



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

March 30, 2026

Mr. Steve Marinelli, CEO
Choctaw Regional Medical Center
8613 MS Highway 12
Ackerman, MS 39735-0250

Dear Mr. Marinelli,

Enclosed for your files is an executed Contract for Professional Services between Choctaw Regional Medical center, a component unit of Choctaw County, and Watkins Uiberall, PLLC for the performance of the services as set forth in the contract for Fiscal Years 2025 and 2026. This contract has been reviewed and signed by a representative of the Office of the State Auditor pursuant to Sections 7-7-211(e).

Please let us know if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe E. McKnight".

Joe E. McKnight, CPA
Director, County Audit Section

JEM/lid

Enclosure

C: Watkins Uiberall, PLLC
Randy D. Gammill, CPA, Member

**CONTRACT FOR PROFESSIONAL SERVICES
FOR AUDIT OF COMPONENT UNIT**

This document reflects a contractual agreement entered into as of the 12 day of January, 2026 among the Office of the State Auditor, Choctaw Regional Medical Center, a component unit of Choctaw County, Mississippi (herein referred to as the "Component Unit") and Watkins Uiberall, PLLC (herein referred to as the "Firm") to provide services, materials and personnel to perform the work as specified in paragraph 1.

Scope of Services

1. The Component Unit and the Office of the State Auditor desire to engage the Firm to render the following professional audit services for the Component Unit for the 2024-2025 and 2025-2026 fiscal years:
 - A. Perform an audit of the financial statements of the Component Unit.
 - B. Perform a compliance audit with applicable state and federal laws and regulations.
 - C. Perform Items A and B above in conformity with professional standards, laws, rules, regulations and guidelines as contained in, but not limited to, the documents identified in paragraph 4 of this contract.

Authorized Representatives

2. The following people have been empowered to act as the duly authorized representatives for this contract:

Office of the State Auditor

Name: Joe E. McKnight, CPA
 Title: Director, County Audit Section
 Address: P. O. Box 956, Jackson, MS 39205

Choctaw Regional Medical Center, a component unit of Choctaw County, Mississippi

Name: Steve Marinelli
 Title: CEO
 Address: 8613 MS Highway 12, Ackerman, MS 39735

Watkins Uiberall PLLC **CPA Firm**

Name: Randy D. Gammill, CPA
 Title: Member
 Address: 417 W. Main Street, Ste. 100, Tupelo, MS 38804

Notices All notices required or permitted to be given under this Contract must be in writing and personally delivered or sent by facsimile provided that the original of such notice is sent by certified United States mail postage prepaid, return receipt requested, or overnight courier with signed receipt, to the party to whom this

MAR 30 2026

notice should be given as indicated above. Notice shall be deemed given when actually received or when refused. The parties agree to promptly notify each other in writing of any change of address.

Contract Fee Consideration

3. The Firm shall receive as compensation to be paid by the Component Unit for the described auditing services a fee not to exceed:

\$ 42,500 for the audit for the 2024-2025 fiscal year.

\$ 45,000 for the audit for the 2025-2026 fiscal year.

The said fee is based on:

225 hours at \$ 200 per hour for the 2024-2025 fiscal year audit.

225 hours at \$ 200 per hour for the 2025-2026 fiscal year audit.

The Firm shall not receive as compensation an amount greater than the actual hours worked multiplied by the rate per hour for the applicable fiscal year. The Firm will receive no more than the agreed upon compensation no matter the number of hours worked except as provided in paragraph 16.

Compliance with Laws and Professional Standards

4. The professional services will be performed in conformity with the following, if applicable:

- A. Generally accepted auditing standards and the industry audit guide, Audits of State and Local Governmental Units, established by the American Institute of Certified Public Accountants.
- B. Statements of financial accounting standards as prescribed by the Financial Accounting Standards Board and the Governmental Accounting Standards Board.
- C. Government Auditing Standards, as required by the U.S. Government Accountability Office (The Yellow Book).
- D. OMB Uniform Guidance, Audits of States, Local governments, and Non-profit organizations.
- E. The Single Audit Act Amendments of 1996.
- F. Mississippi Code Annotated (1972) for compliance with applicable state laws.

Reportable Findings

5. The Firm shall report immediately to the Component Unit and the Office of the State Auditor any preliminary findings of possible fraud, misapplication or misappropriation of funds.

Termination of Contract

6. The Component Unit, with the written consent of the Office of the State Auditor, has the right to reject any work not meeting the terms of this contract. Should either reject any services, the Component Unit's or the Office of the State Auditor's authorized representative shall notify the Firm in writing of such rejection giving reason therefore. The right to reject services shall extend throughout the terms of this contract. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract.

Responsibility of Firm to Distribute Audit Report

7. If a Single Audit, the Firm shall provide three (3) copies of the completed signed report to the Office of the State Auditor within thirty (30) days of release to the Component Unit. If a Single Audit, the Data Collection Form (Form SF-SAC) and one copy of the approved Single Audit reporting package, as required by OMB Uniform Guidance should be filed electronically with the Federal Audit Clearinghouse. Instructions for the filing may be accessed at <https://www.fac.gov/>.

The records shall be maintained for at least five (5) years; however if any litigation or other legal action has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution.

Engagement Letter

8. The Firm should provide an engagement letter for the audit which contains the price quote.

Progress Reports

9. The Firm shall keep on file monthly progress reports which detail the work completed during the month and shall make these reports available to the Component Unit and/or the Office of the State Auditor for review, if requested.

Payment

10. The Firm will be entitled to interim payments, which shall not exceed 70% of the contract amount for the applicable fiscal year, from the Component Unit. The Firm shall submit a final invoice for all work performed. This invoice shall provide the number of hours worked by each employee. The final payment of the annual contract amount will be paid by the Component Unit upon completion of the audit services.

Approval

11. The authorized representative of the Office of the State Auditor is empowered to accept and approve, or reject the services furnished by the Firm in compliance with the provisions of this contract and the attached schedule. No payment, including final payment, shall be construed as acceptance of defective or incomplete work and the Firm shall remain responsible and liable for full performance.

Contract Expiration

12. The contract shall expire 120 days after the final services have been rendered.

Ownership of Documents and Work Papers Upon Termination of Contract

13. The work papers remain the property of the Firm. All other files, notes, correspondence and all other data compiled during the audit shall be available without cost to the Component Unit and the Office of the State Auditor for examination and abstracting during normal business hours of any business day. The records shall be maintained for at least five (5) years as required in paragraph 7 of this contract. If, through any cause, the Firm shall fail to fulfill in a timely and proper manner, as determined by the Component Unit and/or the Office of the State Auditor, its obligations under this contract, or if the Firm shall violate any of the covenants, agreements, or stipulations of this contract, the Component Unit, with the written consent of the Office of the State Auditor, shall thereupon have the right to terminate this contract by giving written notice to the Firm of such termination and specifying the effective date of such termination. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract. Furthermore, the Firm should notify the Office of the State Auditor and the Component Unit as soon as possible if the deadlines cannot be met.

In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards.

Contract Termination Compensation

14. The Component Unit, with the written consent of the Office of the State Auditor, may terminate this contract at any time, for any reason other than those reasons contained in paragraph 13 above, by giving written notice to the Firm of such termination and specifying the effective date thereof, at least ten days before the effective date of such termination. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards. If the contract is terminated by the Component Unit and/or the Office of the State Auditor as provided herein, the Firm will be paid an amount which bears the same ratio to the total services of the Firm covered by the contract as supported by detailed invoices submitted to the Component Unit by the Firm identifying hours worked on the contract.

Termination of Contract

15. In the event the Component Unit and/or the Office of the State Auditor exercises its right to terminate this contract pursuant to paragraph 6 and/or paragraph 13 of this contract, the Firm shall bear all costs associated with the issuance of a new contract. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract. Also, the Firm shall notify the Component Unit and the Office of the State Auditor of any potential conflict of interest resulting from service to other clients. If such conflict cannot be resolved to the Component Unit's satisfaction, the Component Unit reserves the right to terminate this contract with the written consent of the Office of the State Auditor.

Modification or Renegotiation

16. The Component Unit, Office of the State Auditor, or the Firm may request changes in the scope of services to be performed by the Firm. Such changes, including any increase or decrease in the amount of the Firm's compensation, which are mutually agreed upon by and between the Component Unit, or its duly authorized representative, and the Firm, shall be included in written amendments to this contract and subject to approval by the Office of the State Auditor.

Contractor Requirements

17. The Firm shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be construed to create an employer-employee relationship, or a joint venture relationship.

The Firm represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the Component Unit.

Any person assigned by the Firm to perform the services hereunder shall be an employee or a subcontractor of the Firm who shall have the sole right to hire and discharge its employees or subcontractors.

The Firm or its subcontractors shall pay, when due, all salaries and wages of their employees and accepts exclusive responsibility for the payment of federal income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Firm, its subcontractors nor their employees are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performance hereunder, and that any sum due and payable to the Firm shall be paid as a gross sum with no withholdings or deductions being made by the Component Unit for any purpose from said contract sum, except as permitted in paragraphs 13 and 14.

Indemnification: To the fullest extent allowed by law, the Firm shall indemnify, defend, save and hold harmless, protect, and exonerate the Component Unit, its officers, employees, agents and representatives, and the State of Mississippi from and against all claims, demands, liabilities, suits, actions, damages, losses and costs of every kind and nature whatsoever, including, without limitation, court costs, investigative fees and expenses, and attorneys' fees, and claims for damage arising out of or caused by the firm and/or its partners, principals, agents, employees and/or subcontractors in the performance of or failure to perform this Contract.

Third Party Action Notification: The Firm shall notify the Component Unit in writing within five (5) business days of its receipt of liquidation or receivership proceedings or within five (5) business days of its receipt of notification of any action or suit being filed or any claim being made against the Firm or the Component Unit by any entity that may result in litigation related in any way to this Contract and/or which may affect the Firm's performance under this Contract. Failure of the Firm to provide such written notice to the Component Unit shall be considered a material breach of this Contract and the Component Unit may, at its sole discretion, pursue its rights as set forth in the Termination clauses herein and any other remedies it may have at law or in equity.

Confidential Information

18. The Firm will be granted access to all client and claimant information necessary for completion of the audit services described herein. The Firm and the Office of the State Auditor assure the Component Unit that any and all information regarding clients and claimants of the Component Unit will be kept strictly confidential. Any use or release of client or claimant information for purposes other than to fulfill the Firm's or the Office of the State Auditor's responsibilities under this contract must have the prior written approval of the Component Unit.

Contract Governance

19. This contract shall be construed and governed in accordance with the laws of the State of Mississippi, and venue for the resolution of any dispute shall be Jackson, Hinds County, Mississippi. The Firm expressly agrees that under no circumstances shall the Office of the State Auditor and/or the Component Unit be obligated to pay an attorney's fee or the cost of legal action to the Firm.

Disputes and Arbitration

20. Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the Component Unit, the Office of the State Auditor, and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the Board of Directors of the Component Unit and the Office of the State Auditor a written request for review. The Firm shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Deputy State Auditor, the Director of Technical Assistance and the Director of the Financial and Compliance Audit Division. The decision of the Arbitration Panel of the Office of the State Auditor on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent, capricious, or so grossly erroneous as necessarily to imply bad faith, or not be supported by substantial evidence. Pending final decision of a dispute hereunder, the Firm shall proceed diligently with the performance of the duties and obligations of the contract.

Compliance with Laws

21. The Firm shall comply with all applicable laws, regulations, policies and procedures, and grant requirements (if applicable) of the United States of America or any agency thereof, the State of Mississippi or any agency thereof and any local governments or political subdivisions that may affect the performance of services under this contract. Specifically, but not limited to, the Firm shall not discriminate against any employee nor shall any party be subject to discrimination in the performance of this contract because of race, creed, color, sex, age, national origin or disability.

Change in Scope of Work

22. Modification, changes or amendments to this contract may be made upon mutual agreement of the parties hereto. However, any change, supplement, modification or amendment of any term, provision or condition of this contract must be in writing and signed by all parties hereto.

Assignment

23. The Firm shall not assign or otherwise transfer the obligation incurred on its part pursuant to the terms of this contract without the prior written consent of the Component Unit and the Office of the State Auditor. Any attempted assignment or transfer of its obligations without such consent shall be null and void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.

Failure to Enforce

24. Failure of any party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of this contract.

Availability of Funds

25. It is expressly understood by the parties hereto that the fulfillment of the obligations of the Component Unit under this agreement is conditioned upon the availability and receipt of funds. In the event that funds are insufficient or otherwise unavailable to satisfy payment due under this agreement, the Component Unit shall not be obligated to make such payments, and all further obligations of the Component Unit under this agreement shall cease immediately, without penalty, cost or expense to the Component Unit of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the Component Unit shall notify the Firm in writing, of such event, and this agreement shall be void.

Insurance Requirements

26. Firm represents that it will maintain workers' compensation insurance, if applicable, which shall inure to the benefit of all Firm's personnel provided hereunder, comprehensive general liability or professional liability insurance, and where applicable, employee fidelity bond insurance.

Severability

27. If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of this contract shall not be affected thereby and each term and provision of this contract shall be valid and enforceable to the fullest extent permitted by law.

Entire Agreement

28. This contract constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto.

Address Changes

29. The parties agree to promptly notify each other of any change of address.

Employee Status Verification System

30. Firm represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. Firm agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State. Firm further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Firm understands and agrees that any breach of these warranties may subject Firm to the following: (a) termination of the Agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to firm by an agency, department or governmental entity for the right to do business in Mississippi for up to one (1) year, or (c) both. In the event of such termination/cancellation, Firm would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit."

Representation Regarding Contingent Fees

31. The Firm represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except as disclosed in the contractor's bid or proposal (if applicable).

Representation Regarding Gratuities

32. The Firm represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the "Mississippi Personal Service Contract Procurement Regulations."

Certification of Independent Price Determination

33. The Firm certifies that the price submitted in response to the solicitation has been arrived at independently and without - for the purpose of restricting competition - any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

34. The Firm certifies to the best of its knowledge and belief, that it and its principals:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - B. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

- C. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and
- D. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.

Whistleblower Protection

35. Section 1553 of Division A, Title XV of the American Recovery and Reinvestment Act of 2009, P.L. 111-5 provides protections for certain individuals who make specified disclosures relating to Recovery Act funds. Any non-federal employer receiving recovery funds is required to post a notice of the rights and remedies provided under this section of the Act.

Reporting Requirements

36. The firm is notified that this contract may be paid in full or part with American Recovery and Reinvestment Act of 2009 (hereinafter, "ARRA") Funds. The Firm shall ensure that all subcontracts and other contracts for goods and services for an ARRA-funded project have the mandated provisions of this directive in their contracts. Pursuant to Title XV, Section 1512 of the ARRA, the Agency shall require that the contractor provide reports and other employment information as evidence to document the number of jobs created or jobs retained by this contract from the Firm's own workforce and any subcontractors. No direct payment will be made for providing said reports, as the cost for same shall be included in the various items in the contract.

Required Contract Provision to Implement ARRA Section 902

37. Section 902 of the ARRA requires that each contract awarded using ARRA funds must include a provision that provides the U.S. Comptroller General and his representatives with the authority to:
- A. Examine any records of the Firm or any of its subcontractors, or any State or local agency administering such contract, that directly pertain to, and involve transactions relating to, the contract or subcontract; and
 - B. Interview any officer or employee of the firm or any of its subcontractors, or of any State or local government agency administering the contract, regarding such transactions.

Accordingly, the Comptroller General and his representatives shall have the authority and rights prescribed under Section 902 of the ARRA with respect to contracts funded with recovery funds made available under the ARRA. Section 902 further states that nothing in 902 shall be interpreted to limit or restrict in any way any existing authority of the Comptroller General.

Authority of the Inspector General Provision

38. Section 1515(a) of the ARRA provides authority for any representatives of the United States Inspector General to examine any records or interview any employee or officers working on this contract. The Firm is advised that representatives of the Inspector General have the authority to examine any record and interview any employee or officer of the Firm, its subcontractors or other firms working on this contract. Section 1515(b) further provides that nothing in this section shall be interpreted to limit or restrict in any way any existing authority of an Inspector General.

Availability and Use of Funds

39. The Firm understands and acknowledges that any and all payment of funds or the continuation thereof is contingent upon funds provided solely by ARRA or required state matching funds. Pursuant to Section 1604 of the ARRA, contractors agree not to undertake or make progress toward any activity using recovery funds that will

lead to the development of such activity as casinos or other gambling establishments, aquariums, zoos, golf courses, swimming pools or any other activity specifically prohibited by the Recovery Act.

Federal, State and Local Tax Obligations

40. The Firm asserts and self-certifies that all Federal, State and local tax obligations have been or will be satisfied prior to receiving recovery funds.

Anti-Discrimination and Equal Opportunity

41. Pursuant to Section 1.7 of the guidance memorandum issued by the United States Office of Management and Budget on April 3, 2009, ARRA Recovery funds must be distributed in accordance with all anti-discrimination and equal opportunity statutes, regulations, and Executive Orders pertaining to the expenditure of funds.

Additional Requirements

The Firm agrees to comply with additional requirements imposed by ARRA regulations upon notification.

In witness of where this contract has been entered into and executed by the parties hereto in triplicate originals.

COMPONENT UNIT REPRESENTATIVE

COMPONENT UNIT:

SIGNED: Randy Crutt WITNESS: Benice Morgan

TITLE: Chairman, Board of Directors

DATE: 3/18/26

SIGNED: [Signature] WITNESS: Benice Morgan

TITLE: President

DATE: 3/18/26

FIRM REPRESENTATIVE

CPA FIRM: Watkins Libonati, PLLC

SIGNED: [Signature]

WITNESS: [Signature]

TITLE: Member

DATE: 3/18/26

OFFICE OF THE STATE AUDITOR

SIGNED: [Signature]

WITNESS: _____

TITLE: Director, County Audit Section

DATE: 03/30/2026



Watkins Uiberall, PLLC

1661 Aaron Brenner Drive • Suite 300
Memphis, Tennessee 38120
901.761.2720 • Fax: 901.663.1120

417 West Main Street • Suite 100
Tupelo, Mississippi 38804
662.269.4014 • Fax: 662.269.4016

www.wucpas.com

January 12, 2026

To Steve Marinelli, CEO
And the Board of Directors

Choctaw Regional Medical Center
8613 MS Highway 12
Ackerman, Mississippi 39735

We are pleased to confirm our understanding of the services we are to provide for Choctaw Regional Medical Center for the years ended September 30, 2025 and 2026.

Audit Scope and Objectives

We will audit the financial statements of Choctaw Regional Medical Center (the "Facility"), which comprise the statements of net position as of September 30, 2025 and 2026, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the 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 ("GAAS"), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Surety Bonds for officials and employees.

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, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the Facility and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Facility or to acts by management or employees acting on behalf of the Facility. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk of material misstatement as part of our audit planning:

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

Additionally, we have identified the following as significant risks specific to your financial statements:

- Patient revenue and receivables

Please note that our planning and risk assessment process has not yet concluded and our risk assessments are subject to change. If and when modifications are made, we will communicate them to you at that time.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Facility and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Facility's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The auditors' procedures do not include testing compliance with laws and regulations in any jurisdiction related to Medicare and Medicaid antifraud and abuse. It is the responsibility of management of the Facility, with the oversight of those charged with governance, to ensure that the Facility's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provision of laws and regulations that determine the reported amounts and disclosures in the Facility's financial statements. Therefore, management's responsibilities for compliance with laws and regulations applicable to its operations, include, but are not limited to, those related to Medicare and Medicaid antifraud and abuse statutes.

Other Services

We will also provide the following nonaudit services in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

- Preparation of financial statements and related notes in accordance with GAAP and Uniform Guidance.

- Calculation and recording of lease obligations and related right of use assets identified by management
- Calculation and recording of subscription-based information technology arrangements (SBITA) and related intangible assets identified by management

We will perform the services in accordance with applicable professional standards. We will advise management with regard to estimates interest rate to be used in the calculation of leases and SBITA, but management must make all decisions with regard to those matters. 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.

You agree to assume all management responsibilities for the financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. This includes your review and approval of all adjustments we may propose to the accounting records or financial statements as a result of those services.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Facility from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Facility involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Facility received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Facility complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responses include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP, (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Facility is 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.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in any document should be done only with our prior approval of the document. You are responsible for providing us the opportunity to review such document before issuance.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Facility; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Watkins Uiberall, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Mississippi Office of the State Auditor 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 audit documentation will be provided under the supervision of Watkins Uiberall, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State of Mississippi Office of the State Auditor. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

Randy D. Gammill is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately January 12, 2026.

Our fees for these services will be \$42,500 and \$45,000 for the years ending September 30, 2025 and 2026, respectively. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, confirmation service provider fees, etc. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. Additionally, this estimate is based on the assumption there will be no significant bookkeeping assistance required or significant changes in the Company's operations or additional procedures required in response to the discovery of fraud. We will issue contract addendums for additional fees related to any bookkeeping or changes mentioned above. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Many of our clients choose to communicate with us by email, and we may use email in connection with this engagement unless you direct us otherwise. We will use reasonable precautions to protect your confidential information, but we have no obligation to employ any measures that you do not regularly employ in protecting your confidential information. 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, we cannot guarantee or warrant that email from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with performance of this engagement or the disclosure or communication of confidential or proprietary information arising therefrom.

Reporting

We will issue a written report upon completion of our audit of the Facility's financial statements. Our report will be addressed to Management and the Board of Directors of the Facility. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to

form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Facility's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Facility's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Facility is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

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. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

DocuSigned by:

3701F8EF21AB487...

Randy D. Gammill, CPA
Member
Watkins Uiberall, PLLC

RESPONSE:

This letter correctly sets forth the understanding of Choctaw Regional Medical Center.

Signature: 
6464FBC6A9F1482...

Steve Marinelli, CEO

Date: 1/15/2026