

***Educational Service Unit No. 18 of the
State of Nebraska
(A Component Unit of Lancaster County School District 001 –
Lincoln Public Schools)***

*Financial Statements and Supplemental Schedules - Modified Cash Basis
for the Year Ended August 31, 2014 and Independent Auditors' Report*

EDUCATIONAL SERVICE UNIT NO. 18 OF THE STATE OF NEBRASKA

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November 3, 2014

INDEPENDENT AUDITORS' REPORT

Board of Education
Educational Service Unit No. 18 of the State of Nebraska
Lincoln, Nebraska

We have audited the accompanying modified cash basis financial statements of the governmental activities of Educational Service Unit No. 18 of the State of Nebraska (the "ESU 18"), a component unit of Lancaster County School District 001 – Lincoln Public Schools, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise ESU 18's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of ESU 18, as of August 31, 2014, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ESU 18's basic financial statements. The accompanying Schedule of General Fund Receipts, Expenditures and Fund Balance, Budget and Actual – Modified Cash Basis and the Schedule of General Fund Expenditures – Modified Cash Basis, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014, on our consideration of ESU 18's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ESU 18's internal control over financial reporting and compliance.



HSMC ORIZON LLC

EDUCATIONAL SERVICE UNIT NO. 18 OF THE STATE OF NEBRASKA

STATEMENT OF NET POSITION - MODIFIED CASH BASIS AUGUST 31, 2014

	<u>Governmental Activities</u>
ASSETS:	
Investments held by Lincoln Public Schools	\$ 2,710,639
LIABILITIES:	
Accrued expenses and encumbrances	<u>448,291</u>
NET POSITION:	
Unrestricted	<u><u>\$ 2,262,348</u></u>

See Notes to Financial Statements.

EDUCATIONAL SERVICE UNIT NO. 18 OF THE STATE OF NEBRASKA

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED AUGUST 31, 2014

Functions/Programs	Expenditures	Program Receipts		Net (Expenditures)/ Receipt and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
Instruction	\$ 1,020,344	\$ 1,002,774	\$ 5,000	\$ (12,570)
Support services	5,615,219	4,810,573		(804,646)
General administration	129,497			(129,497)
Co-op services	<u>2,780,334</u>			<u>(2,780,334)</u>
Total governmental activities	<u>\$ 9,545,394</u>	<u>\$ 5,813,347</u>	<u>\$ 5,000</u>	<u>(3,727,047)</u>
General receipts:				
Taxes:				
Property				2,684,473
Pro rate motor vehicle				7,553
State aid				1,487,266
Other				<u>1,679</u>
Total general receipts				<u>4,180,971</u>
Change in net position				453,924
Net position - beginning of year				<u>1,808,424</u>
Net position - ending of year				<u>\$ 2,262,348</u>

See Notes to Financial Statements.

EDUCATIONAL SERVICE UNIT NO. 18 OF THE STATE OF NEBRASKA

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS FOR THE YEAR ENDED AUGUST 31, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – On November 28, 1972, the Lincoln Educational Service Unit, a tax-supported governmental organization, was formed to provide supplementary educational services to Lancaster County School District 001 – Lincoln Public Schools (the “School District”). It was later renamed as the Educational Service Unit No. 18 of the State of Nebraska (“ESU 18”) by statute. The ESU 18, a component unit of Lancaster County School District 001 – Lincoln Public Schools as defined by the Governmental Accounting Standards Board, is controlled by the same Board of Education as is elected for the School District and is supported by property taxes of up to 1.5 cents per one hundred dollars of valuation. The ESU 18 is a tax-exempt political subdivision of the State of Nebraska under Nebraska Statute §79-1202.

Reporting Entity – The financial statements of the ESU 18 include all significant separately administered organizations for which the ESU 18 is financially accountable. Financial accountability is determined on the basis of selection of governing authority, imposition of will, a financial benefit/burden relationship, and/or fiscal dependency. The ESU 18’s financial statements are included in the School District’s financial statements as a blended component unit and has no component units included in these financial statements.

Basis of Presentation – The ESU 18 prepares its financial statements based on the provisions of Statement No. 34 (“Statement 34”) of the Government Accounting Standards Board *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Statement 34 establishes standards for external financial reporting for all state and local government entities, which includes government-wide financial statements and fund financial statements. Fund financial statements are not presented as part of these financial statements due to the ESU 18 only having one fund which would report essentially the same information as the government-wide financial statements. However, on fund financial statements, the fund balance is reported in five classifications based primarily on the extent to which the ESU 18 is bound to observe constraints imposed upon the use of the resources. The classifications are nonspendable, restricted, committed, assigned and unassigned. As of August 31, 2014, the entire fund balance is considered unassigned.

Basis of Accounting – The accompanying statements have been prepared on the modified cash basis of accounting. Under the cash basis of accounting, revenues are recognized when collected rather than when earned and expenses are recognized when paid rather than incurred. While a primarily cash basis methodology is used, the ESU 18 does utilize certain characteristics of accrual accounting in their accounting policies to more accurately depict the cash position of the ESU 18. Specifically, payroll-related accrued expenses and operating encumbrances for specific purchase orders are recorded as liabilities at the end of the fiscal year.

The year-end potential liabilities not recorded include:

- Potential liabilities based on blanket purchase orders in any of the ESU 18’s funds, as these ongoing purchase orders do not represent a specific dollar-amount liability for the ESU 18; and
- Unencumbered accounts payable; deferred revenues; notes; bonds and capital lease obligations; compensated absences and pension liabilities.

Accordingly, the financial statements and schedules are not intended to present the financial position and results of operation in conformity with accounting principles generally accepted in the United States of America.

General Fund – This fund finances the educational services rendered by the ESU 18 and is used to account for all financial resources except those required or determined to be accounted for in another fund. Currently, the ESU 18 maintains no other funds.

Budgetary Data – The ESU 18 Board (the “Board”) follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

1. Prior to September 1, the Board proposes a budget on the modified cash basis of accounting for the fiscal year commencing September 1. The operating budget includes proposed expenditures and the means of financing them.
2. Hearings are conducted at a public meeting to obtain public comments.
3. Prior to September 20, the budget is legally adopted by the Board and submitted to the Office of the Auditor of Public Accounts and to the County Clerk.
4. Once approved by the Board, total expenditures cannot legally exceed total appropriations for the ESU 18 as a whole without holding a public budget hearing and obtaining approval from the Board. No amendments to the legally adopted budget were made for the year ended August 31, 2014.
5. Appropriations lapse at the end of the fiscal year.

Property Taxes – The tax levies for all political subdivisions in Lancaster County (the “County”) are certified by the County Board on or before October 15. Real estate and personal property taxes are due and become an enforceable lien on property on December 31. The first half of real estate and personal property taxes becomes delinquent on April 1 and the second half becomes delinquent August 1 following the levy date. Delinquent taxes bear a statutory rate (currently 14%) of interest. Property taxes are recognized when received from Lancaster County. Accordingly, unremitted taxes of \$160,690 at August 31, 2014, collected by the County, have not been reflected in the ESU 18’s financial statements.

The 2013 property tax valuation for the ESU 18 was \$17,615,372,867. A tax levy of \$0.015 per \$100 of valuation was adopted to obtain a property tax assessment of \$2,642,305 for the 2013-2014 budget year.

Cash held by Lincoln Public Schools – The ESU 18 does not maintain a separate bank account, but instead operates as part of a pooled cash account and investments with the School District. The ESU 18’s share of cash and investments are recognized as a cash equivalent of the financial statement. The amount held by the School District consists of \$2,710,639 of investments at August 31, 2014.

Interlocal Agreements – The School District and the ESU 18 have entered into agreements whereby each entity provides certain services on behalf of the other. The ESU 18 provides certain technology and instructional media services to the School District. For the year ended August 31, 2014, the ESU 18 paid the School District \$2,780,334 for these services. The payments to the School District are shown as expenditures on the Statement of Activities. The School District provides instructional media services, instructional and administrative technology services, and staff development services to the ESU 18. For the year ended August 31, 2014, the School District paid the ESU 18 \$4,810,573 for these services. The payments by the School District for these support services are reported as program receipts on the Statement of Activities.

Compensated Absences – Vacation benefits are recorded when paid. The liability for accumulated unpaid vacation benefits of ESU 18 amounting to approximately \$206,912 at August 31, 2014, has not been accrued for in the financial statements in accordance with the basis of accounting disclosed above.

Sick and annual leave are also recorded when paid. Under the Option A Annual Leave Plan, certificated employees who separate from ESU 18 following twenty years of employment receive \$16.50 per hour for each hour of accumulated annual (sick) leave. Under the Option B Annual Leave Plan certificated employees who separate from the ESU 18 following ten years of employment receive \$16.50 per hour for each hour of accumulated annual (sick) leave. Other employee groups receive a range from four to twenty-two dollars per accumulated hour of sick or annual leave after ten to twenty years of employment. The liability for sick and annual leave has not been determined, but management believes that annual payments for these benefits will not have a material financial impact on the accompanying financial statements and has not been accrued for in the financial statements in accordance with the basis of accounting disclosed above.

B. INVESTMENTS

For financial reporting purposes, the ESU 18's investments are carried at cost, which approximates fair value. As of August 31, 2014, the cost and fair value of the ESU 18's investments was \$2,710,639.

The ESU 18 has not adopted a fair value measurements policy, but is providing information on this standard to enhance the understanding of its investments. A fair value policy establishes a framework for measuring fair value and expanded disclosures about fair value measurements. If adopted, the policy applies to all assets and liabilities that are measured and reported on a fair value basis. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

Assets and liabilities are classified into one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents financial instruments at cost and fair value utilizing the above hierarchy as of August 31, 2014:

	<u>Cost</u>	<u>Fair Value Level 2</u>
Short-term Federal Investment Trust	<u>\$ 2,710,639</u>	<u>\$ 2,710,639</u>

Risks – The ESU 18 attempts to mitigate the following types of deposit and investment risks through compliance with the State Statutes referred to above. The three types of deposit and investment risks are the following:

- Custodial Credit Risk – for deposits and investments, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the ESU 18 will not be able to recover the value of its deposits or investments or collateral securities in the possession of a third-party.
- Credit Risk – for deposits and investments, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the ESU 18.
- Interest Rate Risk – for deposits and investments, interest rate risk is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

The ESU 18's investment policy does not restrict investment maturities. The ESU 18 minimizes its interest rate risk by structuring its investment portfolio so that securities mature to meet the ESU 18's cash needs, which is accomplished in part by investing primarily in short-term investments or in investment vehicles that allow for monthly cash draws.

C. PENSION PLANS

The employees of ESU 18 are covered by the following pension plan:

The ESU 18 contributes to the Nebraska School Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System ("NPERS"). NPERS provides retirement and disability benefits to plan members and beneficiaries. The School Employees Retirement Act establishes benefit provisions. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing the NPERS, 1221 N Street, Suite 325, P.O. Box 94816, Lincoln, NE 68509-4816 or by calling 1-800-245-5712.

Plan members were required to contribute 9.88%, 9.78%, and 8.88% of their annual covered salary for the fiscal years ending August 31, 2014, 2013 and 2012, respectively. The ESU 18 is required to contribute 101% of the employee contribution. The contribution requirements of plan members and the ESU 18 are established by Nebraska statutes. The ESU 18's contributions to NPERS for the years ending August 31, 2014, 2013, and 2012 were \$432,338, \$421,804, and \$359,047, respectively, equal to the required contributions for each year.

D. COMMITMENTS AND CONTINGENCIES

Self-Insurance – The ESU 18 uses a blend of self-insurance and commercial insurance to manage its financial risk. The ESU 18 is covered under the School District's self-insurance program. The School District's primary areas of risk are covered as follows:

- Workers' Compensation – benefits, medical expenses, evaluation expenses, legal fees, and other administrative costs are self-insured up to a maximum retention of \$500,000 per incident. Excess liabilities are commercially insured in accordance with the Nebraska Workers' Compensation laws.
- Unemployment Compensation – the School District is a "self-insured employer" under regulations promulgated by the Nebraska Department of Labor, and utilizes a third-party administrator to monitor quarterly reimbursements to the Department of Labor.
- Real and Personal Property, Basic Liability, Motor Vehicle Liability, and Errors and Omissions – the School District utilizes a "protected self-insurance" program whereby losses are self-insured up to a maximum retention of \$150,000 per incident. Excess liabilities are self-insured, with the excess liability covered by various commercial insurers.
- Flood Insurance – the School District is commercially insured for losses due to floods.
- Employee Death Benefit – active-employee death benefits are payable pursuant to the School District's various employment agreements, ranging from \$5,000 to \$20,000 per individual, are commercially insured.

The ESU 18 or School District did not pay any settlement amounts which exceeded its insurance coverages or amounts that exceeded its budget estimates for self insured risks for the years ending August 31, 2014, 2013 or 2012.

Federal Award Programs – The ESU 18 receives funds under various federal and state programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

Other - ESU 18 contribute to the Nebraska School Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System ("NPERS"). NPERS provides retirement and disability benefits to plan members and beneficiaries. The School Employees Retirement Act establishes the benefit provisions. The plan's most recent actuarial study reported an unfunded actuarial liability, however it has not been determined if ESU 18 is liable for any portion of this amount. Management believes that the liability, if any, related to the unfunded benefits will not have a material financial impact on the accompanying financial statements and has not been accrued for in the financial statements in accordance with the basis of accounting disclosed above.

EDUCATIONAL SERVICE UNIT NO. 18 OF THE STATE OF NEBRASKA

SCHEDULE OF GENERAL FUND RECEIPTS, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED AUGUST 31, 2014

	Budget (Original and Final)	Actual
FUND BALANCE, beginning of year	\$ 1,777,654	\$ 1,808,424
Receipts:		
Local sources:		
Local property taxes	2,616,144	2,541,124
Tuition receipts for classes	7,000	7,210
Contracted services	964,750	995,564
Other	2,060	1,679
	<u>3,589,954</u>	<u>3,545,577</u>
State sources:		
State aid	1,487,266	1,487,266
Homestead exemption		61,964
Property tax credit		81,385
Pro-rata motor vehicle	7,300	7,553
	<u>1,494,566</u>	<u>1,638,168</u>
Federal sources	<u>355,250</u>	<u>5,000</u>
Inter-local agreement - Lincoln Public Schools	<u>4,805,820</u>	<u>4,810,573</u>
Total receipts	<u>10,245,590</u>	<u>9,999,318</u>
Total available resources	<u>12,023,244</u>	<u>11,807,742</u>
EXPENDITURES:		
Operational expenditures:		
Instruction (non-special education)	971,580	902,578
Instruction (special education)	330,250	117,766
Support services and programs to schools	5,756,840	5,615,219
General administration	151,820	129,497
Co-op contracts and services	2,982,960	2,780,334
Total expenditures	<u>10,193,450</u>	<u>9,545,394</u>
FUND BALANCE, end of year	\$ 1,829,794	\$ 2,262,348

EDUCATIONAL SERVICE UNIT NO. 18 OF THE STATE OF NEBRASKA

NOTE TO SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2014

A. BUDGETARY ACCOUNTING

The ESU 18 prepares its budget for the Governmental Funds on the modified cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

The term "Budgetary Fund Balance" used in these supplementary schedules is synonymous with the terms "Fund Balance – Modified Cash Basis" used in the basic financial statements.

EDUCATIONAL SERVICE UNIT NO. 18 OF THE STATE OF NEBRASKA

SCHEDULE OF GENERAL FUND EXPENDITURES - MODIFIED CASH BASIS FOR THE YEAR ENDED AUGUST 31, 2014

INSTRUCTION (NON-SPECIAL EDUCATION):

Salaries:	
Professional staff	\$ 592,565
Technical staff	26,293
Clerical staff	59,164
Employee benefits	203,247
Purchased services	2,344
Supplies and materials	16,860
Other	2,105
	<u>902,578</u>

INSTRUCTION (SPECIAL EDUCATION):

Salaries:	
Professional staff	79,400
Employee benefits	17,873
Contracted services	5,000
Supplies and materials	15,493
	<u>117,766</u>

SUPPORT SERVICES AND PROGRAMS TO SCHOOLS:

Salaries:	
Professional staff	827,151
Technical staff	2,179,478
Clerical staff	239,435
Employee benefits	986,823
Purchased services	822,868
Supplies and materials	446,530
Furniture and equipment	31,728
Other	81,206
	<u>5,615,219</u>

GENERAL ADMINISTRATION:

Salaries:	
Administrative staff	95,463
Employee benefits	22,853
Purchased services	6,250
Other	4,931
	<u>129,497</u>

CO-OP CONTRACTS:

District staff development	852,068
Computer technology	1,609,061
Assessment services	293,718
Media contracted services	25,487
	<u>2,780,334</u>

Total expenditures	<u>\$ 9,545,394</u>
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November 3, 2014

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Educational Service Unit No. 18 of the State of Nebraska
Lincoln, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Educational Service Unit No. 18 of the State of Nebraska (the "ESU 18"), a component unit of Lancaster County School District 001 – Lincoln Public Schools, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise ESU 18's basic financial statements, and have issued our report thereon dated November 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ESU 18's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ESU 18's internal control. Accordingly, we do not express an opinion on the effectiveness of ESU 18's internal control.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ESU 18's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ESU 18s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ESU 18's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "HSMC Orizon LLC". The signature is written in a cursive, flowing style.

HSMC ORIZON LLC