



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **BUILDING CORPORATION**

### **Members**

Jay W. Bond, Vice President

Jill Whynot, Member

**August 8, 2025 ♦ 12:00 p.m.**

**A meeting of the South Coast Air Quality Management District Building Corporation will be held at 12:00 p.m. on Friday, August 8, 2025 through a hybrid format of in-person attendance in Conference Room CC3 at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and remote attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.**

**Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:**

**<http://www.aqmd.gov/home/news-events/meeting-agendas-minutes>**

## **ELECTRONIC PARTICIPATION INFORMATION** **(Instructions provided at bottom of the agenda)**

**Join Zoom Webinar Meeting - from PC or Laptop**

**<https://scaqmd.zoom.us/j/92422899039>**

**Zoom Webinar ID: 924 2289 9039 (applies to all)**

**Teleconference Dial In**

**+1 669 900 6833**

**One tap mobile**

**+16699006833,, 92422899039#**

**Audience will be allowed to provide public comment in person  
or through Zoom connection or telephone.**

**PUBLIC COMMENT WILL STILL BE TAKEN.**

## **AGENDA**

*Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.*

### **CALL TO ORDER**

- Roll Call

### **DISCUSSION ITEMS – (Items 1 through 2):**

- 1. Approve Minutes of the August 30, 2024 Meeting**
- 2. Financial Statement**  
*Report on Receipts and Disbursements as of June 30, 2025.*

### **ACTION ITEMS – (Items 3 through 4):**

- 3. Acceptance of Audit Report for Fiscal Year Ending June 30, 2024**  
*Staff will present the Corporation's financial statement received for FY 2023/24.*
- 4. Recommendation to Engage Lance, Soll & Lunghard, LLP for the Annual South Coast Air Quality Management District Building Corporation Financial Statement Audit, Fiscal Year Ending June 30, 2025**  
*Staff will provide its recommendation for engaging Lance, Soll & Lunghard, LLP to perform the Corporation's annual audit.*

### **OTHER MATTERS:**

- 5. Other Business**  
*Any member of the South Coast AQMD Building Corporation, or its staff, on their own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on their own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)*
- 6. Public Comment Period**  
*At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the South Coast AQMD's Building Corporation authority that is not on the agenda. Speakers may be limited to three (3) minutes each.*

### **ADJOURNMENT**

### **Document Availability**

*All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Genny Pearce at (909) 396-2121 or send the request to [gpearce@aqmd.gov](mailto:gpearce@aqmd.gov).*

### **Americans with Disabilities Act and Language Accessibility**

*Disability and language-related accommodations can be requested to allow participation in the Building Corporation meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the District. Please contact Genny Pearce at (909) 396-2121 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to [gpearce@aqmd.gov](mailto:gpearce@aqmd.gov).*

## **INSTRUCTIONS FOR ELECTRONIC PARTICIPATION**

### **Instructions for Participating in a Virtual Meeting as an Attendee**

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

**Please note:** During the meeting, all participants will be placed on mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda, the Chair will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

**Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.**

### **Directions for Video ZOOM on a DESKTOP/LAPTOP:**

- If you would like to make a public comment, please click on the “**Raise Hand**” button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

### **Directions for Video ZOOM on a SMARTPHONE:**

- If you would like to make a public comment, please click on the “**Raise Hand**” button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

### **Directions for TELEPHONE line only:**

- If you would like to make public comment, please **dial \*9** on your keypad to signal that you would like to comment.

## Agenda Item #1

### MINUTES OF THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT BUILDING CORPORATION

August 30, 2024 – 11:00 a.m.

#### **Building Corporation Members**

Present: Vice President Jay Bond  
Secretary-Treasurer Jack Guiso  
Member Jill Whynot

#### **Call to Order**

Vice President Jay Bond called the meeting to order at 11:01 a.m.

#### **DISCUSSION ITEMS:**

1. **Approve Minutes of the July 28, 2023 Meeting:** The Committee members reviewed the meeting minutes and had no concerns or questions.

Moved by Guiso; seconded by Bond, unanimously approved.

Ayes: Guiso, Bond  
Noes: None  
Abstain: Whynot

2. **Financial Statement Receive and File:** The Committee members reviewed the report and had no concerns or questions.

Moved by Guiso; seconded by Whynot, unanimously approved.

Ayes: Guiso, Whynot, Bond  
Noes: None

3. **Acceptance of Audit Reports for Fiscal Year Ending June 30, 2023:** Sujata Jain reported on the audit which received an unmodified or clean opinion.

Secretary-Treasurer Jack Guiso pointed out an error in the auditor's letter in which the wrong year was referenced. Staff will have the auditors correct the letter.

Moved by Guiso subject to the correction; seconded by Whynot, unanimously approved.

Ayes: Guiso, Whynot, Bond  
Noes: None

4. **Recommendations to Engage Lance, Soll and Lunghard, LLP for the Annual South Coast AQMD Building Corporation Financial Statement Audit, Fiscal Year Ending June 30, 2024:** Sujata Jain reported that this item is to retain Lance, Soll and Lunghard, LLP to perform the Corporation's financial statement for Fiscal Year ending June 30, 2024. Staff is recommending Lance, Soll and Lunghard, LLP be engaged to conduct the audit for the Corporation at an amount of \$2,750.00.

Jack Guiso asked about the change in auditing firms made in January and whether or not our experience with the new auditors has been good. Sujata Jain explained that although the auditors were extremely busy with other audits, they were able to finish the District's audit in time.

Jay Bond asked if the auditors physically spend any time at the District. Ms. Jain explained that they have committed to weekly remote meetings to discuss progress and any potential issues.

Moved by Guiso; seconded by Whynot, unanimously approved.

Ayes: Guiso, Whynot, Bond

Noes: None

**OTHER MATTERS:**

5. **Other Business:** There was no other business to report.
6. **Public Comment Period:** No members of the public were present.

**Adjournment**

The meeting adjourned at 11:10 a.m.

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
BUILDING CORPORATION**

**NEW DEPOSITORY ACCOUNT - 106266000**

**Schedule of Receipts and Disbursements**

**As of June 30, 2025**

Cash Balance, 6/30/2024	\$184,426
Add: Interest earning	7,744
Less: Administrative expenses	(3,592)
Net Cash Balance, 6/30/2025	<u>\$188,578</u>
Total Liabilities	<u>(3,870)</u>
Net Equity, 6/30/2025	<u><b>\$184,708</b></u>



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178  
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Agenda Item #3

August 8, 2025

South Coast Air Quality Management  
District Building Corporation

## Acceptance of Audit Report for Fiscal Year Ended June 30, 2024

The audit of the Building Corporation's financial statements for fiscal year ended June 30, 2024 has been completed by Lance, Soll & Lunghard, LLP. Enclosed for your Board's review is the audited financial statements and accompanying auditor's opinion.

We are pleased with the unmodified opinion we received on our financial statements. An unmodified opinion is the highest obtainable, assuring interested parties that our financial statements present fairly the financial position of the Building Corporation.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

- Receive and file the Building Corporation audited financial statements.

Respectfully,

A handwritten signature in blue ink that reads "Susanna Leung".

Susanna Leung  
Controller

SJ:SL:gp

Attachment



## SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT BUILDING CORPORATION

FOR THE YEAR ENDED JUNE 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT

Focused  
on YOU





SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
BUILDING CORPORATION

Financial Statements  
With Independent Auditors' Report

FOR THE YEAR ENDED JUNE 30, 2024  
(With Comparative Totals for 2023)

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
BUILDING CORPORATION

Financial Statements  
With Independent Auditors' Report

For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)

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**Financial Statements**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
South Coast Air Quality Management Corporation Building Corporation  
Diamond Bar, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the South Coast Air Quality Management Corporation Building Corporation (the "Corporation"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of June 30, 2024, and the respective changes in net assets, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives 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 to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements 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.



To the Board of Directors  
South Coast Air Quality Management Corporation Building Corporation  
Diamond Bar, California

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Summarized Comparative Information***

As part of our audit, we also reviewed the summarized comparative information presented for the previous year. We have verified that this information is consistent, in all material respects, with the audited financial statements from which it has been derived. Our procedures included assessing whether the summarized comparative information reconciles to the underlying audited financial data and evaluating whether the presentation and disclosure of this comparative information in the current financial statements are appropriate.

**LSL, LLP**

Irvine, California  
March 10, 2025

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
BUILDING CORPORATION**  
Statement of Financial Position  
June 30, 2024  
(With Comparative Totals for 2023)

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
Current Assets		
Cash and cash equivalents	\$ 184,426	\$ 175,861
Total Curent Assets	184,426	175,861
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued expenses	3,592	-
Total Current Liabilities	3,592	-
<b>NET ASSETS</b>		
Without donor restrictions	180,834	175,861
Total Liabilities and Net Assets	\$ 184,426	\$ 175,861

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
BUILDING CORPORATION**

**Statement of Activities**

**Year Ended June 30, 2024**

**(With Comparative Totals for 2023)**

	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Interest income	\$ 8,565	\$ 5,152
Total Revenue	8,565	5,152
<b>Expenses</b>		
Administrative expenses	3,592	3,725
Total Expenses	3,592	3,725
Changes in net assets without donor restrictions	4,973	1,427
Net assets without donor restrictions, beginning of year	175,861	174,434
Net assets without donor restrictions, end of year	\$ 180,834	\$ 175,861

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
BUILDING CORPORATION**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**  
**(With Comparative Totals for 2023)**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Increase in unrestricted net assets	\$ 4,973	\$ 1,427
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Change in operating assets and liabilities:		
Increase in accounts payable	3,592	-
Net cash used by operating activities	8,565	1,427
Net Increase (Decrease) in cash and cash equivalents	8,565	1,427
Cash and cash equivalents at beginning of year	175,861	174,434
Cash and cash equivalents at end of year	\$ 184,426	\$ 175,861

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
BUILDING CORPORATION  
Notes to Financial Statements  
For the Year Ended June 30, 2024**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

The South Coast Air Quality Management District Building Corporation (Corporation) was incorporated as a nonprofit corporation under the laws of the State of California on September 21, 1978. The Corporation was formed for the purpose of financing the acquisition and improvement of a building complex/headquarters of the South Coast Air Quality Management District (South Coast AQMD). The Corporation has financed, improved, and/or constructed a past building complex/headquarters in El Monte, California and the current building complex/headquarters in Diamond Bar, California.

Although the Corporation is a legally separate entity from the South Coast AQMD, its financial operations are closely related and the South Coast AQMD Governing Board approves the appointment of the Corporation's Board of Directors. The Corporation has had significant transactions with the South Coast AQMD for the construction and improvement of the South Coast AQMD's headquarters facility. Therefore, in accordance with GAAP, the Corporation is included within the South Coast AQMD financial reporting entity as a blended component unit. Separate financial statements for the South Coast AQMD may be obtained from South Coast AQMD's Finance Office located at 21865 Copley Drive, Diamond Bar, California 91765.

The Corporation and the South Coast AQMD entered into an Installment Purchase Agreement relating to Headquarters Facilities whereby the Corporation agreed to sell the Project to the South Coast AQMD and the South Coast AQMD agreed to purchase the Project from the Corporation.

The Corporation issued the Installment Sale Revenue Bonds 1988 Series A on August 1, 1988 and the 1989 Series B on September 1, 1989 to provide the funds to purchase land and to design and build the Diamond Bar Headquarters. On December 1, 1992, the Corporation issued the 1992 Series to refund portions of the Series A and the Series B bonds. On June 1, 2002, Installment Sale Revenue Bonds Refunding Series 2002 were issued to refund Series 1992 bonds. As of June 30, 2013, the Series 2002 Installment Sale Bonds were legally defeased.

***Basis of Presentation***

The financial statements of the Corporation have been prepared on the accrual basis in accordance with the accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provision of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

***Net assets without donor restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. The Corporation's board may designate assets without restrictions for specific operational purposes from time to time. As of June 30, 2024, the Corporation has net assets without donor restrictions of \$180,834.

***Net assets with donor restrictions:*** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. During fiscal year ended June 30, 2024, the Corporation did not have any net assets with donor restrictions.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

For financial reporting purposes, cash and cash equivalents include cash and investments that have maturities of less than three months.

***Revenue***

The Corporation's revenues are recognized on an accrual basis.

***Income Taxes***

The Corporation is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

**NOTE 2: LIQUIDITY MANAGEMENT**

The Corporation's financial assets which consist of cash and cash equivalents of \$184,426 are available within one year of the balance sheet to pay for general expenditures. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Corporation invests excess cash in money market and certificate of deposits.

**NOTE 3: CONCENTRATION OF CREDIT RISK**

The Corporation deposits its temporary cash, money market accounts and certificate of deposits with creditworthy, high-quality financial institutions, totaling within the federal depository insurance limit of \$250,000 per depository account. Hence, there are no losses expected from these deposits.

**NOTE 4: COMPARATIVE FINANCIAL DATA**

The amounts shown for 2023 in the accompanying financial statements are included only to provide a basis for comparison with 2024 and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

**NOTE 5: SUBSEQUENT EVENTS**

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through March 10, 2025, the date the financial statements were issued, and concluded no events have occurred that require disclosure or adjustments to the financial statements.



March 10, 2025

To the Board of Directors  
South Coast Air Quality Management Corporation Building Corporation  
Diamond Bar, California

We have audited the financial statements of South Coast Air Quality Management Corporation Building Corporation, (the "Corporation") for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 8, 2024. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Corporation are described in notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year ended June 30, 2024. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

##### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 10, 2025.



To the Board of Directors  
South Coast Air Quality Management Corporation Building Corporation  
Diamond Bar, California

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*LSL, LLP*  
LSL, LLP



# South Coast Air Quality Management District

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Agenda Item #4

August 8, 2025

South Coast Air Quality Management  
District Building Corporation

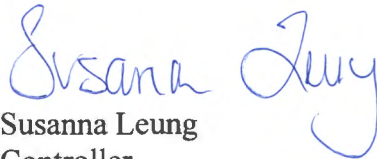
Recommendation to Engage Lance, Soll & Lunghard, LLP  
for the Annual South Coast AQMD Building Corporation  
Financial Statement Audit, Fiscal Year Ended June 30, 2025

Staff recommends that the Corporation's Vice President be authorized to execute the attached engagement letter with Lance, Soll & Lunghard, LLP for the FY 2024-25 annual financial statement audit and related accounting work. The letter states that the services will be provided for a fixed fee of \$2,888. This work should be facilitated by virtue of Lance, Soll & Lunghard, LLP's, selection to provide similar services for the South Coast AQMD.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

- Authorize the Vice President to execute the Lance, Soll & Lunghard, LLP financial audit engagement letter.

Respectfully,

  
Susanna Leung  
Controller

SJ:SL:gp



July 28, 2025

South Coast Air Quality Management District Building Corporation  
Sujata Jain, Treasurer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

LSL, LLP (LSL CPAs) is pleased to provide South Coast Air Quality Management District Building Corporation (hereinafter “the Organization”, you” or “your”) with the professional services described below. This letter, and the attached Terms and Conditions Addendum and any other attachments incorporated herein, confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Letter subject to our contract with you and where there are discrepancies between this letter and the contract, the contract shall prevail.

### **Audit Scope and Objectives**

We will audit the financial statements of South Coast Air Quality Management District Building Corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related disclosures. 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 our auditors’ report will provide an opinion on it in relation to the financial statements as a whole:

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 consolidated financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. 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 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.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, 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 Organization or to acts by management or employees acting on behalf of the Organization.



Page 2

South Coast Air Quality Management District Building Corporation

Sujata Jain, Treasurer

South Coast Air Quality Management District

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. 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 obtain an understanding of the Organization and its environment, including internal control relevant to the audit, 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. 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 deficiencies in internal control. 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 professional standards.

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

- Revenue recognition
- Classification of net asset

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 Organization'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, tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the consolidated financial statements and related matters.

### **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, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also 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 Organization 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 the financial statements and related matters.



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Sujata Jain, Treasurer

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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 Organization 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 Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information 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.

You are responsible for all management decisions and performing all management functions; establishing and maintaining internal controls, including monitoring ongoing activities; designating an individual who possesses suitable skill, knowledge, and experience to oversee our tax services, preparation of your financial statements, bookkeeping and other services. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of the services.

## **OTHER SERVICES**

We will perform the following services:

We will prepare or assist in preparing the consolidated financial statements and related notes of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. We also provide tax services noted below. These nonaudit services do not constitute an audit in accordance with *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the information return, but management must make all decisions with regard to those matters.

You agree to assume all management responsibilities for the tax services, financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and 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 results of the services, 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.

## **OUR TAX SERVICES**

We will prepare the Organizations federal and California state information returns for the year ending June 30, 2025, and the related estimates which you will be required to file from the information you will furnish to us.





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Under California law, we are required to electronically file your returns. We will provide you with a copy of your final returns for review prior to electronic transmission. The tax authorities require that you sign an e-file authorization form indicating that you have reviewed the return, it is correct to the best of your knowledge, and you authorize us to submit it electronically. We cannot transmit any return until we have the appropriate signed authorizations. You may opt out of electronically filing by applying for a waiver with the Franchise Tax Board. If you would rather not e-file, please let us know and we will apply for a waiver on your behalf. Paper copies will be provided for you to sign and mail. In the event your returns are not e-filed you will have final responsibility for mailing your returns.

The filing deadline for the tax returns is November 15<sup>th</sup> (May 15<sup>th</sup> with an extension). If you cannot submit all your tax filing information by the deadline, please notify us in writing so we can apply for extensions of time to file your tax returns. We will use the information available to us at the time to prepare the extension. An extension, however, only provides you with an extension to file the return itself, not an extension to pay any potential tax due. Taxes paid after the due date will result in penalties and interest.

We will not prepare any tax returns except those identified above, without your written request, and our written consent to do so. We will prepare your information returns based upon information and representations that you provide to us. We will not audit or otherwise verify the data you submit to us, although we may ask you to clarify certain information.

We will prepare the above-referenced tax returns solely for filing with the Internal Revenue Service ("IRS") and state and local tax authorities as identified above. Our work is not intended to benefit or influence any third party, either to obtain credit or for any other purpose. You agree to indemnify and hold us harmless with respect to any and all claims arising from the use of the tax returns for any purpose other than filing with the IRS and state and local tax authorities regardless of the nature of the claim, including negligence of any party.

Your tax returns may be selected for review by the taxing authorities. Our fee does not include responding to inquiries by taxing authorities, and you understand that we are not responsible for IRS or state disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. Any items which may be resolved against you by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

## **REPORTING**

We will issue a written report upon completion of our audit of the Organization's financial statements. You agree to include our audit report in any document containing financial statements that indicate that such financial statements have been audited by us and, prior to inclusion of our audit report, to ask our permission to do so. Our report will be addressed to management of the Organization. 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 withdraw from this engagement.

## **ENGAGEMENT ADMINISTRATION, FEES, AND OTHER**

Brandon Young, CPA and Ryan Domino, CPA are the engagement partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it. The timing of our work is dependent upon the timely receipt of the information we request from you. Our services will conclude with the delivery of our report to you or upon termination of the engagement, if earlier.





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Sujata Jain, Treasurer

South Coast Air Quality Management District

We expect to begin our year-end procedures in June 2025, and plan to issue our report in January 2026. The timing of our work is dependent upon the timely receipt of the information we request from you. Our services will conclude with the delivery of our report to you or upon termination of the engagement, if earlier.

Our professional fee for the services outlined above is estimated to be \$2,888.

Our fees depend upon the timely delivery, availability, quality, and completeness of the information you provide to us. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. We anticipate 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 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.

You may request that we perform other additional services not contemplated by this letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. We also may issue a separate letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this letter.

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. Please sign this Letter and return it to us to acknowledge your acceptance.

Very truly yours,

*LSL, LLP*

LSL, LLP

ACCEPTED:

This letter correctly sets forth the understanding of South Coast Air Quality Management District Building Corporation:

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

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

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

# LSL, LLP's Terms and Conditions Addendum

## **Overview**

This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions Addendum") related to our provision of services to you. This addendum, and the accompanying engagement letter, and, if applicable, our contract or professional services agreement with you comprise your agreement with us ("Agreement"). The hierarchy of precedence of the documents comprising our Agreement is as follows: (1) the contract or professional services agreement, (2), the engagement letter, and (3) this *Terms and Conditions Addendum*. If there is any inconsistency between the engagement letter, this *Terms and Conditions Addendum*, and our contract or professional services agreement, the contract or professional services agreement will prevail to the extent of the inconsistency. If there is any inconsistency between this *Terms and Conditions Addendum* and the engagement letter, then the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to "firm," "we," "us," or "our" is a reference to LSL, LLP, and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this Terms and Conditions Addendum.

## **Billing and Payment Terms**

We will bill you for our professional fee. Payment is due upon receipt of the invoice. Failure to pay timely will result in interest charges of 1.5% per month (18% annually) on the unpaid balance. You have thirty 30 days from the invoice date to review the invoice and to communicate to us, in writing, any disagreement with the charges, after which you waive the right to contest the invoice.

In accordance with our firm policies, we reserve the right to suspend or terminate our work for non-payment of fees. In the event that work is discontinued, either temporarily or permanently, as a result of delinquent payment, we shall not be liable for any damages you may incur as a result of the work stoppage. Work will be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. Work will be terminated if your account balance becomes 180 days overdue. If our work is suspended or terminated, you assume all risk associated with your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of our services.

## **Termination and Withdrawal**

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, non-payment of fees, your failure to comply with the terms of this Agreement, or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines.

If this Agreement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective date of termination.

## **Proprietary Information**

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically

store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

### ***Conflicts of Interest***

If we, in our sole discretion, believe a conflict of interest has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to terminate our services without issuing our work product.

### ***Client Portals***

To enhance our services to you, we will utilize client portals. These are collaborative, virtual workspaces in a protected, online environment. Client portals permit real-time collaboration across geographic boundaries and time zones and allows LSL, LLP and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use one of our portals, you may be required by the provider of the portal to execute a client portal agreement and agree to be bound by the terms, conditions, and limitations of such agreement. You agree that we have no responsibility for the activities of the portal provider and agree to indemnify and hold us harmless with respect to any and all claims arising from or related to the operation of the portal.

LSL, LLP is not a host for any of your information. You are responsible for maintaining your own copy of this information. We do not provide back-up services for any of your data or records, including information we provide to you. Portals are utilized solely as a method of transferring data and are not intended for the storage of your information. Information on a portal may be deleted by LSL, LLP.

If you decide to transmit your confidential information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than a secure portal, you agree that we are not responsible for any liability, including but not limited to, (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

### ***Third-Party Service Providers or Subcontractors***

We may use third-party service providers, subcontractors, commercially-available artificial intelligence, or software tools, some of which may utilize or offer artificial intelligence capabilities, (collectively, "external party" or "external parties"), to assist us where necessary to help provide professional services to you or support the needs of our firm. Prior to utilization of third parties, we will inform you of our intent and request your consent to our use of external parties. Our firm remains responsible for exercising reasonable care in providing our services, and our services and work product will be subjected to our firm's customary quality control procedures.

We may provide your confidential information to external parties in support of our services. You consent to the disclosure of your confidential information to those external parties. We take reasonably prudent business care consistent with our professional standards to prevent the unauthorized release of your confidential information.

In certain circumstances, we may require a separate, written consent from you before your information is transmitted to an external party or parties.

### ***Records Management***

#### **Record Retention and Ownership**

We will return any original records and documents you provide to us. Our copies of your records and documents are solely for our documentation purposes and are not a substitute for your own record-keeping obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, tax returns and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within 30 days. Professional standards may preclude us from being the sole repository of your original data, records, or information.

Workpapers and other items created by us to support the delivery of our services are our property and will remain in our control. We will consider requests for copies of workpapers and other items created by us in accordance with the AICPA Code of Professional Conduct. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. Our firm destroys workpaper files after a period of 7 years.

Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period, as stated in our record retention policy.

#### Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, the sale of your organization, or the sale of our accounting practice. If requested, access to such workpapers will only be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive such a request, we agree to inform you of it as soon as practicable unless we are prohibited from doing so by applicable laws or regulations. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

#### Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

#### **Confidentiality**

In providing services to you, we may require information that is considered confidential and may include Personally Identifiable Information (PII), i.e. information that can be used to distinguish or trace an individual's identity such as address, bank account and social security information. We will maintain all client information, including PII, on a confidential basis and have a duty to do so based on the standards promulgated by the American Institute of Certified Public Accountants as well as applicable laws and regulations. You assume the risk of loss if you provide us with information, including PII, which differs from the information we request in order to provide services to you in accordance with the Agreement.

***Referrals***

In the course of providing services to you, you may request referrals to products or professionals such as attorneys, brokers, or investment advisors. As a courtesy, we may identify professional(s) or product(s) for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional or product and determining if the professional or product meets your needs. You agree that we will not oversee the activities of and have no responsibility for the work product of any professional or suitability of any product we refer to you or that you separately retain. Further, we are not responsible for any services we perform that fail to meet the intended outcomes as a result of relying on the services of other professionals or products you may retain.

***Limitations on Oral and Email Communications***

We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may not be appropriate to proceed with a decision solely on the basis of any oral or email communication from us. You accept all responsibility for any liability, including but not limited to additional tax, penalties or interest resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this service in a separate agreement.

***Brokerage, Investment Advisory or Digital Asset Statements***

If you provide our firm with copies of brokerage, investment advisor, or digital asset statements, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of this Agreement. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend that you receive and carefully review all statements upon receipt, and direct any questions regarding account activity to your banker, broker, or investment advisor.

***Disclaimer of Legal and Investment Advice***

Our services under this Agreement do not constitute legal or investment advice unless specifically engaged to provide investment advice in the *Engagement Objective and Scope* section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

***Electronic Data Communication and Storage***

In the interest of facilitating our services to you, we may send data over the Internet, temporarily store electronic data via computer software applications hosted remotely on the Internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us. You consent to our use of these electronic devices and applications during this engagement.

***Marketing and Educational Communications***

We may send newsletters, emails, updates, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications, by themselves, do not create a contractual relationship between us and you, a binding obligation for us to provide services to you, nor a requirement on our part to monitor issues for you.

***Federally Authorized Practitioner – Client Privilege***

Internal Revenue Code §7525, *Confidentiality Privileges Related to Taxpayer Communication*, provides a limited confidentiality privilege applying to tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, the privilege may not apply to your records, state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this federally authorized practitioner-client privilege.

***Dispute Resolution***

If a timely dispute arises out of or relates to this Agreement, including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association (“AAA”) under the *AAA Accounting and Related Services Arbitration Rules and Mediation Procedures* before resorting to arbitration, litigation, or any other dispute resolution procedure. The mediator will be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in California.

The mediation will be treated as a settlement discussion and, therefore, all discussions during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs of legal representation shall be borne by the hiring party.

This provision shall not apply to any dispute of fees owed, billed or due.

***Limitation of Liability***

LSL, LLP’s liability for all claims, damages, and costs arising from negligent acts, errors, or omissions committed by us in the performance of this engagement is limited to 3 times the total amount of fees paid by you to LSL, LLP for the service giving rise to this liability.

***Limitation of Damages***

Notwithstanding anything to the contrary in this agreement, LSL, LLP shall not be liable for any lost profits, indirect, special, incidental, punitive, consequential, or similar damages, to the extent such damages may be lawfully limited or excluded, of any nature even if we have been advised by you of the possibility of such damages ***Indemnification of LSL, LLP the following is applicable to audit and attest engagements only:***

You agree to hold us harmless from any and all claims which arise from knowing misrepresentations to us, or the intentional withholding or concealment of information from us by your management. You also agree to indemnify us for any claims made against us by third parties, which arise from any of these actions by your management. The provisions of this paragraph shall apply regardless of the nature of the claim.

*The following applies to non-attest engagements only:*

Unless otherwise stated in the Agreement, you agree to indemnify, defend, and hold harmless LSL, LLP and any of its partners, principals, shareholders, officers, directors, members, employees, agents or assigns with respect to any and all claims made by third parties arising from this engagement, regardless of the nature of the claim, and including the negligence of any party, excepting claims arising from the gross negligence or intentional acts of LSL, LLP.

### ***Statute of Limitations***

You agree that any claim arising out of this Agreement shall be commenced within 3 year(s) of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against LSL, LLP.

### ***Insurance***

LSL, LLP shall, during the term of the engagement, maintain in full force and effect, accountants' professional liability insurance coverage from an insurer or insurers licensed to conduct business in the state of California. As of the policy effective date, such insurer or insurers shall be rated A- (Excellent), by A.M. Best with a Financial Size Category of Class VII or greater. Premiums for said insurance policy shall be paid by LSL, LLP.

Upon your written request, LSL, LLP shall furnish certificates of insurance for the required insurance coverage. Such certificate of insurance shall indicate the minimum limits of liability per claim and in the aggregate, as required by you.

### ***Independent Contractor***

When providing services to your company, we will function as an independent contractor and in no event will we or any of our employees be an officer of you, nor will our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar relationship giving rise to a fiduciary duty to you.

Our obligations under this Agreement are solely obligations of LSL, LLP, and no partner, principal, employee, or agent of LSL, LLP shall be subjected to any personal liability whatsoever to you or any person or entity.

### ***Severability***

If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

### ***Survivability***

The following sections of this Terms and Conditions Addendum shall survive termination of the Agreement: Limitation of Liability, Limitation of Damages, Indemnification, and Statute of Limitations.

### ***Assignment, No Third Party Beneficiaries***

All parties acknowledge and agree that the obligations and responsibilities of this Agreement cannot be assigned to any third party except as agreed to in writing. This Agreement has been entered into solely between you and LSL, LLP, and no third-party beneficiaries are created hereby.



### ***Force Majeure***

Neither party shall be held liable for any delays resulting from circumstances or causes beyond our reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, epidemics or pandemics as defined by The Centers for Disease Control and Prevention, or any law, order or requirement of any governmental agency or authority. However, no Force Majeure event shall excuse you of any obligation to pay any outstanding invoice or fee or from any indemnification obligation under this Agreement.

### ***Electronic Signatures and Counterparts***

Each party hereto agrees that any electronic signature intended to replicate a written signature, shall be presumed valid, and we may reasonably rely upon it. For purposes hereof, "electronic signature" includes, but is not limited to, a scanned copy of a manual signature, an electronic copy of a manual signature affixed to a document, a signature incorporated into a document utilizing touchscreen capabilities, or a digital signature. Documents may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.

### ***Firm Associations***

The firm is a member of PrimeGlobal, the association of advisory and accounting firms. No PrimeGlobal member firm is an agent or partner of the association or of any other member firm. No PrimeGlobal member firm has the authority to enter into any legal obligations on behalf of the association or any other member firm. If the firm introduces you to another PrimeGlobal member firm, this firm specifically denies any liability for any work performed by that firm. You should make your own contractual arrangements with that firm for work that they perform. The fact that you may have been introduced to us by another PrimeGlobal member firm does not make that firm, its partners, or its employees responsible for any of our acts or omissions.

The firm is not the agent or partner of PrimeGlobal or any other member firm, and does not have the authority to enter into legal obligations on behalf of either the association or any other member firm thereof. You agree that this firm has the sole liability for any work performed under this engagement and you undertake not to make any claim or bring any proceedings against either PrimeGlobal or any other member of PrimeGlobal in relation to work covered by this engagement.

### ***Entire Agreement***

This Agreement, including this *Terms and Conditions Addendum*, represents the entire agreement of the parties and supersedes all previous oral, written or other understandings and agreements between the parties. Any modification to the terms of this Agreement must be made in writing and signed by both parties. This Agreement has been entered into solely between you and LSL, LLP, and no third-party beneficiaries are created hereby.

**THIS AGREEMENT CONTAINS AN ARBITRATION PROVISION.** You and the firm agree that any dispute between us relating to our services shall be submitted to formal mediation and, if not resolved, mandatory, binding, and confidential arbitration. ***We specifically direct your attention to the Dispute Resolution provision on page 5 of our Terms and Conditions Addendum***

Very truly yours,

LSL, LLP

Accepted:

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

Name: \_\_\_\_\_

Entity Name (If Relevant): South Coast Air Quality Management District

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