



Richards,
Mitchell &
Cross, PA
CPAs & Advisors

Ms. Melinda Gay
Marianna Health and Rehabilitation Center
4295 Fifth Avenue
Marianna, FL 32446

January 7, 2021

Dear Melinda:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. We will provide the following services for Marianna Health and Rehabilitation Center:

1. From the information provided by you, we will compile the Medicaid and Medicare cost reports for the years ending December 31, 2020 and September 30, 2020. We will not audit or review these reports. Our reports are expected to read as follows:

"We have compiled the Medicaid (Medicare) cost report of the Company for the year ended December 31, 2020 (September 30, 2020), included in the accompanying prescribed form for Florida Medicaid Program Nursing Home Service Providers (Department of Health and Human Services).

Our compilation is limited to presenting in the form prescribed by the Florida Agency for Health Care Administration (Department of Health and Human Services) information that is the representation of management. We have not audited or reviewed the Medicaid (Medicare) cost report referred to above and, accordingly, do not express an opinion or any other form of assurance on it.

This Medicaid (Medicare) cost report is presented in accordance with the requirements of the Florida Agency for Health Care Administration (Department of Health and Human Services), which differ from generally accepted accounting principles. Accordingly, the Medicaid cost report is not designed for those who are not informed about such differences."

2. We will provide consulting services regarding Medicaid reimbursement and other related accounting issues as requested.

Ms. Melinda Gay
Page Two
January 7, 2021

3. You have requested that we prepare the financial statements of Marianna Health and Rehabilitation Center, which comprise the annual and monthly statement of net assets and related statements of activities for each monthly period then ended, and perform a compilation engagement with respect to those financial statements. These financial statements will omit the statement of changes in fund balance and cash flows, and substantially all of the disclosures required by accounting principles generally accepted in the United States of America. In addition, the supplementary information will be prepared and presented with the financial statements. Such supplementary information is the responsibility of management and will be subject to our compilation engagement.

We will assist your bookkeeper in adjusting the books of accounts with the objective that he (she) will be able to prepare a working trial balance from which financial statements can be prepared.

Our Responsibilities

The objective of our engagement is to –

- prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you and
- apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our compilation in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the bookkeeping services, preparing the financial statements, and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the Company or noncompliance with laws and regulations.

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 since performing those procedures or taking such action would impair our independence.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and assist you in the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
- The prevention and detection of fraud.
- To ensure that the Company complies with the laws and regulations applicable to its activities.
- The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- To provide us with –
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the compilation engagement.
 - unrestricted access to persons within the Company of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our bookkeeping services and the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Ms. Melinda Gay
Page Four
January 7, 2021

Our Reports

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. If, for any reason, we are unable to complete the compilations of your financial statements or the preparation of cost reports, we will not issue reports on such statements as a result of this engagement.

You agree to include our accountant's compilation report in any document containing financial statements that indicate that we have performed a compilation engagement on such financial statements and, prior to the inclusion of the report, to ask our permission to do so.

Other Relevant Information

Stacy Cross, CPA is the engagement partner and is responsible for supervising the compilation engagement and signing the report or authorizing another individual to sign.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs. Based on preliminary estimates, the fees are as follows:

1. Compilation of Medicaid cost report	\$	3,000 - \$	3,500
2. Compilation of Medicare cost report	\$	3,000 - \$	3,500
3. Monthly fee for preparation of financials	\$	1,300	
4. Annual year end analysis	\$	1,200 - \$	1,500
5. Reimbursement consulting	\$	* -	*

**Fees will depend on time spent each month. Our rate for these services will range from \$80 - \$180 per hour.*

This estimate is based on the assumption that unexpected circumstances will not be encountered during the engagement. Our invoices for these services will be rendered each month as work progresses and are payable on presentation.

This engagement is effective as of October 1, 2020.

Ms. Melinda Gay
Page Five
January 7, 2021

We appreciate the opportunity to be of service to you. If you have any questions, please call us. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Richards, Mitchell + Cross

Richards, Mitchell & Company, P.A.

Acknowledged:
Marianna Health and Rehabilitation Center

By: _____

Date: _____