or terms and conditions presented, with terms acceptable to Armanino. The above pricing does not include travel and administrative fees which are estimated at 5%-7%.

7. We have enjoyed working with Sonoma Valley Health Care District over the years and have seen first-hand the operational changes and challenges that the hospital has worked diligently through. With our historical knowledge, we are confident that Armanino is best suited to continue providing services to Sonoma Valley Health Care District for years to come. Armanino's true differentiator is that we deliver solutions and help clients deliver the quality services and care while enhancing financial performance and operational efficiency. Each year we add unique lenses of perspective that we obtained through our vast experience across the industry and present them as ways to keep ahead of the competition. Equally important is our open lines of communication and transparency with the leadership team.

Appendix: Additional Information

ENGAGE WITH CONFIDENCE

Providing Strategic Value By Healthcare Niche

Our experienced **health and healthcare specialists** serve the unique tax, accounting, operating, financial, and strategic needs of close to 1,600 providers and payors throughout the country including free-standing organizations and PE owned Portcos.

A **true differentiator** is on delivering **solutions** and helping clients deliver the quality services and care while enhancing financial performance and operational efficiency.



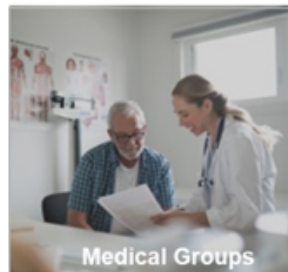
Hospitals/Health Systems



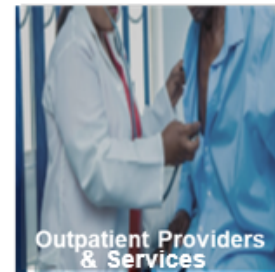
FQHCs



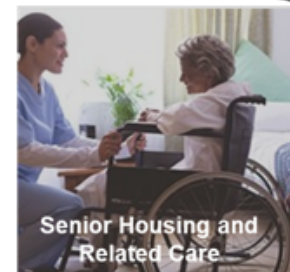
Health & Wellness



Medical Groups



Outpatient Providers & Services



Senior Housing and Related Care

Industry Solutions With A Strong Focus On



Technology



Your Engagement Team



Brian Sackstein, CPA

Partner, Trust

Brian brings deep industry experience to healthcare and nonprofit organizations of all sizes. His experiences range from social service organizations, permanency and adoption services, residential group care programs, providing educational and other services for the developmentally disabled community/migrant health centers, residential drug treatment, behavioral healthcare, prepaid health service plans, and other not-for-profit corporations. He works closely with boards of directors, chief executives, financial officers, and staff to help clients effectively manage their businesses and achieve their goals and missions. Brian provides auditing, accounting, and management advisory services for clients. His responsibilities include the planning, coordination, and review of accounting and auditing projects, the preparation and review of financial statements, coordination of audits in accordance with Office of Management and Budget, single audits, and the presentation of audited financial statements and reports to management and boards of directors. Brian also supervises and reviews the preparation and the impact of client cost reports, which includes the Consolidated Fiscal Report (CFR), Standards of Payment Report(SOP), Institutional Cost Report (ICR) for funding agencies in New York State, FQHC Medicare cost reports, required for filing with the Department of Health & Human Services, and the Medicaid Cost Report (AHCF).



Bill Brause, CPA

Partner, Trust

Bill is the partner-in-charge of Armanino's healthcare practice and has more than 25 years of experience providing services to healthcare clients. Prior to that, Bill was an internal auditor for Blue Shield of California, where he performed audits of healthcare related entities including medical groups, assisted living facilities and several nonprofit entities working within the healthcare industry. Bill also performs feasibility analysis for hospital construction projects, as well as acts as internal auditor for several hospitals. Active in many healthcare associations, Bill is a member of the Healthcare Financial Management Association (HFMA) and the Association of Healthcare Internal Auditors (AHIA). He also served as co-chair of the CAL CPA Society's first ever healthcare conference and is a member of the Moore Stephens Healthcare SIG steering committee.



Liz Marek

Director, Trust

Liz will be responsible for the overall engagement planning, performance, supervision and review in addition to ensuring that all client deliverable deadlines remain on course. Liz will be on site throughout the engagement. She has over 27 years of experience working with healthcare clients; prior to joining Armanino she was with a local healthcare firm, Karling and Associates, working exclusively with clients in healthcare. She is a member of the AICPA and Healthcare Financial Management Association. Notable clients served include: Oroville Hospital, Santa Cruz Community Health and BayChildren's Physicians.



Matt Petroski

Partner, Tax

Matt Petroski is a nonprofit tax partner with over 20 years of experience in the industry. He joined Armanino after spending his career in PwC's National Tax Services Exempt Organization Tax Services Practice. He has experience working with exempt organizations in a variety of capacities, including consulting on formation, board governance, other tax consulting, and as an outside service provider of comprehensive tax compliance services. Matt received his BS from the University of Maryland where he was enrolled in the University Honors Program. He also received his JD/MBA and LLM in Taxation from Villanova University. Matt is a licensed member of the Pennsylvania and New Jersey bars and is a member of the ABA Tax Section.

Proposed Timeline

Service	Proposed Timing
Orientation Meeting	As soon as approved by the board of directors.
Planning	As soon as approved by the board of directors an engagement letter will be electronically submitted for authorization to proceed.
Upload PBC Request List - two weeks prior to fieldwork	Once the planning is completed we will upload the request list to Suralink and call to go over items requested.
Fieldwork	Audit fieldwork will commence (This should last approximately 2 weeks) once management has all documentation uploaded to the electronic portal
Exit Meeting with Management	Once all the audit procedures are completed we will meet with management to discuss the report and/or any findings.
Draft Financial Statements to Management	The draft report will be provided approximately three weeks after the completion of fieldwork
Draft Financial Statements to Audit Committee	Once all responsible parties have reviewed the report we will schedule with the audit committee to go over the results of the audit work.
Presentation to Audit Committee	Once all responsible parties have reviewed the report we will schedule with the audit committee to go over the results of the audit work.
Issuance of Financial Statements	Once all parties have provided authorization to release the report, the report will be signed and uploaded to the required regulatory bodies.

ABOUT US

Additional Information On Our Values

Please explore the links below to learn more about our firm values and community outreach. From championing diversity and women's leadership within the firm to committing to social and environmental change at the global level, our PVAs guide us every step of the way.



Armanino Foundation

<https://armaninofoundation.org/>



Diversity & Inclusion

<https://www.armaninollp.com/company/who-we-are/ideal/>



Women's Advancement

<https://www.armaninollp.com/company/who-we-are/womens-initiatives/>



Certified B Corporation

<https://www.bcorporation.net/en-us/find-a-b-corp/company/armanino-llp>

Possible *(Re)Defined*™

Delivering impactful, bold solutions that increase clarity
and spark success for today and tomorrow.

OPPORTUNITY RISING

AUDIT SERVICES PROPOSAL FOR

SONOMA VALLEY HEALTH CARE DISTRICT

Chris Pritchard, Health Care Partner and Leader; National Health Care Practice

Joelle Pulver, Health Care Partner

Moss Adams LLP
101 Second Street, Suite 900
San Francisco, CA 94105
(415) 956-1500
www.mossadams.com



Dear Ben:

We were encouraged to hear you're looking for a full-service accounting firm to build a strong relationship with and appreciate the opportunity to present our proposal to Sonoma Valley Health Care District (SVHCD) for audit services.

At Moss Adams, we work with clients on what's important to their organization and advise on how to move forward with confidence as they plan for tomorrow. We're excited to bring our innovative and optimistic approach to SVHCD—offering a full spectrum of assurance, tax, and consulting services—what sets us apart from other firms with similar services is the following:

- **Deep industry experience.** We currently serve the needs of over 4,100 health care clients across the nation—including many hospitals and district hospitals like SVHCD. We also have extensive experience working with health care providers you work with—UCSF, Marin Health Medical Network, Meritage Medical Network, and Marin Health Medical Center, for example. Our knowledge and experience with similar clients increases our ability to understand the issues you face and, most importantly, find the best ways to address them.
- **Local presence.** We have a thorough understanding of your community because we've been delivering high-quality accounting and related services across the nation for over 110 years. We have a strong presence in California—with several offices near your location. You'll be supported by a local team experienced in working with clients like you in the local community.
- **Dedicated service from partners and senior managers.** One of our firm's service hallmarks is the high level of partner and senior manager time we build into our engagements. From senior partners to staff, we're invested in supporting your success, listening to your needs, and understanding how you run your organization.
- **Communication throughout the year.** Moss Adams is not your once-a-year service provider. During the audit and throughout the year, we solicit and encourage communication to make sure we're up to date on your operations and to keep management apprised of new accounting pronouncements, application of accounting policies, and new accounting and tax issues.
- **Fresh perspective.** We'll provide SVHCD with a new perspective. We often find that when we're appointed as auditors, we can identify risks and value-added solutions that may not have been previously identified. Your proposed engagement team will bring a fresh set of eyes, suggest innovative solutions to potential issues, and guide you through the challenges that may arise as you continue to grow.
- **Smooth transition.** Lastly, we've put a lot of effort into designing a transition process that minimizes the impact on you and your staff. We take responsibility for setting meetings, getting to know your operations, and making accommodations so you can focus on caring for your patients.

March 6, 2024

Ben Armfield
CFO

**Sonoma Valley Health
Care District**
347 Andrieux St
Sonoma, CA 95476

March 6, 2024

Ben Armfield
CFO

**Sonoma Valley Health
Care District**
347 Andrieux St
Sonoma, CA 95476

We're fully committed to providing top client service and bringing you the unique combination of service style and capability that makes us different from other firms. We look forward to hearing from you and welcome any questions you may have about this proposal.

Sincerely,



Chris Pritchard, CPA, MHA
Health Care Partner and Leader
(415) 677-8262
chris.pritchard@mossadams.com

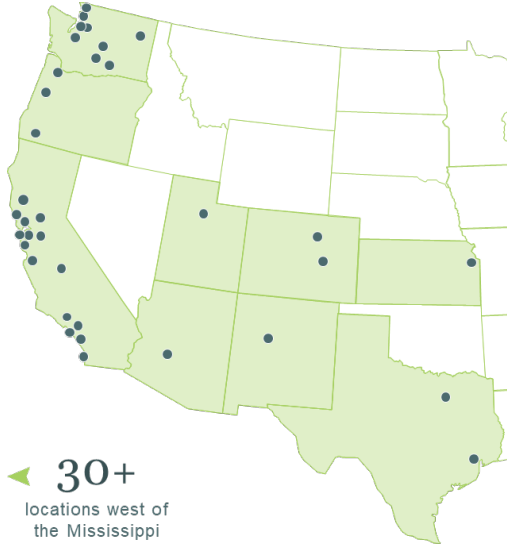


Joelle Pulver, CPA
Health Care Partner
(415) 677-8291
joelle.pulver@mossadams.com

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About Moss Adams



At Moss Adams, we believe in the power of possible. As a business and personal advisory firm with 4,400 professionals across more than 30 locations, we work with clients to meet the rising challenges and opportunities of tomorrow. Through a full spectrum of accounting, consulting, and wealth management services, we bring the deep industry specialization and unconventional thinking our clients seek.

Since we put down roots in the Pacific Northwest more than 100 years ago, we've steadily expanded to serve clients across the nation and globally. Our full range of services includes accounting (assurance and tax), consulting (IT, strategy & operations, transactions, and specialty), as well as individual and institutional wealth management.

Moss Adams is one of the 15 largest US accounting and consulting firms and a founding member of Praxity, a global alliance of independent accounting firms providing clients with local expertise in the major markets of North America, South America, Europe, and Asia.

Full-Service Capabilities

We offer a full range of services and specializations that span accounting, consulting, and wealth management to suit your specific needs.



Health Care Consulting

STRATEGY & INTEGRATION	PROVIDER REIMBURSEMENT ENTERPRISE SERVICES	GOVERNMENT COMPLIANCE
Provider Risk Analysis, Contracting & Operational Design	Medicare & Medicaid	Regulatory Compliance
M&A Support	Provider-Based Licensure & Certification	Coding Validation
Feasibility Studies	Medical Education	Coding Department Redesign
Market Intelligence & Benchmarking	Uncompensated Care	EHR Internal Controls
Strategic Planning & Implementation	Wage Index Reviews	Corporate Compliance
Managed Care Assessment & Negotiation	Contract Compliance	
Service Line Enhancement & Analyses		
INFORMATION TECHNOLOGY	OPERATIONAL IMPROVEMENT	LEAN TRANSFORMATION
HIPAA Security & Privacy	Revenue Cycle Enhancement	3P & Innovation
Network Security & Penetration Testing	Claims Recovery	Lean Strategic Planning & Strategy Deployment (Hoshin Kanri)
HITRUST Assessment & Certification	Litigation Support	Lean Management Systems & Operations
Disaster Recovery Planning	Employer Health Benefits	Quality & Patient Safety
PCI DSS Audits	Financial Turnaround	Internal Infrastructure Development
SOC Pre-audit Gap Analysis & Readiness	Performance Excellence	
SOC Audits	Valuations	

Why Choose Moss Adams?

When selecting a firm to conduct your audit, you'll likely consider many factors: fees, experience, technical expertise, and knowledge of your industry. But there are other elements you'll want to take into account. For example:

- **Communication.** Will your service team communicate frequently with your management and board, avoiding the possibility of an unpleasant surprise?
- **Resources.** Will you have access to the entire firm's senior industry and technical resources, or just lower-level staff?
- **Team continuity.** Will the service team you hire remain consistent, or will you have to continually get new members up to speed on your operations?
- **Relationship.** Will the relationship extend beyond the conclusion of the engagement?
- **Additional services.** If you have tax, employee benefit retirement plans, IT, cybersecurity, consulting, or other needs, can your firm handle those too?

Moss Adams understands your needs aren't limited to any given engagement or even any given service. Delivering a full spectrum of accounting, consulting, and wealth management services, we offer our perspective to help you conquer challenges as you plan for what's next.

WHAT MAKES US DIFFERENT

There are three main differences that set Moss Adams apart from other firms.

1

The first is our commitment to providing you with noticeably superior service. One of our firm's service hallmarks is the high level of partner and senior manager time we build into our engagements. Regardless of the scope of the engagement, or the size of a client's business, each and every client receives direct attention and involvement from partners and senior managers. We lead with our experience and expertise, and that comes from having seasoned professionals who are knowledgeable about your industry, your operations, and the services you need to help strengthen SVHCD. We're immersed in your industries—health care and not-for-profit—which means you won't have to waste valuable time teaching us your business.

2

The second difference is the quality of the service you'll receive. Quality has always been the foundation of our business. It's core to our training, our values, and our attitude. Many of our policies, processes, and procedures regarding quality have been in place for decades and have served our clients well. We continuously strive for best-in-class expertise in all regulatory, audit, and tax practice areas; and review and improve on our strong foundation in order to meet the expectations of clients, regulators, and lawmakers.

3

The third difference is our commitment to regular, candid communication. Your service team will be in touch with you throughout the year. We'll develop and implement a communication plan to make sure we stay current with your service needs and that you always have access to your accounting professionals. You can expect reliable, frequent updates on such issues as new tax laws, industry reports, and events of interest. We'll return your phone calls promptly and resolve your concerns quickly and to your satisfaction.

CLEAR BENEFITS FOR YOUR ORGANIZATION

The Benefit	How It Happens
More Efficiency and Effectiveness	We'll design an audit plan that's unique to your organization and based on areas deemed to have the highest risk. During the audit, the focus is on assessing and testing these areas. This approach focuses efforts on what's most important to you and the users of your financial statements and audit reports.
More Senior-Level Attention	Our approach relies on greater partner and manager involvement. Senior-level professionals monitor and supervise the engagement, and partners conduct their reviews in real time.
More Flexibility	We build reasonable flexibility into the audit timing to fit your schedule and needs.
More Relevant Analysis	We take the necessary time to analyze your operational issues, which allows us to provide valuable and practical insight from a third-party perspective.
More Timeliness and Efficiency	Our audit teams use proven technology to provide an efficient and effective audit, including data mining software tools to analyze volumes of data, secure online data warehouses to store audit files, and industry-tailored audit programs.

As you perform the due diligence for your next service provider, consider the factors that make a difference between simply being an accounting firm versus being a client-centered business advisor. These include the service team's quality and consistency of communication with your team, their reputation for being available to clients throughout the year, and the way they approach the relationship aspects of the engagement.

In the end, the firm you deem the best fit will be the one that not only meets your criteria, but also provides the greatest value to SVHCD. We believe that firm is Moss Adams.

Health Care Industry Expertise

COMMITTED TO HEALTH CARE

For over 45 years, Moss Adams has been dedicated to the health care industry. Health care is one of the firm's largest practice areas, and we've built a strong team of over 220 professionals who provide industry-related accounting, auditing, and consulting services.

More than 4,100 health care clients rely on us for solutions, not just services. We're business advisors to organizations across the health care continuum—from independent practice associations to medical groups, from retirement communities to large long-term care organizations, and from surgery centers to large hospitals and health systems.



Leadership involvement with AICPA Health Care Expert Panel and HFMA National Principles and Practice Board

Data as of February 2023

And it's not just about dedication—it's also about knowledge. Our professionals receive continuing professional education with a health care focus, and our active involvement in your market increases our ability to understand the issues you face and, most important, the best way to address them.

OUR NATIONAL HOSPITALS PRACTICE

We serve more than 1,200 hospitals and hospital systems, ranging in size from 25 to over 1,600 beds, across the nation. Our work extends well beyond traditional financial statement and tax services and includes ongoing consultation and assistance on an array of issues concerning health care financial management. We leverage our deep knowledge of both the national health care marketplace and local and regional competitive environments to provide customized solutions that can make a difference to your organization.

Our extensive experience working with a broad range of hospitals—including integrated health systems, tertiary care teaching hospitals, community and sole community hospitals, district hospitals, critical access hospitals, and pediatric hospitals—means we can provide you with business-critical benchmarking and best practices, along with powerful reports and board presentations to help your medical partners succeed.

HOSPITALS



1,200+

clients across the nation

95+

dedicated professionals

45+

years serving the industry



Clients range in size from **25** to **1,600** beds

Data as of February 2023

What makes Moss Adams different is our partners and senior managers, whose high degree of industry involvement and experience gives you access to nationally recognized expertise when it comes to hospital financial operations. You'll benefit from big-firm resources with boutique-firm specialization, personalization, and partner attention.

For a representative list of hospital and health system clients, please see [Appendix A](#).

You're in Good Company

The following is a partial list of health care providers similar to SVHCD:

- Antelope Valley Healthcare District
- Benton Franklin Health District
- Beverly Community Hospital Foundation
- California Department of Public Health
- California Health Care Foundation
- Carson Tahoe Regional Healthcare
- Central California Foundation for Health
- Clatsop Care Center Health District
- Coquille Valley Hospital District
- District Hospital Leadership Forum
- El Camino Healthcare District
- Kaweah Delta Health Care District
- Marin Healthcare District
- MedicAlert Foundation
- Mendocino Coast District Hospital
- New Mexico Department of Health
- New Mexico Retiree Health Care Authority
- Nor-Lea Hospital District
- Oregon Health Authority
- Pioneers Memorial Healthcare District
- Rangely District Hospital
- Rhode Island Department of Health
- San Francisco Department of Public Health
- Salinas Valley Health
- Sierra Health Foundation
- Sierra View Local Health Care District
- Spokane Regional Health District
- Stilly Valley Health Connections
- Tri-City Healthcare District
- Valley Presbyterian Hospital Foundation
- Washington Township Medical Foundation

Industry Associations Involvement

We actively participate in a variety of national, regional, and state health care associations, serving as board members and frequently presenting at industry association conferences. Some of the national and regional associations and organizations we support include the following:

- American Academy of Professional Coders (AAPC)
- American Ambulance Association (AAA)
- American Health Care Association (AHCA)
- American Health Information Management Association (AHIMA)
- American Hospital Association (AHA)
- American Medical Group Association (AMGA)
- American Telemedicine Association (ATA)
- America's Health Insurance Plans, Inc. (AHIP)
- America's Physician Groups (APG)
- Association of Community Cancer Centers (ACCC)
- Association of Healthcare Internal Auditors (AHIA)
- Association of Jewish Aging Services (AJAS)
- Community Health Association of Mountain/Plains States (CHAMPS)
- Insurance Accounting & Systems Association, Inc. (IASA)
- Interface Seniors Housing
- LeadingAge (national; also Arizona, California, Colorado, Oregon, Texas, and Washington)
- National Association for Home Care & Hospice (NAHC)
- National Association of Community Health Centers (NACHC)
- National Investment Center (NIC)
- Northwest Regional Primary Care Association (NWRPCA)
- The Advisory Board Company
- The IPA Association of America (TIPAA)

On a state level, we're active in numerous associations supporting hospitals and health systems, health plans, long-term care and mental health care facilities, ambulatory surgery centers, rural clinics, and community health centers. In California, these organizations include the following:

- California Association of Health Facilities (CAHF)
- California Association of Health Plans (CAHP)
- California Primary Care Association (CPCA)
- Hospital Association of Southern California (HASC)
- Hospital Council of Northern & Central California (HCNCC)
- Medical Group Management Association of California, Oregon, and Washington
- State of Reform (AK, CA, OR, TX, WA)

HEALTH CARE INSIGHT: IMPACTS OF NEW CALIFORNIA LEGISLATION

California businesses in the health care sector face a unique set of challenges in addressing legislation changes. Moss Adams serves many health care clients in California and understands the changes that providers can expect to see, including mandated reporting requirements and potential enforcement actions. Your engagement team has experience helping businesses adapt to new California legislation, including:

SENATE BILL 525	This bill raises the minimum wage for health care workers. There are exemptions for IPA's and small practices and there is a gradual implementation of the mandated wage increases. We can help you optimize the impact of this new legislation on personnel costs for your organization doing business in California.
SENATE BILL 589	This bill prohibits a health care service plan or health insurer from requiring a contracted health professional to complete or obtain a prior authorization for any covered health care services, if the plan or insurer approved, or would have approved, not less than 90% of the prior authorization requests they submitted in the most recently completed year contracted period. The bill sets standards for this exemption and its denial, rescission and appeal. We can help review your procedures and policies and make recommendations to meet the compliance requirements of this new bill.
SENATE BILL 770	This new bill is the first step towards single payer health care in the state of California, which would not only eliminate Medicare and Medi-Cal, but also prohibit all private health coverage and force every Californian into an untested new health system, with no ability to opt out. We can help review the bill's potential effect on your organization's long-term strategy in the State of California.
SENATE BILL 184	This bill introduces mandated reporting requirements and potential enforcement actions related to health care in the following sectors: cost, quality, accessibility, and equity. Additionally, SB 184 legislates expansions to Medi-Cal services and eligibility, provides for mental health crisis grants, and is anticipated to support significant health care payment reform. Since the bill's passing, Moss Adams has been working to prepare clients for these changes. For more information from us about the impacts of CA SB 184, see our article <u>CA SB 184: Implications for Health Care Access, Pricing, and Transactions</u> or watch our webcast <u>How CA SB 184 Could Impact Health Care State Regulation Across the Nation</u> .

GOVERNMENT SERVICES

We recognize government organizations are accountable to many different constituencies—oversight agencies, audit committees, elected officials, taxpayers—all with different expectations and demands. That's why we commit significant personnel and resources to our Government Services Practice, building technical expertise in all areas of government. We have experienced partners and senior managers who lead audit engagements for over 340 government entities including state agencies; cities and counties; public colleges and universities; health districts, special purpose governments including ports, utility districts, and transit agencies; public retirement funds; and others.

GOVERNMENT SERVICES



110

years in business
& largest firm
headquartered in
the West



340+

professionals
dedicated to
government and
not-for-profit clients



4,470+

single audits
performed since
1997



1,800+

government
pension, health,
and other employee
benefit plans and
trusts audits



1,580+

not-for-profit
clients across the
nation

Audit Workplan

We understand switching accounting firms is a big decision, and you'll be considering many factors. You're not alone. Many of our clients have had the same concerns, yet, transitioned to Moss Adams after years of working with their service provider, seeking the unique blend of expertise and personal service we're known for.

TRANSITIONING TO MOSS ADAMS

Making the changeover process as smooth as possible is our first step in welcoming you as a new client—and it's an important one. Our goal? To avoid disruption to your staff and make the transition period as seamless as we can. We'll assume all costs related to the transition and make every effort to minimize disruption to you and your organization.

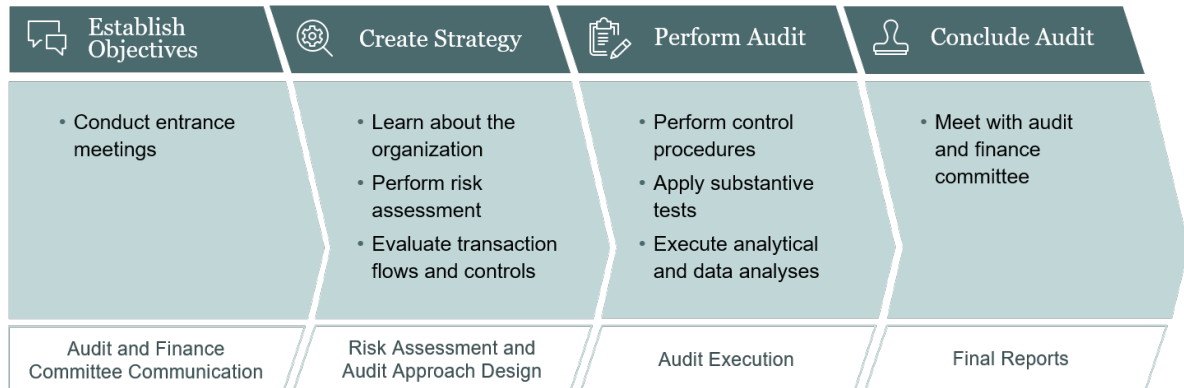
		
<h3>No Surprises</h3> <ul style="list-style-type: none">• Close leadership of engagement teams• Face-to-face meetings with your team• Focus on building a relationship	<h3>Personal Service</h3> <ul style="list-style-type: none">• A transition plan tailored to your needs• Responsive, proactive service• Ability to hit the ground running with your existing report methods and workpapers	<h3>Flexibility</h3> <ul style="list-style-type: none">• Pre-transition meeting(s)• Financial statement review ahead of time• Communication plan to keep you informed• Clear and agreed-upon expectations and timing

We believe the following steps are the keys to a successful auditor transition.

Transition Steps

1. **Have entrance meetings.** Conference with your finance department and other appropriate groups to discuss risks, expectations, processes, and timelines.
2. **Hold planning sessions.** Meet with key managers to discuss risks, expectations, the audit process, and timelines; and to share key strategic, financial, and operational information.
3. **Review working papers.** Read your prior auditor's working papers to understand their audit approach and the timing of their procedures and to determine the scope of any additional procedures our team will perform on the opening balances in your financial statements.
4. **Design audit approach.** Devise an efficient and effective approach that addresses the potential risks we discover during the transition.

FINANCIAL STATEMENT AUDIT APPROACH



SVHCD will benefit from our customized, risk-based audit approach as well as the timely and effective communication and coordination of our audit activities. With dedicated and ongoing involvement from our partners and senior-level professionals, the audit will be planned and executed by an experienced team that understands your industry. During the audit, your Moss Adams engagement leader, Chris Pritchard, will review the work in progress and address any issues with management. This reduces time spent on post-audit procedures and wrap-up.

Our emphasis on tailoring an audit to focus on the areas of significant risks allows us to complete the audit in an efficient and effective manner. Our audit will include the following:

- Plan the engagement based on a thorough understanding of your business risks and transactions
- Communicate and coordinate activities with management and the audit committee based on an agreed-upon timeline
- Conduct continuous audit procedures to increase efficiency and reduce the burden on your personnel at year-end
- Work with management to resolve any complex accounting or reporting issues as early as possible in the audit process
- Provide recommendations to management for areas of improvement

Areas of Primary Emphasis

Our overall audit approach is to focus our efforts on areas with the greatest likelihood of error or misstatement in the financial statements. We also compare your performance to other similar organizations to identify unique trends. Based on our work, we'll report to management any material weaknesses or significant deficiencies we detect in SVHCD's internal control design and operation as well as potential opportunities for improvement.

Our audit approach is designed based on each organization's internal control environment and industry characteristics. During our audit, we evaluate operational trends, productivity, and performance measures on a departmental basis, as well as internal control and financial statement components. Following is an example of the typical audit process for an organization about the size of SVHCD.

We'll document and evaluate the significant internal controls over the following accounting cycles:

- Revenue, patient accounts receivable, and cash receipts
- Third-party settlements
- Procurement, operating expenses, accounts payable, and cash disbursements
- Capital projects and property, plant, and equipment
- Payroll and personnel-related processes
- Financial statement close and financial reporting

Our audit approach requires us to validate that the internal controls in the above cycles are designed effectively and have been implemented. We often accomplish this by selecting a minimal number of transactions to observe the controls in action. Additional transactions may be tested depending on the process, if it's determined to be the most effective and efficient audit approach.

Our internal control procedures, and the results of those procedures, determine the nature and extent of testing we'll conduct with respect to each financial statement line item. Following are of the types of audit procedures we may conduct:

Cash

- Test bank reconciliations and examine supporting documents
- Confirm bank balances for certain bank accounts

Investments

- Confirm investment balances, including historical cost and fair value
- Independently verify market valuations
- Evaluate investments for declines (other than temporary) in value, as appropriate

Patient Accounts Receivable and Contractual Allowances

- Obtain patient accounts receivable by financial class and aging period
- Test individual balances for validity and realization based on medical records, subsequent cash receipts, and other evidence
- Obtain contractual allowance estimate from management, and evaluate for appropriateness of allowance methodology
- Obtain and test a "look back" of prior year's allowances to determine historical reliability of contractual allowance methodology
- Obtain collection information after year-end to validate sufficiency of year-end reserves against Patient Accounts Receivable.

Third-Party Settlements

- Obtain roll-forward of third-party settlement accounts by year and intermediary
- Examine supporting documents for material activity, including NPRs and other intermediary correspondence
- Examine cost report settlement calculations, as considered necessary

Prepaid Expenses

- Obtain summary of prepaid expenses and evaluate nature of balances
- Test summary for clerical accuracy and obtain supporting documentation for material balances
- Perform other procedures, as deemed necessary

Capital Assets

- Obtain a roll-forward of prior-year balances, additions, and disposals
- Select and test a sample of capital-asset additions
- Compare current-year balances and capital outlay expenditures with prior-year and budgeted amounts
- Select a sample of assets disposed of during the accounting period for testing
- Test depreciation expense for reasonableness

Accounts Payable and Accrued Liabilities

- Test support for payroll accruals and compensated absences
- Perform a search for unrecorded liabilities
- Compare current-year balances with prior-year balances
- Obtain actuarial support for material self-insurance liabilities
- Obtain evidential matter and supporting documentation from the SVHCD's benefit consultants for benefit obligation liabilities

Long-Term Debt and Notes Payable

- Confirm the balances of outstanding long-term debt
- Compare current-year balances with prior-year balances
- Compare recorded interest expense with expected interest expense based on interest rates of the debt to determine reasonableness
- Test covenant compliance

Leases and Subscription-Based Information Technology Arrangements

- Obtain amortization and reconciliation schedules of operating leases and subscription assets
- Agree contract terms to the respective schedules
- Test key inputs into the calculation and assess reasonableness of assumptions used

EXPECTED LEVEL OF ASSISTANCE FROM SVHCD

Prepared by client (PBC) requests are a key area of the audit that will involve your staff. We'll collaborate on ways to make your audit more efficient by reviewing the PBC list with your financial staff in advance so expectations are clear. Our PBC requests are customized to your specific circumstances and tailored each year to make each subsequent audit more efficient. In consideration of your staff's time and effort, we use reports or schedules you already prepare internally to the extent possible.

Specific PBC requests may include the following:

- Providing systems descriptions, policies and procedures manuals, and other internal control–related documents
- Fulfilling preparation of cash, investment, and other confirmation requests
- Providing a reconciled trial balance (in electronic format)
- Completing lead and other schedules and supporting documents
- Completing various questionnaires and checklists

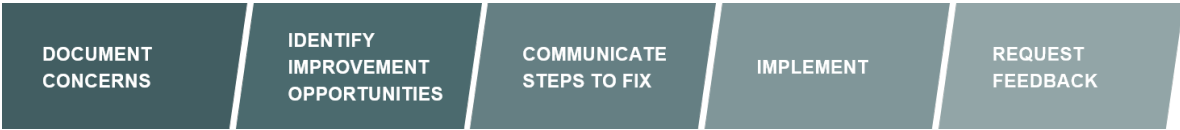
We'll establish a client service plan with management that sets the expected due dates for each stage of the engagement and includes audit status meetings with your team. The quality control reviewer will be involved throughout the engagement during the planning, fieldwork, and reporting process to help prevent surprise issues from appearing at the end of the engagement.

COMMUNICATING WITH MANAGEMENT

Your auditor is required by auditing standards to communicate certain matters to those charged with governance of your organization, such as your audit committee or board of directors, and with management. Such communications are required when planning the audit as well as when the audit is complete.

In the planning phase, we'll communicate such matters as our responsibilities with regard to the financial statement audit, independence matters, and the planned scope and timing of the audit. At the outset of the engagement, we'll strive to create two-way communication so we can hear from you about matters you consider relevant to the audit, such as strategic decisions that may significantly affect the nature, timing, and extent of audit procedures; the suspicion or the detection of fraud; or other concerns you have. At the conclusion of the audit, we'll communicate the results of our audit and significant findings or issues from the audit. These may include our views about the qualitative aspects of your significant accounting practices, including accounting policies, estimates, and financial statement disclosures. We'll also communicate material audit adjustments and uncorrected misstatements. In addition, we're required to communicate to you all significant deficiencies and material weaknesses.

Finally, our communication typically includes best practices, exceptions encountered during testing, other deficiencies in internal control that aren't considered material weaknesses or significant deficiencies, and recommended areas of improvement.



Timeline

The following is a proposed first-year engagement schedule for SVHCD. We'll discuss any adjustments you may need when we meet with you.

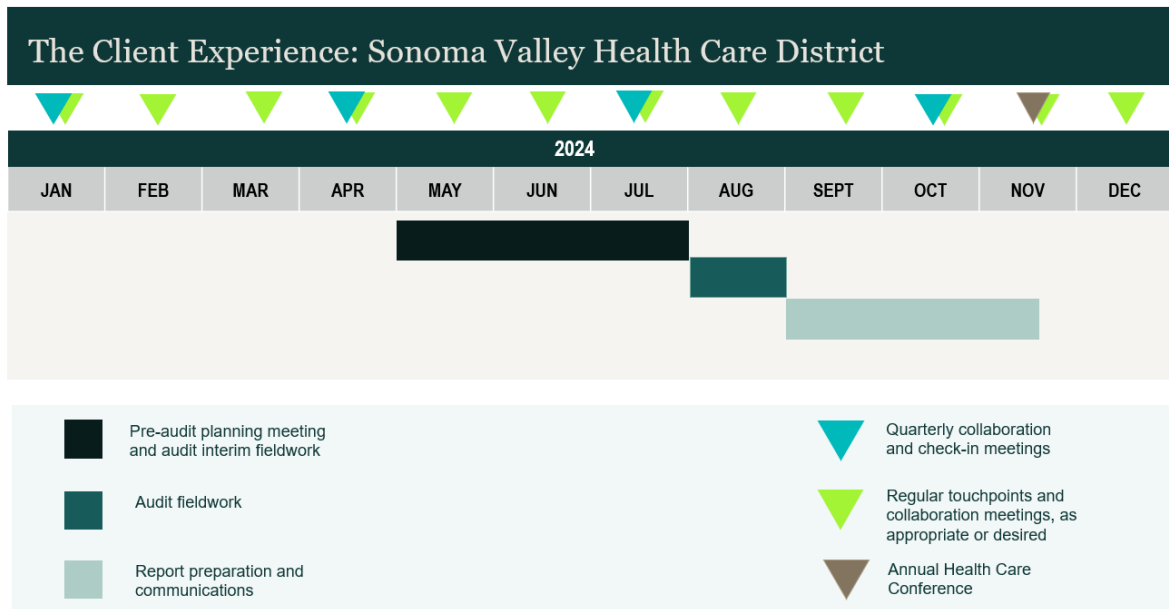
Service Description	Proposed Timing
AUDITOR TRANSITION	
Schedule to meet with your prior auditor to review their working papers	Upon appointment
AUDIT PLANNING	
Meet with management for pre-audit planning and to obtain an understanding of systems, internal controls, and current-year issues	May 2024
Provide management with a detailed list of items needed to perform the audit, including the timing of when items are needed	May 2024
AUDIT FIELDWORK	
Perform interim audit fieldwork and tests of internal controls	July 2024
Send confirmations of cash, investment, and other accounts as deemed necessary	July 2024
Perform substantive audit fieldwork	August 2024
REPORT PREPARATION	
Present draft of financial statements, audit report, and management letter to senior management	September 2024
Present draft of financial statements, audit report, and management letter to the audit committee or board of trustees	October 15, 2024
BOARD COMMUNICATIONS	
Present final audit report, financial statements, and management letter to the board of directors or trustees	By November 15, 2024

The Client Experience

You'll see us more than once a year. We'll stay in close contact with you to discuss compliance issues; answer questions; and provide updates on new accounting pronouncements, tax laws, industry reports, and special events. It's our top priority to return your phone calls and resolve concerns as quickly as possible.

To perform an engagement as unique as you are, we'll seek to understand your point of view—the history of your company, the challenges you've faced, your goals, and the strategies that have helped you succeed. This way, we can anticipate needs and identify gaps before they become obstacles so you can grow, manage, and protect your prosperity with confidence.

Below is a snapshot of our proposed client service plan.



Your Service Team

Working with the right team of professionals makes all the difference to your engagement. The team members we've thoughtfully selected to meet your specific needs have years of relevant industry experience serving health care districts. You'll find they bring an optimistic perspective focused on helping you explore and embrace emerging opportunity. Your Moss Adams team will personally engage with your team and bring a new level of energy and enterprise to your engagement.

All proposed team members have time in their schedules to dedicate to the audit of SVHCD.

Chris Pritchard, CPA, MHA, Health Care Partner and Leader; National Health Care Practice



Engagement Partner

Professional Experience

Chris has practiced public accounting since 1991, serving integrated health systems, federally qualified health centers, managed care organizations, ambulatory surgery centers, Knox-Keene licensed health plans, rural and regionally integrated hospitals, rural and community-based primary care facilities, outpatient care facilities, outpatient surgery centers, large medical groups, independent physician associations, and third-party payers.

In addition to his experience auditing and supervising audit engagements of health care entities, Chris manages consulting engagements, including internal audits. He assists organizations with strategic management decision engagements, cash flow projections, budgeting projects, and other operational engagements.

Chris was an active member of the AICPA's national Health Care Expert Panel, where he provided technical guidance on various publications. He's published national articles and speaks frequently on health care financial reporting and other current topics.

Professional Affiliations

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants
- Member, Healthcare Financial Management Association
- Former member, AICPA National Health Care Expert Panel

Education

- MHA, Golden Gate University
- MS, taxation, Golden Gate University
- BS, accounting, California State University, Sacramento



*Quality Control
Review Partner*

Professional Experience

Joelle has practiced public accounting since 2002. She has significant experience with health plans, integrated health systems, hospitals, senior living facilities, and other health care organizations. Joelle also has significant experience auditing and supervising audit engagements of health care entities in California and Oregon, and has audited health plans, IPA, and other types of risk-bearing organizations.

Joelle's health care audit experience includes district hospitals, rural and regionally integrated hospitals, critical access hospitals, rural and community-based primary care facilities, critical care outpatient care facilities, outpatient surgery centers, management service organizations, independent physician associations, large medical groups, Knox-Keene licensed organizations, senior living organizations, and supporting community foundations.

Professional Affiliations

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Member, Oregon Society of Certified Public Accountants
- Member, Healthcare Financial Management Association

Education

- MPA, Montana State University
- BA, business administration, University of Washington



Engagement Senior Manager

Professional Experience

Katherine has practiced public accounting since 2007. She manages audits of not-for-profit and for-profit health organizations. Katherine’s clients include integrated health systems and district hospitals; community health centers; Knox-Keene health plans; medical groups, clinics, multisite continuing care retirement communities and senior living organizations; other health care service providers; and supporting foundations. She has extensive experience performing accounting of complex areas of her clients’ balance sheets and income statements, drafting and overseeing the completion of annual reports, and providing advice and counsel on audits and financial reporting.

Professional Affiliations

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants

Education

- BS, accounting, San Francisco State University

Client References

Hear for yourself the unique experience our clients have in working with our firm. We're confident they'll share stories of how we make their lives easier, help them identify and take advantage of rising opportunities, and guide them to increased prosperity.

EL CAMINO HEALTHCARE DISTRICT	Carlos Bohorquez <i>CFO</i>	(650) 940-7073
SALINAS VALLEY MEMORIAL HEALTHCARE DISTRICT	Augustine Lopez <i>CFO</i>	(831) 759-1815
KAWEAH HEALTH CARE DISTRICT HOSPITAL	Malinda Tupper <i>CFO</i>	(559) 624-4065
TAHOE FOREST DISTRICT HOSPITAL	Crystal Felix <i>CFO</i>	(530) 582-6656
KERN MEDICAL CENTER	Andrew Cantu <i>CFO</i>	(661) 326-2104

Fees

For our clients, it's about more than the dollars you pay at the end of the day; it's about value. Consider both the tangible and intangible benefits of working with us. You'll get solid and timely deliverables. But more than that, the experience you'll have working with forward-thinking, industry-specialized professionals who work side by side with you to explore new possibilities is where you'll see the value. Invest in your future prosperity and experience a different style of service with us.

FIVE YEAR FEE SCHEDULE

Service Description	2024	2025	2026	2027	2028
Financial statement audit for Sonoma Valley Health Care District	\$70,000	\$75,000	\$79,000	\$83,000	\$87,000
Transition meetings, review of predecessor auditor's workpapers, and getting up to speed	Included	N/A	N/A	N/A	N/A
Attendance at your audit committee meetings, including: <ul style="list-style-type: none"> • Presentation of audit results • Communication of internal control issues • Management letter 			Included		
Ongoing education and CPE opportunities, webinars, regular industry updates, newsletters, and publications			Included		
Consulting, as needed			Hourly rates		

FEE BY MILESTONE

Completion of interim work	30%
Completion of field work	30%
Draft Financial Statements	10%
Completed Financial Statements	10%

FEE DETAILS

Subject	The Details
Client Acceptance Procedures	The scope of work and fee quotes are subject to our client acceptance process, which: 1) verifies that all parties understand the specific services we're being asked to perform; 2) ensures contract terms are acceptable to both parties and in agreement with professional standards; and 3) confirms we've staffed the engagement with individuals qualified with the necessary experience to fulfill our commitments to our prospective client. We'll also need to complete our inquiries of your former auditor as required by our professional audit standards.
First-Year Costs	We acknowledge that changing auditors can be disruptive to your staff's routines, since a new audit team needs to spend time learning your systems. Because of this cost, fees associated with the first year of a new audit firm tend to be higher than normal. We'll absorb all costs related to the transition.
Expenses	Our engagement letter will provide an estimate of the expenses for the services to be provided. Direct travel expenses will be billed monthly as incurred. Moss Adams will include a standard 5% administrative and technology fee as part of standard expenses on all engagements. This fee covers certain costs that some firms bill separately, including tax and report processing charges, confirmation fees, filing fees, technology fees, and administrative billable time.
Cost Overruns	During the course of the audit, we'll measure our progress against our planned budget. If situations arise that are significantly different than our expectations, we'll bring them to your attention immediately and discuss various options before we proceed. We'll meet weekly during the course of fieldwork with the appropriate parties to ensure there are open lines of communication between our organizations.
Routine Phone Calls and Emails	Our policy is to not charge for short telephone calls seeking miscellaneous advice unless those consultations require significant additional work or research. If a matter requires further follow-up, we'll discuss a fee estimate with you before incurring significant time.
Minor Research and Consultation	If we're requested to provide minor research or consultation service, we'll estimate the number of hours necessary to provide the requested services. We'll then provide a fee quote for your approval before commencing any work. Our fees for these services are generally at our standard billing rates.
Future New Audit, Review, and Accounting Standards	Our fee estimate discussed herein is based on accounting and professional standards that exist and are applicable as of the date of this proposal. To the extent that future rulemaking activities require modification to our audit approach, procedures, scope of work, etc., we'll advise you of such changes and the impact on our fee proposal. If we're unable to agree on the additional fees, if any, that may be required to implement any new accounting, auditing, and review standards that are required to be adopted and applied as part of our engagement, we reserve the right to withdraw from the engagement, regardless of the stage of completion.

Subject	The Details
Predecessor Auditors	Our fee estimates are based on the assumption that the predecessor auditors will provide timely access to their audit working papers for the year ended June 30, 2023. Further, it's assumed that the audit work performed by the predecessor auditor will be adequate to support beginning balances.
Audit Preparation	Our proposed fees are based on the presumption that your books and records will be ready for audit and minimal audit adjustments will be required. If accounting assistance is required to reconcile accounts, we'll discuss the issues with you, and additional fees will be billed separately, at our standard rates. Additionally, our fee quote assumes that we won't identify any audit findings, including significant deficiencies or material weaknesses. If potential audit findings are identified, costs for investigating and reporting them will be in addition to our audit fees.

Other Insights and Resources

As part of our service commitment to our clients, we offer training and resources to help you and your team stay up to date on industry developments and operational best practices used by other successful organizations we work with. As a valued Moss Adams client, you'll receive useful guides and additional thought leadership, plus access to industry-specific events and webcasts where your teams can earn CPE. Our commitment to you includes keeping you up to date on industry trends and providing timely advice on the impact of emerging industry issues so you can make smart, informed decisions about your organization.

Online Publications



Keeping you informed about changes in the financial landscape is one of our top priorities. We closely monitor regulatory agencies, participate in industry and technical forums, and write about a wide range of general as well as industry-specific accounting, tax, and business issues. The goal? To provide you with actionable information and guidance to help your organization succeed.

This information comes in two main forms, both delivered to you via email:

- **Alert.** Time-sensitive news about tax and regulatory changes.
- **Insight.** The big picture on accounting and business topics.

We also offer not-for-profit and health care-specific newsletters, including the following:

- Quarterly Industry Update
- Health Care Tax Updates
- Not-for-Profit Survey Series

Webcasts



Continuing education is vitally important to us, and we're happy to share our knowledge with you and your staff. We frequently offer a wide range of topical online seminars, many of which are archived and available on demand, allowing you to watch them on your schedule—play, pause, or resume later.

Seminars and Events



You'll be invited to attend numerous conferences and networking events presented by our firm and distinguished guest speakers. Our events are opportunities for you and your staff to meet our professionals, share best practices with industry peers, and earn CPE.

Please visit our Health Care Content Hub at <https://www.mossadams.com/industries/health-care/insights> for more information.

Appendix A: Representative Hospital and Health System Clients

The following is a partial list of hospital and health system clients we're proud to serve (green rows indicate being served by members of your proposed service team):

Client	Location	Beds	Services*	Client Since	Tax-Exempt
Adventist Health System / West (22 hospitals)+	Roseville, CA	2,905	3, 5	1994	√
Alameda Health System (5 hospitals)^	Oakland, CA	800	1, 2, 3, 5	2016	√
Alecto Healthcare Services (3 hospitals)	Irvine, CA	865	3	2013	
Astria Health	Yakima Valley, WA	25	5	2020	√
Atrium Health	Charlotte, NC	874	4	2021	√
Banner Health (30 hospitals)	Phoenix, AZ	3,000	5	2010	√
Barlow Respiratory Hospital	Los Angeles, CA	105	1, 2, 3	2004	√
Bay Area Hospital	Coos Bay, OR	172	4	2014	√
Baycare Health System (16 hospitals)	Clearwater, FL	1,396	4	2009	√
Baystate Health	Springfield, MO	734	4, 5	2020	√
Benefis Health System	Great Falls, MT	220	1, 2, 3, 5	2011	√
Beth Israel Lahey Health (5 hospitals)	Boston, MA	1,453	4	1999	√
Beverly Community Hospital Association	Montebello, CA	202	1, 2, 3	2010	√
Boston Medical Center	Boston, MA	514	4	2009	√
Brockton Hospital, Inc.	Brockton, MA	216	4	1999	√
Cape Cod Healthcare (2 hospitals)	Hyannis, MA	378	4	2016	√
Care New England Health System (4 hospitals)	Providence, RI	970	4	2015	√
Carilion Clinic (7 hospitals)	Roanoke, VI	703	4	2010	√

Client	Location	Beds	Services*	Client Since	Tax-Exempt
Casa Colina, Inc.	Pomona, CA	99	1, 2, 3, 4	2006	√
Centra Health (3 hospitals)	Lynchburg, VA	534	4	2015	√
Children’s Hospital of Orange County	Orange, CA	334	6	2020	√
Chinese Hospital Association	San Francisco, CA	53	1, 2, 3, 5	2017	√
City of Hope National Medical Center	Duarte, CA	217	4	2006	√
ClearSky Health (5 hospitals)^	Albuquerque, NM	121	1, 5	2019	√
Columbia Memorial Hospital+	Astoria, OR	25	1, 2	2015	√
CommonSpirit Health (164 hospitals)	Chicago, IL	19,573	4	2020	√
Community Medical Centers (4 hospitals)^	Fresno, CA	1,273	1, 2, 3, 4, 5	2011	√
Community Memorial Health System	Ventura, CA	250	1, 2, 3	2022	√
Confluence Health (2 hospitals)	Wenatchee, WA	206	2, 4, 5	2013	√
Dameron Hospital Association	Stockton, CA	170	1, 2, 3, 5	1986	√
El Camino Healthcare District (2 hospitals)^	Mountain View, CA	454	1, 2, 3, 5	2006	√
El Centro Regional Medical Center	El Centro, CA	161	4	2020	√
Enloe Medical Center	Chico, CA	298	1, 2, 4	2013	√
Erlanger Medical Center (7 hospitals)	Chattanooga, TN	813	4	2010	√
Ernest Health (25 hospitals)^	Mechanicsburg, PA	1,000	1, 5	2004	
Evergreen Health (2 hospitals)	Kirkland, WA	318	5	2017	√
Fort Defiance Indian Hospital	Fort Defiance, AZ	56	1, 2, 3	2010	√
Fremont Rideout Health Group (2 hospitals)^	Yuba City, CA	221	1, 5	2008	√

Client	Location	Beds	Services*	Client Since	Tax-Exempt
Gerald Champion Regional Medical Center	Alamogordo, NM	99	1, 2, 3, 4, 5	2008	√
Good Shepherd Health Care System+	Hermiston, OR	25	5	2011	√
Grays Harbor Community Hospital	Aberdeen, WA	140	1, 2, 4	1992	√
Guadalupe Regional Medical Center	Seguin, TX	139	4	2018	√
Hallmark Health System (2 hospitals)	Medford, MA	413	4	2009	√
Health First (4 hospitals)	Rockledge, FL	904	4	2018	√
Heywood Hospital (2 hospitals)	Gardner, MA	134	4	2005	√
Holyoke Medical Center	Holyoke, MA	198	4	2000	√
Holy Redeemer (2 hospitals)	Meadowbrook, PA	246	4	2013	√
John Muir Health (4 hospitals)	Walnut Creek, CA	817	4, 5	2013	√
Kaweah Delta Health Care District	Visalia, CA	581	1, 2, 3, 4, 5	2005	√
Kern Medical (7 hospitals)+	Bakersfield, CA	222	1, 2	2015	√
KPC Global Healthcare (7 hospitals)	Riverside, CA	1,257	4	2016	
Lawrence General Hospital	Lawrence, MA	189	4	1999	√
Legacy Health (7 hospitals)	Portland, OR	1,267	5	2007	√
Lehigh Valley Health Network (13 hospitals)	Allentown, PA	981	4	2014	√
Lifespan (3 hospitals)	Providence, RI	1,165	4	2020	√
Loma Linda University Medical Center (7 hospitals)	Loma Linda, CA	1,077	4	2002	√
Maricopa Integrated Health (Valleywise Health Medical Center)	Phoenix, AZ	738	5	2008	√
Marin Healthcare District	Greenbrae, CA	327	1, 2, 3, 4, 5	2010	√

Client	Location	Beds	Services*	Client Since	Tax-Exempt
Marshall Medical Center	Placerville, CA	111	5	2010	√
Mass General Brigham (15 hospitals)	Boston, MA	3,540	4	2014	√
Mee Memorial Healthcare System+	King City, CA	73	1, 2, 3, 5	2005	√
Memorial Health Services (5 hospitals)	Fountain Valley, CA	1,308	3	2015	√
Memorial Hermann Healthcare System (12 hospitals)	Houston, TX	1,087	4	2011	√
Methodist Health System, Dallas (12 hospitals)	Dallas, TX	592	4	2019	√
Michigan Medicine	Ann Arbor, MI	550	5	2020	√
Mid-Columbia Medical Center	The Dalles, OR	49	4	2011	√
MLK Los Angeles Healthcare Corporation	Los Angeles, CA	131	1, 2, 3, 5	2011	√
Montage Health	Monterey, CA	250	1, 2, 3, 5	2005	√
Mosaic Life Care (3 hospitals)	Saint Joseph, MO	458	3	2020	√
MultiCare Health System (12 hospitals)	Tacoma, WA	2,134	4	2000	√
MyMichigan Health (5 hospitals)	Midland, MI	474	4	2020	√
NorthBay Healthcare Corporation (2 hospitals)^	Fairfield, CA	204	1, 2, 3, 5	2008	√
NYC Health + Hospitals (11 hospitals)	New York, NY	4,928	4	2019	√
OhioHealth (14 hospitals)	Columbus, OH	2,887	4, 5	2017	√
Olympic Medical Center	Port Angeles, WA	78	1, 2	1990	√
One Brooklyn Health (3 hospitals)	Brooklyn, NY	530	5	2020	√
Orange Regional Medical Center (Garnet Health, 3 hospitals)	Middletown, NY	383	4	2020	√

Client	Location	Beds	Services*	Client Since	Tax-Exempt
Oregon Health & Science University	Portland, OR	576	4, 5	2001	√
Orlando Health (11 hospitals)	Orlando, FL	3,200	4	2011	√
Overlake Hospital Medical Center	Bellevue, WA	349	4, 5	2005	√
Palomar Health (2 hospitals)^	Escondido, CA	395	1, 2, 5	2014	√
Parkview Health System, Inc. (10 hospitals)	Fort Wayne, IN	938	5	2022	√
PeaceHealth (10 hospitals)+	Vancouver, WA	1,607	5	2001	√
Pioneers Memorial Healthcare District	Brawley, CA	107	1, 2, 4, 5	2010	√
Pipeline Health System Holdings, LLC (5 hospitals)	El Segundo, CA	715	2, 5	2019	
Presbyterian Healthcare Services (9 hospitals)	Albuquerque, NM	1,091	3, 5	2006	√
Prime Healthcare Services (45 hospitals)	Ontario, CA	8,700	3, 5	2005	
Providence Health & Services (52 hospitals)	Renton, WA	5,000+	5	2001	√
Redlands Community Hospital	Redlands, CA	229	1, 2, 3, 5	2005	√
Renown Health (4 hospitals)^	Reno, NV	985	1, 2, 3, 4, 5	2009	√
Sage Memorial Hospital+	Ganado, AZ	25	1, 2, 3, 4	2022	√
Salem Health (2 hospitals)	Salem, OR	644	4, 5	2006	√
Salinas Valley Memorial Hospital	Salinas, CA	263	1, 2, 5	2005	√
Samaritan Health System (5 hospitals)+	Corvallis, OR	408	4	2010	√
San Joaquin General Hospital	French Camp, CA	196	4	2003	√
San Mateo Medical Center	San Mateo, CA	448	4, 5,	2017	
Seattle Children's	Seattle, WA	407	5	2007	√

Client	Location	Beds	Services*	Client Since	Tax-Exempt
Shannon Medical Center	San Angelo, TX	445	4	2020	√
Sharp Healthcare (7 hospitals)	San Diego, CA	656	4	2020	√
Sierra View Local Health Care District	Porterville, CA	167	1, 2, 4, 54	2013	√
Skagit Regional Health (2 hospitals)	Mount Vernon, WA	185	1, 2, 4, 5	2004	√
Sky Lakes Medical Center	Klamath Falls, OR	176	1, 2, 3, 4, 5	2001	√
Snoqualmie Valley Hospital+	Snoqualmie, WA	28	1, 2	2006	√
Southcoast Hospitals Group (6 hospitals)	New Bedford, MA	815	4	1999	√
Southern Coos Hospital and Health Center	Bandon, OR	21	1	2005	√
St. Charles Health System (4 hospitals)	Bend, OR	226	4, 5	2003	√
St. Luke's University Health Network (12 hospitals)	Bethlehem, PA	811	4	2011	√
Stanford Health	Stanford, CA	613	5	2002	√
Steward Health Care (39 hospitals)	Dallas, TX	7,900+	4	2020	
Summit Healthcare Association	Show Low, AZ	101	4	2020	√
Sutter Health (23 hospitals)^	Sacramento, CA	4,174	1, 3, 5	2014	√
Tahoe Forest Health System (2 hospitals)+	Truckee, CA	62	1, 2, 5	2016	√
Tenet Healthcare Corporation (61 hospitals)	Dallas, TX	14,028	4, 5	2010	
The Brooklyn Hospital Center (3 hospitals)	Brooklyn, NY	464	4	2019	√
The Christ Hospital (2 hospitals)	Cincinnati, OH	555	4	2020	√
Tri-City Healthcare District~	Oceanside, CA	320	1, 2	2010	√

Client	Location	Beds	Services*	Client Since	Tax-Exempt
Tufts Medical Center (4 hospitals)	Boston, MA	415	4	2000	√
UC Health (University of California, 6 hospitals)	Berkley, CA	3,927	5	2010	√
UCSF Benioff Children's Hospital Oakland	Oakland, CA	191	5	2005	√
UCSF Medical Center (3 hospitals)	San Francisco, CA	796	5	2012	√
UMass Memorial Health Care (4 hospitals)	Worcester, MA	1,039	4	2000	√
University of New Mexico Health (3 hospitals)^ ~	Albuquerque, NM	701	1, 2, 5	2011	√
University of Vermont Health Network (6 hospitals)	Burlington, VT	620	4	2017	√
Vail Health	Vail, CO	56	5	2022	√
Valley Children's Hospital	Madera, CA	358	1, 2, 3, 5	2007	√
Valley Presbyterian Hospital~	Van Nuys, CA	350	1, 2, 3, 4, 5	2007	√
Vanderbilt University Medical Center (7 hospitals)	Nashville, TN	1,019	4	2015	√
Verity Health System (6 hospitals)	Los Altos Hills, CA	1,650	4, 5	2005	√
Vidant Health (9 hospitals)	Greenville, NC	974	4	2019	√
Washington Hospital Healthcare System	Fremont, CA	415	3, 5	2017	√
Yakima Valley Memorial Hospital	Yakima, WA	222	1, 2, 3, 4, 5	1990	√
Yuma Regional Medical Center	Yuma, AZ	406	1, 2, 3, 5	2011	√

* Services Provided: 1–F/S Audit; 2–Single Audit; 3–Tax Services; 4–Medicare Reimbursement Services, 5–Other Consulting Services

Bold = independent community hospital

+ = critical access hospital

^ = hospital system

~ = HUD loan clients

Appendix B: Peer Review Report

Moss Adams participates in the AICPA Peer Review Program, as administered by the AICPA National Peer Review Committee. Through the peer review program, our system of quality control over the accounting and auditing practice applicable to non-SEC issuers is reviewed by another CPA firm every three years. Since the inception of the AICPA's Peer Review Program, we've always achieved a "pass" opinion. The following is a full copy of our most recent report.



Report on the Firm's System of Quality Control

To the Partners of Moss Adams LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Moss Adams LLP (the "Firm") applicable to engagements not subject to Public Company Accounting Oversight Board ("PCAOB") permanent inspection in effect for the year ended April 30, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants ("Standards").

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The Firm is responsible for designing and complying with a system of quality control to provide the Firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the Firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1[®] and SOC 2[®] engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Moss Adams LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2023, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Moss Adams LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Atlanta, Georgia
October 10, 2023

Peer Review Report (continued)



National Peer
Review Committee

October 19, 2023

Jeffrey Brown
Moss Adams LLP
999 3rd Ave Ste 2800
Seattle, WA 98104-4057

Dear Jeffrey Brown:

It is my pleasure to notify you that on October 19, 2023, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is October 31, 2026. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Wagner".

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: John Klisch, Erica Forhan

Firm Number: 900010050024

Review Number: 602495

Assurance, tax, and consulting offered through Moss Adams LLP. ISO/IEC 27001 services offered through Moss Adams Certifications LLC. Investment advisory services offered through Moss Adams Wealth Advisors LLC.

A man with a beard, wearing a blue jacket, is seen from the chest up, leaning on a glass railing of a high-rise building. He is looking out towards the right. The background is a vast blue sky filled with white, fluffy clouds. Several white streaks, resembling jet contrails, are scattered across the sky, some parallel to the horizon and others at an angle. The overall scene conveys a sense of height and perspective.

PERSPECTIVE

CHANGES EVERYTHING.

WIPFLI

March 8, 2024

Ben Armfield, CFO
Sonoma Valley Health Care District
19312 Sonoma Highway, Suite B
Sonoma, CA 95476

Dear Mr. Armfield:

From your mission comes your strength and your vision for how to bring positive change to the world. It's how you make a difference. Anyone you form a relationship with – from community members to community leaders – needs to align with your mission, and that includes the firm you choose to meet your audit and accounting needs.

You want this firm to be an extension of your team, one you can turn to with questions and for best practices, and not someone who will just do the work and get back to you when it's convenient for them. Communication, responsiveness, and a willingness to share – that's what's important in any relationship. Work with people who are just as passionate about your mission as you are.

With Wipfli, your success is our success. Like other auditing firms, we examine records and may uncover weaknesses. But more importantly, we help you fix what we find – strengthening your internal controls, improving your operating efficiency and putting in place the opportunities we find to help you grow.

In this proposal, you'll learn about our long history of working with healthcare providers, the skills and experience we bring to the table, and why we're best suited to meet your organization's needs. Wipfli currently has over 880 hospital clients, 330 of them being critical access hospital clients, and over 1,650 medical clinics, where we provide a vast array of services including audit, tax, accounting, technology, strategy, talent, and reimbursement consulting.

As you make your final decision, we'd like to keep the lines of communication open. We welcome feedback from you on this proposal and ask that you contact Jeff Johnson at 509 232 2498 to discuss any concerns, observations, or questions with us before making your final decision.

Sincerely,



Jeffrey M. Johnson, CPA
Partner - Wipfli LLP

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Understanding

The firm

Positioned to better serve you

You're looking for the ideal firm — one that provides the close, personal touch and communication of a regional firm along with the extensive resources and specialized knowledge of a large, national firm. At Wipfli, we pride ourselves on delivering that close level of attention and responsiveness, alongside a wide breadth of capabilities. Whether it's navigating new regulations or implementing technology that can make a true difference to your organization — this means we can grow with you.

Commitment to the community

Wipfli's associates are passionate about making a difference. On our annual Community Day, we close every office across the U.S. so that hundreds of our associates and partners can volunteer in their communities. Our annual impact is over 5,000 hours of service to more than 80 organizations.

Use of technology

We utilize CaseWare for paperless auditing purposes. This benefit allows engagement personnel to access your file to answer questions expediently. We also use SuraLink to transfer sensitive and/or large documents securely and efficiently.

Wipfli LLP is a multi-discipline professional services firm, with:

- 320+ Partners
- 2900+ Associates
- 40+ US Offices
- 2 India Offices
- **ONE FIRM**

Wipfli fast facts

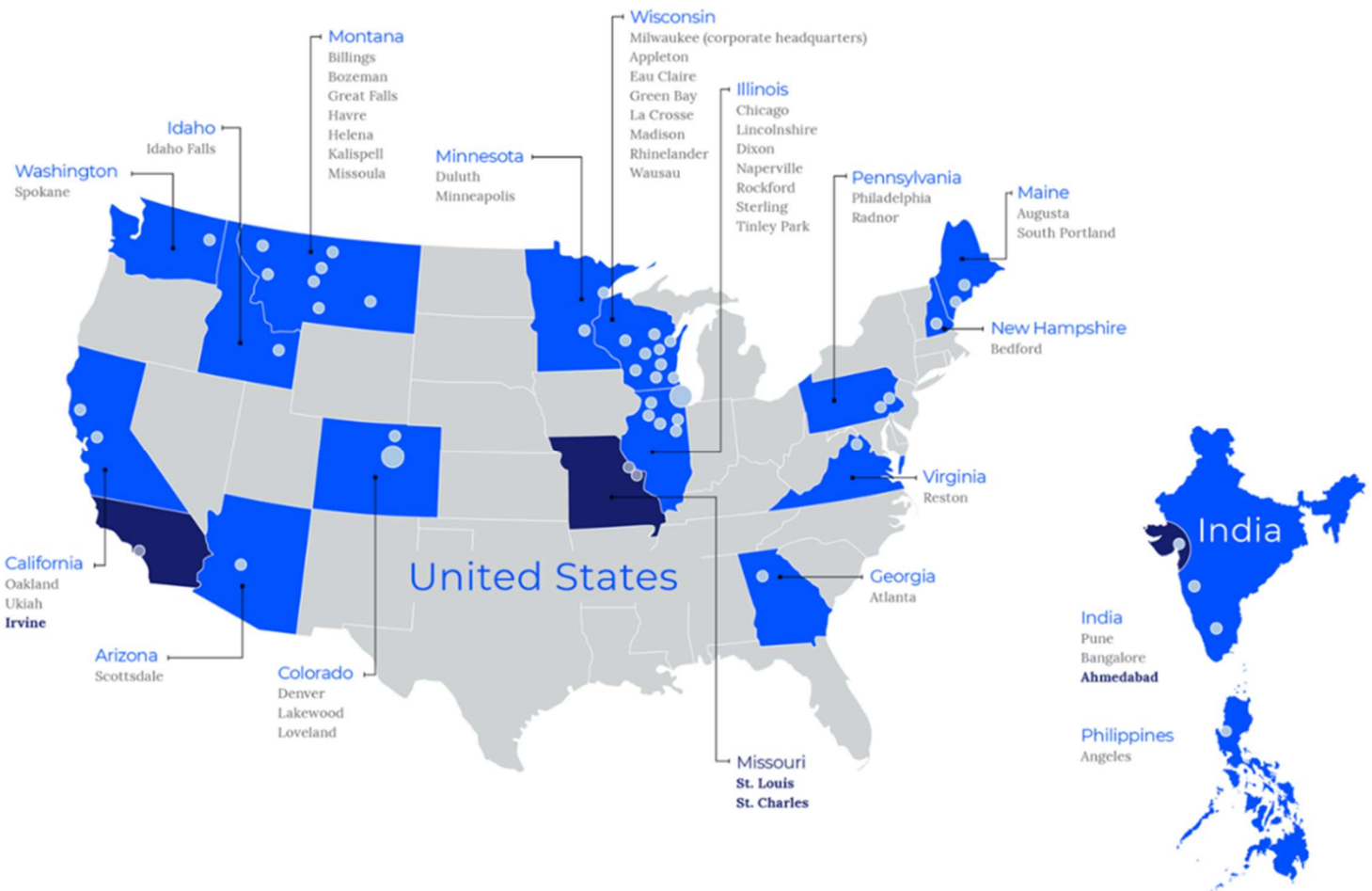
-  **Top 20**
We rank in the top 20 of consulting, CPA firms in U.S.
- 2,900+**
Number of associates 
-  **320**
Number of partners and principals
- 40+**
Number of locations in the U.S., India and Philippines 
-  **48,500**
Hours volunteered since first Community Day in 2005

June 2021

Wipfli ranks among the top 20 accounting and business consulting firms in the nation. Wipfli is also a member of Allinial Global, an accounting firm association of legally independent accounting and consulting firms with offices in North America and throughout the world through international members and partnerships.

We enjoy a solid reputation as industry experts and as a trusted business advisor to more than 84,000 clients including: healthcare organizations, manufacturing companies, construction companies, contractors and developers, real estate companies, financial institutions, insurance companies, tribal gaming and government, agribusiness, nonprofit organizations, units of government, dealerships, and individuals.

The firm serves businesses of various sizes, from large public and private companies, to closely held family-owned businesses. Whether we're helping clients streamline processes, improve performance, leverage the right technology, or increase financial success, we offer innovative, effective, and personalized services to help clients overcome their business challenges today and plan for tomorrow.





Client references

The following is a sample of similar clients to yours that can provide references on the work we've done for them. If you would like additional names and numbers of current clients, we will provide that information upon request.

[San Geronio Memorial Hospital](#)

Dan Heckathorne, Chief Financial Officer

(951) 769-2102

dheckathorne@sgmh.org

Banning, CA

Audit, Cost Reporting, Reimbursement, and other consulting services

[Samaritan Healthcare](#)

Alex Town, Chief Administrative Officer

(509) 765-5606

atown@samaritanhealthcare.com

Moses Lake, WA

Audit, Cost Reporting, Reimbursement, and other consulting services

[Mayers Memorial Hospital](#)

Travis Lakey, Chief Financial Officer

tlakey@mayersmemorial.com

Fall River Mills, CA

Audit, Cost Reporting, Reimbursement, and other consulting services

[Mountains Community Hospital](#)

Yvonne Wagner, Chief Financial Officer

(909) 436-3202

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Lake Arrowhead, CA

Audit, Cost Reporting, Reimbursement, and other consulting services



Approach to your services

Audit engagement timetable

The Wipfli audit approach emphasizes frequent communications throughout the year, planning well in advance of year-end, and a commitment to providing deliverables in advance of deadlines. Our goal is to have a “no surprises” audit.

Our practice is to allocate appropriate time to planning our audit engagements, which includes discussing your expected role in the audit. Planning conferences are held to establish timelines, discuss risk areas, and obtain a deeper understanding of your operations in order to have an effective and efficient audit. We will work closely with your staff throughout the process so they will know what we plan to do, why we are doing it, the timing of our work, and the role they will play.

The staffing of our audits includes a significant portion of day-to-day involvement of our partners and managers. This allows us to address questions as they arise, resulting in a more effective and efficient audit process. We will be happy to discuss with you your preferences as to on-site vs. virtual fieldwork.

Our overall audit approach is driven by a top-down risk assessment process, which analyzes the business issues faced, how those issues influence financial statement items, and how risks are managed in each of those areas. We do not spend significant time on insignificant account balances or on nonessential procedures. A well-planned audit approach provides Sonoma Valley Health Care District with an efficient and effective experience.

We tailor our approach to meet your needs and address the identified risks specific to Sonoma Valley Health Care District. Our audit will:

- Be a productive and cost-effective audit, minimizing your time commitment to the process
- Reduce disruptions to your staff because less time is spent in areas that are insignificant
- Use readily available schedules and other data prepared by your staff
- Focus on continuous improvement

Proposed timeline

Your timeline will drive our process. We will establish a schedule that is convenient for your personnel while meeting the agreed-upon deadlines for deliverables. The following represents a typical timeline for servicing your needs based on your fiscal year end of June 30:

Engagement steps	Apr	May/Jun	Jul	Aug	Sep	Oct
New client transition						
Audit strategy/Planning						
Interim fieldwork						
Fieldwork						
Reporting and finalization						
Board presentation						
Ongoing communication						

The above timetable is an estimate and will be finalized after discussion with management in order to make sure we are meeting your needs. Although the above schedule identifies just a few months out of the year that we are the most visible, we strive to maintain communication throughout the year through a variety of touch points

We will provide a detailed listing of the assistance we expect and will use Sonoma Valley Health Care District's account reconciliations and analyses wherever possible rather than duplicating the work already done in the year-end closing process.

We will utilize electronic file downloads from your system and electronic workpapers wherever possible. This efficient process enhances the information we receive from you and reduces the amount of time your staff spends producing information for our audit procedures.

CaseWare is our electronic workpaper software that allows us to perform paperless audits, thereby reducing the amount of paperwork historically required in the audit process and making the lives of both our clients and our auditors easier. This technology saves the time of preparing similar workpapers year after year. We have created an entire collection of engagement tools and processes that allow us to work and collaborate efficiently at all times. Our tools also help us decrease our turnaround time by minimizing delays in preparation and review. In addition, CaseWare, as well as other organizational tools, data analysis software programs, and various other technology tools and programs assist us throughout the engagement to contribute to our efficient audit model. CaseWare also allows us the ability to review the file off site and keep current with staff progress and answer questions timely.

Management report

We place a significant priority on providing management with key information. Timely and effective communication of the results of our efforts is the key to our effectiveness as a business advisor. Any suggestions we have, including those relating to financial operations and internal control, will be communicated to management as soon as they are identified. Significant suggestions will then be summarized in the management report. At the conclusion of our audit, we would be happy to present the audit findings to your board and management team.

Technical Issues

Technical issues are researched, discussed, and resolved within the firm by the audit engagement partner, engagement quality review partner, and any other subject matter experts or national office of risk management partners brought in during the deliberation process. Technical issue disagreements with clients that are difficult to resolve are exceedingly rare. When such an issue arises, the internal Wipfli team noted herein will confer with the client team to reach a mutually agreeable solution that meets professional standards.

Quality assurance

In order to maintain a high level of quality and fulfill the trust our clients place in us, Wipfli conducts an in-house inspection of sample assurance engagements for each partner to ensure that the firm's quality control standards are being met. We update our internal quality control guidance whenever new auditing requirements are enacted. Wipfli is also subject to an independent peer review every three years under AICPA standards. In our last peer review, Wipfli received a pass rating. Wipfli is also registered with the Public Company Accounting Oversight Board and, accordingly, Wipfli is subject to triennial reviews related to the work we do for public companies.

Wipfli's healthcare practice also maintains a standing Healthcare Audit and Accounting Technical Issues Committee to analyze and ensure compliance with new and/or changing audit, accounting, and financial statement presentation requirements affecting our healthcare clients as they are issued.

Decision-making

Wipfli's procedures for timely decision-making procedures relating to the audit services to Sonoma Valley Health Care District start and stop with the audit partner. The audit partner is the primary decision maker for audit-related issues.

Remote audits

Due to Wipfli's use of CaseWare, we are able to work remotely in most circumstances. During the COVID-19 pandemic, many of Wipfli's audits beginning in March of 2020 through December of 2022 were conducted virtually. We have the technology and experience to make the virtual audit efficient and fairly seamless.

Your investment



Our approach is designed to deliver timely, cost-effective, high-quality professional services. Professional fees were calculated using our hourly rates multiplied by the time-on-task for the project preparation. Based on our understanding of the engagement and the phased approach we outlined in the previous pages, we estimate our professional fees to be as follows:

Annuity services, year ending, June 30	2024	2025	2026
Audit of the financial statements and compliance under Government Accounting Standards Board	\$ 55,000	\$ 57,500	\$ 60,000
Mid-year accounts receivable valuation review	\$ 3,500	\$ 3,700	\$ 3,900
Out-of-pocket expense (not-to-exceed)*	\$ 4,500	\$ 4,700	\$ 4,900
Routine calls and email correspondence	Included	Included	Included
Formal communication of audit issues to Audit Committee and Board of Directors	Included	Included	Included
Board Presentation	Included	Included	Included
Total annuity services	\$ 63,000	\$ 65,900	\$ 68,800

*Out-of-pocket expenses minimal if conducted remotely.

Approval to proceed together

If the services and information contained in this proposal are acceptable and you wish to proceed, we will prepare a formal engagement letter for you to sign, which will address the specific scope, responsibilities, and criteria relative to our engagement.

The information contained in this proposal document is for discussion purposes only and does not constitute a binding contract between you or your organization and Wipfli LLP. If the above services and information are acceptable and you wish to proceed, we will prepare a formal engagement letter for you to sign, which will address the specific scope, responsibilities, and criteria relative to our engagement. The engagement letter will constitute the entirety of the terms and conditions of our arrangement with you.

Your engagement team

Great teams don't just happen

They're carefully cultivated. At Wipfli, we develop highly effective teams using the right mix of talent and experience. Solving the challenges you face, means getting access to a skilled team – trusted advocates who listen to your concerns and provide the support, advice and strategies you need to succeed. Your team includes the following dedicated staff members:



Jeffrey M. Johnson

Wester Regional Leader, Partner, CPA

Jeff Johnson is the firm's Western U.S. geographic market leader with more than 25 years of in-depth experience in providing audit, reimbursement and consulting services to a variety of healthcare organizations across the country. Specifically, he provides strategic and financial solutions to hospitals, medical practices and other healthcare providers through Wipfli's Oakland office. Jeff is a frequent speaker for regional and national healthcare associations on finance, reimbursement and operational matters.



David Imus

Senior Manager, CPA

David Imus is a senior manager in Wipfli's Spokane office. He has served noncommercial entities for more than six years in various industries such as healthcare, nonprofit, higher education, and state and local governments. David focuses on audit and compliance services, especially for organizations that require single audits. His specialization is performing accounting services for special districts and special-purpose governmental facilities.



Rachel Kettenburg

Manager, CPA

Rachel Kettenburg is a manager in Wipfli's healthcare practice. Through her education and over five years of experience, she has developed expertise in serving a variety of healthcare entities. Rachel focuses primarily on providing audit and accounting services to a variety of healthcare-related clients including hospitals, critical access hospitals (CAH), federally qualified health centers (FQHC), skilled nursing facilities (SNF), assisted living facilities and rural health clinics (RHC).

Although only the core team is identified in this proposal, our goal is to maintain staff consistency whenever possible, since we realize this is key to our clients' satisfaction. Each of the partners and managers listed above will be assisted by senior and staff associates experienced in nonprofit healthcare audit, tax, and reimbursement engagements. Wipfli utilizes a firm wide scheduling tool so that associates with the best skill set to meet your needs can be brought to the team and scheduled to repeat on engagements so that you do not have to "retrain" the audit team year after year.

Our goal is to build a long term mutually beneficial relationship with Kootenai Health, and we realize that cannot happen when there is constant turnover on client engagements. Wipfli enjoys a very high level of employee retention with average employee retention in the healthcare practice exceeding 97% in each of the past 4 years.

Partner rotation is made upon request; however, concurring reviews are provided by a different partner every year for quality control purposes.

Why Wipfli?



Experience

The Wipfli professionals who will be working with you know healthcare and are dedicated to serving the healthcare industry. We have years of experience working with healthcare entities of all sizes and types. We are professionals who understand your operations and add value to your project by offering proactive advice on industry trends, compliance, financing, personnel issues, and information systems consulting and implementation.

We constantly monitor industry developments through access to the latest industry news and regulatory authorities and share this knowledge internally within our healthcare group. We then keep you updated on the latest reimbursement and key industry issues and information on regional and national healthcare trends through our publications, our Web-based communications, and our training seminars. Furthermore, you can continue to count on our expertise when you need advice on financial reporting, internal controls, enterprise risk assessment, new accounting pronouncements, the latest tax and compliance issues, and information on regional and national healthcare trends.

Dedication

Our size has enabled us to develop an exceptional professional staff dedicated exclusively to our healthcare clients. A team of 150+ healthcare professionals located in various offices across the country, are all available to serve you. Wipfli healthcare professionals receive a significant amount of training, both internally and externally, on issues specific to healthcare. Examples of internal training include audit and accounting, debt financing, financial efficiency, and leadership training.

Healthcare clients by the numbers



880

Hospital clients



330

Critical access hospital clients



1,650

Medical clinic clients




880

Long-term care facilities clients



300

Dental clinic clients



Diversity, equity and inclusion





Our Pledge to Diversity, Equity, and Inclusion

We believe in a workplace — and world — where everyone feels included and diversity is embraced. We are respectful of each individual and the unique strengths and contributions each brings. We encourage diversity of thought because we know, the more diverse the voices are, the stronger we are.

We cultivate a culture and environment where our employees can bring their full self to work and we represent the diversity of the communities we serve, our clients, and the country. We are firmly committed to our DEI journey and take pride in what we have achieved so far.

Our associates need to reflect the diversity of our world. To that end, we have revised our recruitment strategy to increase the diversity of experienced hires, student recruits and interns.

We've seen a 67% increase in job applicants that self-identify with an underserved group. To elevate under-represented voices at Wipfli, we have four business resource groups.

-  **Wipfli Pride:** Wipfli Pride's vision is to aspire to be the most LGBTQ+ friendly firm in the country, where allyship and belonging is the standard.
-  **Women of Wipfli (WoW):** Women of Wipfli's purpose is to cultivate an environment where women have an equitable opportunity to achieve their goals and find their version of success.
-  **EmbRace:** The mission of EmbRace, Wipfli's Alliance to Amplify Multiculturalism, is to support our current diverse, underrepresented associates and to increase the firm's opportunity to attract, engage, nurture, and retain multicultural associates.
-  **Wipfli Valor:** Our newest Business Resource group. The mission of Valor is to support veterans, active military and their families.

At Wipfli, we are respectful of each individual and the unique strengths and contributions everyone brings. Our commitment starts at the top with our managing partner, Kurt Gresens. Kurt has signed the [CEO Action for Diversity & Inclusion](#), joining more than 900 CEOs who have pledged to leverage their individual and collective voices to advance diversity and inclusion in the workplace. We encourage diversity of thought because we know, the more diverse the voices are, the stronger we are.

Our commitment to a diverse workplace is evident in our initiatives:

- Leadership
- Recruitment
- Unconscious bias education
- Inclusion training
- Diverse business resource groups

[Learn more on our diversity, equity and inclusion web page](#)

Appendices

Professional Profiles A

Peer Review Report B



Jeffrey M. Johnson

*Western Regional
Leader
Partner, CPA*

Oakland office
509 232 2498
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wipfli.com

Jeff Johnson is the firm's Western U.S. geographic market leader with more than 25 years of in-depth experience in providing audit, reimbursement and consulting services to a variety of healthcare organizations across the country. Specifically, he provides strategic and financial solutions to hospitals, medical practices and other healthcare providers through Wipfli's Oakland office. Jeff is a frequent speaker for regional and national healthcare associations on finance, reimbursement and operational matters.

Specializations

- Hospital audit and cost reporting and reimbursement analysis
- Strategic financial planning
- Hospital/physician integration and physician compensation development and design
- Operational reviews
- Medical practice management/performance reporting
- Fee schedule analysis
- Medicare certified rural health clinic and federally qualified health center development and compliance reviews
- Board governance education
- Financial feasibility studies for facility replacements/renovations, new services and programs
- OMB Circular A-133 audit services

Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) – Member
- CPA Licensed – Washington, Idaho, Minnesota, Oregon (including municipal auditor license), Hawaii and Wisconsin
- Medical Group Management Association (MGMA) – Member
- Healthcare Financial Management Association (HFMA) – Member
- National Association of Rural Health Clinics (NARHC) – Member
- National Association of Community Health Centers (NACHC) – Member
- National CPA Health Care Advisors Association (HCAA) – Member

Certifications

- Certified Public Accountant

Education

Iowa State University

- Bachelor's degree in accounting



David Imus

Senior Manager, CPA

Spokane office
509 232 2711
david.imus@wipfli.com

wipfli.com

David Imus is a senior manager in Wipfli's Spokane office. He has served noncommercial entities for more than six years in various industries such as healthcare, nonprofit, higher education, and state and local governments. David focuses on audit and compliance services, especially for organizations that require single audits. His specialization is performing accounting services for special districts and special-purpose governmental facilities.

Specializations

- Yellow Book audits
- Employee benefit audits
- 990 preparation and review
- Uniform Guidance audits
- Financial accounting and reporting
- Government Accounting Standards Board (GASB)-compliant reporting
- Tribal- and Indian Health Service (IHS)-funded facilities

Past experience

- Senior accountant at CliftonLarsonAllen LLP

Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) – Member
- Oregon Society of Certified Public Accountants (OSCPA) – Member
- Washington Society of Certified Public Accountants (WSCPAs) – Member

Certifications

- Certified Public Accountant

Education

Eastern Washington University

- Bachelor of arts degree in business administration with an emphasis on professional accounting
- Bachelor of arts degree in economics



Rachel A. Kettenburg

Manager, CPA

Spokane office
509 232 2022
rkettenburg@wipfli.com

wipfli.com

Rachel Kettenburg is a manager in Wipfli's healthcare practice. Through her education and over five years of experience, she has developed expertise in serving a variety of healthcare entities. Rachel focuses primarily on providing audit and accounting services to a variety of healthcare-related clients including hospitals, critical access hospitals (CAH), federally qualified health centers (FQHC), skilled nursing facilities (SNF), assisted living facilities and rural health clinics (RHC).

Rachel's experience and industry focus allow her to maintain a greater understanding of the needs of healthcare organizations. She is dedicated to providing clients with quality audit, accounting, compliance and reimbursement services.

Specializations

- Medicare and Medicaid cost reporting
- Medicare and Medicaid adjustment reviews
- Medicare and Medicaid cost report estimates
- Compilation services for governmental and nonprofit healthcare entities
- Financial statement audits and attestation for governmental and nonprofit healthcare entities

Past experience

- Joined Wipfli in 2014

Professional memberships and activities

- American Institute of Certified Public Accountants (AICPA) – Member
- Washington Society of Certified Public Accountants (WSCPAs) – Member
- Healthcare Financial Management Association (HFMA) – Member

Certifications

- Certified Public Accountant

Education

Humboldt State University

- Bachelor of science degree in accounting

Eastern Washington University

- Master of business administration degree



Report on the Firm's System of Quality Control

November 18, 2022

To the Partners of Wipfli, LLP and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of Wipfli, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and examinations of service organizations (SOC 1® and SOC 2® engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Weaver and Tidwell, L.L.P.
9311 San Pedro Avenue, Suite 1400 | San Antonio, Texas 78216
Main: 210.737.1042

CPAs AND ADVISORS | WEAVER.COM

The Partners of Wipfli, LLP and the National Peer Review Committee

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Wipfli, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Wipfli, LLP has received a peer review rating of pass.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

San Antonio, Texas
November 18, 2022

I. Matrix Criteria & Scoring

1. Adherence to RFP Instructions	Armanino	Moss Adams	Wipfli	Basis for Score
Timeliness	3.0	3.0	3.0	Arrived by deadline receives all points
Completeness	3.0	3.0	3.0	Completed sections in same order as RFP receives all points
Overall Quality & Level of Professionalism	3.0	3.0	3.0	Technically compliant and attractive receives all points
Average Score	3.0	3.0	3.0	

2. Mandatory Criteria	Armanino	Moss Adams	Wipfli	Basis for Score
Licensed CPA Firm	3.0	3.0	3.0	All licensed firms
No record of substandard work	3.0	3.0	3.0	No record of substandard work
Average Score	3.0	3.0	3.0	

3. Technical Criteria	Armanino	Moss Adams	Wipfli	Basis for Score
Responsiveness of proposal clearly understands the work to be performed	3.0	3.0	3.0	Comprehensiveness of work plan, realistic time estimates, commitment to time requirements
Firm's technical experience	2.5	3.0	3.0	Satisfactory completion of similar types of audits
Qualifications of supervisory personnel	2.5	3.0	3.0	Experience auditing district hospitals & similar types of entities
Average Score	2.7	3.0	3.0	

4. Cost Criteria	Armanino	Moss Adams	Wipfli	Basis for Score
Reasonableness of Proposed Audit Cost	2.5	3.0	3.0	Completeness of bid as well as comparison of proposed cost vs. management expectations
Proposed Audit Cost Rank	2.0	2.5	3.0	Scoring of proposed bid cost vs. competitors
Average Score	2.3	2.8	3.0	

5. Ad-Hoc / Specialty Criteria	Armanino	Moss Adams	Wipfli	Basis for Score
Industry Expertise	2.0	3.0	3.0	Scoring of firm's expertise as it relates to California District Hospitals
Breadth of Services Provided	1.0	3.0	2.0	Scoring based on additional services firm provides (A/R review/consulting, financial operations consulting, tool support, webinars, ability to help District stay pro-active)
Ease of Transition	3.0	1.5	1.5	Scoring of estimated impact of SVH staff efforts in preparing for FY24 audit
Reference Check	3.0	3.0	3.0	Scoring based on completeness of references provided as well as feedback received
Firm Ability to Meet Expectations	2.0	3.0	3.0	Management's scoring on firm's ability to meet expectations
Management Assessment of Value	2.0	3.0	2.5	Management's scoring on assessment of value provided by each firm
Average Score	2.2	2.8	2.5	

2. Scoring Summary

Criteria Scores	Weight	Armanino Weighted Score	Moss Adams Weighted Score	Wipfli Weighted Score	Notes
1. Adherence to RFP Instructions	10%	0.30	0.30	0.30	No difference between the 3 bids.
2. Mandatory Criteria	10%	0.30	0.30	0.30	No difference between the 3 bids.
3. Technical Criteria	30%	0.80	0.90	0.90	Moss Adams scored highest in technical criteria due to expertise with District Hospitals.
4. Cost Criteria	20%	0.45	0.55	0.60	Wipfli lowest bid, although all 3 were in similar range.
5. Ad-Hoc / Specialty Criteria	30%	0.65	0.83	0.75	Moss Adams scored highest here due to District Hospital experience as well as being a market leader on the consulting/communications side and providing support tools.
TOTAL SCORE	100%	2.50	2.88	2.85	While all bids were similar in nature, Moss Adams scored the highest based on their expertise and additional services they provide.

Weighted Score = Average Criteria Score * Respective Weight