

October 16, 2024

Board of Trustees
School Cafeteria Employees UNITE HERE
Local 634 Health and Welfare Trust Fund
c/o Associated Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152

We are pleased to confirm our understanding of the services we are to provide for the School Cafeteria Employees UNITE HERE Local 634 Health and Welfare Trust Fund (the Plan) for the year ended August 31, 2024, in connection with the Plan's annual reporting obligation.

Audit Scope and Objectives

We will audit the financial statements of the Plan, which comprise the statement of net assets available for benefits and of benefit obligations as of August 31, 2024, the related statement of changes in net assets available for benefits and of changes in benefit obligations for the year then ended, and the related notes to the financial statements of the Plan for the year ended August 31, 2024.

The objectives of our audit are to obtain reasonable assurance about whether the Plan's 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. 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America 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, 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 errors, fraudulent financial reporting, misappropriation of assets, or 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 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 exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted 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 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 obtain an understanding of the Plan and its environment, including 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 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 as a result of testing relevant plan provisions.

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, plan obligations, benefit obligations, and certain other assets and liabilities by correspondence with financial institutions, actuaries, and other third parties. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

In addition, we will perform certain procedures directed at considering the Plan's compliance with applicable Internal Revenue Service (IRS) requirements for tax-exempt status. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting Plan qualifications or compliance with the IRS requirements. If, during the audit, we become aware of any instances of such matters or ways in which management practices can be improved, we will communicate them to you.

Tax Return Preparation

We will prepare the Form 990 for the year ended August 31, 2024. Even though we will prepare this form, management is ultimately responsible for the accurate and complete preparation and filing of the form. The Form 990 must be filed electronically with the Internal Revenue Service (IRS); this will be done by Novak Francella LLC. An IRS electronic filing signature authorization for exempt organizations form must be completed and you are responsible for returning the form to us before it can be electronically transmitted. You have the final responsibility for the Form 990 and you should review it carefully before you sign the Form 990 and/or signature authorization.

This engagement does not include our commitment to prepare any other tax returns or informational returns for filing. You are responsible for determining what forms are required to be filed with all governmental and regulatory agencies and for the preparation and filing of these forms. If anything comes to our attention that causes us to believe additional forms should be prepared and filed, we will so advise you. If you request that we prepare these forms, and we agree to prepare, a separate arrangement with a separate engagement letter will need to be made. No additional forms are included in the fee arrangement covered by this letter.

Other Services We Will Perform

In addition to the audit services and the services for tax return preparation described above, we will perform the following additional services:

1. Attendance at a meeting of the Trustees to present the results of our audit.
2. Preparation of cash to accrual entries.
3. Preparation of plan financial statements.
4. Valuation and disclosure of investments, including methodology and leveling.
5. Preparation of journal entries affecting the financial statements.

Although our firm has the capabilities to perform many other types of engagements, involving accounting, auditing, planning, and consulting, this engagement does not include our commitment to perform any additional services other than those described above. Should you wish to receive additional services, we would be delighted to discuss them with you and enter into a separate arrangement to provide those services if we agree to provide the requested services.

Management Responsibilities for the Financial Statements

Our audit of the financial statements does not relieve management or the Board of Trustees of the following responsibilities:

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 fair value measurements; for the acceptance of the actuarial methods and assumptions used by the actuary; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. 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, (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; 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. 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 written management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

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 (a) Plan management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. 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 also responsible for identifying and ensuring that the Plan complies with applicable laws and regulations.

You agree to assume all management responsibilities for the tax 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. Management is also responsible for notifying us in advance of its intent to print our report, in whole or in part, and for giving us the opportunity to review any printed material containing our report before its issuance. Our responsibility, with respect to any additional information in the printed material, does not extend beyond the financial information identified in our report and we have no obligation to perform any procedures to corroborate other information contained in the printed material.

Administration, Fees, and Other

We understand that your personnel will prepare schedules, and analyses, and type all 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 Novak Francella LLC and constitutes confidential information.

Kathleen Jackson is the Engagement Director and is responsible for supervising and reviewing the engagement. We expect to begin our audit in November 2024. The timely completion of this engagement is dependent, in part, upon your staff providing the information requested in a timely manner.

Fees for our services are based upon the time expended by the members of our staff who are assigned to the work and the hourly billing rates which are established for each of them. To the extent that your employees are able to accumulate information for our use and otherwise assist us in the performance of our audit, there will be a reduction in the time we incur. We estimate that our fees for these services will not exceed \$21,800. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss this with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees may be rendered as work progresses and are payable on presentation.

Reporting

We will issue a written report upon completion of our audit of the Plan's financial statements. Our report will be addressed to the Board of Trustees 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 modify our opinion 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 withdraw from this engagement.

Electronic Data Communication and Storage

In the interest of facilitating our services to the Plan, we may send confidential Plan data over the Internet, or store confidential Plan electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. We may also use third party service providers to store or transmit this Plan data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such Plan communications and confidential Plan electronic data secure in accordance with our obligations under applicable federal and state laws, regulations, and professional standards. We also understand that the Plan may request that we abide by its own security policies and procedures. To all reasonable extents, we anticipate agreeing to comply with such policies and procedures. We require that any third party vendor which handles the Plan's information described above do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement so long as reasonable security measures described above are in place and utilized. Subject to the terms of any applicable contract between the Plan and us, and absent negligence, recklessness, or willful misconduct by us or one of our third party vendors with respect to the Plan information described above, you agree that we will not be held responsible for any breach of such Plan information. If a breach occurs, we will comply with any applicable federal or state law.

Client Portals

To enhance our services to you, we will utilize ShareFile, a collaborative, virtual workspace in a protected, online environment. ShareFile permits real-time collaboration across geographic boundaries and time zones and allows Novak Francella LLC and you to share specific Plan data, engagement information, knowledge, and deliverables (collectively “Plan Specific Data”) in a protected environment.

ShareFile is a service that Novak Francella subscribes to. It is not owned or controlled by Novak Francella. You agree that we have no responsibility for the activities of ShareFile. While ShareFile backs up your Plan Specific Data to a third party server, we recommend that you also maintain your own backup files of these records.

You have chosen to not use the ShareFile product. In that case, we will use the client portal maintained by Associated Administrators to upload and download secure data.

If you decide to transmit your confidential Plan electronic data or information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to such information. If you request that we transmit confidential Plan electronic data or information to you in a manner other than through a secure portal, you agree that we are not responsible for any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending such information in the manner you request.

Summons or Subpoena

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

Board of Trustees
School Cafeteria Employees UNITE HERE
Local 634 Health and Welfare Trust Fund
October 16, 2024
Page 8

If we receive a summons or subpoena, we will immediately inform you of any summons or subpoena so that you can respond as the Plan's counsel deemed appropriate. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to quash, or otherwise limit the scope of, the summons or subpoena. If you take no action within the time permitted for us to respond, we may construe your inaction or failure as consent to comply with the request.

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

We appreciate the opportunity to be of service to the School Cafeteria Employees UNITE HERE Local 634 Health and Welfare Trust Fund 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 enclosed copy and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Very truly yours,



KATHLEEN M. JACKSON

RESPONSE:

This letter correctly sets forth the understanding of the School Cafeteria Employees UNITE HERE Local 634 Health and Welfare Trust Fund.

Union Trustee

Employer Trustee