

November 12, 2020

Ms. Barb Johnson, President  
Mr. Tony Wittbrodt  
Elk Rapids District Library and Friends of the Elk Rapids District Library  
PO Box 337  
Elk Rapids, MI 49629

Re: Agreed-Upon Procedures Engagement

Dear Barb and Tony:

This letter confirms our mutual understanding with respect to the engagement of Dennis, Gartland & Niergarth (hereinafter “firm”, “we”, or “us”) by Elk Rapids District Library and Friends of the Elk Rapids District Library (hereinafter “ERDL” or “you”) Capital Campaign to provide professional services in connection with the agreed upon procedures enumerated below, to specify the terms of our engagement and to clarify the nature and extent of the services we will provide.

Our engagement to apply agreed-upon procedures will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Our engagement will be designed to perform the following agreed-upon procedures:

1. Obtain all bank statements and reconciliations for each of the Capital Campaign Independent Bank accounts from inception in fall of 2018 through November 30, 2020. We understand there are two bank accounts, one held by Elk Rapids District Library and one held by Friends of the Elk Rapids District Library.
2. Review check signing authority for all bank accounts and review documented process for review and execution. Document any issues related to internal control problems or lack of compliance.

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3. Obtain Donor Perfect Database information for Capital Campaign contributions received, as well as events held from inception in fall of 2018 through November 30, 2020.
4. Verify all Capital Campaign contributions received were deposited into the Friends of the Elk Rapids District Library Independent Bank account from inception in fall of 2018 through November 30, 2020.
5. Verify all Capital Campaign contributions disbursements/transfers from the Friends of the Elk Rapids District Library were received and deposited into the Elk Rapids District Library Independent Bank account from inception in fall of 2018 through November 30, 2020.
6. Verify the Capital Campaign contributions and disbursements/transfers activity was recorded correctly in the respective general ledger accounts held by the Friends of the Elk Rapids District Library and the Elk Rapids District Library from inception in fall of 2018 through November 30, 2020.
7. Review all general ledger journal entries within the Capital Campaign accounts and investigate any unusual entries.
8. Compile Capital Campaign activity from inception in fall of 2018 through November 30, 2020. Propose entry to record on the books of ERDL as of June 30, 2020, if necessary.

Our engagement is limited in scope and will be confined to our agreed-upon procedures. We have no obligation to perform any procedures beyond those listed. We will not be conducting an audit or review of the financial statements of ERDL, and therefore, we will not express an opinion or any other form of assurance on them.

At the end of our engagement, we will submit a report listing the procedures performed and our findings. The report is intended solely for the use of ERDL and should not be used by anyone else for any other purpose. Our report will include a statement indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Accordingly, using this report for anything other than the original intent of the agreed-upon procedures could mislead the readers. You must notify us immediately if the original users of the report change.

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ERDL shall upon the receipt of written notice indemnify and hold the firm and its affiliates, and their partners, principals, and personnel, harmless against all costs, fees, expenses, damages, and liabilities (including legal defense costs) associated with any third-party claim arising from or relating to any misrepresentation to firm by ERDL or the withholding or concealment of information from the firm by ERDL. In addition, ERDL shall upon receipt of written notice indemnify and hold the firm and its affiliates, and their partners, principals and personnel, harmless against all punitive damages associated with any third-party claim arising from or relating to: (i) any services, work product, or deliverables from the firm that ERDL or its management uses or discloses to others; or (ii) this engagement generally. The terms of this paragraph shall apply regardless of the nature of any claim asserted (including those arising from contract law, statutes, regulations, or any form of negligence of ERDL, whether arising out of tort, strict liability, or otherwise) and whether or not the firm was advised of the possibility of the damage or loss asserted. These terms shall also continue to apply after any termination of this agreement by either party and during any dispute between the parties.

With respect to any services, work product, or other deliverables hereunder, or this engagement generally, the firm's liability to ERDL shall in no event exceed the fees that it receives for the portion of the work giving rise to liability, nor shall the firm's liability include any special, consequential, incidental, or exemplary damages or loss, including any lost profits, savings, or business opportunity.

The limitation on liability provisions of this engagement letter will apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. The parties' agreements and undertakings contained in this engagement letter, such as those pertaining to the limitation on liability, will survive the completion or termination of this engagement. The parties agree that their rights and obligations hereunder will be construed and governed under the laws of Michigan.

Either party may terminate this engagement, with or without cause, by providing written notice to the other party. In the event of early termination for any reason, the client will be invoiced and agrees to remit payment for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. Neither the client nor the firm shall have any liability to the other for any loss or consequential damage arising from early termination by either the client or the firm.

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

Prior to preparation and execution of this engagement letter, we discussed with you the fact that we provide clients with attest and accounting services, as well as services specifically focused on identifying and addressing weaknesses in internal controls (internal control review), and on searching for the existence of fraud within your company (fraud audit). We further explained the additional costs associated with such different levels of service. After consideration of such services, you have informed us that you wish to retain us to perform only the agreed upon procedures services described in this letter.

Our engagement cannot be relied upon to disclose errors, irregularities, or illegal acts, including fraud or defalcations, which may exist. However, we will inform you of any such matters that come to our attention. Further, our engagement is not designed to provide assurance on internal controls or to identify reportable conditions, that is, significant deficiencies or material weaknesses in the design or operation of internal control.

Accordingly, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement, and our engagement cannot be relied upon to disclose the same. However, during the procedures, if we become aware of such reportable conditions, we will communicate them to you.

By your signature below, you acknowledge that you are responsible for management decisions and functions. That responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the agreed-upon procedures services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

We plan to begin our procedures in mid-late December 2020 and, unless unforeseeable problems are encountered, the engagement should be completed by January 31, 2021. To facilitate the timely completion of the engagement contemplated in this letter, you authorize us to send to or receive from you certain information, including correspondence via electronic means (i.e., email, Sharefile, etc.). The text of such correspondence, as well as any attachments thereto such as draft or final financial statements or other documents, may contain information of a sensitive nature. We represent to you that we have made a good faith effort to ensure that the security of our information technology infrastructure and our policies and procedures for handling client information meet customary standards. However, due to the inherent limitations of currently available security systems, we cannot provide absolute assurance that any information transmitted to or from us via electronic means will

not be compromised as a result of unauthorized access to our files. As such, you agree to hold us harmless with respect to any loss you may suffer as a result of such compromise.

All documentation for this engagement remains the property of firm and constitutes confidential information.

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis. In the event we receive a subpoena or summons requesting that we produce documents from this engagement or testify about the engagement, we will notify you prior to responding to it if we are legally permitted to do so. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we may constitute your inaction or failure as consent to comply with the request. Time incurred in connection with subpoenas, and/or other related legal matters involving you, and or your account(s), will be billed at our normal per diem rates.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Our fees for this work will be at our regular hourly rates for the individuals involved plus direct out-of-pocket expenses. However, we estimate the fee range to be \$4,000 - \$7,000. Payment for service is due when rendered, and interim billings may be submitted as work progresses and expenses are incurred. Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 30 days of the invoice date, at our election, we may stop all work until your account is brought current, or we may withdraw from this engagement. ERDL acknowledges and agrees that we are not required to continue work in the event of failure to pay on a timely basis for services rendered as required by this

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engagement letter. ERDL further acknowledges and agrees that in the event we stop work or withdraw from this engagement as a result of ERDL's failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render services.

At the conclusion of this engagement, we will return all original records you supplied to us. Your company records are the primary records for your operations and comprise the backup and support for your financial reports and tax returns. Our records and files are our property and are not a substitute for your own records. Our firm destroys our client files and all pertinent work papers after a retention period of 10 years, after which time these items will no longer be available. Catastrophic events or physical deterioration may result in our firm's records being unavailable. You should make and retain copies of original records given to us which may be needed after our retention period. By your signature below, you acknowledge and agree that upon the expiration of the 10 year period the firm shall be free to destroy our records relating to this engagement.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement subject to the selection of a mutually agreed upon mediator. All mediations initiated as a result of this engagement shall be administered pursuant to the mediation rules of the American Arbitration Association (AAA). The results of this mediation shall be binding only upon agreement of each party to be bound. Each party shall bear its own costs of any mediation proceeding. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of reasonable attorney's fees and costs.

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.

Sincerely,

A handwritten signature in black ink that reads "Brad Niergarth". The signature is written in a cursive, flowing style.

Brad Niergarth, CPA

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Accepted by:

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Barb Johnson

Elk Rapids District Library

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Tony Wittbrodt

Friends of the Elk Rapids District Library