

MEETING AGENDA

Meeting: Audit & Risk Committee
Date: July 29, 2021
Time: 8:30 AM
Location: online via webinar and teleconference
Teleconference: (844) 740-1264 / Meeting Number: 177 095 4986 # / Attendee Number: #
<https://alaskamentalhealthtrust.org/>
Trustees: Anita Halterman (Chair), Verné Boerner, Rhonda Boyles, Chris Cooke, Brent Fisher, John Sturgeon

Thursday, July 29, 2021

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8:30	<u>Call Meeting to Order (Anita Halterman, Chair)</u> Roll Call Announcements Approve Agenda Ethics Disclosure Approval of Minutes – October 21, 2020	4
8:35	Audit Planning and Committee Consultation <ul style="list-style-type: none">• Bikky Shrestha, BDO Anchorage Office	8
9:00	Adjourn	

Future Meeting Dates

Full Board of Trustee / Program & Planning / Resource Management / Audit & Risk / Finance

(Updated – June 2021)

- Program & Planning Committee July 27-28, 2021 (Tue, Wed)
 - Audit & Risk Committee July 29, 2021 (Thu)
 - Resource Mgt Committee July 29, 2021 (Thu)
 - Finance Committee July 29, 2021 (Thu)
 - Full Board of Trustee August 25-26, 2021 (Wed, Thu) – Anchorage
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- Audit & Risk Committee (tentative) October 20, 2021 (Wed)
 - Finance Committee (tentative) October 20, 2021 (Wed)
 - Resource Mgt Committee (tentative) October 20, 2021 (Wed)
 - Program & Planning Committee (tentative) October 21, 2021 (Thu)
 - Full Board of Trustee November 17-18, 2021 (Wed, Thu) – Anchorage
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- Audit & Risk Committee January 5, **2022** (Wed)
 - Finance Committee January 5, **2022** (Wed)
 - Resource Mgt Committee January 5, **2022** (Wed)
 - Program & Planning Committee January 6, **2022** (Thu)
 - Full Board of Trustee January 26-27, **2022** (Wed, Thu) – Juneau
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- Audit & Risk Committee April 20, **2022** (Wed)
 - Finance Committee April 20, **2022** (Wed)
 - Resource Mgt Committee April 20, **2022** (Wed)
 - Program & Planning Committee April 21, **2022** (Thu)
 - Full Board of Trustee May 25, **2022** (Wed) – TBD

Future Meeting Dates

Statutory Advisory Boards

(Updated – July 2021)

Alaska Mental Health Board / Advisory Board on Alcoholism and Drug Abuse

AMHB: <http://dhss.alaska.gov/amhb/Pages/default.aspx>

ABADA: <http://dhss.alaska.gov/abada/Pages/default.aspx>

Executive Director: Bev Schoonover, (907) 465-5114, bev.schoonover@alaska.gov

- Executive Committee – monthly via teleconference (Fourth Wednesday of the Month)
- Statewide Suicide Prevention Council Meeting: August 24, 2021 / time TBD (virtual)
- Fall Meeting: October 12-14, 2021 / Sitka

Governor's Council on Disabilities and Special Education

GCDSE: <http://dhss.alaska.gov/gcdse/Pages/default.aspx>

Executive Director: Kristin Vandagriff, (907) 269-8999, kristin.vandagriff@alaska.gov

- Fall Meeting: September 29-30, 2021 / location TBD

Alaska Commission on Aging

ACOA: <http://dhss.alaska.gov/acoa/Pages/default.aspx>

Executive Director: Lisa Morley, (907) 465-4879, lisa.morley@alaska.gov

- Fall Meeting: September 1-2, 2021 / location TBD
- Winter Meeting: November 16-17, 2021 / location TBD

ALASKA MENTAL HEALTH TRUST AUTHORITY

AUDIT & RISK COMMITTEE MEETING

October 21, 2020

8:30 a.m.

WebEx Videoconference/Teleconference

Originating at:

3745 Community Park Loop, Suite 120

Anchorage, Alaska

Trustees Present:

Anita Halterman, Chair
Rhonda Boyles
John Sturgeon
Annette Gwaltney-Jones
Ken McCarty
Verne' Boerner
Chris Cooke

Trust Staff Present:

Mike Abbott
Steve Williams
Carol Howarth
Miri Smith-Coolidge
Kelda Barstad
Luke Lind
Michael Baldwin
Carrie Predeger
Katie Baldwin-Johnson
Jimael Johnson
Valette Keller
Eric Boyer
Autumn Veal
Allison Biastock
Kelda Barstad
Kat Roch

Also participating:

Bikky Shrestha; Beverly Schoonover; Kristin Vandagriff; Becky Carpenter; Sheila Harris.

PROCEEDINGS

CALL TO ORDER

CHAIR HALTERMAN called the meeting to order and began with a roll call. With all trustees present, she asked for any announcements. She welcomed Annette Gwaltney-Jones and asked her to introduce herself.

TRUSTEE GWLATHNEY-JONES stated that she is currently and has been a human resources professional for the last 20 years. She continued that prior to that she worked in the mental health field and has been around Alaska for a long time. She added that she was impressed with all that she has seen so far, and stated that the orientation was incredible.

CHAIR HALTERMAN stated her excitement to have Trustee Gwaltney-Jones on board and the experience she brings to the table. She asked for a motion to approve the agenda.

APPROVAL OF AGENDA

MOTION: A motion to approve the agenda was made by TRUSTEE COOKE; seconded by TRUSTEE STURGEON.

There being no objection, the MOTION was APPROVED.

ETHICS DISCLOSURES

CHAIR HALTERMAN asked for any ethics disclosures. There being none, she asked for approval of the minutes.

APPROVAL OF MINUTES

MOTION: A motion to approve the minutes of the July 30, 2020, was made by TRUSTEE COOKE; seconded by TRUSTEE STURGEON.

After the Roll-Call Vote the MOTION was APPROVED unanimously. (Trustees Boerner, Boyles, Halterman, McCarty, Sturgeon, Gwaltney-Jones & Cooke).

CHAIR HALTERMAN recognized Bikky Shrestha.

ANNUAL AUDIT PRESENTATION/UPDATE

MR. SHRESTHA happily reported that, as far as financials go, the Alaska Mental Health Trust Authority is in a good state this year. He thanked the teams for getting the audit done in a timely fashion. He stated that this had been one of the better audits, and he moved to the audit wrap-up document and the actual draft of the financial statements. He reminded all that the financial statement is provided in draft format so some minor changes and some presentation changes may still be done. He added that the net position will not change. He continued that the majority of the work was done remotely, which did present challenges that were overcome. He began with the audit draft of documents, and walked through some of the more significant items, the procedures performed, and some of the highlights from the results of the audit. He moved to the status of the audit and stated that the audit of the financial statements have been substantially completed. They were prepared in accordance with Generally Accepted Auditing Standards in the United States of America. An audit under Government Auditing Standards was also done. He continued that the objective of the audit was to obtain reasonable assurance about whether the

financial statements are free from material misstatements. He added that the scope of the work performed was substantially the same as that described, and the auditors did not have to change the scope of the audit. He expected to issue an unmodified opinion on the financial statements and have it released on October 31st. He stated that all records and information requested was freely available, and management cooperation was excellent throughout the whole process. He moved to accounting practices and policies and stated that there were no accounting pronouncements significant to the Trust that were actually applied. He continued that the main estimate in the financial statement is the net pension and OPEB liabilities, and that number is provided by the State. He noted that there was one significant corrected misstatement which related to increasing the value of some of the investment in real estate property based on increases in fair value in the current year. There were no uncorrected misstatements that management has enforced. He added that there are no significant deficiencies or material weaknesses to report. He stated that there are some significant accounting and reporting matters listed at the end of the document that would be new pronouncements that would be applicable in the coming years. He continued through a few items in the financial statement and explained as he went along. He then did a basic overview of the major financial statement numbers.

MR. ABBOTT commended Mr. Shrestha and his team that led a great process for BDO. He paid special thanks to Carol Howarth, Kat Roch, Sarah Morrison, and Katie Vachris for their work. This is truly a team effort with strong efforts on all parts. He also thanked the State's finance team. He stated that he was grateful to have a chance to describe an unconditioned audit of the Trust and was grateful for those that made that happen.

CHAIR HALTERMAN also thanked all of the people and appreciated the amount of work that went into this kind of an audit.

TRUSTEE BOERNER congratulated everyone for a clean audit.

CHAIR HALTERMAN moved to the next item which was a planning item on the agenda. She recognized Carol Howarth for the risk management plan.

PLANNING ITEM

MS. HOWARTH began by recapping the identified aspects of what would be needed for a risk management plan. The best practices would be to look at risk management plans from the perspective of bottom up, which builds a framework identifying the risks. She talked about the types of risks, beginning with the traditional financial risks, moving to the umbrella of reporting framework. She talked briefly about the types of risks. She moved to a plan which began with risk identification, understanding them and prioritizing what risks to manage. Next is establishing the goals and destination of the organization and then to go to the third level where actions are taken to minimize the risk; how to monitor it, and how to control it. She stated that the objectives are to figure out the risk, to mitigate, eliminate and then determine what can be tolerated. There is always the balance between the mission of the organization and the profile of risks. She continued that in articulating a plan, the risks need to be identified, goals clarified, and we need to determine how the risks fit strategically with where the Trust organization would like it to be, understanding trustees' appetite for the risks identified. She stated that Chair Halterman suggested a work session to identify the risks and to clarify the risk appetite by trustees. The thought was to hold it in the third quarter of this fiscal year.

CHAIR HALTERMAN stated that quite a few discussions were had where some target issues were identified. It would be meaningful to bring forward a work-group session to collaborate, led by a leadership team that knows more about building a meaningful risk management plan. She continued that it is a big task, and she thought the leadership team could explore the possibility of bringing forward that work-group session.

MS. HOWARTH stated that the Trust Risk Management Policy is focusing solely on its risks and looking to control them. The fact is that a lot of things are in place, but they have not been compiled into a plan yet.

CHAIR HALTERMAN stated that there is an obligation to do this because the statute states the need to have a risk management plan. She added that, with the proper leadership, a risk management plan could be put in place. A discussion ensued on what needs to be considered. She then asked for a motion to adjourn.

MOTION: A motion to adjourn the meeting was made by TRUSTEE STURGEON; seconded by TRUSTEE GWALTHNEY-JONES.

There being no objection, the MOTION was approved.

CHAIR HALTERMAN adjourned the meeting.

(Audit & Risk Committee adjourned at 9:45 a.m.)



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3601 C Street, Suite 600
Anchorage, AK 99503

June 3, 2021

Board of Trustees
Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska 99508

Dear Board of Trustees:

We are pleased to continue as independent auditors for Alaska Mental Health Trust Authority. We look forward to continuing to provide you with the high-quality services you expect from your professional service providers.

Our commitment to delivering superior service means that we strive to demonstrate initiative, anticipate problems, propose solutions, and communicate effectively with you and other members of management throughout the year. In addition, during our audit we will be alert for opportunities to bring insightful and constructive suggestions for improving management information, operating and accounting procedures, and controls.

Attached to this letter is an agreement describing our services. If you have questions about any of the matters discussed in that agreement, please give us a call. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing and returning to us an electronic copy for our records.

Again, it is a pleasure for us to continue to serve you. We look forward to many more years of pleasant association with you and Alaska Mental Health Trust Authority.

Very truly yours,

BDO USA, LLP

The BDO USA, LLP Client Data Privacy Policy is located at <https://www.bdo.com/legal-privacy/client-data-privacy-policy>. If you have questions about this Privacy Policy, please contact us at privacy@bdo.com.



Tel: 907-278-8878
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3601 C Street, Suite 600
Anchorage, AK 99503

June 3, 2021

Board of Trustees
Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska 99508

Dear Board of Trustees:

Agreement to Provide Services

This agreement to provide services (the “Agreement”) is intended to describe the nature and scope of our services.

Objective and Scope of the Audit

As agreed, BDO USA, LLP (“BDO” or “we”) will audit the financial statements of the governmental activities, and fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Alaska Mental Health Trust Authority (the “Trust” or “you”) as of and for the year ending June 30, 2021. 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, to issue an auditor’s report that includes our opinion, and to report on the fairness of the supplementary information referred to below when considered in relation to the basic 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 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 made by a reasonable user based on the financial statements.

The objectives of our audit also includes reporting on the Trust’s:

- Internal control related to the financial statements and compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards and/or contracts, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate context. As part of our engagement, we will apply certain limited procedures to the Trust’s RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.

our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required and will be subjected to certain limited procedures, but will not be audited:

1. Trust Management's Discussion and Analysis
2. Public Employees' Retirement System:
 - a. Schedule of Trust's Proportionate Share of Net Pension Liability
 - b. Schedule of Trust's Contributions
3. Public Employees' Retirement System:
 - a. Schedule of Trust's Proportionate Share of the Net Other Postemployment Benefit Liability (Asset) - ARHCT, RMP and ODD Plans
 - b. Schedule of Trust's Contributions - ARHCT, RMP, and ODD Plans

Responsibilities of BDO

We will conduct our audit in accordance with GAAS. Note that BDO may utilize personnel from a BDO subsidiary to assist in the audit, but BDO will remain responsible for and supervise all such services. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a reasonable 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, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Our audit will also be conducted in accordance with 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 and to render the required reports.

Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the Trust's transactions for the period. Also, an audit is not designed to detect errors or fraud or violations of federal and state statutes and regulations that are immaterial to the financial statements. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. In addition, during the course of our audit, financial statement misstatements relating to accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

The term "those charged with governance" is defined as the person(s) with responsibility for overseeing the strategic direction of the Trust and obligations related to the accountability of the Trust, including overseeing the financial reporting process. For the Trust, we agree that Board of Trustees meets that definition.

We are also responsible for communicating with those charged with governance what our responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

At your request, we will not audit the Schedule of Investments Managed by the Alaska Permanent Fund Corporation. You have engaged KPMG (the "component auditors") to perform a similar audit of Schedule of Investments Managed by the Alaska Permanent Fund Corporation, and have arranged for them to furnish us with their report on the audit of its financial statements. To ensure those financial statements will be in form and detail suitable for inclusion in the financial statements and the component auditor's report will be in form and detail suitable for us to refer to in our report on the financial statements, we may discuss significant accounting and reporting matters with KPMG and the Alaska Permanent Fund Corporation's management. You will authorize KPMG and the management of Alaska Permanent Fund Corporation to furnish us with such cooperation and communication as we may consider desirable for those purposes.

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that you and those charged with governance acknowledge and understand that you and those charged with governance have responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements are free from material misstatement, whether due to error or fraud; (3) for identifying and ensuring that the Trust complies with the laws and regulations applicable to its activities; and (4) to provide us with 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, and other matters, additional information we may request for the purpose of the audit, and unrestricted access to persons within the Trust from whom the auditor determines it is necessary to obtain audit evidence.

Management's responsibilities also include identifying and informing us of significant contractor relationships in which the contractor is responsible for program compliance and for the accuracy and completeness of that information.

Management is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the Trust's files; or otherwise concluding and confirming in a representation letter (as further described below) provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. Additionally, as required by the *Government Auditing Standards*, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the Trust agrees, subject to prevailing laws and regulations, to release and indemnify BDO and its partners, principals, employees, affiliates, contractors, agents, and Permitted Assignees (as defined herein under "Assignment") (collectively, the "BDO Group") from and against all liability and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

Management is also 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 Trust involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a direct and material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Trust received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Trust complies with applicable federal and state statutes, regulations, and the terms and conditions of the federal and state awards and/or contracts. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of federal and state statutes, regulations and the terms and conditions of the federal and state awards and/or contracts, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying to us,

previous financial audit attestation engagements, performance audits, or other studies related to our audit objectives. This responsibility includes communicating 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.

Expected Form and Content of the Auditor's Report

At the conclusion of our audit, we will submit to you a report, based on our audit and the report of the component auditors, containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unmodified opinion on the financial statements, or that our report will require an Emphasis of Matter or Other Matter paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. 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 decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

The reports on internal control and compliance will each include a statement that the purpose of these reports is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of *Government Auditing Standards* (GAS) and are not suitable for any other purpose.

Termination

Upon notice to the Trust, BDO may terminate this Agreement if BDO reasonably determines that it is unable to perform the services described in this Agreement in accordance with applicable professional standards, laws, or regulations. If we elect to terminate our services for any reason provided for in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. If the Agreement is terminated, the Trust agrees to compensate BDO for the services performed and expenses incurred through the effective date of termination. Those provisions in this Agreement that, by their very nature, are intended to survive termination shall survive after the termination of the Agreement, including, but not limited to, the parties' obligations related to any of the following provisions: indemnification, limitations on liability, confidentiality, dispute resolution, payment and reimbursement obligations, and limitations on use or reliance.

Client Continuance Matters

BDO is retaining the Trust as a client in reliance on information obtained during the course of our client continuance procedures. Bikky Shrestha has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on the Trust's financial statements.

Email Communication

BDO disclaims and waives, and you release the BDO Group from, all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails transmitted or received by BDO in connection with the services we are being engaged to perform under this Agreement.

External Computing Options

If, at the Trust's request, any member of the BDO Group agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively "External Computing Options"), that are outside of BDO's standard security protocol, the Trust acknowledges that such External Computing Options may be associated with heightened security and privacy risks. Accordingly, the BDO Group disclaims and the Trust agrees to release the BDO Group from, and indemnify the BDO Group for, all liability arising out of or related to the use of such External Computing Options.

Use of BDO Advantage Extraction Scripts or Services

With your approval, BDO may use BDO Advantage Extraction Scripts or Services to extract certain general ledger and subledger information from your financial accounting system to facilitate performance of our services. The BDO Advantage Extraction Scripts or Services and all information, content, materials, products (including software), and other services included in or otherwise made available to you through the BDO Advantage Extraction Scripts or Services are provided by BDO on an "as is" and "as available" basis, unless otherwise specified in writing. BDO makes no representations or warranties of any kind, expressed or implied, as to the operation of the BDO Advantage Extraction Scripts or Services, or the information, content, materials, products (including software), or other services included in or otherwise made available to you through the BDO Advantage Extraction Scripts or Services, unless otherwise specified in writing. You expressly agree that your use of the BDO Advantage Extraction Scripts or Services is at your sole risk, and you release the BDO Group from any liability connected therewith. BDO shall not share or sell any of the extracted information to third parties, and BDO shall use such information solely to facilitate performance of the services described in this Agreement.

Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of BDO, constitute confidential, proprietary, and trade secret information, and will be retained by us in accordance with BDO's policies, procedures, and applicable laws.

However, pursuant to authority given by law or regulation, we may be requested to make certain working papers available to the Trust's oversight agency, 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 working papers will be provided under the supervision of BDO personnel and at a location designated by BDO. Furthermore, upon request, we may provide photocopies of selected working papers

to the aforementioned parties. These parties may intend or decide to distribute the photocopies of information contained therein to others, including other governmental agencies. If a working paper access request is received from a regulator, we will ask you and the regulator to acknowledge, in writing, the conditions under which we will provide such access; and you agree to provide such written acknowledgment.

Reproduction of Auditor's Report

If the Trust plans any reproduction or publication of a document that includes our report, or any portion of it, and that is assembled differently from any paper or electronic version that we have previously reviewed and approved for the Trust (e.g., by the addition of financial statements and/or accompanying information that you have produced), a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Auditor's Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and auditor's report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and auditor's report on your website and the signed version of the financial statements and auditor's report provided to management by BDO. You also agree to indemnify the BDO Group for all claims that may arise from any differences between the electronic and signed versions.

Review of Documents in Connection with Offering of Sale of Debt

The audited financial statements and our report thereon should not be provided or otherwise made available to lenders, other financial institutions or sources of financing, or others (including advisors to such parties) in connection with any document to be used in the process of obtaining capital, including, without limitation, by means of the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold or condition our written approval.

Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel and Internet Access

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to Trust employees and/or customers should be provided to us. In addition, we ask that you provide high-speed Internet access to our engagement team, if practicable, while working on the Trust's premises. This assistance will serve to facilitate the progress of our work and minimize costs to you.

Peer Review Reports

Government Auditing Standards requires that we provide you with a copy of our most recent quality control review report. Our latest peer review report accompanies this letter.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the Trust. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

In addition to the audit services described above, you have requested that we provide the following non-attest services:

We will assist the Trust in preparing the financial statements and related footnote disclosures for the year ended June 30, 2021, based on the Trust's accounting records and other information that comes to our attention during the course of our engagement. We will also assist the Trust in preparing the GASB 68 & 75 entries and related footnote disclosures.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Trust in the performance of our services. Any discussions that you have with personnel of BDO regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of the Trust. However, we will provide advice and recommendations to assist management of the Trust in performing its functions and fulfilling its responsibilities.

The Trust agrees to perform the following functions in connection with our performance of the preparation of the financial statements and related footnote disclosures and preparing the GASB 68 & 75 entries and footnote disclosures:

- a. Make all management decisions and perform all management functions with respect to the preparation of the financial statements and GASB 68 & 75 entries provided by us.
- b. Assign Carol Howarth, Chief Financial Officer, to oversee the preparation of the financial statements and GASB 68 & 75 entries and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of preparation of the financial statements and GASB 68 & 75 entries.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could reasonably be construed as making management decisions or performing management functions. The Trust must reasonably make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

In accordance with *Government Auditing Standards*, you will be required to review and approve the financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing those services.

Limitation of Liability

Except to the extent finally determined to have resulted from the fraud or intentional misconduct of any member of the BDO Group, the BDO Group's liability to the Trust for any claims arising under this Agreement shall not exceed the aggregate amount of fees paid by the Trust to BDO during the 12 months preceding the date of the claim for the services giving rise to the claim, regardless of whether such liability arises in contract, statute, tort (including the negligence of any member of the BDO Group), or otherwise. In no event shall the BDO Group be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this Agreement.

Dispute Resolution Procedure

Any dispute or claim between you and BDO arising out of or relating to the Agreement or a breach of the Agreement, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud, or claims based in whole or in part on any other common-law, statutory, regulatory, legal, or equitable theory, and disputes regarding all fees, including attorneys' fees of any type, and/or costs charged under this Agreement ("Arbitration Claims") (except to the extent provided below) shall be submitted to binding arbitration administered by the American Arbitration Association ("AAA"), in accordance with its Commercial Arbitration Rules. Arbitration Claims shall be brought in a party's individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding. Arbitration Claims shall be heard by a panel of three (3) arbitrators, to be chosen as follows: within fifteen

(15) days after the commencement of arbitration, each party shall select one person to act as arbitrator; thereafter, the two individually selected arbitrators shall select a third arbitrator within forty-five (45) days of their appointment, or any extension of that time agreed to by the individually selected arbitrators. If the arbitrators selected by the parties fail to agree upon the third arbitrator within the aforementioned time, the third arbitrator shall be selected by the AAA. The arbitration panel shall have the power to rule upon its own jurisdiction and authority, including any objection to the initial or continuing existence, validity, effectiveness, or scope of this arbitration agreement. The arbitration panel may not consolidate more than one person's claims and may not otherwise preside over any form of a representative or class proceeding. The arbitration panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a federal or state court. The place of arbitration shall be the city in which the BDO office providing the majority of the services involved under this Agreement is located, unless the parties agree in writing to a different location. Regardless of where the arbitration proceeding actually takes place, all aspects of the arbitration and the Agreement shall be governed by the laws of the State of New York (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the procedural and substantive law of such state shall be applied without reference to conflicts of law rules. The parties shall bear their own legal fees and costs for all Arbitration Claims. The award of the arbitrators shall be accompanied by a reasoned opinion, and judgment on the award rendered by the arbitration panel may be entered in any court having jurisdiction thereof. Except as may be required by law or to enforce an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of the parties to the Agreement.

The parties to the Agreement acknowledge that by agreeing to this arbitration provision, they are giving up the right to litigate claims against each other, and important rights that would be available in litigation, including the right to trial by judge or jury, to extensive discovery and to appeal an adverse decision. The parties acknowledge that they have read and understand this arbitration provision, and that they voluntarily agree to binding arbitration.

The Trust shall bring no Arbitration Claim more than one (1) year following the completion of the services provided under this Agreement to which the Arbitration Claim relates. This paragraph will shorten, but in no event extend, any otherwise legally applicable period of limitations on such Arbitration Claims.

Fees

Our charges to the Trust for the services described above for the year ending June 30, 2021 will be \$55,000. The fee is based on the following assumptions: your personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested; there will be no significant changes in the internal controls, accounting systems, key personnel, or structure of the organization; there will be no significant additions of funds or disposal/divestiture of activities; and there will not be any unanticipated increases in current operations requiring significant additional audit time.

Should we encounter any unforeseen problems that will warrant additional time or expense, you will be notified of the situation and, if possible, the added cost.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to object to or respond to, or we receive and respond to, a validly issued third party subpoena, court order, government regulatory inquiry, or other similar request or legal process against the Trust or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements with the Trust, you agree to compensate us for all time we expend in connection with such response, at our standard rates, and to reimburse us for all related out-of-pocket costs (including outside attorneys' fees) that we incur.

Our fees and costs will be billed periodically, and invoices are payable upon receipt. If we do not receive any written notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of (a) 1.0% per month or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold any deliverables, or withdraw from this engagement entirely if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.

Assignment

BDO shall have the right to assign its rights to perform a portion of the services described above to any of its independent BDO Alliance USA members, member firms of the international BDO network, or unaffiliated third-party contractors (a "Permitted Assignee"). If such assignment is made, the Trust agrees that, unless it enters into an engagement letter directly with the Permitted Assignee, all of the applicable terms and conditions of this Agreement shall apply to the Permitted Assignee. We agree that we shall not permit the Permitted Assignee to perform any work until it agrees to be bound by the applicable terms and conditions of this Agreement. We further agree that we will remain primarily responsible for the services described above, unless we and the Trust agree otherwise, and we will supervise the work of the Permitted Assignee to ensure that all such services are performed in accordance with this Agreement. From time to time, and depending on the circumstances, Permitted Assignees located in other countries may participate in the services we provide to the Trust. In some cases, we may transfer information to or from the United States or another country. Although applicable privacy laws may vary depending on the jurisdiction, and may provide less or different protection than those of the Trust's home country, we require that all Permitted Assignees agree to maintain the confidentiality of the Trust's information and observe our policies concerning any confidential client information that we provide to them.

The Trust may not assign this Agreement to another party without our prior written consent.

Third-Party Use

BDO will perform the professional services provided in connection with this engagement solely for the benefit and use of the Trust. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the Trust and BDO.

Confidentiality

Each of the parties hereto shall treat and keep all of the “Confidential Information” (defined below) as confidential, with at least the same degree of care as it accords to its own confidential information of a similar nature, but in no event less than a reasonable degree of care. Each party shall disclose the Confidential Information only to its employees, partners, contractors, consultants, agents, or its legal or other advisors, provided that they have: (A) each been informed of the confidential, proprietary, and secret nature of the Confidential Information, or are subject to a binding, preexisting obligation of confidentiality no less stringent than the requirements of this Agreement, and (B) a demonstrable need to review such Confidential Information. “Confidential Information” means all non-public information that is marked as “confidential” or “proprietary” or that otherwise should be understood by a reasonable person to be confidential in nature that is obtained by one party (the “Receiving Party”) from the other party (the “Disclosing Party”). All terms of this Agreement and all information provided pursuant to this Agreement are considered Confidential Information. Notwithstanding the foregoing, Confidential Information shall not include any information that was or is: (a) known to the Receiving Party prior to disclosure by the Disclosing Party; (b) as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than the Receiving Party; (c) made known to the Receiving Party by a third person who is not subject to any confidentiality obligation known to Receiving Party and such third party does not impose any confidentiality obligation on the Receiving Party with respect to such information; (d) required to be disclosed pursuant to governmental authority, professional obligation, law, decree regulation, subpoena, or court order; or (e) independently developed by the Receiving Party. In no case shall the tax treatment or the tax structure of any transaction be treated as confidential as provided in Treas. Reg. sec. 1.6011-4(b)(3). If disclosure is required pursuant to subsection (d) above, the Receiving Party shall (other than in connection with routine supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide prior written notice thereof to allow the Disclosing Party to seek a protective order or other appropriate relief. Upon the request of the Disclosing Party, the Receiving Party shall return or destroy all of the Confidential Information except for (i) copies in working paper files retained to comply with a party’s professional or legal obligations and (ii) such Confidential Information retained in accordance with the Receiving Party’s normal back-up data storage procedures. Notwithstanding the foregoing, BDO shall have the right to use the Trust’s Confidential Information in connection with performing BDO’s obligations hereunder, and also to use de-identified and aggregated key performance indicators derived from BDO’s work product in efforts to improve the services generally, including for benchmarking and analytical purposes, so long as such information remains in a de-identified aggregated form and such use does not violate any of BDO’s obligations of confidentiality hereunder. BDO shall not share or sell any of the de-identified Trust information to third parties, and shall store such information in such a way that neither the Trust nor any of the Trust’s staff or customers can be identified.

Restricted Federal Data

The parties agree that the services are not intended to involve the processing of Restricted Data, defined as data subject to laws, regulations, or government-wide policies that require safeguarding or dissemination controls, including the Federal Acquisition Regulations (“FAR”), the Defense Federal Acquisition Regulation Supplement (“DFARS”), the International Traffic in Arms Regulation (“ITAR”), the Export Administration Regulations (“EAR”), and the Arms Export Control Act (“AECA”). For clarity, and without limiting the foregoing, controlled unclassified information (“CUI”) shall be included in the definition of Restricted Data. The Trust shall not provide or otherwise make available Restricted Data to BDO unless expressly agreed to in advance in writing by BDO. If the Trust becomes aware that any known or suspected Restricted Data will be or has been disclosed to BDO by the Trust or otherwise in connection with the Services, the Trust will immediately notify BDO in writing to regulatedgovtdata@bdo.com and will cease any further transfer of such data unless and until BDO expressly agrees in writing. The Trust will fully cooperate with BDO in the investigation of and response to any known or suspected Restricted Data that the Trust has disclosed to BDO notwithstanding the foregoing. The Trust further agrees that it will be responsible for all fees, costs, and expenses associated with processing of Restricted Data, including without limitation additional fees, costs, and expenses related to compliance with obligations with respect to such Restricted Data.

Licensing Representation

To the extent necessary for BDO to perform its obligations described herein, the Trust represents and warrants that it will obtain, maintain, and comply with all of the licenses, consents, permits, approvals, and authorizations that are necessary to allow BDO and its employees, contractors, and subcontractors to access and use the services or software provided for the benefit of the Trust under the Trust’s third-party services contracts, licenses, or other contracts granting the Trust the right to access, use, or receive services or software (each a “Licensing Representation”). Upon BDO’s request, the Trust will provide BDO any references available evidencing the Licensing Representation (e.g., order number, customer support identifier). Tools subject to this Licensing Representation are hereby deemed External Computing Options (as defined in this Agreement). The Trust hereby releases the BDO Group from, and indemnifies the BDO Group for, all claims and liabilities resulting from: (i) BDO’s reliance on a Licensing Representation; and (ii) the functionality of any third-party software or services used or accessed by BDO.

Miscellaneous

This Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations, or understandings, whether oral or written, with respect to the subject matter herein. This Agreement may not be changed, modified, or waived in whole or part except by an instrument in writing signed by both parties. This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the Trust. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and certain of those banks have mandated the use of this service. Further, such third party confirmation processors also provide for the electronic (and manual) processing of other confirmation types (e.g., legal, accounts receivable, and accounts payable). To the extent applicable, the Trust hereby authorizes BDO to participate in such confirmation processes, including through the third party's website (e.g., by entering the Trust's bank account information to initiate the process and then accessing the bank's confirmation response), and agrees that the BDO Group shall have no liability in connection therewith.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, professional standards, or related published interpretations (including, without limitation, the independence rules of the American Institute of Certified Public Accountants, Securities and Exchange Commission, Public Company Accounting Oversight Board, and Government Auditing Standards), but if any provision of this Agreement shall be deemed void, prohibited, invalid, or otherwise unenforceable in whole or in part for any reason under such applicable laws, regulations, professional standards, published interpretations, or any reason whatsoever, such provisions or portion(s) thereof shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and shall be amended to the minimum extent required to make the provision enforceable, and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement, which shall remain in full force and effect.

The Trust's signature below represents that it has the full power and authority to enter into this Agreement on behalf of the Trust and any Trust subsidiary or other affiliate that may rely on the services provided hereunder, or that it shall ensure that each such subsidiary or other affiliate agrees to be bound to the terms hereof.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

* * * * *

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us an electronic copy of this Agreement for our records.

Very truly yours,

BDO USA, LLP

Acknowledged:

ALASKA MENTAL HEALTH TRUST AUTHORITY

DocuSigned by:
By: 
Mike Abbott, Chief Executive Officer

Date: 6/7/2021

DocuSigned by:
By: 
Carol Howarth, Chief Financial Officer

Date: 6/7/2021

Report on the Firm's System of Quality ControlT: +1 (612) 876 4500
F: +1 (612) 238 8900

December 4, 2018

bakertilly.com

To the Partners of BDO USA, LLP and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of BDO USA, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (the Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, audits of broker-dealers, and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BDO USA, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. BDO USA, LLP has received a peer review rating of pass.

