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LSC Representative  
Address

Dear LSC Representative,

We are pleased to confirm our understanding of the terms of our engagement and nature and limitations of the services we will provide for **Sample LSC** (the LSC).

We will apply the procedures described in the attachment to this letter that the LSC and USA Swimming have determined to be necessary for the year ended December 31, 2021. By signing this engagement letter, you agree to those procedures and acknowledge that the procedures to be performed are appropriate for the intended purpose of the engagement, which is to ensure the LSC is operating in accordance with the LSC Affiliation Agreement. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgment that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures do not constitute an examination or review, we will not express an opinion or conclusion on whether the LSC is operating in accordance with the LSC Affiliation Agreement. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule to which you agree.

We plan to begin our procedures on approximately , 2022.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the LSC. If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate we will disclose the restrictions in our report. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

There may exist circumstances that, in our professional judgment, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of procedures are not appropriate.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, should any such matters come to our attention, we will communicate them in accordance with professional standards and applicable law. In addition, if, in connection with this engagement, matters come to our attention that contradict whether the LSC is operating in accordance with the LSC Affiliation Agreement, we will communicate such matters to you.

You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

You are responsible for complying with the Agreement; and for selecting the criteria and determining that such criteria are appropriate for your purposes. In addition, you are responsible for providing us with (1) access to all information of which you or the appropriate party are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request from the appropriate party for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for compliance with the LSC Affiliation Agreement.

Steve Hochstetter is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be based on a rate of \$150 per hour and range from \$1,500 - \$3,000 and is based on an estimate of 10-20 hours of work. If issues arise which cause our hours to exceed 20 hours, you may be billed for additional work at a rate of \$150 per hour. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written

LSC Representative

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notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to assist 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 enclosed copy and return it to us. If the need for additional procedures arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will consider whether they need to acknowledge in writing their agreement with the procedures performed or to be performed and their acknowledgment that the procedures are appropriate for their purposes.

Yours very truly,

STOCKMAN KAST RYAN + CO, LLP

Steve Hochstetter  
Audit Partner

RESPONSE:

This letter correctly sets forth the understanding of Sample LSC:

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## PROCEDURES TO BE PERFORMED

We will perform the following agreed-upon procedures to LSC financial reports:

1. Obtain USA Swimming provided "Agreed Upon Procedures Inquiry Checklist" completed by LSC Representative. Attach completed checklist to this report.
2. Prepare a year over year comparison of the balance sheet financial statement line items. For any variances over 10 percent, inquire of LSC representative the reason for the variance. Financial statement line items less than 5% of total assets will not be reviewed. Attach LSC representative's explanation for such variances to this report.
3. Prepare a year over year and actual to budget comparison for income statement line items. For any variances over 10 percent, inquire of LSC representative for the reason for the variance. Income statement line items less than 5% of revenues will not be reviewed. Attach LSC representative's explanation for such variances to this report.
4. Obtain from LSC representative a list of all vendor invoices paid during the fiscal year. Randomly select 10 vendor invoices and obtain invoice and cancelled check. Agree amount and payee per invoice to canceled check. Inspect invoice for signature or initials indicating approval for payment. Report any differences in amount, payee, or any invoices missing evidence of approval.
5. Obtain bank and investment reconciliations as of year-end. Agree bank/investment balance per reconciliation to bank/investment statement. Agree book balance per reconciliation to the general ledger balance at year end as provided by management. Note whether there are any unreconciled differences per the reconciliation.
6. Obtain list of cash disbursements by vendor for the calendar year (January 1 – December 31) from LSC representative. For each vendor paid more than \$600 for the calendar year per the list, obtain copy of the vendor's 1099s. Note vendors paid over the \$600 threshold for which a 1099 is not available.
7. If LSC pays wages, obtain reconciliation of IRS Form 941 to general ledger as of 12/31 prepared by LSC representative. Obtain listing of amounts paid for the calendar year by employee. Obtain copies of W-2s issued for the year. For each employee per the listing who was paid over \$600, agree employee name and amount paid per the listing to the W-2. Note any exceptions.
8. Obtain and attach most recently filed 990.
9. Obtain and attach year-end internally prepared financial statements.