

AUDIT COMMITTEE MEETING

DATE: February 27, 2025

TIME: 12:00 PM

Location: 1920 Mariposa Street, Suite 300, Fresno, CA 93721

AGENDA

ITEM	SUBJECT	PRESENTER	ACTION
1.	CALL TO ORDER	Martinez, Committee Chair	
2. Page 2	ROLL CALL A. Monthly Attendance Record		
3. Page 3	FEBRUARY 4, 2025, AUDIT COMMITTEE MEETING MINUTES	Martinez, Committee Chair	Approve
4.	FORENSIC AUDIT SERVICES PROVIDER SELECTION A. This item will be walked in during the meeting	Angus, Interim CEO	Approve
5. Page 5	HEAD START AGREED UPON PROCEDURES REPORT A. Supporting Document	Trujillo, Staff	Accept
6. Page 11	2025 AUDIT ENGAGEMENT LETTERS A. Supporting Document	Trujillo, Staff	Information
7.	PUBLIC COMMENTS <i>(This is an opportunity for the members of the public to address the Board on any matter related to the Commission that is not listed on the Agenda. Limit three minutes per speaker)</i>		
8.	ADJOURNMENT	Martinez, Committee Chair	
NOTE:	NEXT BOARD MEETING: Thursday, September 4, 2025, at 12:00 p.m. at the Fresno EOC Board Room		



**Audit Committee Meeting
Monthly Attendance Record
2025**

Daniel Martinez
 Joaquin Arambula
 Kathleen Arambula-Reyna
 Manuel Romero
 Alysia Bonner

	Jan.	4-Feb	27-Feb	Mar	April	May	June	July	Aug.	4-Sep	Oct	Nov	4-Dec	Attended
		T												1/4
		T												1/4
		O												1/4
		T												1/4
		T												1/4

O-Present X-Absent T-Teleconference

AUDIT COMMITTEE MEETING MINUTES

Date: February 4, 2025

Time: 10:00 AM

Location: 1920 Mariposa Street, Suite 300 Fresno, CA 93721

1. CALL TO ORDER

Commissioner Daniel Martinez called the meeting to order at 9:58 a.m.

2. ROLL CALL

Roll was called and a quorum was established.

Present: Kathleen Arambula-Reyna

Teleconference: Daniel Martinez, Joaquin Arambula, Manuel Romero, Alysia Bonner

3. SEPTEMBER 9, 2024, AUDIT COMMITTEE MEETING MINUTES

Public Comment: None heard.

Motion by: Romero **Second by:** Martinez

Ayes: All in favor.

Nays: None heard.

4. ADVISE AND CONSENT OF THE RFP

Brian Angus, Interim CEO, presented on the scope of the forensic audit RFP.

Angus stated that the scope of the forensic audit will be to review the past two years (2023-2024) of revenues, expenses and any irregularities among the programs with the largest deficits which include the Administrative budget, Transit Systems, and Food Services. These programs are mostly funded by fee-for-service projects unlike the other programs that are grant funded. Angus stated that there is still a pending finalized Head Start report from independent auditors. Upon receipt of this report, a decision can be made on whether the Board would like to add the Head Start program to the scope of the RFP.

Commissioner Joaquin Arambula expressed concerns about excluding Head Start in the scope of work as that program accounts for half of the Agency. He also stated concerns regarding the healthcare and retirement contribution funds and would like to make sure that is included in the scope of work.

Angus clarified that the pension and health insurance fund is included in the scope of work. He also stated that the independent Head Start audit report is expected to include findings regarding late payments on invoices and personnel matters.

Commissioner Kathleen Arambula-Reyna raised the question of whether money from one program was used to fund another program.

Angus stated that the Agency would not take money from one program to fund other programs. Any funds taken out of programs would go into Administration only which is why the Administration budget is within the scope of work. The Administration budget will touch on all the programs that bring in money into Administration.

Commissioner Alysia Bonner commented that she would like for the forensic audit to be more detailed.

Commissioner Joaquin Arambula also stated that he wants the RFP to be broader in order to give confidence going forward.

Commissioner Manuel Romero stated that he would be fine with including the Head Start program into the forensic audit.

Angus addressed the committee that including Head Start would be an overreach, given that Head Start was a major program on the Single Audit, the funders have just finished up their review of the program, and the independent auditors are reviewing the whistleblower complaints. Broadening the scope of work would increase the cost and the time frame to complete the audit.

Commissioner Kathleen Arambula-Reyna shared her thoughts on broadening the scope as programs such as Energy Services and Access Plus Capital that had funds in question.

Lastly, Commissioner Joaquin Arambula made a motion to expand the scope of the RFP to include the Head Start program.

Motion by: Arambula **Second by:** Romero

Ayes: All in favor.

Nays: None heard.

5. **PUBLIC COMMENTS**

Public comment: None heard.

No action required.

6. **ADJOURNMENT**

Meeting adjourned at 10:42 a.m.

AUDIT COMMITTEE MEETING

Date: February 27, 2025	Program: Internal Audit
Agenda Item #: 5	Director: Darlene Trujillo
Subject: Head Start Agreed Upon Procedures Report	Officer: Brian Angus

Recommended Action

Staff recommends Committee acceptance of the Independent Accountant’s Report on Agreed Upon Procedures (AUP) for the Head Start program for the fiscal years ended December 31, 2023 and 2024.

Background

In response to the letter from the Office of Head Start, Region IX, dated October 28, 2024, our external auditor, Hudson and Company, Inc. was engaged to review expenses incurred under the Head Start grant for fiscal years ending December 31, 2023, and December 31, 2024. The purpose of the review was to assess the allowability and proper allocation of expenses under the federal award and to identify any late or unpaid invoices.

The AUP report was completed by Hudson and Company on February 11, 2025. As part of the review, a sample of 60 personnel and 60 non-personnel expenses was selected for each fiscal year. The audit findings identified 34 late-paid invoices and four personnel expense exceptions

Fiscal Impact

The audit fees will be billed at the hourly rates stipulated in the ongoing contract with Hudson and Company.

Conclusion

If accepted by the Committee, this item will move forward for full Board consideration at the March 12, 2025 Commission Meeting.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

**INDEPENDENT ACCOUNTANTS' REPORT
ON
AGREED UPON PROCEDURES**

**HEAD START ALLOWABILITY
AND
COST ALLOCATION METHODOLOGY**

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2024**



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
Fresno Economic Opportunities Commission

We have performed the procedures enumerated below on the evaluation of the allowability and appropriate allocation of obligations made under the Fresno Economic Opportunities Commission (Fresno EOC) Head Start federal award of Fresno EOC for the years ended December 31, 2023 and 2024. The Fresno EOC's management is responsible for the allowability and appropriate allocation of obligations made under the Fresno EOC Head Start federal award that were specified and agreed to by the Office of Head Start pertaining to the Fresno EOC.

The Fresno EOC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of ensuring that Head Start funds and personnel time are used solely for Head Start purposes and comply with federal requirements and organizational policies. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and associated findings are as follows:

Procedures Performed: Sixty personnel and sixty non-personnel Head Start expenses were selected for both the years ended December 31, 2023 and 2024. Non-personnel expenses were selected from the population of expenses \$5,000 or greater. Personnel expense testing selections were split between professional staff and management/administrative personnel. The expenses were tested as enumerated below.

1. Review and evaluate the proper allocation of costs is in accordance with the Fresno EOC Cost Allocation Plan and Head Start federal regulations and verify the proper distribution of both direct and indirect costs are in alignment with federal regulations.

Findings: No exceptions were noted during the cost allocation testing of non-personnel expenses charged to the Head Start grant. In review of proper cost allocation in accordance with the Fresno EOC Cost allocation Plan and Head Start federal regulations, we noted improper cost allocation in 2 of the 120 personnel expenses tested within the fiscal years ending December 31, 2023 and 2024. One of the two exceptions resulted in the Head Start grant being allocated more of the personnel expense being tested than the cost allocation plan should have allowed and one exception resulted in the Head Start grant being allocated less of the personnel expense being tested than the cost allocation plan should have allowed. See attachment B for the list of exceptions noted.

2. Assess the allowability of both personnel and non-personnel expenses charged to the Head Start grant.

Findings: No exceptions were noted as a result of these procedures related to non-personnel expenses. See improper cost allocation for several personnel expenses as noted in procedure 1. During our procedures, In review of the Head Start Act, Head Start Program Performance Standard, and the Fresno EOC's Accounting Policies and Procedures Manual, professional staff were tested to ensure each staff selected had the required annual Professional Development Plan on file and that all personnel requiring professional development obtained the necessary fifteen hours of professional development during the years ended December 31, 2023 and 2024. During our testing of 120 personnel expenses, one professional staff personnel was identified who provides in-class instruction or performs teacher-child interactions that was not in compliance with the Head Start Early Learning Outcomes Framework that requires an annual Professional Development Plan. During our testing of 120 personnel expenses, one center-based teacher, assistant teacher or family childcare provider was identified that provides direct services to children but did not have the required fifteen hours of professional development noted within the Head Start Act 1302.92(b)(1) Training and Professional Development that requires the high-quality, sustained, intensive and classroom-focused professional development hours per year. See attachment B for the list of exceptions noted.

3. Identify any late or unpaid invoices related to Head Start expenses.

Findings: During our review to identify any late or unpaid invoices related to Head Start expenses, we noted 34 of our 120 selections selected during the years ended December 31, 2023 and 2024 were paid later than 30 days from the invoice receipt date which violates the Head Start Program Performance Standards and Fresno EOC Accounting Policies and Procedures. See attachment A for the list of invoices found to be paid late.

We were engaged by the Fresno EOC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the allowability and appropriate allocation of obligations made under the Fresno EOC Head Start federal award that were specified and agreed to by the Office of Head Start pertaining to the Fresno EOC. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Fresno EOC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Commissioners and management of the Fresno EOC and is not intended to be, and should not be, used by anyone other than these specified parties.

HUDSON & COMPANY, INC.



Fresno, California
February 11, 2025

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
ATTACHMENT A
LATE PAID INVOICES FOUND DURING THE YEARS ENDED DECEMBER 31, 2023 AND 2024**

Number	Program	Account #/ Name	Account	Date	Reference	Amount
1	Head Start	01-5108 (CONTRACT SERVICES - FUSD)	33337-1696	1/30/2023	FRESNO UNIFIED SCHOO-April 2023	\$ 124,027.50
2	Head Start	01-5108 (CONTRACT SERVICES - FUSD)	33406-2202	12/30/2023	FRESNO UNIFIED SCHOO-May 2023	\$ 124,027.50
3	Head Start	01-5108 (Contract Services)	34246-813	3/10/2023	FRESNO UNIFIED SCHOO-Dec2023	\$ 103,840.48
4	Head Start	01-5445 (PLAYGROUND APPARATUS)	33118-4486	5/3/2023	NORTHERN CALIFORNIA -23138	\$ 75,607.81
5	Head Start	01-5108 (CONTRACT SERVICES - FUSD)	33930-1626	8/31/2023	FRESNO UNIFIED SCHOO-Aug2023	\$ 68,554.88
6	Head Start	01-5707 (CLASSROOM FURNITURE)	33506-781	4/26/2023	LAKESHORE LEARNING M-523116042623	\$ 44,104.31
7	Head Start	01-5520 (COMPUTER SUPPLIES)	33506-2413	3/28/2023	GOVCONNECTION, INC.-74264922	\$ 30,569.86
8	Head Start	01-5522 (SOFTWARE LICENSES)	33291-213	4/30/2023	HATCH-0308583	\$ 15,972.00
9	Head Start	01-5450 (EQUIPMENT OVER \$5000)	32899-1283	8/31/2023	CROMER EQUIPMENT/GRA-30039514	\$ 15,451.22
10	Head Start	01-5111 (Contract Services - Facility Repair)	33118-3755	5/26/2023	VALLEY REMNANTS & RO-VR001181	\$ 14,940.49
11	Head Start	01-5792 (STAFF TRAINING)	33118-3743	5/22/2023	CHILDPLUS SOFTWARE-SO71154	\$ 9,592.00
12	Head Start	01-5108 (CONTRACT SERVICES - FUSD)	33118-2450	4/1/2023	VOUCHER - HEAD START-56271	\$ 5,059.06
13	Head Start	01-5108 (Contract Services - FUSD)	34849-3056	3/31/2024	FRESNO UNIFIED SCHOO-March2024	\$ 118,962.88
14	Head Start	01-5108 (Contract Services - FUSD)	35020-634	5/31/2024	FRESNO UNIFIED SCHOO-May2024	\$ 124,003.68
15	Head Start	01-5111 (CONTRACT SERVICES - FACILITY REPAIR)	35461-704	7/31/2024	MW CONSTRUCTION, INC-02 Sanger HS	\$ 19,374.88
16	Head Start	01-5170 (PROFESSIONAL SERVICES - CONSULTING)	35020-914	6/28/2024	HEARTLAND GRANT SOLU-511	\$ 6,400.00
17	Head Start	01-5210 (LICENSING FEES)	34185-379	1/1/2024	DEPARTMENT OF SOCIAL-LICENSE FEE-008	\$ 11,979.00
18	Head Start	01-5270 (UTILITIES - GAS / ELECTRIC)	35524-3336	9/24/2024	PACIFIC GAS & ELECTR-0168448253-0 092424	\$ 6,231.74
19	Head Start	01-5125 (CONTRACT SERVICES - OTHER)	34909-2267	5/31/2024	FRESNO COUNTY SUPERI-242339	\$ 12,501.60
20	Head Start	01-5520 (COMPUTER SUPPLIES)	35020-2021	5/9/2024	SEBASTIAN-103339*1	\$ 76,169.59
21	Head Start	01-5522 (SOFTWARE LICENSES)	35397-312	8/11/2024	MICROSOFT CORPORATIO-E0800T70X9	\$ 8,623.37
22	Head Start	01-5535 (OFFICE SUPPLIES)	35524-3550	10/24/2024	GOVCONNECTION, INC.-75828471	\$ 35,700.00
23	Head Start	01-5615 (INSURANCE - DEDUCTIBLE PAID)	34477-4678	2/16/2024	NONPROFITS INSURANCE-581521	\$ 25,000.00
24	Head Start	01-5125 (CONTRACT SERVICES - OTHER)	34849-4663	4/30/2024	FRESNO COUNTY SUPERI-242111	\$ 13,543.40
25	Head Start	01-5111 (CONTRACT SERVICES - FACILITY REPAIR)	34849-1618	5/15/2024	SANGER FENCE CO.-11057	\$ 29,950.00
26	Head Start	01-5760 (PROGRAM SUPPLIES - KITCHEN)	34679-6466	4/11/2024	J & E RESTAURANT SUP-288180	\$ 6,723.99
27	Head Start	01-5520 (COMPUTER SUPPLIES)	35182-616	8/12/2024	NORTHERN CALIFORNIA -23710	\$ 36,275.54
28	Head Start	01-5108 (CONTRACT SERVICES - FUSD)	34849-1616	4/30/2024	FRESNO UNIFIED SCHOO-April2024	\$ 124,003.68
29	Head Start	01-5111 (CONTRACT SERVICES - FACILITY REPAIR)	35115-1122	7/15/2024	BEAM AND COMPANY INC-19711	\$ 13,560.00
30	Head Start	01-5111 (CONTRACT SERVICES - FACILITY REPAIR)	35115-1120	7/15/2024	BEAM AND COMPANY INC-19711	\$ 10,000.00
31	Head Start	01-5792 (STAFF TRAINING)	35182-1872	7/29/2024	TIERRA LUNA ENGINEER-TLE080124	\$ 13,349.60
32	Head Start	01-5111 (CONTRACT SERVICES - FACILITY REPAIR)	35397-1321	8/31/2024	MW CONSTRUCTION, INC-01	\$ 131,746.87
33	Head Start	01-5445 (PLAYGROUND APPARATUS)	34849-2121	5/16/2024	KING KHAN DRILLING &-1110	\$ 64,725.00
34	Head Start	01-5522 (SOFTWARE LICENSES)	35397-343	8/11/2024	MICROSOFT CORPORATIO-E0800T70X9	\$ 34,493.47

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
ATTACHMENT B
PERSONNEL EXPENSE EXCEPTIONS FOUND DURING THE YEARS ENDED DECEMBER 31, 2023 AND 2024**

Employee ID#	Position/ Title	Deviations noted	Amount
803	Teacher Assistant I	Did not meet 15 hours of professional development	NA
7822	Teacher I	Personnel expense was under-allocated to the Head Start grant	\$ (438.00)
4573	Quality Assurance Manager	Personnel did not have a Professional Development Plan	NA
7931	Teacher I	Personnel expense was over-allocated to the Head Start grant	\$ 276.88

AUDIT COMMITTEE MEETING

Date: February 27, 2025	Program: Internal Audit
Agenda Item #: 6	Director: Darlene Trujillo
Subject: 2025 Audit Engagement Letters	Officer: Brian Angus

Recommended Action

This is for informational purposes only and is intended to keep the Committee informed on the status of the Agency audits.

Background

Hudson & Company, Inc 2025 Engagement Letters

As a matter of best practices, a request for proposal was issued to solicit bids for the performance of the Agency’s single audit for the fiscal year ending December 31, 2023, and program specific audits ending June 30, 2024. Hudson and Company was awarded this contract. This is the second year of a three-year contract that includes an optional two-year extension.

Fiscal Impact

The cost of the Agency’s single audit and program-specific audits are as follows:

- Single Audit - \$51,190
- School of Unlimited Learning - \$19,680
- State Child Care Programs - \$19,680
- Pension Plan - \$10,950
- 403(b) Plan - \$10,950

Conclusion

This is an informational item only.



February 18, 2025

To the Board of Commissioners
Fresno Economic Opportunities Commission
1920 Mariposa Mall, Suite 300
Fresno, CA 93718

We are pleased to confirm our understanding of the services we are to provide for Fresno Economic Opportunities Commission (the Organization) for the year ended December 31, 2024.

Audit Scope and Objectives

We will audit the financial statements of the Organization, which comprise the consolidated statement of financial position as of December 31, 2024, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the “financial statements”). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor’s report on the financial statements.

- 1) Schedule of expenditures of federal awards.
- 2) Schedule of Grant Revenues and Expenditures – Local Conservation Corps Grant Program
- 3) Supplemental Statements of Revenue and Expenditures – CSD Contracts

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditors’ report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America , and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditors' Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Improper revenue recognition due to error or fraud.
- Compliance with significant grants, including federal awards.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.

Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Organization's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Organization's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Organization's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will prepare the Organization's federal and state information returns for the year ended December 31, 2024 for the IRS and California FTB based on information provided by you. We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Organization in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statements, schedule of expenditures of federal awards, related notes, and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the information return, but management must make all decisions with regard to those matters.

You agree to assume all management responsibilities for the tax services, financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them.

Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported.

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards.

You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

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

The audit documentation for this engagement is the property of Hudson & Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding or its designee, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hudson & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a federal agency providing direct or indirect funding or its designee. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

I am the engagement partner and I am responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately May 1, 2025 and to complete your information returns and issue our reports no later than August 15, 2025.

We estimate that our fees for the audit and other services and the preparation of the information returns for Fresno EOC will total \$51,190. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption cause by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

If any dispute arises among the parties, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Commissioners of Fresno Economic Opportunities Commission. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit.

Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

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

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,
HUDSON & COMPANY, INC.



By: Kip Hudson, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Fresno Economic Opportunities Commission.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



February 19, 2025

To the Board of Commissioners
School of Unlimited Learning Fresno Economic Opportunities Commission
1920 Mariposa Mall, Suite 330
Fresno, CA 93721

We are pleased to confirm our understanding of the services we are to provide for School of Unlimited Learning Fresno Economic Opportunities Commission (the Organization) for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the Organization, which comprise the statement of financial position as of June 30, 2025, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

- 1) Management's Discussion and Analysis
- 2) Organization Structure
- 3) Schedule of Budgetary Comparisons
- 4) Schedule of Average Daily Attendance
- 5) Schedule of Instructional Time
- 6) Schedule of Financial Trends and Analysis
- 7) Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
- 8) Schedule of Expenditures of Federal Awards

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America, and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

7473 N. INGRAM AVE., SUITE 102 ♦ FRESNO, CA 93711

P (559) 475-8910 ♦ F (559) 475-8901 ♦ WWW.HHCCPAS.COM

- Internal control over compliance related to the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (K-12 Audit Guide) issued by the California Education Audit Appeals Panel and an opinion (or disclaimer of opinion) on compliance with regulations and the terms and conditions of the K-12 Audit Guide.

Auditors' Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Improper revenue recognition due to fraud or error.
- Violations of the K-12 Audit Guide.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Other Services

We will assist in preparing the financial statements and related notes of the Organization in conformity with accounting principles generally accepted in the United States of America based on information provided by you. This nonaudit service does not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements and related notes previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation our assistance with the preparation of the financial statements and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

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

The audit documentation for this engagement is the property of Hudson & Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the California Department of Education Audits & Investigations Division or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hudson & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the California Department of Education Audits & Investigations Division. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Kip Hudson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to them. We expect to begin our audit on approximately August 15, 2025 and issue our reports by November 7, 2025.

We estimate that our fees for the audit and other services will be \$19,860. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption cause by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Reporting

We will issue written reports upon completion of our audit of the Organization's financial statements. Our reports will be addressed to the Board of Commissioners of the Organization. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Organization is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

HUDSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson + Company, Inc." The signature is written in a cursive, flowing style.

By: Kip Hudson, CPA

RESPONSE:

This letter correctly sets forth the understanding of the School of Unlimited Learning Fresno Economic Opportunities Commission.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



February 19, 2025

To the Board of Commissioners
Fresno Economic Opportunities Commission State Child Care Programs
1920 Mariposa Mall, Suite 330
Fresno, CA 93721

We are pleased to confirm our understanding of the services we are to provide for Fresno Economic Opportunities Commission State Child Care Programs (the Organization) for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the Organization, which comprise the statement of financial position as of June 30, 2025, the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the “financial statements”). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor’s report on the financial statements:

- 1) Combining Statement of Activities
- 2) Schedule of Expenditures by State Categories
- 3) Reconciliation of State Child Care Programs Expenditures
- 4) Reconciliation of CDE and GAAP Expenses Reporting
- 5) Schedule of Claimed Equipment Expenditures
- 6) Schedule of Claimed Expenditures for Renovations and Repairs
- 7) Schedule of Claimed Reimbursable Administrative Costs
- 8) Schedule of Claimed Reimbursable Start-Up Expenses
- 9) Audited Attendance and Fiscal Report Forms, including:
 - a) Audited Attendance and Fiscal Report for California State Preschool Programs
 - b) Audited Attendance and Fiscal Report for Child Development Programs
 - c) Audited Reserve Account Activity Report

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditors' Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning :

- Improper revenue recognition.
- Accurate and proper grant reporting.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Organization's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will assist in preparing the financial statements and related notes of the Organization in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

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

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

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

The audit documentation for this engagement is the property of Hudson & Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the California Department of Education Audits & Investigations Division or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hudson & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the California Department of Education Audits & Investigations Division. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Kip Hudson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately August 15, 2025 and issue our reports by November 7, 2025.

We estimate that our fees for the audit and other services will be \$19,860. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement.

If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

The Organization and accountant both agree that any dispute over fees charged by the accountant to the Organization will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Reporting

We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to Board of Commissioners of the Organization. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Organization is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

HUDSON & COMPANY, INC.



By: Kip Hudson, CPA

RESPONSE:

This letter correctly sets forth the understanding of Fresno Economic Opportunities Commission State Child Care Programs.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



February 19, 2025

To the Pension Committee
Fresno Economic Opportunities Commission Pension Plan
1920 Mariposa Mall, Suite 330
Fresno, CA 93721

We are pleased to confirm our understanding of the services we are to provide for the Fresno Economic Opportunities Commission Pension Plan (“the Plan”) for the year ended December 31, 2024 in connection with its annual reporting obligation under the Employee Retirement Income Security Act of 1974.

Audit Scope and Objectives

You have requested that we perform an ERISA Section 103(a)(3)(C) audit and report on the financial statements of the Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statement of net assets available for benefits as of December 31, 2024, and the related statement of changes in net assets available for benefits for the year then ended, and the disclosures (collectively, the “financial statements”). As part of our audit, we will report on the supplemental schedules required by the Department of Labor’s (DOL) Rules and Regulations for Reporting and Disclosure under ERISA (ERISA-required supplemental schedules) for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America (GAAS). These schedules are presented for the purpose of additional analysis and are not a required part of the financial statements, but are supplementary information required by the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

The financial statements and ERISA-required supplemental schedules are required to be included in the Plan’s Form 5500 filing with the Employee Benefits Security Administration (EBSA) of the DOL.

Except as described in the following paragraph, the objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

You have determined it is permissible in the circumstances and elected to have the audit of the Plan’s financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by State Street Bank and Trust Company, the trustee, which is a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, that prepared and certified the statements or information regarding assets so held in accordance with 29 CFR 2520.103-5 of the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

Auditors’ Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS. Those standards require that we are independent and that we fulfill our other ethical responsibilities relevant to the audit.

For an ERISA Section 103(a)(3)(C) audit, the audit will not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America (GAAP). Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with GAAP.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the Plan or to acts by management or employees acting on behalf of the Plan.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS, except as previously noted. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the instructions to Form 5500. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Plan and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- management override of control
- Accuracy of participant data and employee contributions

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of investments except those certified to by the trustee and certain other assets and liabilities by correspondence with financial institutions, and other third parties. We will also request written representations from your attorneys as part of the engagement.

We will communicate with management and those charged with governance certain matters as required by GAAS, including reportable findings identified during the audit of the Plan's financial statements as a result of testing relevant plan provisions.

As part of our audit, we will perform certain procedures as required by GAAS, directed at considering the Plan's compliance with applicable Internal Revenue Code (IRC) requirements for tax-exempt status, including whether management has performed relevant IRC compliance tests and has corrected or intends to correct failures. As we conduct our audit, we will be aware of the possibility that events affecting the Plan's tax status may have occurred. Similarly, we will be aware of the possibility that events affecting the Plan's compliance with the requirements of ERISA may have occurred. We will inform you of any instances of tax or ERISA noncompliance that come to our attention during the course of our audit. You should recognize, however, that our audit is not designed to, nor is it intended to, determine the Plan's overall compliance with the applicable provisions of the IRC or ERISA.

The information included in the ERISA-required supplemental schedules, other than that agreed to or derived from the certified investment information, will be subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with GAAS. Accordingly, our opinion will state whether the form and content of the supplemental schedules, other than the information agreed to or derived from the certified investment information, are presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and whether the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Our ERISA Section 103(a)(3)(C) audit of the financial statements does not relieve you of your responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining appropriate value measurements; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties, parties in interest, and all related-party and parties-in-interest relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Plan from whom we determine it necessary to obtain audit evidence. You are also responsible for maintaining a current plan instrument, including all plan amendments; and for administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants. You are also responsible for determining whether (1) an ERISA Section 103(a)(3)(C) audit is permissible under the circumstances; (2) the investment information is prepared and certified by a qualified institution as described in 29 CFR 2520.103-8; (3) the certification meets the requirements in 29 CFR 2520.103-5; and (4) the certified investment information is appropriately measured, presented, and disclosed in accordance with GAAP. You are also responsible for providing to us, prior to the dating of our report, a draft of the Plan's Form 5500 that is substantially complete. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Plan involving (1) Plan management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Plan complies with applicable laws and regulations. You are responsible for the presentation of the ERISA-required supplemental schedules and that they were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements, including their form and content, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Other Services

We will prepare the financial statements of the Plan in conformity with GAAP based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Engagement Administration, Fees, and Other

We understand that your personnel will prepare all schedules, analyses, and confirmations we request and will locate any invoices or other documents selected by us for testing.

The audit documentation for this engagement is the property of Hudson & Company, Inc. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If requested, access to such audit documentation will be provided under the supervision of Hudson & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Kip Hudson is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for the audit and other services will be \$10,950. Our standard hourly rates vary according to the degree of responsibility involved and the level of experience of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documentation)
- Rescheduling of fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.

- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements of accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

You agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

If any dispute arises among the parties, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration under Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. Costs of any mediation proceedings shall be shared equally by each party.

Fresno Economic Opportunities Center (the Organization) and accountant both agree that any dispute over fees charged by the accountant to the Organization will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

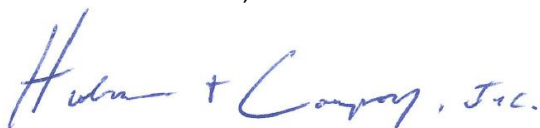
Reporting

We will issue a written report upon completion of our audit of the Plan's financial statements and ERISA-required supplemental schedules. Our report will be addressed to the Pension Committee of the Plan. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to further modify our report, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our report will include other modifications, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the engagement, we may decline to issue a report or withdraw from this engagement.

We appreciate the opportunity to be of service to the Plan and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

HUDSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson + Company, Inc." with a stylized flourish at the end.

By: Kip Hudson, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Fresno Economic Opportunities Commission Pension Plan.

Plan Administrator's signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



February 19, 2025

To the Administrative Committee
Fresno Economic Opportunities Commission 403(b) Plan
1920 Mariposa Mall, Suite 330
Fresno, CA 93721

We are pleased to confirm our understanding of the services we are to provide for the Fresno Economic Opportunities Commission 403(b) Plan (“the Plan”) for the year ended December 31, 2024 in connection with its annual reporting obligation under the Employee Retirement Income Security Act of 1974.

Audit Scope and Objectives

You have requested that we perform an ERISA Section 103(a)(3)(C) audit and report on the financial statements of the Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statement of net assets available for benefits as of December 31, 2024, and the related statement of changes in net assets available for benefits for the year then ended, and the disclosures (collectively, the “financial statements”). As part of our audit, we will report on the supplemental schedules required by the Department of Labor’s (DOL) Rules and Regulations for Reporting and Disclosure under ERISA (ERISA-required supplemental schedules) for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America (GAAS). These schedules are presented for the purpose of additional analysis and are not a required part of the financial statements, but are supplementary information required by the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

The financial statements and ERISA-required supplemental schedules are required to be included in the Plan’s Form 5500 filing with the Employee Benefits Security Administration (EBSA) of the DOL.

Except as described in the following paragraph, the objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

You have determined it is permissible in the circumstances and elected to have the audit of the Plan’s financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by State Street Bank and Trust Company, the custodian, which is a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, that prepared and certified the statements or information regarding assets so held in accordance with 29 CFR 2520.103-5 of the DOL’s Rules and Regulations for Reporting and Disclosure under ERISA.

Auditors’ Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS. Those standards require that we are independent and that we fulfill our other ethical responsibilities relevant to the audit.

For an ERISA Section 103(a)(3)(C) audit, the audit will not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America (GAAP). Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with GAAP.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the Plan or to acts by management or employees acting on behalf of the Plan.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS, except as previously noted. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the instructions to Form 5500. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Plan and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Accuracy of participant data and contributions

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of investments, except those certified to by the custodian, and certain other assets and liabilities by correspondence with financial institutions and other third parties. We will also request written representations from your attorneys as part of the engagement.

We will communicate with management and those charged with governance of certain matters as required by GAAS, including reportable findings identified during the audit of the Plan's financial statements as a result of testing relevant plan provisions.

As part of our audit, we will perform certain procedures as required by GAAS, directed at considering the Plan's compliance with applicable Internal Revenue Code (IRC) requirements for tax-exempt status, including whether management has performed relevant IRC compliance tests and has corrected or intends to correct failures. As we conduct our audit, we will be aware of the possibility that events affecting the Plan's tax status may have occurred. Similarly, we will be aware of the possibility that events affecting the Plan's compliance with the requirements of ERISA may have occurred. We will inform you of any instances of tax or ERISA noncompliance that come to our attention during the course of our audit. You should recognize, however, that our audit is not designed to, nor is it intended to, determine the Plan's overall compliance with applicable provisions of the IRC or ERISA.

The information included in the ERISA-required supplemental schedules, other than that agreed to or derived from the certified investment information, will be subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with GAAS. Accordingly, our opinion will state whether the form and content of the supplemental schedules, other than the information agreed to or derived from the certified investment information, are presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and whether the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Our ERISA Section 103(a)(3)(C) audit of the financial statements does not relieve you of your responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining appropriate value measurements; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties, parties in interest, and all related-party and party-in-interest relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Plan from whom we determine it necessary to obtain audit evidence. You are also responsible for maintaining a current plan instrument, including all plan amendments; and for administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants. You are also responsible for determining whether (1) an ERISA Section 103(a)(3)(C) audit is permissible under the circumstances; (2) the investment information is prepared and certified by a qualified institution as described in 29 CFR 2520.103-8; (3) the certification meets the requirements in 29 CFR 2520.103-5; and (4) the certified investment information is appropriately measured, presented, and disclosed in accordance with GAAP. You are also responsible for providing to us, prior to the dating of our report, a draft of the Plan's Form 5500 that is substantially complete. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Plan involving (1) Plan management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Plan complies with applicable laws and regulations. You are responsible for the presentation of the ERISA-required supplemental schedules and that they were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements, including their form and content, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Other Services

We will prepare the financial statements of the Plan in conformity with GAAP based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement preparation as previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Engagement Administration, Fees, and Other

We understand that your personnel will prepare all schedules, analyses, and confirmations we request and will locate any invoices or other documents selected by us for testing.

The audit documentation for this engagement is the property of Hudson & Company, Inc. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If requested, access to such audit documentation will be provided under the supervision of Hudson & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Kip Hudson is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for the audit and other services will be \$10,950. Our standard hourly rates vary according to the degree of responsibility involved and the level of experience of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., testing items, contracts, and other documents)
- Rescheduling our fieldwork

- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

If any dispute arises among the parties, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Reporting

We will issue a written report upon completion of our audit of the Plan's financial statements and ERISA-required supplemental schedules. Our report will be addressed to the Administrative Committee of the Plan. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to further modify our report, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our report will include other modifications, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the engagement, we may decline to issue a report or withdraw from this engagement.

We appreciate the opportunity to be of service to the Plan and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

HUDSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson + Company, Inc." The signature is written in a cursive, flowing style.

By: Kip Hudson, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Fresno Economic Opportunities Commissions 403(b) Plan.

Plan Administrator's signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____