

rfarmer, llc
a certified public accounting and consulting firm

June 17, 2021

San Luis Valley Behavioral Health Group, Inc.
8745 County Rd 9 S
Alamosa, CO 81101-9610

You have requested that we audit the consolidated financial statements of San Luis Valley Behavioral Health Group, Inc. (the Group) and the basic financial statements of San Luis Valley Community Mental Health (the Center), which comprise the consolidated statements of financial position and statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows and statements of activities and cash flows for the years ended June 30, 2021 and 2020, then ended, and the related notes to the consolidated financial statements and the notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the consolidated financial statements and the basic financial statements (the financial statements).

Auditor Responsibilities

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have

identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Group and the Center's compliance with certain provisions of laws, regulations, contracts, and grants that could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit, and accordingly, we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
- d. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the entity's auditor;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For 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 current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole; and
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Reporting

We will issue a written report upon completion of our audit of the financial statements. Our report will be addressed to the board of directors of the Group and the Center. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the financial statements and refer to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The timing of the work with is coordinated with management.

Ronny R Farmer is the engagement partner for the audit services specified in this letter. His responsibilities include supervising the firm's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, including actual out-of-pocket expenses. Invoices are payable upon presentation. We estimate that our fee for the audit and tax preparation work will not exceed \$32,500. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. This proposal does not include an estimated fee if the entity is subject to the single audit under Uniform Guidance. If a single audit is required, it is estimated that our fee for the additional services would not exceed \$3,500.

We will also prepare the entity's group federal Form 990 return for the fiscal year ending June 30, 2021. The fee for tax return preparation is included in the fee noted above.

With respect to any nonattest services we perform, the Group and the Center's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. It is our understanding that the Controller will be the person responsible for the above actions and procedures.

The consolidating financial information and the statement of revenues will be presented for purposes of additional analysis and is not a required part of the financial statements. Such information will be subjected to the auditing procedures applied in the audit of the applicable 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. Our auditor's report will provide an opinion on the supplementary information in relation to the financial statements as a whole.

The audit documentation for this engagement is the property of the firm and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Office of Behavioral Health pursuant to authority given to it by law or regulation or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of the firm's personnel.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

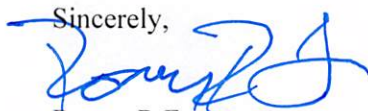
Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Sincerely,



Ronny R Farmer
rfarmer, llc

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the Group and the Center by:

Name: _____

Title: _____

Date: _____