

Board of Directors and Management
Indiana Professional Management Group, Inc.
West Lafayette, Indiana

As part of our audit of the financial statements of Indiana Professional Management Group, Inc. (IPMG) as of and for the year ended December 31, 2020, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

IPMG's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- In connection with IPMG's borrowings under the Paycheck Protection Program (PPP), management has elected to account for borrowings under Accounting Standards Codification (ASC) Topic 470, *Debt*

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance for uncollectible accounts receivable balances and estimates for implicit price concessions
- Measurement of certain accrued expenses, including the liability of self-insured health insurance claims

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Program revenue (Note 2)
- Long-term debt, including PPP loan and advance repayment of notes payable to former stockholders (Note 4)
- Employees stock ownership plan (ESOP) (Note 6)
- Client billing audit from Indiana Family and Social Services Administration (FSSA), including resolution subsequent to year-end (Note 7)

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments, which in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. There were no areas in which adjustments were proposed during our audit.

Auditor's Judgments About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding IPMG's application of accounting principles:

- No matters are reportable

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we had no difficulties and received excellent cooperation and assistance from management.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of Indiana Professional Management Group, Inc. (IPMG) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered IPMG's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IPMG's internal control. Accordingly, we do not express an opinion on the effectiveness of IPMG's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of IPMG's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a deficiency.

Deficiency

Segregation of Duties - Controller

The controller has conflicting duties in access, recording and monitoring functions of the cash receipts, cash disbursements and payroll cycles. These conflicting duties create a situation where intentional or unintentional errors could occur and not be detected timely. While compensating controls exist to review and monitor the activities of the controller, we recommend management continue to evaluate staffing requirements and responsibilities to ensure appropriate segregation of duties exist.

Management's Response: Although management understands the controller has conflicting duties over cash receipts, cash disbursements and the payroll cycles, management feels there are adequate compensating controls that would timely detect any errors in the financial statements. Management has safeguards in place, such as the inability of the controller to complete an ACH/wire transfer or to sign checks. In addition, monitoring of the controller's activities is performed by the CEO, contracted CFO, Human Resource Director and the board of directors. There are review processes in place for transactions to be reviewed by the various management personnel prior to transactions being completed by the controller. Additionally, IPMG continues to evaluate adding resources to the finance function and responsibilities are currently being evaluated to further mitigate risks.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Deferral of Effective Date for Lease Accounting Standard

With the passage of Accounting Standards Update (ASU) 2020-05, the Financial Accounting Standards Board (FASB) delayed the effective date for ASC 842, *Leases*. Under ASC 842, lessees will recognize lease assets and liabilities on their balance sheet for all leases with terms of more than 12 months. The new lessee accounting model retains two types of leases, and is consistent with the lessee accounting model under existing GAAP. One type of lease (finance leases) will be accounted for in substantially the same manner as capital leases are accounted for today. The other type of lease (operating leases) will be accounted for (both in the income statement and statement of cash flows) in a manner consistent with today's operating leases.

Lessees and lessors are required to provide additional qualitative and quantitative disclosures to help financial statement users assess the amount, timing, and uncertainty of cash flows arising from leases. These disclosures are intended to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an organization's leasing activities.

The standard is now effective for your annual reporting periods beginning after December 15, 2021 (IPMG's fiscal year 2022). This represents a one-year delay from previously issued effective dates. IPMG should evaluate its current lease for administrative office space and any other agreements which may constitute a lease under the new guidance to determine applicability.

Legislation Related to COVID-19

New legislation was enacted by the United States Congress to respond to the overall effect of the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19). The new legislation is unprecedented in scale and scope and includes several bills, some of which are as follows:

- Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief and Economic Security Act (CARES Act)
- Paycheck Protection Program and Health Care Enhancement Act (PPPHEA)
- Consolidated Appropriations Act, 2021

The passage of these laws in March, April and December 2020 has a wide sweeping effect on all businesses as they address the impact to their business in the preparation for the COVID-19 pandemic. The Consolidated Appropriations Act provided additional relief to small businesses in the form of expansion of PPP loans to second round borrowers, extension of the Employee Retention Credit and expansion to those organizations who were previously ineligible due to obtaining first round PPP draws as well as expanded funding through the Public Health and Social Services Emergency Fund. The Consolidated Appropriations Act also clarified and updated previously issued guidance.

Management's written response to the deficiency identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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

BKD, LLP

Indianapolis, Indiana
March 26, 2021

Representation of:

Indiana Professional Management Group, Inc
1305 Cumberland Avenue, Suite 110
West Lafayette, IN 47906

Provided to:

BKD, LLP
Certified Public Accountants
201 North Illinois Street, Suite 700
Indianapolis, IN 46204

The undersigned (“We”) are providing this letter in connection with BKD’s audits of our financial statements as of and for the years ended December 31, 2020 and 2019.

Our representations are current and effective as of the date of BKD’s report: March 26, 2021.

Our engagement with BKD is based on our contract for services dated: October 12, 2020.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD’s report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Confirmation of Matters Specific to the Subject Matter of BKD's Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
4. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of directors' meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
 - f. All peer review organizations, fiscal intermediary and third-party payer reports and information.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities or net position.
7. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial statements.
8. We have no knowledge of any communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers or others.
10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
11. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate; management and members of their immediate families, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

12. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

- d. Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Restrictions on cash balances or compensating balance agreements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
14. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
15. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
16. We have informed you of all pending or completed investigations by regulatory authorities of which we are aware. There are no known circumstances that could jeopardize the entity's participation in governmental health care programs.
17. Adequate provisions and allowances have been accrued for any material losses from:
- a. Uncollectible receivables.
 - b. Third-party payer contractual, audit or other adjustments, including outstanding claim reviews by Indiana FSSA.
18. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

19. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
20. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
21. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
22. With respect to any nonattest services you have provided us during the year, including drafting of the financial statements and related notes:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
23. The shares released for the ESOP loan repayment total 53,997 and were funded through an employer contribution.
24. We acknowledge the entity does not meet the definition of a “public business entity” under generally accepted accounting principles.
25. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management’s plans not yet fully implemented and concluded substantial doubt does not exist.

26. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Companies are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable, etc., that could negatively impact our ability to meet debt covenants or maintain sufficient liquidity. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on our financial statements. Further, management and the Board are solely responsible for all aspects of managing IPMG, including questioning the quality and valuation of assets, reviewing allowances for price concessions, and evaluating capital needs and liquidity plans.
27. With regards to our loan obtained under the Paycheck Protection Program (PPP), dated May 6, 2020, we represent the following:
- a. At the time of the loan application, the current economic uncertainty that existed made this loan request necessary to support the entity's ongoing operations. In making this assessment, we considered the nature of our business activities at the time of the loan application and our ability to access other sources of liquidity that were or could have been sufficient to support ongoing operations.
 - b. The entity, when considered together with all its affiliates, had fewer than 500 employees at the date of the loan application.
 - i. In addition, we have determined the number of full-time equivalent employees on payroll at the time of the application in a manner that is consistent with the clarification guidance released by the Small Business Administration.
 - c. During the period beginning on February 15, 2020, and ending on December 31, 2020, we have not received more than one loan under the Paycheck Protection Program. The total of any PPP loans received by us does not exceed \$20 million in the aggregate.
 - d. We have not used the proceeds from the PPP loan for expenditures that were covered by other funding sources, *i.e.*, government grants or contracts.

- e. The funds received under this loan have only been used to retain workers and maintain payroll, or to make mortgage interest, lease and utility payments.
- f. We have not spent more than 40 percent of the loan amount for nonpayroll costs.

DocuSigned by:
Karen Brummet 3/26/2021
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