

Auditor Prerequisites

1. The firm or individual must have at least five (5) years experience working with non-profits of sizes equivalent to that of the Agency.
2. The firm or individual must have experience working with United Way grants, state or local government contracts, and other private funders of non-profit organizations.
3. The firm or individual must have an office within at least 50 miles of CACAA's main office.
4. Consideration will be given to a firm or individual with prior experience auditing social service agencies or experience auditing organizations with large federal and state grants and contracts including single audit act requirements.

Response to Request

In responding to this request, we ask for the following information:

1. Detail your firm's experience in providing auditing and tax services to companies in the not-for-profit sector, as well as associations of a comparable size to CACAA.
2. Provide information on whether you provide services to any related industry associations or groups.
3. Discuss the firm's independence with respect to CACAA.
4. Discuss commitments you will make to staff continuity, including your staff turnover experience in the last three (3) years.
5. Identify the partner, manager, and in-charge accountant who will be assigned to the Agency if you are successful in your bid, and provide resumes.
6. Describe how your firm will approach the audit of the organization, including the firm's use of technology in the audit. Describe your audit planning process, and what areas, if any, of the audit that you think will require special attention and how you will handle these matters. Provide a tentative schedule for performing key phases of the audit and the amount of time required to accomplish these phases.
7. Present your fee proposal for the 2016 audit, and provide for efficiencies for years 2017 and 2018 (if awarded), with whatever guarantees can be given regarding decreases in the fee schedule for the subsequent years. Include information on your policy regarding billing out of pocket expenses. If you anticipate billing extra for such expenses, please include an estimate of such expenses for each year.
8. Furnish standard billing rates for classes of professional personnel for 2016 and your commitment regarding billing rate increases for the 2017 and 2018 work.

9. If you are selected, please describe your plans to transition the work from the predecessor firm and whether your firm is willing to absorb any "startup" costs associated with the transition.
10. Provide three references for other, similarly sized clients of the partner and of the manager. Reference information should include organization name and full address, the contact name position within the organization, telephone number and email address.
11. Provide a summary of the tasks to be performed by CACAA staff with respect to preparation of summaries, search for documents, and any other tasks necessary to expedite completion.
12. Describe how and why your firm is different from other firms being considered, and why our selection of your firm as our independent auditor is the best decision we can make.
13. Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.

Evaluation of Proposals

Capital Area Community Action Agency's Audit Committee of the Board of Directors will evaluate proposals on a qualitative basis. This includes our review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to our audits, results of discussions with your other clients, and the firm's completeness and timeliness in its responses to us. We will select up to three firms as finalists and invite them for a presentation to the Audit Committee. Based on the recommendation made by the Audit Committee to the CACAA Board of Directors, the CPA firm will be chosen for the audits and tax return engagement. Your ability to be concise would be greatly appreciated.

Requests for additional information, visits to our site, review of prior financial statements and tax returns, or appointments with any of the above may be coordinated through Diane Haggerty, 850-222-2043 ext. 101. If you choose to respond to this request, please send seven (7) copies of your proposal and all related correspondence, marked Personal and Confidential, via U.S. Mail or courier to the attention of Keith Dean, CPA at our address or provide in a PDF format to keith.dean@cacaainc.org. The deadline to receive your information for consideration is by 5:00 p.m. Eastern Time on Wednesday, November 2, 2016.

Capital Area Community Action Agency (CACAA, the Agency) is accepting proposals from CPA firms to provide audit and tax services for our organization for the fiscal year ending September 30, 2016. We invite your firm to submit a proposal to us by November 2, 2016 for consideration. A description of our organization, the services needed, and other pertinent information follows.

Capital Area Community Action Agency Overview

Capital Area Community Action Agency is a community service organization established in 1965. The Agency administers locally the federal safety net to residents living in poverty.

CACAA has more than 100 staff to provide services in eight counties from Jefferson to Gulf. The Agency offered assistance to more than 11,000 residents in 2015. Most of the funding for these programs originates from federal government agencies. CACAA received and maintains the 501(c)(3) designation from the IRS.

For an overview of CACAA or to learn more about our programs, please visit our website at <http://capitalareacommunityactionagency.com/>.

The following are brief descriptions of CACAA's programs and services:

1. Emergency services (e.g., utility payment, rent assistance, deposits).
2. Weatherization assistance (e.g., insulation, weather stripping, new doors and windows, etc.) to make homes more energy efficient.
3. Self-sufficiency programs to help people become independent of public assistance.
4. Head Start pre-kindergarten education and early childhood development programs, and
5. Administrative services to administer staff, contacts, insurance, clerical support systems, planning and program development, all accounting, financial and data base information and systems, and related administrative and fiscal functions for all agency programs.

Scope of the Audit

The audit shall consist of an examination of the of the financial statements conducted in accordance with generally accepted auditing standards and shall include a review of accounting policies and procedures, internal control over financial reporting, and on compliance and other matters in accordance with Government Auditing Standards, to ensure there is effective control over revenues, expenditures, assets, and liabilities and that there is a proper accounting of resources, liabilities and accounting operations.

The examination shall be sufficient in scope so as to render an opinion on the fairness of the representations contained in the statements of financial position, activities and cash flows.

Reports Required

The auditor shall prepare:

1. Comprehensive Annual Financial Report (CAFR): General purpose financial statements, combining statements, and individual statements; supplementary schedules consistent with prior years
 - One (1) preliminary electronic draft
 - Twenty (20) final bound copies
 - One (1) final electronic copy
2. Single Audit Report: Report according to the compliance requirements applicable to major federal contracts and/or grants to be included in CAFR.
3. Management Letter to the Board of Directors: Purpose of letter will be to make known recommendations of the auditor which, if implemented, would in the auditor's opinion, increase efficiency and improve internal accounting control. All comments and recommendations shall be discussed with, and a draft of the letter provided to the CEO and CFO prior to issuance.
4. IRS Form 990: Return of Organization Exempt From Income Tax
 - One (1) preliminary electronic draft
 - One (1) final bound copy
 - One (1) final electronic copy

Key Personnel

Following are key contacts for information you may seek in preparing your proposal:

Keith Dean, CPA	CFO	850-980-3745
Tim Center	CEO, Executive Director	850-212-2684

Relationship with Current CPA Service Provider

Carr, Riggs & Ingram, LLC have provided these services. There have been no disagreements on accounting matters with the current CPA firm.

Firm Name	Audit Fee	Tax Prep	Price	Audits our Funding Sources	Audits other CAAs	Firm has past experience with CACAA	Depth of Firm (Risk of Turnover, etc)	Reputable Firm	Audit Approach	Total	Place
<i>Lannigan</i>	\$ 22,000	\$ 2,250	\$ 24,250			9 yrs		Y			
<i>Thomas Howel & Ferguson</i>	21,500	2,500	24,000					Y			
<i>Carr Riggs Ingram</i>	26,500	2,750	29,250			6 yrs		Y			

Notes - Thomas Howell & Ferguson - 4% increase annually - \$24,000, 24,960, 25,958

CAPITAL AREA COMMUNITY ACTION AGENCY, INC.

Proposal for Professional Audit and Tax Services



Presented by
Lanigan & Associates, P.C.
Certified Public Accountants & Management Consultants
2630 Centennial Place
Tallahassee, FL 32308

October 21, 2019

Contact: John Keillor, CPA
jkeillor@lanigancpa.com
(850) 893-8418

Proposal for Professional Audit and Tax Services

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LANIGAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

www.lanigancpa.com

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3353 Peachtree Road, NE
North Tower, Suite 545
Atlanta, GA 30326
(404) 848-7221
(404) 442-2728 Fax

October 21, 2019

Mr. Tim Center
Capital Area Community Action Agency, Inc.
309 Office Plaza Drive
Tallahassee, FL 32301

Re: Proposal for Audit and Tax Services

Dear Tim:

We are pleased to have the opportunity to respond to the Capital Area Community Action Agency Inc.'s (the "Agency") request for proposal for auditing and tax services. We fully understand your engagement objectives, the scope of work to be performed and are personally committed to meeting your engagement needs in a practical way. **With our prior experience gained as your auditor, we have an in depth understanding of the Agency and its following key programs and services:**

- Head Start
- Weatherization
- Emergency Services
- Self-Sufficiency Programs

You will not need to "train our staff" because there is no other firm that knows and understands your organization like we do. We can step right in and provide superior service. Our goal is not only to provide the audit and tax services outlined in the enclosed proposal, we want to add value to the Organization.

If you have any questions or need additional information, please contact me at 850-298-6682 or jkeillor@lanigancpa.com and I will be happy to assist you. We would be honored to have the Agency as a client and are excited about the opportunity to be a partner in your success.

Sincerely,



John Keillor, CPA

Proposal for Professional Audit and Tax Services

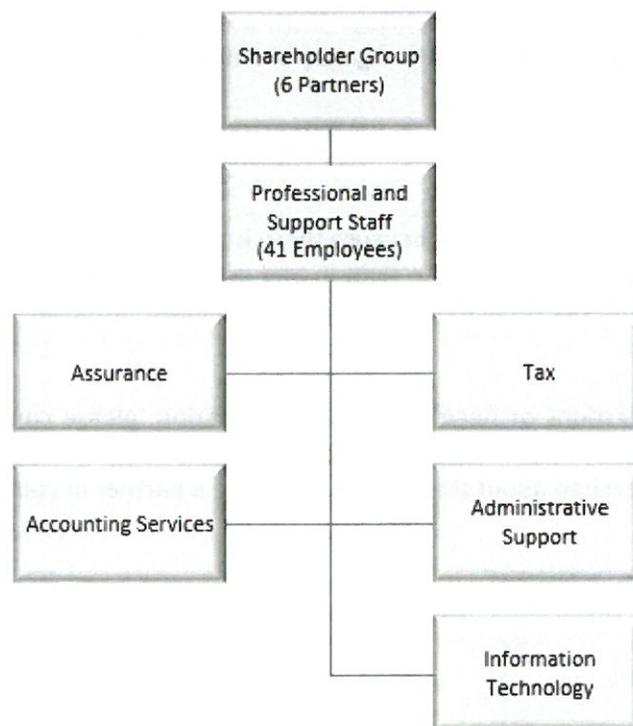
FIRM OVERVIEW

Firm Profile

Lanigan & Associates, P.C. was established in 1973 by Bernard Lanigan. Our firm has achieved a reputation for high quality auditing, accounting, tax and consulting services to clients throughout the southeast. Our knowledge of the business environment in which our clients operate enables us to thoroughly understand each client's needs and to tailor our services to meet their expectations.

Our firm has licensed offices in Tallahassee, Thomasville and Atlanta. Each office provides a full range of services, including accounting, audit, tax, investment management, estate planning, employee benefit plan administration, and consulting and advisory services. The firm specializes in servicing closely held businesses, professional service organizations, government agencies, and tax exempt entities.

Lanigan & Associates, P.C. has six (6) partners and forty-two (41) professionals and support staff who have extensive experience in providing quality services to a variety of clients. Through a close, professional relationship with a diverse client base, our firm has gained a wealth of experience in helping organizations like the CACAA reach their goals and objectives. Our firm structure along with the number of employees assigned to each function is presented below in the organizational chart.



Firm Profile (Continued)

The firm's organizational structure is designed to provide maximum flexibility and efficiency, while encouraging growth and development from within. Each engagement, regardless of size, is assigned a minimum of two partners and a manager. Specific objectives and complexities dictate the number of additional staff assigned to the engagement team.

We are committed to providing expert service to our clients. All of our team members attend timely continuing education that provides them with the knowledge and resources to continually exceed clients' expectations and meet the ever-changing demands of the marketplace.

Member of the American Institute of Certified Public Accountants' Private Companies Practice Section.

Control over the quality of our service is of paramount importance to us. To ensure our standards of working excellence, we are a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants. This membership requires triennial peer review of the firm's quality control system. Our commitment to excellence is evident in the unmodified opinions we have always received from our peers, the most recent of which was issued in 2017 (See Appendix A).

Member of the American Institute of Certified Public Accountants' Government (Not-For-Profit) Quality Center.

Our firm is a member of the American Institute of Certified Public Accountants' Governmental Quality Center (AICPA-GAQC). This is a firm-based, voluntary membership center designed to promote the importance of quality governmental/not-for-profit engagements and the value of such engagements to clients of governmental/not-for-profit services and certain other entities.

Customer Service Philosophy

We take great pride in our hands-on, service oriented business philosophy, a function of quality controls and processes, superior talent and a passionate responsiveness to your needs. Our results-oriented approach is structured to help you achieve your goals and objectives in addition to strengthening your management systems and processes. L&A has several attributes that are critical to executing our role of providing the necessary assurance to our clients:

➤ **We have the right mix of firm size, diversity of practice and expertise.**

Our firm is large enough to have the resources available to take on new complex engagements. However, we have not grown so large that our team has lost our personal touch and relationship driven process. Our firm has made a concerted effort to organically grow our client base through a methodical selection process. This enables us to only select engagements where we can add value to our clients above and beyond our fees. Strictly adhering to this philosophy throughout the last 40 years has allowed our firm to develop niche practice groups. These practice groups have accumulated a wealth of diverse expertise that allows us to add value and "go beyond recording history." We feel this separates our firm from the typical regional CPA firm.

Customer Service Philosophy (Continued)

➤ **We demand excellence in the services we provide.**

Independence, integrity and professional competence are the cornerstones of our approach to doing business. We have developed an excellent reputation in the southeast due to the quality of the services we offer and the satisfaction of our clients.

➤ **We sincerely care about the clients we serve.**

We care about our clients and want to see them succeed. We are collaborators who believe working together towards our clients' success is a privilege. Not only is it a privilege, it's our stated purpose. Should we be retained as your accountants and advisors, you will quickly see that we will provide value beyond accounting.

➤ **Information is useful only if it is timely.**

We understand the need to produce timely reports to meet the needs of the Organization.

➤ **We take every opportunity to add value to our clients.**

We recognize the importance of accurate and meaningful financial statements. However, we strive to provide proactive services and information which can assist you in planning and decision making. We are business people, not bean counters.

➤ **We are effective and efficient with the services we provide.**

We're different because we have the resources to provide a wide array of services, but we are not burdened with the cost structure or bureaucracy of the large national firms. These factors translate into world-class service at rates that are commensurate with the local market.

➤ **We believe in communication.**

We regard open lines of communication among all members of the engagement team and the client as imperative to the successful performance of our job. You will have continuous access to us and our resources.

➤ **We use and share the latest technology.**

We take pride in our commitment to train both our staff and our clients in the effective use of information technology. We use technology in every aspect of our work and seek out best practices to facilitate greater efficiencies.

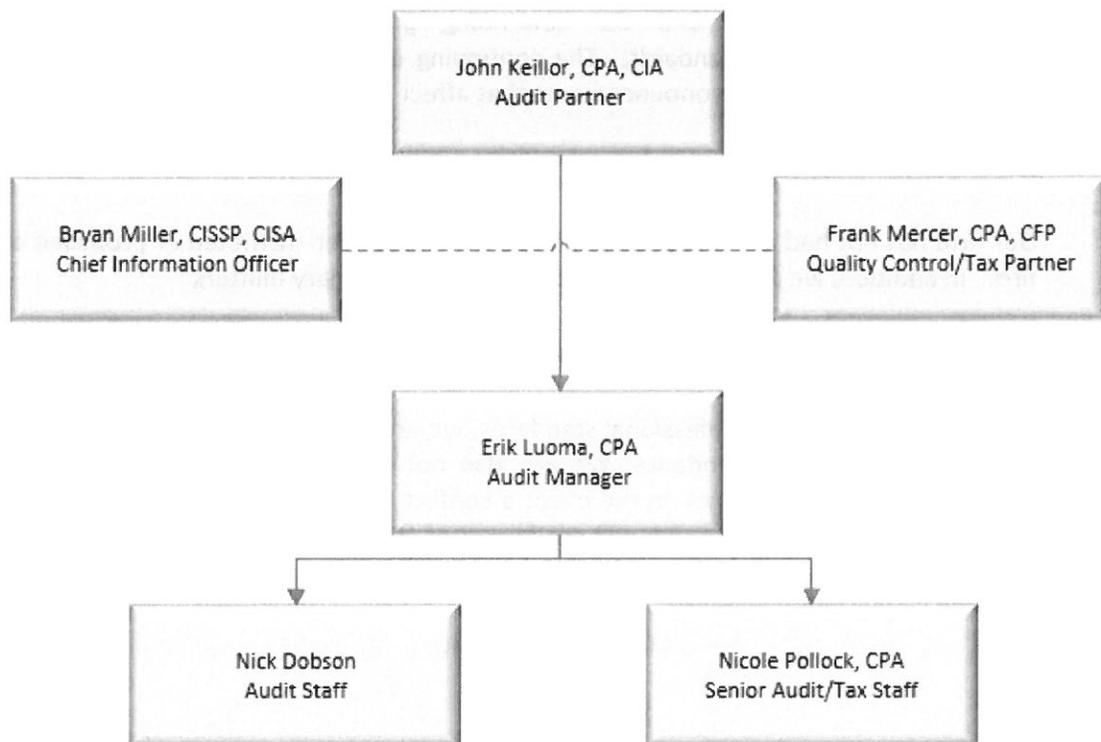
OUR ENGAGEMENT TEAM QUALIFICATIONS (STAFFING)

Successful engagement performance requires a strong functional organization. Our basic approach to selecting an engagement team is based on the need for close coordination, carefully defined responsibilities and lines of communication and constant quality control throughout all phases of the engagement. These objectives can only be accomplished using a strong engagement team with effective management and control features.

The team assigned to perform our audit is composed of highly trained professionals with extensive experience in audit engagements. Our small, efficient working group will maintain a knowledgeable, yet non-intrusive, approach to the audit, and in this way, deliver an audit of exceptional quality requiring few disruptions in the conduct of the Agency's on-going operations.

Our firm is structured to be able to continuously provide the Agency with the most qualified, experienced professionals for your engagement. None of the team members have had complaints against them by the state board of accountancy or other regulatory authority. Furthermore, no corrective actions have been taken by the firm with respect to these people.

The work performed on this engagement would be performed from our Tallahassee office. Your engagement team would include an engagement partner, quality control partner, audit managers, senior auditor, staff auditors and paraprofessionals. Your engagement team would be structured as follows for the engagements included in this proposal:



Complete resumes of our team members can be found in Appendix B.

Commitment to Staff Continuity

We strive to maintain the same team each year so that you do not have to “train the auditor.” We understand that the best way to provide the Agency with responsive, quality services is to assign the most qualified individuals to the engagement and maintain continuity of staff on successive engagements. We are committed to maintaining the same staff on engagements year-after-year.

Our Firm takes great pride in not only selecting high quality staff members, but providing them an environment designed for their success and betterment. With that said, all audit management staff and engagement partners have been with our firm for no less than seven years. We believe our history of low staff turnover is an asset we are proud to present to the Agency.

If a situation should arise where there is a key personnel change, we will notify appropriate management as soon as possible. As changes in key personnel cannot always be prevented, it is important that competent replacements are available. Due to our extensive involvement with similar organizations, we have a wealth of professionals available with the requisite industry experience and training to provide you with quality service on an ongoing basis.

Continuing Professional Education

Our firm’s team members exceed the biennial 80 hours continuing education requirements of the State Board of Accountancy, the American Institute of Certified Public Accountants, the firm’s quality control policies, and the continuing professional education requirements of Governmental Auditing Standards. The continuing education is geared towards learning and applying new accounting pronouncements that affect our clients.

Disciplinary Actions

Our firm has not had any disciplinary actions that have been instituted or proposed against the firm. In addition, we are not aware of any pending disciplinary matters.

STATEMENT OF AUDITOR’S INDEPENDENCE

Based on our review of professional standards, we are not aware of any matters that would be deemed to impair independence. We are also not aware of any possible conflicts with the Organization’s key personnel. In the event a conflict arises or if we become aware of a matter affecting our independence, we will notify you of the situation immediately. For purposes of quality control and compliance with professional standards, we will evaluate our independence with the Organization annually.

SCOPE OF SERVICES TO BE PROVIDED

Our audit will be conducted in accordance with generally accepted auditing standards, promulgated by the American Institute of Certified Public Accountants (AICPA) and in accordance with Government Auditing Standards issued by the Comptroller General of the United States of America. A Single Audit is required as part of the annual audit, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The following reports are expected at the completion of the audit:

1. Basic financial statements – including supplemental schedules
 - One (1) preliminary electronic draft
 - Up to Twenty (20) final bound copies
 - One (1) final electronic copy
2. Single Audit Report: Report according to the compliance requirements applicable to major federal contracts and/or grants to be included in the financial statements.
3. Management Letter to the Board of Directors: Purpose of letter will be to make known recommendations of the auditor which, if implemented, would in the auditor's opinion, increase efficiency and improve internal accounting control. All comments and recommendations shall be discussed with, and a draft of the letter provided to the CEO and CFO prior to issuance.
4. IRS Form 990: Return of Organization Exempt From Income Tax (for the Agency and for Holdings)
 - One (1) preliminary electronic draft
 - One (1) final bound copy
 - One (1) final electronic copy

The auditor will be expected to give a presentation to the Board of Directors on the audited financial statements, reports, findings and other relevant information.

FIRM EXPERIENCE – FINANCIAL STATEMENT AUDIT ENGAGEMENTS

Our firm serves many commercial entities, governments, and not-for-profit organizations in North Florida and South Georgia. The experience we have gained in practical situations of assisting our clients allows us to better address issues facing your organization. We understand these issues and we have the requisite skill level to do more than provide the routine compliance services—we will add incremental value to the relationship. We have worked with our clients to validate critical processes that must be addressed in order to achieve and maximize business objectives. Our approach identifies areas of risk in the not-for-profit industry and develops procedures to evaluate these risks in order for us to address all pertinent compliance issues.

Our services range from single audits performed under the requirements of the Office of Management and Budget’s Uniform Guidance to consulting and business advisory engagements. Our engagements with both governmental and not-for-profit organizations have achieved notable results for our clients. For example, our governmental audits have resulted in the prestigious **“Certificate of Achievement for Excellence in Financial Reporting”** awarded by the Government Finance Officers Association.

A select list of Not-For-Profit/Governmental clients that we have served is as follows:

- Florida Association of Court Clerks
- Madison County, Florida
- Tall Timbers Research and Foundation
- Thomas University
- National Association of Dental Laboratories
- Florida Courts E-file Authority
- City of Bainbridge, Georgia
- Fish & Wildlife Foundation of Florida
- Thomasville Cultural Center
- Florida Independent Living Council
- Florida Surplus Lines Association
- Flowers Employee Credit League
- Pebble Hill Foundation
- Heritage Foundation, Inc.
- Capital Area Community Action Agency
- Desoto County, Florida (*Consulting*)
- The Henry & Rilla White Youth Foundation
- Goodwill Industries of the Big Bend
- Association for Institutional Research
- Florida Clerk of Courts Operation Corporation
- Georgia Society of Health System Pharmacists
- Monroe County, Florida (*consulting*)
- Florida Beverage Association
- Town of Greensboro, Florida
- Florida Academy of Cosmetic Dentistry
- City of Thomasville, Georgia
- Florida Local Government Investment Trust
- Brookwood School and Foundation
- Florida Green Building Coalition
- Foundation for Indigent Guardianship, Inc.
- FSU College of Business Student Investment Fund
- Goodwill Villages HUD Audits (12 separate single audits)

We provide audit, accounting, and tax services for many other governmental, not-for-profit and commercial entities not contained in the list above.

Additional Client Services

Although our firm's core services include audit, tax preparation, and accounting services, we also provide the following additional services:

- Financial forecasts and projections
- Financial statement preparation
- Indirect cost plans
- Operations review
- Cost allocation plans
- Tax preparation and compliance
- Policy and procedure manuals
- Merger and acquisitions
- Cost segregation functions
- Feasibility studies
- Internal control review and best practices implementation

Experience with Auditing Federal Grants

In the United States, the Single Audit is a rigorous, organization-wide audit or examination of an entity that expends \$750,000 or more of Federal assistance (commonly known as Federal funds, Federal grants, or Federal awards) received for its operations. Performed annually, the Single Audit's objective is to provide assurance to the US federal government as to the management and use of such funds by recipients such as states, cities, universities, and non-profit organizations.

Our current practice includes audits of organizations in the areas of philanthropy, education, social services, and governmental activities. A typical client receives federal financial assistance that requires audits in accordance with government auditing standards and the provisions of the US Single Audit Act of 1984. As a result, we are familiar with reporting and compliance requirements of many different grant programs.

Experience in Auditing Head Start and Other Similar Programs

With our prior experience gained as your auditor, we have an in depth understanding of the Agency and its following key programs and services:

Head Start:

Head Start is a U.S. Department of Health and Human Services (HHS) program which funds local organizations to provide services that promote the school readiness of children ages birth to five from low-income families by enhancing their cognitive, social, and emotional development.

We have over 10 years of experience auditing federal Head Start programs. Through our experience with these engagements, we have gained valuable experience in understanding areas like client eligibility, allowable activities and costs, cash management, indirect cost allocations, sub-recipient monitoring, reporting requirements, and other applicable areas.

Low Income Home Energy Assistance Program (LIHEAP):

LIHEAP helps keep families safe and healthy through initiatives that assist families with energy costs. We provide federally funded assistance in managing costs associated with:

- Home energy bills
- Energy crises
- Weatherization and energy-related minor home repairs

Weatherization Assistance Program (WAP):

This program reduces heating and cooling costs by improving the energy efficiency of the home.

Measures may include:

- Address air-infiltration (weather stripping, caulking, thresholds, window and door repairs);
- Install attic insulation;
- Wrap water heaters;
- Install energy efficient light bulbs & smoke detectors;
- Repair inefficient heating/cooling units;
- Install solar screens;
- Apply solar reflective coating to manufactured homes.

Family Self Sufficiency Program:

The Family Self-Sufficiency Program provides the support and skills to low-income participants to facilitate the transition from crisis to economic stability.

Experience with Federal Tax Issues Affecting Not-for-Profits

Maintaining tax-exempt status and avoiding various IRS enforcement sanctions are vital to our tax-exempt clients. We will keep the Henry and Rilla White Youth Foundation aware of changes in tax laws and enforcement policies, structuring transactions to avoid private inurement issues, minimizing unrelated business income and the related income tax, as well as other needed services. You will also continue to benefit from our in-depth knowledge of not-for-profit issues and our experience in working with diverse tax-exempt entities.

Our firm is proficient in preparing the Form 990 Information Return and other related tax returns for not-for-profits. In addition, we have detailed experience in specific issues that are related to a not-for-profit's exempt status. This includes but is not limited to:

- Filing for Tax Exemption
- Public Support
- Unrelated Business Income
- Lobbying
- Public Disclosure Requirements
- Related Party Transactions

We have a dedicated tax team that specializes in these matters. Our audit team will work closely with the tax team on this engagement to ensure compliance. Many of our clients deal with lobbying, unrelated business income, and other tax-exempt issues. We are proficient in tax compliance and reporting for nonprofits.

OUR APPROACH – FINANCIAL STATEMENT AUDITS

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide a level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and the manager. As high-level involvement is vital to a quality audit, the partner's time will account for approximately 20% of total hours spent on the engagement. Our team's approach is to be efficient yet non-intrusive.

We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

Audit Planning

Our audit planning process includes a risk assessment of the Agency and review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met timely. In addition, we will provide a list and samples of schedules specifically tailored to the Agency to aid the Agency's staff in preparing schedules and providing audit documentation.

Risk Assessment

As part of our extensive planning phase, the engagement team will discuss with management and the Agency's Board issues surrounding the applicable industry, the Agency's internal & external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control environment.

Control Environment

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- Disbursements
- Receipts
- Payroll
- Financial reporting
- Journal entry process
- IT and general computer controls
- Grant compliance and reporting

Based on our understanding of the Agency's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.

OUR APPROACH – FINANCIAL STATEMENT AUDITS (CONTINUED)

Substantive Procedures

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- Tests of account details
- Analytical procedures
- Use of data analysis software
- Unpredictability tests
- Review of management's estimates
- Review of subsequent events and contingencies

Audit Sampling

Audit sampling provides the auditor an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive and compliance testing samples are generally selected using nonstatistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas which have a higher risk of misstatement due to fraud.

Preparation of Audit Report and Review

Audit workpapers are reviewed throughout the audit by the manager and engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner. Upon approval, we will issue drafts of all reports based on a predetermined schedule allowing adequate time for review and distribution of reports.

Audit programs, workpapers and reports will be retained for a period of seven (7) years after the completion of the audit and made available for inspection by the Agency, oversight or cognizant agencies, parties designated by the federal or state governments, auditors of entities of which the Agency is a sub recipient of grant funds or component unit, and additional auditors if requested by them.

Work Paper Retention

Audit programs, workpapers and reports will be retained for a period of seven (7) years after the completion of the audit and made available for inspection by the Agency, oversight or cognizant agencies, parties designated by the federal or state governments, auditors of entities of which the Agency is a sub recipient of grant funds or component unit, and additional auditors if requested by them.

INFORMATION TECHNOLOGY

We use the latest technological tools on all of our audits. These tools enable us to achieve maximum efficiency and productivity for each project, allowing us to spend less time compiling and processing information and more time on analysis and assisting our clients with process improvement. Our goal is for our services to complement and support your business, not slow it down.

Prosystem Engagement Software:

The firm uses ProSystem Engagement on all audits performed, which means we are completely electronic (“paperless”). This software provides powerful tools to help us prepare audit and tax workpapers and reports in Microsoft Office Programs. It extends the capabilities of these Microsoft Office applications and provides powerful tools for organizing and managing our engagement files electronically.

The core of the Engagement system is the trial balance. We use the Engagement extensions in Word and Excel to integrate trial balance data into our workpapers. Changes that we make to the trial balance are automatically updated in our workpapers. This software has Engagement Administrator Workpaper Management modules that provide powerful tools for organizing, reviewing, and sharing workpapers.

IDEA Data Extraction and Analysis Software:

IDEA is a computer based file interrogation tool for use by auditors, accountants and IT staff. It allows extraction, sampling, and manipulation of data in order to identify errors, problems, specific issues, and trends. The following are some of the main areas where IDEA can be used:

- Identifying exceptions and discrepancies
- Performing financial trend analysis
- Cross matching data between two systems
- Testing for gaps and duplicates in transactional data
- Sampling

Our Information Technology Professionals:

Our Information Systems Consulting professionals provide our engagement teams with support not only to operate internally, but to work with us to more fully understand your computer environment (i.e. hardware, software, network environment). The importance of understanding your technological environment cannot be stressed enough. In addition to being required under U.S. Auditing Standards, this knowledge enables us to fully consider the security of your technological environment, the integrity of data, and the most efficient manner in which to audit individual transactions as well as the financial statements overall.

QUALITY CONTROL AND PEER REVIEW

Quality Control

The firm has quality control procedures for independence, integrity and objectivity that we adhere to in our performance of engagements. Partner involvement ensures quality control in every audit we conduct. Partners are involved in all critical decisions, conduct on-site work with staff, meet with your personnel and review the staff auditor's work-papers. Lanigan & Associates further ensures quality control by requiring a final review of critical accounting and auditing issues and financial statement disclosures by a partner that has no direct involvement in the audit.

As previously mentioned, our firm is a member of the American Institute of Certified Public Accountants' Governmental Quality Center (AICPA-GAQC). This is a firm-based, voluntary membership center designed to promote the importance of quality governmental/not-for-profit engagements and the value of such engagements to clients of governmental/not-for-profit services and certain other entities.

Peer Review

Lanigan & Associates, P.C.'s most recent peer review report dated November 20, 2017 can be found as Appendix A. In the peer review process, the peer review team evaluates and tests compliance with the Firm's system of quality control. As reflected in our peer review report, ***we received a "pass" rating.*** We are strong advocates of the peer review process and self-regulation within the profession.

In addition to our external peer review, our firm conducts quality control reviews of our audits. Each year we randomly select a cross section from all our engagements and perform a thorough inspection of the audit work papers, financial statements, and audit reports. The inspection process also includes periodic testing of the effectiveness of our quality controls and a continuous improvement program.

APPENDIX A
(PEER REVIEW REPORT)

Report on the Firm's System of Quality Control

November 20, 2017

To the Shareholders of Lanigan & Associates, P.C. and the
Peer Review Committee of the Georgia Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Lanigan & Associates, P.C. (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants.

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

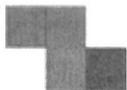
Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; an audit of an employee benefit plan, and an examination of a service organization (SOC 2 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.



BKHM, PA
Certified Public Accountants
1660 Orange Avenue
Suite 600
Winter Park, FL 32789

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F. 407-898-9010
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To the Shareholders of Lanigan & Associates, P.C. and the
Peer Review Committee of the Georgia Society of Certified Public Accountants
Page Two

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Lanigan & Associates, P.C. in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lanigan & Associates, P.C. has received a peer review rating of *pass*.

BKHM, P.A.

APPENDIX B
(TEAM RESUMES)

John W. Keillor, CPA, CIA

Audit Partner

Office Phone: 850-298-6682

Fax Number: 850-893-9745

jkeillor@lanigancpa.com

Summary of Experience

John has 20 years of professional experience in accounting and auditing. He works with a variety of clients ranging from not-for-profit to commercial entities. He has a specific interest and dedication in not-for-profit accounting and auditing. He possesses an excellent understanding of internal control structures, compliance with grants, laws, federal guidelines, financial reporting, and cost allocation. He is a lecturer on accounting, auditing, fraud and other related topics. John chairs the firm's audit committee.

Education

- B.S. in Accounting, Florida State University
- Certified Public Accountant (CPA) – registered and licensed in Florida
- Certified Internal Auditor (CIA)
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas of auditing and financial reporting.

Professional Affiliations and Community Involvement

- Florida Institute of Certified Public Accountants (FICPA)
- American Institute of Certified Public Accountants (AICPA)
- Institute of Internal Auditors (IIA)
- Florida Society of Association Executives
- Community Human Service Partnership (CHSP), Team Member
- Leadership Tallahassee, Class 29

Not-for-Profit/Governmental Clients Served (sample list)

- Florida Association of Court Clerks
- Madison County, Florida
- Florida Local Government Investment Trust
- Thomas University
- City of Bainbridge, Georgia
- Tall Timbers Research and Foundation
- Florida Clerks of Courts Operation Corporation
- Florida Beverage Association
- Fish & Wildlife Foundation of Florida
- Association for Institutional Research
- Florida Courts E-file Authority
- Monroe County, Florida (*consulting*) **
- City of Thomasville, Georgia **
- Goodwill Industries of the Big Bend
- Brookwood School and Foundation
- Thomasville Payroll Development Authority
- Capital Area Community Action Agency
- The Henry & Rilla White Youth Foundation
- Town of Greensboro, Florida

** Assisted client in preparation of CAFR that received the prestigious Certificate of Achievement of Excellence in Financial Reporting.

Florida License Number: AC35539

Bryan Miller, CISSP, CISA
Chief Information Officer

Office Phone: 850-893-8418

Fax Number: 850-893-9745

bmiller@lanigancpa.com

Summary of Experience

Bryan oversees the Information Technology Department at Lanigan & Associates, PC. He has over 18 years of experience in network administration and information technology consulting. He has been instrumental with the firm's migration to a virtualized and paperless office environment. He is responsible for planning and supervising the firm's IT related engagements (financial statement audits, internal control reviews, SOC engagements, accounting systems, consulting, etc.). Bryan has developed a niche in the field of cyber security including performing lectures and presentations on the topic.

Certifications

- Certified Information Systems Security Professional (CISSP)
- Certified Information Systems Auditor (CISA)

SOC (SSAE 18) and IT Clients Served -Sample List

- MyFloridaCounty.com (SOC 1)
- Florida Courts E-File Authority (SOC 1)
- City of Thomasville, Georgia (IT Security Assessment)
- IT Assessments and SOC Audits for numerous other Commercial Clients
- MyPaymentPortal (SOC 1)
- FCCC CLERC System (SOC 1)
- Thomas University (IT Security Assessment)

Frank J. Mercer, CPA, CFP

Quality Control

Office Phone: 850-893-8418

Fax Number: 850-893-9745

fjmercer@lanigancpa.com

Summary of Experience

Frank is the Managing Principal of Lanigan & Associates and has 40 years of experience in the field of accounting. He started his career with a large South Florida firm that merged with a Big Eight Firm. He has spent the last 40 years of his career with Lanigan & Associates P.C.

Frank's not-for-profit audit experience includes the supervision and management of various governmental and nonprofit agencies in accordance with Governmental Auditing Standards, OMB Uniform Guidance, and other state and federal guidelines.

Education

- B.S. in Accounting (Cum Laude), Florida State University
- Certified Public Accountant (CPA) – registered and licensed in Florida, Georgia, and Alabama
- Certified Financial Planner (CFP)
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas specific to the clients we serve.

Professional Affiliations and Community Involvement

- Florida Institute of Certified Public Accountants (FICPA)
- Georgia Society of Certified Public Accountant
- Alabama Society of Certified Public Accountants
- American Institute of Certified Public Accountants
- Leadership Tallahassee, Class VIII
- Florida State Alumni Director

Government/Not-for-Profit Experience ***

- Thomas University
- Madison County, Florida
- City of Bainbridge, Georgia
- Tall Timbers Research and Foundation
- Florida Clerks Operation Corporation
- Fish & Wildlife Foundation of Florida
- Flowers Employee Credit League
- Tall Timbers Research
- Goodwill Industries of the Big Bend
- City of Thomasville, Georgia
- Brookwood School and Foundation
- Thomasville Payroll Development Authority
- Thomasville Downtown Development Authority
- Capital Area Community Action Agency

*** This is just a select list (cross section) of clients served. He serves many other clients.

Florida License Number: **AC0006397**

Erik Luoma, CPA

Audit Manager

Office Phone: 850-298-6773

Fax Number: 850-893-9745

eluoma@lanigancpa.com

Summary of Experience

Erik started his career with Ernst & Young in their Atlanta Office. Erik has a total of 12 years of public accounting experience with a strong emphasis in auditing governmental and not-for-profit entities. He has a strong background in internal controls and compliance with grants and other applicable accounting laws and regulations.

Education

- B.S. in Accounting (Magna Cum Laude), Florida State University
- Masters in Accounting, Florida State University
- Certified Public Accountant – registered and licensed in Florida
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas of Government Audit Standards and Federal Single Audit Requirements.

Professional Affiliations and Community Involvement

- Florida Institute of Certified Public Accountants (FICPA)
- American Institute of Certified Public Accountants (AICPA)
- Florida Society of Association Executives

Government/Not-for-Profit Experience

- Georgia Society of Health-System Pharmacists
- Florida Local Government Investment Trust
- Thomas University
- Madison County, Florida
- Florida Association of Court Clerks
- Florida Courts E-file Authority
- City of Bainbridge, Georgia
- Tall Timbers Research and Foundation
- Florida Clerks Operation Corporation
- Fish & Wildlife Foundation of Florida
- Florida Beverage Association
- Town of Greensboro, Florida
- Monroe County, Florida (*consulting*) **
- Association for Institutional Research
- Goodwill Industries of the Big Bend
- City of Thomasville, Georgia **
- Brookwood School and Foundation
- Thomasville Payroll Development Authority
- Thomasville Downtown Development Authority
- Capital Area Community Action Agency

*** Assisted client is preparation of CAFR that received the prestigious Certificate of Achievement of Excellence in Financial Reporting.*

Florida License Number: AC40556

Nick Dobson

Audit Staff

Office Phone: 850-298-6701

Fax Number: 850-893-9745

ndobson@lanigancpa.com

Summary of Experience

Nick has a total of 3 years of public accounting experience with a strong emphasis in auditing. As Senior Accountant, he provides audit services to a wide range of industries, including special districts, governmental, not-for-profit, and for-profit entities.

Education

- B.S. in Accounting, Florida State University
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas of Government Audit Standards and Federal Single Audit Requirements.

Government/Not-for-Profit Experience ***

- Georgia Society of Health-System Pharmacists
- Florida Local Government Investment Trust
- Thomas University
- Madison County, Florida
- Florida Association of Court Clerks
- Florida Courts E-file Authority
- City of Bainbridge, Georgia
- Tall Timbers Research and Foundation
- Florida Clerks Operation Corporation
- Fish & Wildlife Foundation of Florida
- Town of Greensboro, Florida
- Monroe County, Florida
- Association for Institutional Research
- Goodwill Industries of the Big Bend
- City of Thomasville, Georgia
- Brookwood School and Foundation
- Thomasville Payroll Development Authority
- Thomasville Downtown Development Authority
- Capital Area Community Action Agency
- Flowers Employee Credit League

*** This is just a select list (cross section) of clients served. He serves many other clients.

Nicole Pollock, CPA
Senior Tax/Audit Staff

Office Phone: 850-298-6701

Fax Number: 850-893-9745

npollock@lanigancpa.com

Summary of Experience

Nicole has nearly 5 years of public accounting experience with a strong emphasis in both auditing and tax preparation services. Some of the industries in which she has experience include: governmental, not-for-profit, and commercial. Nicole has a strong background in internal controls and compliance with grants and other applicable accounting laws and regulations. She is an expert in Form 990 preparation for exempt entities. She also has multiple years of experience in tax preparation for for-profit corporations, individuals, partnerships and trusts and employee benefit plans.

Education

- B.S. in Finance, Florida State University
- Masters in Accounting, Florida State University
- Certified Public Accountant – registered and licensed in Florida
- Bi-annually obtains more than 80 hours of Continuing Professional Education. These hours are devoted towards education in the areas of Government Audit Standards and Federal Single Audit Requirements.

Florida License Number: AC51068

APPENDIX C
(CLIENT REFERENCES)

CLIENT REFERENCES

Below are current clients who can attest to our services and work performed on their behalf. We welcome the Agency to contact any of our references listed below. We were also the auditor for Capital Area Community Action Agency for several years.

<u>CLIENT NAME</u>	<u>CONTACT INFORMATION</u>
Madison County, Florida	Billy Washington Clerk of Courts Phone: 850-973-1500 Email: bwashington@madisonclerk.com
Florida Association of Court Clerks	Brian Machek, CPA Chief Financial Officer Phone: 850-921-0808 Email: BMachek@flclerks.com
Florida Clerks of Court Operations Corporation	John Dew Executive Director Phone: 850-386-2223 Email: jdew@fcccoc.org
Tall Timbers Research	Bill Palmer Chief Executive Officer Phone: 850-893-4153 Email: bill@ttrs.org
Fish and Wildlife Foundation of Florida	Will Bradford Chief Financial Officer Phone: 850-921-1144 Email: Will.Bradford@MyFWC.com
City of Thomasville, Georgia	Ashley Cason Chief Financial Officer Phone: 229-227-4019 Email: ashleyca@thomasville.org

APPENDIX D
(FEE PROPOSAL)

FEE PROPOSAL

Our goal is to provide high-quality, reliable service at reasonable fees. Our fees are based on hours worked and hourly rates, determined by each professional's level of experience. Listed next is our professional fees for the next three years:

Services	9/30/19	9/30/20	9/30/21
Annual financial statement audit	\$22,000	\$22,000	\$22,000
Form 990 Preparation	\$2,250	\$2,250	\$2,250
Total All-Inclusive Fee	\$24,250	\$24,250	\$24,250

The fees quoted above include all direct and indirect costs, including out-of-pocket expenses.

Our proposed fees are based on the following assumptions:

- The overall condition of your financial and accounting records is satisfactory.
- We will receive support from your accounting personnel necessary for the preparation of requested schedules and other supporting documentation before we commence fieldwork.
- There will not be a need for substantial research of any unforeseen technical issues or new accounting or auditing pronouncements in order for us to complete our audit.

Should additional work be required that exceeds our aforementioned fee estimate, this work will only be performed if agreed-to by both our Firm and CACAA. This additional work will be billed based on the time spent times our firm's standard hourly rates (discounted).

Title	Hourly Rate (Discounted)
Engagement Partner/Technical Review Partner	\$225
Engagement Managers	\$185
Senior Accountant	\$150
Staff Accountants	\$125

**Thomas Howell
Ferguson P.A.**

Certified Public Accountants

October 21, 2019

Keith Dean
Capital Area Community Action Agency
309 Office Plaza Drive
Tallahassee, Florida 32301

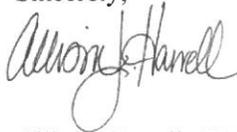
Dear Mr. Dean:

Thomas Howell Ferguson P.A. CPAs (THF) is extremely pleased to present our credentials to provide audit and tax services to Capital Area Community Action Agency (the Agency). The enclosed proposal addresses our specialization within the not-for-profit and governmental industries and our products and services designed specifically for those clients.

- Although we are a nationally recognized firm, 80% of our team members operate out of our Tallahassee office and reside in the Tallahassee community. **In addition, your entire proposed engagement team is local!**
- We have extensive experience providing services to social service not-for-profit organizations. Many of our current clients have missions and services that align with the Agency, and we have community action agency experience through our alliances. This will help us in understanding the specific operations and procedures of your organization.
- We recognize the opportunity to **bring fresh eyes** and a **renewed approach** to your audit. Bringing in a new CPA firm can bring new energy to your organization and increase the robustness of your audit. A **new perspective** allows risk areas to be reassessed and a different understanding of your processes and procedures to be gained. We are able to provide that to you with no additional start-up cost and with **minimal disruptions** to your team.
- THF has a dedicated not-for-profit and governmental practice that makes up **over 33% of the firm's overall annual revenue**. In addition, I am a member of the American Institute of Certified Public Accountants Not-For-Profit Expert Panel. Through this position, we work with experts at a national level to enhance audit quality and financial reporting for not-for-profit organizations.
- We recognize the importance of the peer review and work hard to keep our **pass rating** which has been in place for us since day one. This serves as our industry report card for the standards upheld by our profession and should serve as an important point to consider.
- THF has recently been recognized as the **205th largest accounting firm in the nation** and as one of the **2019 Best of the Best Accounting Firms** by *Inside Public Accounting!* In addition, THF was recognized as a **2018 Top 25 Ranked Florida Accounting Firm** by the *Tampa Bay Business Journal*, and we have been recognized for our **excellent client service rating** with the Florida State Term Contract for financial and performance audits.

We thank you for considering our firm and look forward to a professional relationship with you. Our team is committed to exceeding your expectations for service, while earning your trust and confidence. The information provided in our proposal is confidential, and we respectfully request that you not share our proposal with any individuals or organizations who are not involved in the selection process. If you should need additional information, please do not hesitate to contact me at (850) 668-8100 or by email at aharrell@thf-cpa.com.

Sincerely,



Allison Harrell, CPA
Shareholder, Assurance Services

TALLAHASSEE, FL

Phone | 850.668.8100 | Fax | 850.668.8199
2615 Centennial Boulevard, Suite 200
TALLAHASSEE, FLORIDA 32308

TAMPA, FL

Phone | 813.227.9100 | Fax | 813.227.8866
Fifth Third Center | 201 E. Kennedy Boulevard, Suite 1111
TAMPA, FLORIDA 33602

BAINBRIDGE, GA

Phone | 229.246.7500 | Fax | 229.248.1108
P.O. Box 1305, Bainbridge, GA 39818 | 501 South West Street
BAINBRIDGE, GEORGIA 39819

Proposal to Provide Services to the
Capital Area Community Action Agency

October 21, 2019

 **Thomas Howell
Ferguson P.A.**

Certified Public Accountants

Contact:

Allison Harrell
Shareholder
Assurance Services
aharrell@thf-cpa.com

www.thf-cpa.com
[p] 850.668.8100
[f] 850.668.8199
2615 Centennial Blvd., Suite 200
Tallahassee, Florida 32308

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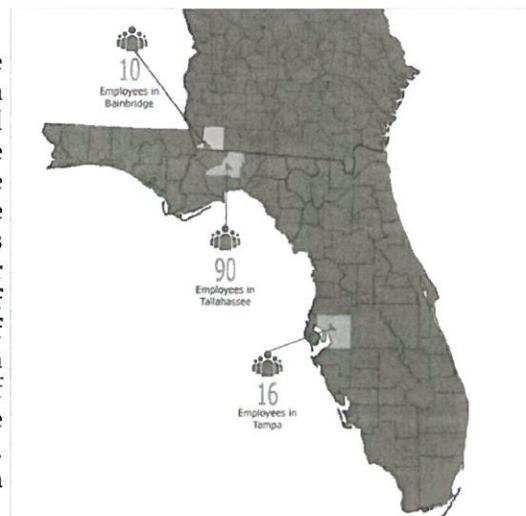


Executive Summary

We are extremely pleased to present our credentials to provide services to Capital Area Community Action Agency (the Agency). You will be a valued client, and you can be assured that the engagement will command immediate attention and priority service from our firm. We believe we have the professional skills, relevant experience, and commitment to provide the services you require.

Who We Are

Thomas Howell Ferguson P.A. CPAs (THF) is the former Ernst & Young office in Tallahassee with additional office locations in Tampa, Florida and Bainbridge, Georgia. Since our inception, we have created a culture that focuses on providing the expertise and resources of a national firm with the client service of a local firm. This has helped us more than quadruple in size since 1993. **Our not-for-profit and governmental practice is one of our largest service groups, making up over 33% of our firm's annual revenue.** Although we are a nationally recognized firm, approximately 80% of our team members operate out of the Tallahassee office and reside in the Tallahassee community. In addition, **our entire proposed engagement team is local!**



Focus on Client Service

Superior client service is the cornerstone of THF's practice. We know that client service starts with open communication, includes in-depth knowledge of your organization and your industry, and continues beyond the delivery of our product.

We will work to have a close working relationship with your management, which will facilitate an efficient engagement. We view our relationships with our clients as a valuable asset to the engagement process, because it allows us to have open and candid conversations that are critical for a successful audit process. Our focus on industry specialization, combined with our emphasis on superior client service, equips our clients with a well-rounded professional team attuned to industry issues from both an operational and professional services perspective.

There is a distinct difference when working with experienced *not-for-profit* professionals:

- ▲ Our team will be around to work with you during the year as issues arise.
- ▲ You will be engaged with our shareholders.
- ▲ We know that spending time updating you on not-for-profit issues and trends as we go through this process only makes for a more efficient audit in years to come. Please see pages 4 and 5 for examples of these updates.
- ▲ We believe in not only knowing the technical side of accounting for not-for-profits, but also being good leaders in the industry, as well. We show this in the amount of boards our team members sit on, committees we chair, task forces we participate on, and the amount of volunteering we do in the community.
- ▲ As a result, we understand your challenges from both sides of the issue.

Ease of Transition

We recognize the opportunity to **bring fresh eyes** and a **renewed approach** to your audit. Bringing in a new CPA firm can bring new energy to your organization and increase the robustness of your audit. A **new perspective** allows risk areas to be reassessed and a different understanding of your processes and procedures to be gained. A new firm will look at your business differently while improving your audit approach, and we are able to provide that with **minimal disruptions** to your team.

Executive Summary

Auditor Prerequisites

1. THF has **over 25 years of experience** working with not-for-profits that are similar to the Agency.
2. THF has extensive experience working with United Way Grants, state and local government contracts, and other private funders of not-for-profit organizations. Our not-for-profit and governmental practice makes up 33% of the firm's overall revenue. Many of our not-for-profit clients are subject to *Government Auditing Standards* and/or federal and state single audit requirements. As a result, we are very familiar with the reporting and compliance requirements of many different programs. This knowledge allows us to plan our engagements to address the most difficult issues first and allows our clients sufficient time to address findings and recommendations to improve efficiencies.
2. THF's headquarters office is in Tallahassee along with 80% of our team members. In fact, **our entire proposed team is local and resides in the Tallahassee Community.**
3. **We have extensive experience auditing social service agencies and other organizations with large federal and state grants and contracts.** The Agency's mission is to provide a comprehensive, seamless system of services and resources to reduce the detrimental effects of poverty, empower low-income citizens with skills and motivation to become self-sufficient, and improve the overall quality of their lives and our community. Many of the not-for-profit organizations that we currently serve have similar missions and goals.

To name a few, the **United Way of the Big Bend** is an organization focused on raising awareness, mobilizing resources, and finding collaborative, targeted solutions for the community's most vital concerns. **Good News Outreach** is an organization that strives to reduce hunger, homelessness, and isolation by providing food, shelter, and social interaction through collaborative efforts. In addition, our client, **the Kearney Center**, provides 24 hour comprehensive emergency services to individuals experiencing or on the verge of homelessness within an eight county region. Their facility also serves as a point of entry to assistance by coordinating services and responding to immediate needs of individuals and families. Another organization we serve is **Kids Incorporated** which is a community based organization that provides quality and comprehensive services to help shape futures of at-risk families. Their mission is to support and educate families with young children through quality early learning, health, and family services. Another client, **Feeding Florida**, is the state's network of food banks working to solve hunger. Further, many of our team members serve on social service organization boards which gives them practical, hands-on experience of issues facing organizations similar to yours.

In addition to the organizations above, we serve a variety of not-for-profit organizations ranging in size and revenue. More information on our experience can be found on pages 10-11.

We combine the quality training of a large firm with the responsiveness of approximately 115 team members who are committed to providing individualized services to our clients. Our firm is organized as an S-Corporation with ten shareholders.

THF's focus on industry specialization (not-for-profit, government, insurance, commercial, employee benefits, and wealth management) and our concentration of technical skills along functional lines (audit, tax, technology, consulting, and disaster and emergency management services) reflect the firm's commitment to building superior service capabilities. Our goal is to build higher levels of knowledge and experience, to minimize the learning curve, and to deliver services in a more seamless and cost-efficient process.

Range of Services

Professionals at every level of our firm have dedicated significant time and resources developing our expertise in serving the not-for-profit and governmental industries. For over 25 years, we have provided or conducted a full range of services, including audit, review, compilation, accounting, tax, and consulting services to clients.

Services provided to not-for-profit and governmental organizations are extensive and include:

- ▲ Annual financial and compliance audits,
- ▲ Financial statement preparation,
- ▲ Financial and technical training,
- ▲ Information technology consulting,
- ▲ Operational reviews,
- ▲ Single audits,
- ▲ Healthcare claims audits,
- ▲ Disaster recovery and emergency management services,
- ▲ Compensation studies,
- ▲ Internal control studies,
- ▲ Employee benefit plan administration and audits,
- ▲ Board and audit committee training,
- ▲ Forensic accounting and fraud check-ups,
- ▲ Strategic planning,
- ▲ Tax consulting and tax check-ups,
- ▲ Tax preparation and unrelated business income planning, and
- ▲ Political entity compliance services.

“Our not-for-profit and governmental practice makes up 33% of our firm’s overall annual revenue.”

Tax Approach

Approach to Tax Services

A comprehensive tax service approach is based on a thorough understanding of the Agency, the tax laws impacting your organization, and a good working relationship with your staff. This approach will assist you in clearly defining tax strategies.

As part of the preparation of your tax return, we offer a tax return package which includes:

- ▲ Comprehensive, interactive, and customized “prepared by client” workpapers to assist you with gathering the information for us to prepare complete and accurate tax returns.
- ▲ Tax in-charge who spends time reviewing workpapers, identifying any changes, and gaining an understanding of any tax related items.
- ▲ An active link from the audit workpapers to the tax preparation system to eliminate redundancy in the information you have already provided to the auditors.
- ▲ Electronic tax reconciliation and Form 990 for review, questions, and discussions with management.
- ▲ A close working relationship between our tax and audit personnel, providing you with a team of professionals that can deliver proactive and timely advice.

As business needs and goals change and as economic conditions fluctuate, you need solid advice and long-term planning. We will proactively work with you to keep you up-to-date on ever-changing tax laws that may impact you. Our not-for-profit and governmental team has assisted clients with various matters including compensation agreements and sponsorship agreements.

Comprehensive Tax Check-up

Over time an organization, as well as related tax and case laws, can change significantly. These changes, although subtle on a year-by-year basis, can considerably alter the tax exposure of an exempt entity. A comprehensive tax “check-up” serves as a diagnostic tool to help identify tax exposure areas and planning strategies. Performed every three to five years, this service provides a fresh perspective of a client’s taxable position in light of organizational changes, contractual relationships, and mission objectives.

Tax Compliance - Form 990

With the important disclosures required to be included in your Return of Organizations Exempt from Income Tax (Form 990), it is vital that your tax return be complete, accurate, and fully describes your organization’s programs and accomplishments. Additionally, with the increase of public awareness and knowledge, the Form 990 has become another tool used by not-for-profit organizations to educate the community on their mission and organizational values. At THF, we work with our clients to better inform and assist them with the preparation and completion of the Form 990.

Audit Approach

Use of Technology in the Audit

We extensively use state-of-the-art technological tools in our everyday work processes. These tools enable us to achieve maximum efficiency and productivity for each project, allowing us to spend less time compiling and processing information and more time on analysis and assisting our clients with process improvement. Our goal is for our services to complement and support your business, not slow it down. In the office, each of our team members are provided with direct phone lines and email accounts for quick accessibility. In the field, our mobile computing strategy brings together email, remote information, and application access in a unified environment.

To remotely connect to our office, our authorized team uses Virtual Desktop Infrastructure (VDI). VDI allows access to information quickly and permits us to swiftly deploy email and essential programs to our remote team. Access to information on the servers is protected using NTFS permissions to prohibit unauthorized access. This access is controlled using active directory groups whose membership is reviewed daily to ensure that only the necessary people have access to the data. An additional piece of our mobile computing strategy is the use of a private client portal and secure email transfer. This portal will allow us to communicate and make critical documents available instantly to our clients. The secure email transfer will allow encrypted uploads and downloads of documents between our clients and team.

Michael Rosciam, our IT & Assurance Services Director proposed for this engagement, is a **Certified Information Systems Auditor (CISA)**, which is a certification sponsored by the Information Systems Audit and Control Association (ISACA). The CISA designation was created for professionals with work experience in information systems auditing, control, or security. CISA is world-renowned as the standard of achievement for those who audit, control, monitor, and assess an organization's information and technology business systems. With his expertise, we can provide an overview of information system concepts, practices, sound information system controls, and examination of work programs.

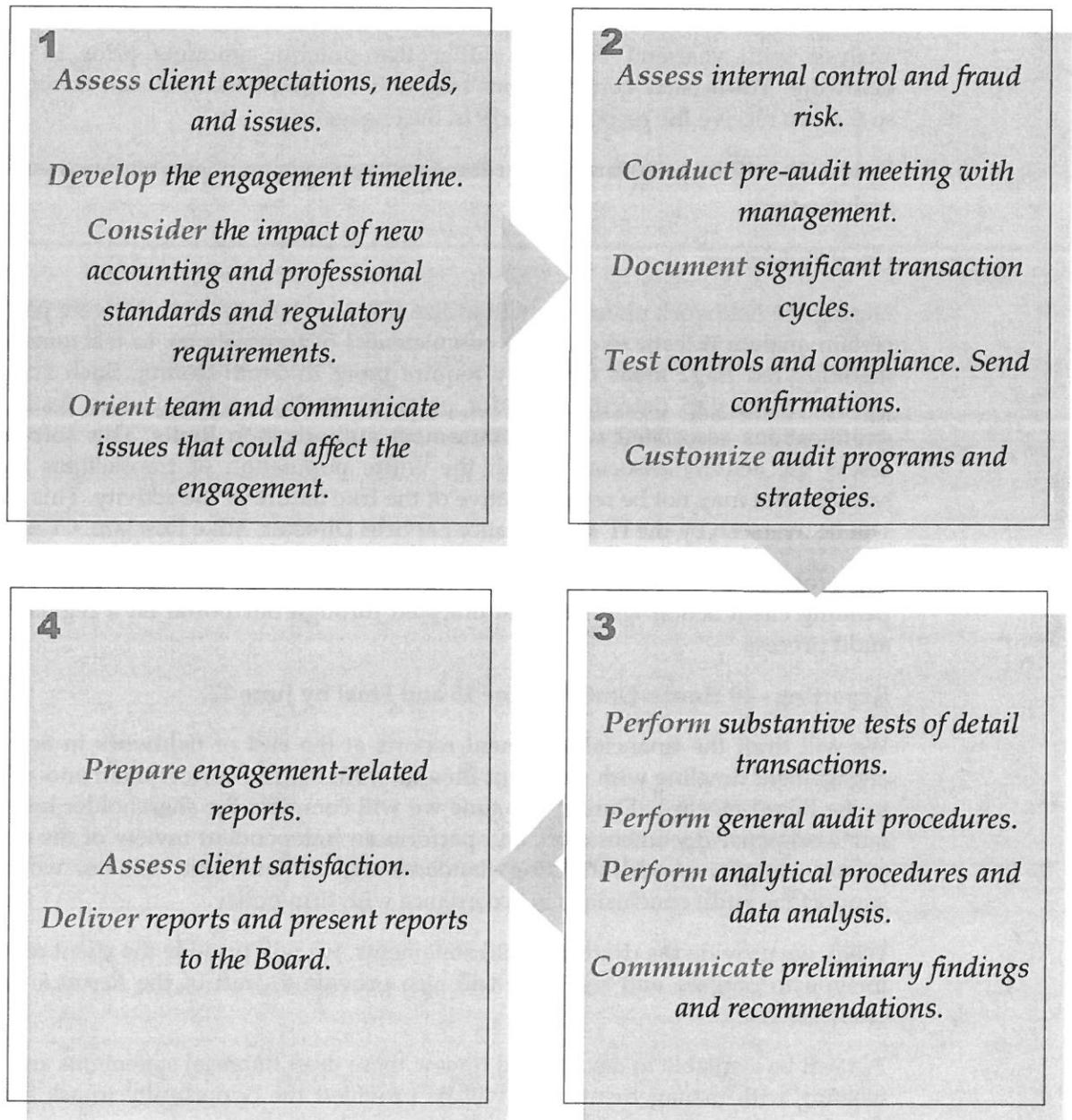
As the IT & Assurance Services Director on this engagement, Michael will evaluate relevant controls associated with processing additional information. Recommendations will be made to address any weaknesses identified. These recommendations, like all recommendations we will propose, will be made with due consideration given to the cost of implementation compared to the benefit to be derived. With our CISA resource, you will have continuous access to an IT audit professional to discuss areas of concern and recommendations to enhance controls and promote efficiencies.

How Our Approach Differs From Other Accounting Firms

Through our use of technology and our approach to planning and compliance testing, we are able to complete a significant amount of work before your year-end. This allows us to focus on the essential testing of year-end balances that need to be completed after year-end, helping us to create an efficient audit process and ensure your reporting deadlines are met.

Summary of Audit Approach

The chart below summarizes the major components of the audit process described on the previous pages:



Procedures to Monitor Progress

We have a budgeting tool internally, and we hold weekly department management meetings where we monitor the progress on all of our engagements. We will then communicate regularly with your management to discuss progress.

Audit Approach

Fieldwork - 130 Hours: April - May

We ask that our clients provide the schedules, financial information, and other items on the PBC request list one or two weeks prior to the scheduled start of fieldwork, preferably in electronic format. This lead time allows us to review the information, upload your trial balances into our audit software, perform preliminary analytics, and complete the significant account analysis with year-end balances rather than interim amounts prior to the beginning of fieldwork. Third-party confirmations may also be completed and sent during this time period so that we receive the responses early in the engagement.

Fieldwork will be performed under the direct supervision of an assurance services shareholder and director.

Use of Technology

During the fieldwork phase, we will utilize IDEA, a data analysis software package, to perform certain analytical tests, to evaluate completeness of transactions, to test journal entries, and to identify "red flag" areas that may require more in-depth testing. Such analytical tests may include check gap detection, vendor payment analysis, journal entry testing, and payment stratifications associated with disbursement authorization limits. This software allows us to assess the activity associated with the entire population of transactions rather than small samples that may not be representative of the true nature of the activity. This stage of fieldwork will be overseen by the IT & Assurance Services Director, Mike Rosciam, CPA.CITP, CISA.

The progress of the engagement compared to the timeline, sections completed, and open items pending client action will be communicated through our portal on a regular basis during the audit process.

Reporting - 40 Hours: Draft by June 15 and Final by June 22

We will draft the financial statement reports at the end of fieldwork in accordance with the engagement timeline with sufficient time for your staff to review them and ask questions prior to the Board meeting. During this time we will complete the shareholder level review, finalize our workpaper documentation, and perform an independent review of the engagement file to ensure compliance with auditing standards and to determine that our workpapers properly support the audit conclusions in accordance with firm policy.

When we provide the draft financial statements, we will provide the client representation letter for you to prepare and sign. We will also provide a draft of the *Report to Those Charged with Governance*.

We will be available to discuss and review these draft financial statements and reports during a meeting with management, who will be provided the opportunity to ask any questions they may have about the audit process or the financial statements.

Once management has approved the financial statements, final copies will be prepared electronically for distribution to you. Hard copies will be prepared for distribution or for your records, as requested. We will attend the Board of Directors meeting to present the results of our audit and to answer any questions the Board may have regarding your operations and the financial statements.

Audit Approach

Specific Audit Approach

At THF, we have learned that compromising on the tools we use in the auditing profession may bring short-term profits, but may result in diminished audit quality. As members of the RSM US Alliance, our investment provides access to cutting-edge electronic audit software tools that help us perform a thorough audit in an efficient manner. Our shareholders, managers, and staff attend continuing education classes alongside RSM US personnel, receiving the same national audit training at all levels, from the bottom to the top.

A risk-based audit methodology is used to identify significant accounts and areas that have the highest potential for a material misstatement in your financial statements. This methodology forces us to take a fresh look at your operating results and financial position each year. We then adapt our testing and audit procedures to the particular facts and circumstances for that year, instead of continuing to perform the same tests on the same group of accounts in the same way, year after year.

The audit will consist of three phases: planning, fieldwork, and reporting. All phases of the engagement are performed by staff and senior members of the team closely supervised in the field by the engagement director. The shareholder is involved in risk assessment, approach decision, and issues if they arise while overseeing the entire timeline and progress of the engagement.

Planning (With Interim Fieldwork) - 80 Hours: January

We will start the engagement with an onsite meeting well before year-end to establish an engagement timeline, identify new issues likely to impact the audit, and to agree on the Prepared By Client (PBC) request list. The engagement timeline will identify significant engagement milestones such as:

- ▲ Board meeting dates,
- ▲ Fieldwork start dates,
- ▲ Requested PBC items due dates,
- ▲ Draft financial statement delivery dates, and
- ▲ Tax deadlines.

By both of us signing the engagement timeline, we have a joint commitment to the process and an agreement to the engagement timing and deliverables.

THF believes that the most efficient manner to perform an audit in an organization such as yours is to place reliance on that organization's system of internal controls. We will gain an understanding of your significant control processes, perform walkthroughs of those cycles, and identify key controls relevant to each control system.

Prior to the start of interim fieldwork, we will ask to meet with your management and Board. The purpose of this meeting is to communicate the timing of the audit, discuss our audit approach, confirm our independence, identify the engagement team, discuss new audit or accounting standards likely to impact the audit, and discuss any concerns that management or the board may have regarding the audit process. We will also ask to have an executive session with management to perform standard inquiries regarding fraud and internal control risk.

To help manage delivery expectations, control and compliance testing can be performed on an interim basis and the results of that testing can be incorporated into our final audit procedures. The engagement team will meet to review the results of that testing in order to design an efficient audit that is thorough and complete, yet minimizes disruption to your staff.

Engagement Team - Resume

Jorge Rivera
Manager, Tax Services



Experience:

- ▲ Since 2006, Jorge has provided public accounting services working with small and midsize companies.
- ▲ His career began with auditing not-for-profits, HOAs, and small businesses before moving to a tax compliance focus.
- ▲ He also has helped clients to become financially independent.
- ▲ Industries served include not-for-profit, real estate, high net worth, family groups, and professional services.
- ▲ Responsibilities include business, trust, and personal tax preparation and planning.
- ▲ Jorge recently passed all four parts of the CPA exam and will soon receive his Certified Public Accountant license.

Professional Associations:

Member of the Florida Institute of Certified Public Accountants

Community Activities:

Paul Harris Fellow, Rotary International

Education:

Bachelor of Science in Accounting, Florida Gulf Coast University.

Master of Business Administration, Florida Southern College.

Engagement Team - Resume

Christie Battles, CPA
Manager, Assurance Services



Experience:

- Since 2014, Christie has been planning and conducting audits of not-for-profit, governmental, and commercial organizations, as well as employee benefit plans of various entities, in accordance with auditing standards generally accepted in the United States, as well as Government Auditing Standards.
- Services provided include financial statement audit reviews and compliance audits including federal and state single audits and special projects for governmental agencies, and both limited and full scope audits of employee benefit plans.
- Experience in internal control assessment and testing, fraud risk evaluation, financial statement preparation, and various accounting matters associated with government and US accounting standards.

Professional Associations:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

- Member, Second Emerging Leaders' Class

Education:

B.S. in Accounting, Florida State University.

M.S. in Accounting, Florida State University.

Engagement Team - Resume

Stacey Kolka, CPA
Senior Manager, Tax Services



Experience:

- Since 1992, Stacey has been providing accounting, consulting, and tax services to a variety of not-for profit organizations, political organizations, and charitable foundations.
- Responsibilities include planning, supervision of staff, review of tax returns, and research on tax engagements and special projects.
- Additional involvement in the preparation of several applications for exempt status and numerous unrelated business income tax issues.

Professional Associations:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

Community Activities:

Board of Directors, Joanna Francis Living Well Foundation

Treasurer, The Downs Syndrome Association of Tallahassee

Education:

B.S. in Accounting, Florida State University.

Master of Professional Accountancy, Mississippi State University.

Engagement Team - Resume

Renn Vickers, CPA

Director, Assurance Services



Experience:

- ▲ Renn has over 30 years of experience providing accounting and auditing services.
- ▲ Industries served include not-for-profit, governmental, and insurance.
- ▲ Experience includes providing financial statement audits, compliance audits, and single audits.
- ▲ Responsibilities consist of planning, fieldwork, staff supervision, report preparation, and issuance of financial statements.
- ▲ In addition to her public accounting experience, Renn worked for the Florida Association of Self-Insurers Guaranty Association for 12 years.

Professional Associations:

Member of the Florida Institute of Certified Public Accountants

Member of the American Institute of Certified Public Accountants

Member, Florida Government Finance Officers Association, Big Bend Chapter

Member, Association of Government Accountants, Tallahassee Chapter

Community Activities:

Graduate, Leadership Tallahassee, Class 11

Member, Capital Tiger Bay Club

Volunteer, W.T. Moore Elementary School

Education:

Bachelor of Science in Accounting, Florida State University.

Master of Accountancy, Florida State University.

Engagement Team - Resume

Debie Leonard, CPA
Director, Tax Services
Shareholder Emeritus



Experience:

- ▲ Since 1983, Debie has been providing tax, accounting, and business advisory services.
- ▲ Industries served include not-for-profit organizations, charitable foundations, and political organizations.
- ▲ Responsibilities consist of planning, review of tax returns, research on tax engagements, and wealth management planning.
- ▲ Involved with the preparation of applications for exempt status, representation before the Internal Revenue Services, income tax planning strategies, personal financial planning, estate planning, charitable planned giving, and retirement planning.
- ▲ Extensive experience working with 501(c)(3), 501(c)(4), and 501(c)(6) organizations and related combinations of those entities.

Professional Associations:

Member of the American Institute of Certified Public Accountants (AICPA)

- ▲ Personal Financial Planning

Member of the Florida Institute of Certified Public Accountants (FICPA)

- ▲ Past Member, Investment Policy Committee
- ▲ Past Member, Estate and Financial Planning Conference Committee
- ▲ Past Member, CPA Elder Planning & Support Services Committee
- ▲ Past Member, FICPA Foundation

Member, Florida Society of Association Executives

Past President & Current Member, Tallahassee Regional Estate Planning Council

Community Activities:

Treasurer, Club 25

Treasurer, Community Foundation of North Florida

- ▲ Investment Committee

Planned Giving Council Member, FSU Foundation

Past Board Member, American Lung Association

Past Advisory Board Member, FSU College of Business

Past Chairman & Alumni, Leadership Tallahassee, Class XIII

Awards & Honors:

2016, Women to Watch Awards - Experienced Leader Category, FICPA

2015, Distinguished Leadership Awards - Servant Leadership Category,
Leadership Tallahassee

2013, "25 Women You Need to Know," *Tallahassee Democrat*

Education:

B.S. in Accounting, Florida State University.

AICPA Certificate of Achievement for Personal Financial Specialist.

Engagement Team - Resume

Michael Rosciam, CPA.CITP, CISA Director of IT Assurance Services



Experience:

- ▲ Since 1999, Michael has been providing accounting services.
- ▲ Possesses both accounting and IT knowledge, with a background that includes information technology auditing.
- ▲ Industries include not-for-profits, governmental, and insurance organizations.
- ▲ Extensive experience identifying risk, designing and testing information systems controls for audits of financial reporting, as well as auditing various aspects of information technology.
- ▲ Responsible for planning and supervising engagements covering all facets of auditing, IT security and auditing, data analytics, risk management, SAS70/SOC reporting, and financial audit support.
- ▲ Contributes significantly to bridging the gap between business and technology within organizations.
- ▲ Experience with computer assisted audit techniques (CAAT/IDEA) and Microsoft Access to provide assistance in database management.

Professional Associations:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

- ▲ Member & Past Chair, Business Technology Steering Committee

Member, Information Systems Audit & Control Association (ISACA)

- ▲ Treasurer, Tallahassee Chapter
- ▲ Certification and COBIT Director, Tallahassee Chapter

Education:

B.S. in Accounting, San Diego State University.

Author:

“Moving Violations: 3 steps for taming mobile threats” - Published in the November – December issue of the FICPA’s *Florida CPA Today* and January 28, 2015 on the Ohio Society of CPAs online magazine, *CPA Voice*.

What is a CITP designation?:

The CITP is an information technology credential from the AICPA. With the technology background as a CITP and experience as a CPA, Michael establishes trust between our clients' operational managers and IT departments to achieve both teams' objectives by utilizing technology to help increase profits and efficiencies.

What is a CISA designation?:

The CISA is sponsored by the Information Systems Audit and Control Association (ISACA). The CISA designation was created for professionals in information systems auditing, control, or security. CISA is world-renowned as the standard of achievement for those who audit, control, monitor, and assess an organization's information technology and business systems.

Engagement Team - Resume

Jeff Barbacci, CPA
Shareholder, Assurance Services



Experience:

- ▲ Since 1995, Jeff has been providing auditing and consulting services.
- ▲ Majority of career devoted to specializing in not-for-profit and governmental industries.
- ▲ Served as expert witness and as shareholder over forensic audit engagements.
- ▲ Excellent understanding of compliance and regulatory issues, fraud prevention, board and audit committee responsibilities, and cost allocation methodologies.
- ▲ Significant experience evaluating internal controls.

Professional Associations:

Member of the American Institute of Certified Public Accountants

- ▲ Governing Council
- ▲ Executive Committee, Government Audit Quality Center

Member of the Florida Institute of Certified Public Accountants

- ▲ State Legislative Policy Committee
- ▲ State & Local Government Committee
- ▲ Past Chairman, Board of Governors
- ▲ Past Member, Management of an Accounting Practice Committee
- ▲ Past Member, Nominations Committee
- ▲ Past Member, Finance & Officers Advisory Committee

Past Chair, EDC of Tallahassee/Leon County Not-for-Profit Task Force

State of Florida Auditor General Task Forces on Auditor Selection and GASB 34

Member, American Society of Association Executives

Member, Florida Society of Association Executives

Community Activities:

Past Board of Directors, Treasurer of the Board, Capital Area Healthy Start Coalition

Leadership Tallahassee, Class XVIII

Endowment Committee Chair, Suwanee River Area Council

Author:

Florida Institute of Certified Public Accountants' "Building Better Boards"

Awards & Honors:

2015 "Top 10 Public Accounting Professionals" in Florida, National Academy of Public Accounting Professionals

Education:

B.B.A. in Accounting, Stetson University.

Masters of Accounting, Stetson University.

AICPA Certificate of Achievement for Not-for-Profit and Governmental Auditing.

Engagement Team - Resume

Allison Harrell, CPA
Shareholder, Assurance Services



Experience:

- Since 2002, Allison has been providing assurance services.
- Industries include not-for-profit and governmental.
- Range of services provided include financial statement and compliance audits, internal control studies, forensic audits, agreed-upon procedures, and financial reviews.
- Responsibilities consist of planning, fieldwork, and report preparation in the areas of financial and compliance audits.
- Experience with Uniform Grant Guidance.
- Additional experience with operational audits of state agencies and certain local governments while employed with the State of Florida Auditor General.

Professional Associations:

Member of the American Institute of Certified Public Accountants

- Not-For-Profit Expert Panel
- Past Member, Executive Committee, Government Audit Quality Center
- Past Chair, E.D.G.E. Conference Planning Committee
- Inaugural Member, AICPA Leadership Academy

Member of the Florida Institute of Certified Public Accountants

- Past Member, Committee on Nominations
- Past Member, Membership Task Force
- Past Member, Membership Committee

Member, Florida Society of Association Executives

Member, Department of Accounting Professional Advisory Board, Florida State University

Past Member, Access Tallahassee

Community Activities:

Board of Directors, Treasurer of the Board, Tree House of Tallahassee, Inc.

Board Member, Leon County Community Board, Capital City Bank

Past North Florida Outreach Fellow, The Jim Moran Institute of Global Entrepreneurship

Past Board of Directors, 2-1-1 Big Bend

- Past Chair of the Board
- Past Treasurer of the Board

Leadership Tallahassee, Class XXVII

Awards & Honors:

2016 Leadership Pacesetter Nominee, Leadership Tallahassee

2016 Rock Star Award Nominee, Women Who Mean Business Awards, *Tallahassee Woman Magazine*

2016 "25 Women You Need to Know," *Tallahassee Democrat*

2014 Golden A.C.E. Award, Finance Category, Tallahassee Network of Young Professionals

2014 FICPA Women to Watch Emerging Leader Award

2013 "26 Under 36," *Florida CPA Today*

2009 Top 40 Under 40, *CPA Technology Advisor Magazine*

Education:

B.S. in Accounting, Florida State University.

Masters of Accountancy, emphasis in Assurance Services, Florida State University.

Engagement Team

Your Engagement Team's Roles & Responsibilities

The Client Service Executive (CSE)/Engagement Shareholder (CPA In-Charge) will work closely with you and the THF team in developing the services approach, identifying and resolving issues, and communicating with management. She will also be available to assist you with accounting, reporting, or tax matters that may arise during the year and **is your primary contact as issues arise and for providing professional consultation.**

The Engagement Quality Control Reviewer will be primarily responsible for ensuring compliance with applicable auditing standards and quality control guidelines. He will also be responsible for the review of documentation maintained and conclusions reached by the CSE/engagement shareholder regarding specific accounting or auditing issues that arise during the engagement. Furthermore, he will be available to serve as an additional technical resource and supplement the duties of the CSE/engagement shareholder, as needed.

The IT & Assurance Services Director, a Certified Information Services Auditor (CISA), will be used during the audit engagement to gain an understanding of your information technology controls, programs, and risk. We will specifically evaluate physical and virtual controls regarding IT access and data security.

The Tax Services Director will work closely with the other team professionals in developing the tax services approach, identifying and resolving issues, and communicating with management. She will also be available to assist you with tax disclosures and other tax matters that may arise during the year.

The Tax Services Engagement Senior Manager will coordinate and direct all tax services with the oversight and direct involvement of the tax director. She will supervise the tax return preparation and provide the detailed tax review and keep management informed of the tax return deliverables.

The Assurance Services Engagement Director will be responsible for planning, staffing, reviewing, and overseeing the engagement process for the annual audit. She will be significantly involved throughout all phases of the engagement.

The Assurance Services Engagement Manager will be directly responsible for the supervision of the engagement seniors and staff. She will work closely with your accounting personnel to ensure that everyone involved is properly prepared for the fieldwork phase of the engagement. The engagement manager will provide regular status reports to your management regarding fieldwork status and any items needed to complete the audit.

The Tax Services Engagement Manager will be responsible for the supervision of the engagement seniors and staff and work directly with the engagement senior manager in the preparation of the tax form.

Other Assurance and Tax Services Engagement Seniors and Staff will be responsible for the performance of fieldwork under the direct supervision of the engagement in-charge, director, senior manager, and manager.

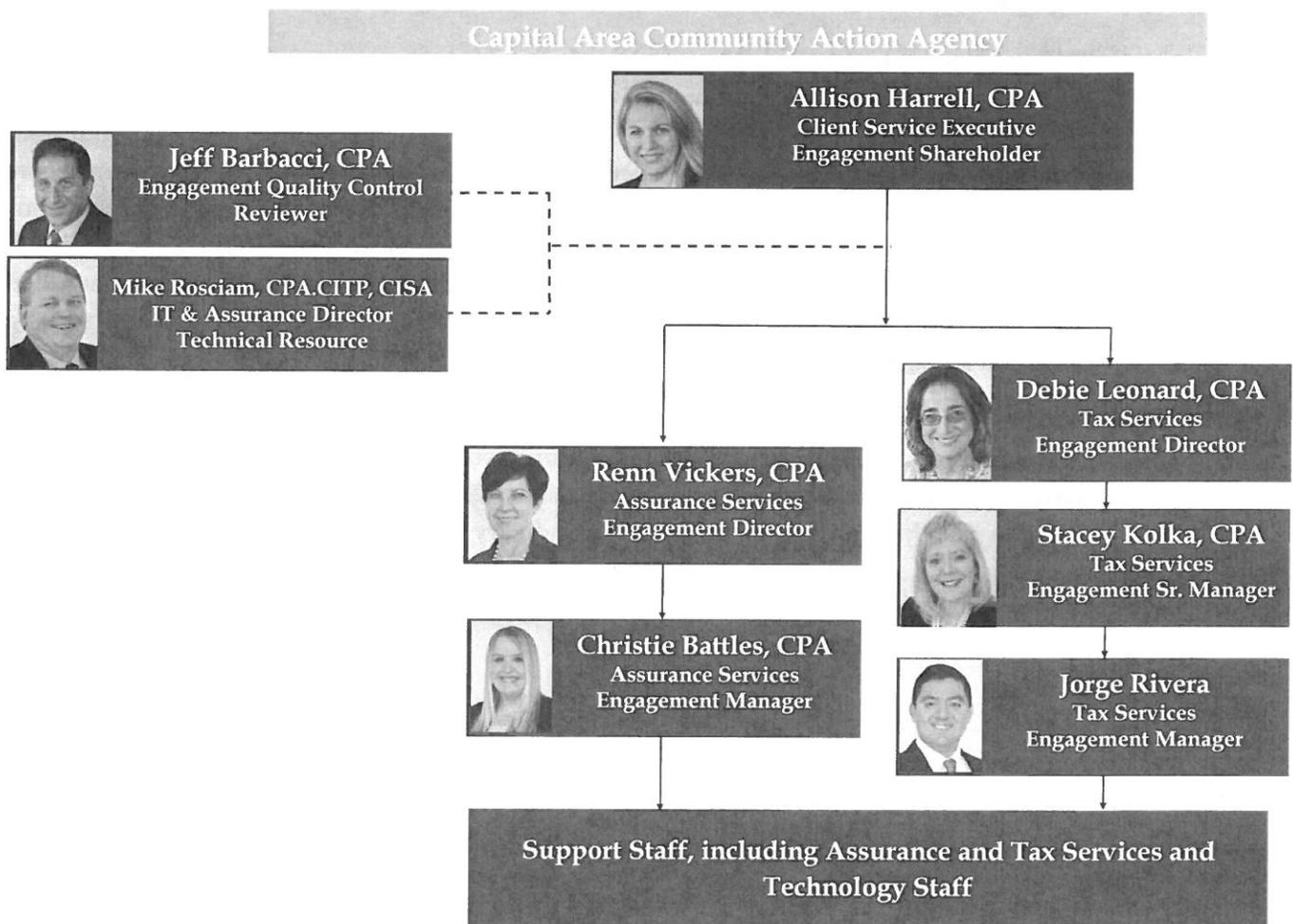
The Administrative Support Staff will assist during the reporting phase of the engagement and the drafting of financial statements. The financial statements will be integrated into our audit trial balance based on downloads of your general ledger.

Engagement Team

Our proposal contains a dedicated team of professionals to meet your specialized needs. Your engagement team has extensive not-for-profit and government experience with core audit and tax services along with more specialized skills. To expand their industry knowledge, our professionals serve as volunteer leaders and are active members of not-for-profit and government organizations. Their experience is available to you to provide meaningful advice during the audit and throughout the year.

A valuable professional resource is one that can provide current and meaningful advice based on changes and events that are taking place today. It is also one that has a vision capable of preparing you for tomorrow. Our professionals are valuable resources. Industry-specific training for these team members ranges from national training conferences to individual study to hands-on leadership involvement. Their experience has trained them to make decisions and solve problems. As our client, their experience will become your experience.

We have selected a local, Tallahassee-based engagement team of professionals that have direct “hands-on” experience in serving numerous not-for-profit and government clients. We have included an organizational chart of our team below and have provided detailed resumes on each of the team members listed. Each member of your engagement team meets or exceeds the continuing professional education requirements of the Board of Accountancy.



Firm Overview

Independence

Based on our review of professional standards with respect to independence, we are not aware of any matters that would be deemed to impair our independence. We are also not aware of any possible conflict with your key staff or board members. In the event a conflict arises, or if we become aware of a matter affecting our independence, we will notify you of the situation immediately. For purposes of quality control and compliance with professional standards, we will evaluate our independence with you annually.

Ensuring Continuity of Key Staff

To ensure continuity of our not-for-profit and government group, we have developed a dedicated team of professionals at all levels within the firm. In the event there is a turnover of one of our engagement team members, we have others trained to assume responsibilities at that level. A dedicated team focused on not-for-profit and government engagements helps us to gain efficiencies and cost savings that we are able to pass on to our clients. Key members of the proposed engagement team for this engagement include people who are leaders of our not-for-profit and government service group and will each have significant roles on this engagement.

THF is a firm of highly-trained professionals that have been organized to provide our clients with superior service. We continually evaluate our client service commitments and structure our team assignments and personnel resource deployment accordingly. We are continuously recruiting and training the best talent and believe that because of our firm's career opportunities and commitment to employees, we will have the accounting personnel resources this engagement commands and you expect. However, should a need arise that exceeds our existing personnel resources, we will, with your concurrence, utilize our alliance resources and other relationships that have been developed over many years of serving a large and sophisticated client base.

We are committed to creating a working environment that promotes long-term growth and opportunity for all firm personnel. This commitment, combined with the level of challenging assignments and professional opportunities, has allowed us to achieve staff turnover levels over the past three years that are below the industry average for public accounting firms.

Firm Overview

Many of our not-for-profit and governmental clients receive federal and state grants which are subject to single audit testing. As experienced by our peer review, have the approach, experience, and processes in place to provide quality single audit services that comply with professional standards. Additionally, **Jeff Barbacci, a member of our proposed team, attends the AICPA Single Audit Roundtable twice annually in Washington D.C.** Our participation in those meetings provides first hand insight as to high priority compliance matters likely to impact your organization.

Further, members of our engagement team have worked with the Florida Auditor General and the Florida Comptroller during the development of the *Florida Single Audit Act* to educate private practitioners and public sector employees about the requirements. We have performed grant specific audits, provided assistance with cost allocation plans, evaluated controls over grant compliance, and assisted clients in organizing the structure of their general ledger to better account for grant activity. Our compliance testing includes tests of eligibility, proper cost allocation, and allowable costs in accordance with the Uniform Guidance and compliance supplements. Our professionals regularly attend continuing education courses to stay informed about techniques and changes associated with grant reporting.

We perform compliance audit and compliance monitoring services associated with approximately \$450 million in grant funds each year. We have experience with providing single audit compliance for the following not-for-profit organizations and local, state, and federal agencies:

Not-For-Profit Organizations/Single Audit

Association for Institutional Research
Federal Alliance for Safe Homes
Feeding Florida, Florida's Food Bank Network
Kids Incorporated of the Big Bend
The Education Foundation of the Florida
Restaurant and Lodging Association
Tallahassee Lenders' Consortium

Local Governments

Blueprint Intergovernmental Agency
Capital Region Transportation Planning Agency
City of Tallahassee, Florida
Leon County, Florida
Leon County School Board

***"We perform compliance
audit and compliance
monitoring services
associated with
\$450 million in grant
funds annually."***

State & Federal Agencies

Federal Emergency Management Agency
Federal Highway Authority
Florida Agency for Health Care Administration
Florida Commission for the Transportation Disadvantaged
Florida Department of Agriculture and Consumer Services
Florida Department of Children and Families
Florida Department of Community Affairs
Florida Department of Economic Opportunity
Florida Department of Education
Florida Department of Elder Affairs
Florida Department of Environmental Protection
Florida Department of Health
Florida Department of Highway Safety and Motor Vehicles
Florida Department of Juvenile Justice
Florida Department of Management Services
Florida Department of Revenue
Florida Department of State
Florida Department of Transportation
Florida Division of Emergency Management
Florida Housing Finance Commission
U.S. Department of Agriculture
U.S. Department of Education
U.S. Department of Energy
U.S. Department of Environmental Protection
U.S. Department of Health and Human Services
U.S. Department of Homeland Security
U.S. Department of Housing and Urban Development
U.S. Department of Labor
U.S. Department of Justice
U.S. Department of State
U.S. Department of the Interior
U.S. Department of Transportation
U.S. Environmental Protection Agency

Firm Overview

Client Experience

The experience of your proposed team is important to know, because it represents the nature and depth of experience our team will bring to you. We have the experience serving the following numbers and types of clients that are similar and relevant to you:

- ▲ **51 Charitable Organizations** - THF provides annual audit, review, compliance, tax, and consulting services for these organizations. The typical size of these engagements range from 50 to 400 hours, utilizing 2 to 5 team members. Many of these engagements include compliance auditing under the Florida Single Audit Act and the Uniform Grant Guidance. These include 501(c)(3) organizations and several social service organizations.
- ▲ **29 Trade or Professional Associations** - THF provides audit, review, tax, and consulting services for these organizations on an annual basis. Many of these clients are multitier entity structures that include educational foundations, political organizations, and for-profit subsidiaries. These engagements each range from 100 to 450 hours to perform and utilize 3 to 6 team members. Consulting services have included facilitation of strategic planning, forensic accounting, executive compensation planning, employee benefit planning, tax studies, and internal control studies. These include 501(c)(6) and 501(c)(5) organizations.
- ▲ **16 Quasi-Governmental Organizations** - These not-for-profit organizations are typically created by statute and are a component unit of the State or another government agency. Many of these organizations are 501(c)(3) entities, but utilize fund accounting practices and prepare financial statements in accordance with *Government Accounting Standards*. These organizations vary widely in size and structure. Eleven of these organizations are direct-support organizations.
- ▲ **13 State Agencies** - Including the Florida Department of Economic Opportunity, the Florida Agency for Health Care Administration, the Florida Commission for Transportation Disadvantaged, the Florida Division of Emergency Management, the Florida Department of Education, the Florida Department of Financial Services, and the Florida Lottery. These entities range in revenue size and resources.
- ▲ **5 Large Governments** - Including Leon County, Florida; Leon County Research and Development Authority; Capital Region Transportation Planning Agency; Consolidated Dispatch Agency; and Blueprint Intergovernmental Agency. These entities range in revenue size and resources.

Nationwide Experience - Our not-for-profit and government services team has been expanded to include the experience of firms within the RSM US Alliance and CPAmerica (more information about these alliances can be found in Appendix A). These memberships and our active leadership and participation in these organizations provide us with access to subject matter experts throughout the country that serve hundreds of not-for-profit organizations and governments of all sizes and structure. We are actively engaged in industry and department roundtables in each organization which has helped us identify best practices and trends that can directly benefit our clients. If you have an issue that we can't address, we are able to access numerous resources through these alliances to bring a resolution to that issue.

Community Action Agency Experience - We have community action agency experience through our alliances.



"Our teal triangle represents the culture of our firm and our focus on our team, our clients, and our community."

INVOLVEMENT



Firm Overview



We are committed to supporting the community and our clients where we have our offices and where our employees and clients live. In 2018, our firm had over 1,500 volunteer hours. Below are some of the organizations we are involved in and support in our communities.

- ▲ Access Tallahassee
- ▲ American Heart Association
- ▲ Boy Scouts
- ▲ Boys and Girls Club of America
- ▲ Boys Town
- ▲ Community Leadership Academy
- ▲ Corporate Cup Challenge
- ▲ ECHO
- ▲ Emerging Leaders of Tampa Bay
 - ▲ Community Outreach Committee
 - ▲ Not-For-Profit Fair Planning Committee
- ▲ Florida Dental Foundation
- ▲ Florida State University, College of Business
 - ▲ The Florida Catastrophic Storm Risk Management Center
 - ▲ John Perry Thomas Speaker Series
 - ▲ Department of Accounting, Professional Advisory Board
- ▲ Girl Scouts
- ▲ Girls on the Run
- ▲ Holy Comforter Episcopal School
- ▲ Joshua House, Children's Home Society of Florida
 - ▲ Provided backpacks and supplies for students
- ▲ Kids Inc. of the Big Bend
- ▲ LeMoyne Art Gallery
- ▲ Ronald McDonald House
- ▲ Sealey Elementary School
 - ▲ Provided backpacks and supplies for students
- ▲ Tallahassee Memorial Healthcare Foundation
- ▲ Tallahassee Network of Young Professionals
- ▲ Tallahassee Northside Rotary Club
- ▲ The Foundation for Leon County Schools
- ▲ The Kearney Center
- ▲ Tiger Bay Club
- ▲ United Way of the Big Bend
- ▲ United Way Suncoast

Current Board Participation
America's Second Harvest of the Big Bend, Audit Chairman
Big Brothers Big Sisters, Treasurer
Community Foundation of North Florida, Treasurer
Florida State University, Department of Accounting, Professional Advisory Board
Joanna Francis Living Well Foundation, Treasurer
Leadership Tallahassee, Treasurer
Lee's Place
Suwannee River Area Council, Endowment Committee Chair
Tallahassee Community College Foundation
Tallahassee Memorial Healthcare
Tallahassee Symphony Orchestra, Treasurer
The Downs Syndrome Association of Tallahassee, Treasurer
Tree House of Tallahassee, Inc., Treasurer

Firm Overview

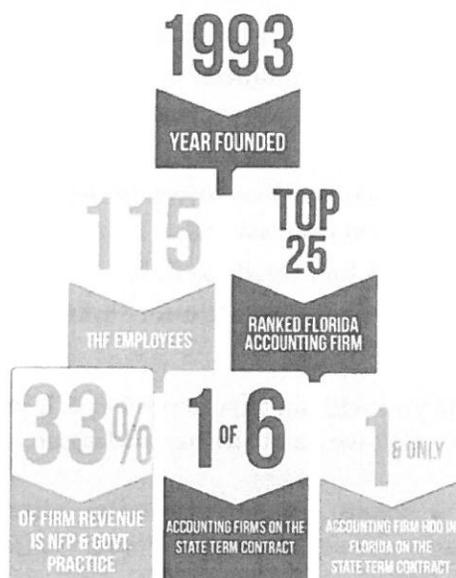
Our Leadership

To be recognized as leaders in the not-for-profit industry requires more than audit and tax experience. Our team members supplement their significant technical skills by serving on various boards and community organizations. Some of the organizations we are involved with include the following:

- ▲ Not-for-Profit Conference Planning Committee, Executive Committee, Legislative Policies Committee, Nominations Committee, and the Accounting Principles and Auditing Standards Committee of the FICPA.
- ▲ Not-For-Profit Expert Panel, AICPA.
- ▲ Board Member, FICPA.
- ▲ Loaned Executive, United Way Suncoast & United Way of the Big Bend.
- ▲ Member, Nonprofit Volunteer Fair Planning Committee, Emerging Leaders of Tampa Bay.
- ▲ Member, Inclusion Committee (formerly known as Community Outreach Committee), Emerging Leaders of Tampa Bay.
- ▲ Audit Chairman, Second Harvest of the Big Bend.
- ▲ Treasurer, Big Brothers Big Sisters.
- ▲ Governing Council of both the AICPA and FICPA.
- ▲ Government Audit Quality Center Executive Committee, AICPA.
- ▲ Treasurer, Tree House of Tallahassee.
- ▲ Treasurer, Community Foundation of North Florida.
- ▲ Board Member and Treasurer, Leadership Tallahassee.
- ▲ Board Member and Treasurer, Tallahassee Symphony Orchestra.
- ▲ Board of Directors, Tallahassee Memorial Hospital.

In addition, we have three team members who have served as Chairman of the Florida Institute of Certified Public Accountants (FICPA), the professional association for CPAs in the state of Florida.

Through these leadership positions and many others, we have developed practical, hands-on experience sitting on your side of the table. As a result, our issue resolution process weighs the broad objectives associated with financial reporting, with the practicality of your organizational structure and operating needs to provide meaningful and useful recommendations.



“Allison Harrell, your engagement shareholder, is currently one of 12 CPAs nationwide who is a member of the AICPA’s Not-For-Profit Expert Panel. Due to her engagement on this panel, Allison is continuously updated on not-for-profit issues and trends at a national level. At the same time, she provides a voice for the not-for-profit clients we represent.”

Firm Overview

Not-For-Profit and Governmental Dedication to Continuing Education

Professionals from our firm begin to focus their careers on a specific industry beginning about their third or fourth year with the firm. The result is a team of professionals intimately familiar with the issues impacting your industry who are able to offer advice from a knowledgeable perspective. The breadth of this experience enables us to bring added value to this relationship; to provide more to you than routine services.

Our firm requires each professional, including shareholders, to participate in a minimum of 80 hours of formal continuing education programs over a two-year period, which includes a minimum of 24 hours in subjects directly related to government auditing. Many of our professionals exceed these requirements. The team members assigned to serve you meet the continuing education requirements related to government auditing, as well as their particular areas of specialization as required by Florida Statutes and *Government Auditing Standards*. THF knows it is vital to stay on top of industry trends and accounting issues. Therefore, in addition to our continuing education requirements, we are active and attend educational events for organizations such as the American and Florida Societies of Association Executives, the AICPA Not-For-Profit Expert Panel, the Association of Government Accountants, and AICPA's Government Audit Quality Center.

By having a dedicated team of not-for-profit professionals, we stay current with issues affecting the industry by attending state and national conferences, as well as authoring courses for CPAs who work with and for not-for-profit entities. The courses have included:

- ▲ Co-author of an 8-hour course titled "Building Better Boards" for the FICPA. The course was paid for by a grant through the Knight Foundation and focused on Board responsibilities, financial reporting, budgeting, internal controls, committee responsibilities, and monitoring of monthly operations.
- ▲ Internal control and fraud awareness.
- ▲ Communications to Those Charged with Governance.
- ▲ Author of the "Tax Check-Up" in the World of Tax-Exempt Organizations in *Capital Executive Magazine*.
- ▲ FICPA conference speaker for:
 - ▲ All You Need to Know About the New Form 990.
 - ▲ Charitable Gift Planning: Using Charitable Trusts.
- ▲ Gaining Confidence and Control Over Your Not-for-Profit Resources.
- ▲ What to Expect and Learn at Your Board Orientation.
- ▲ What your Board Should Know About Your Entity's Finances.
- ▲ Author and presenter – one of several not-for-profit consultants/professionals selected by the Florida Society of Association Executives (FSAE) to create an archived series of training webcasts for association professionals.
- ▲ Cyber Security: What the Board of Directors Needs to Ask.
- ▲ What You Need to Know About the New Not-for-Profit Financial Reporting Standards Changes.

Your dedicated service team will provide you with an experienced eye. If you have a question or issue, there is more than a good chance that we have already addressed it.



Bonus Arrangements to Help Retain Key Talent

One important question that exists within the minds of not-for-profit organizations' leadership is: How do we keep our best people from leaving to work elsewhere? Just like other organizations, not-for-profits are constantly seeking ways to recruit, reward, and retain key executives. However, this is more difficult for not-for-profit organizations because the IRC § 457 and IRC § 409A hold many restrictions regarding executive bonuses.

Fortunately, there are alternative plan designs that provide ways to retain key executives. One of the most notable of these alternative arrangements, including the executive bonus, restricted executive bonus, and split-premium bonus.



Executive Bonus

An executive bonus arrangement uses after-tax dollars to



Questions that Not-For-Profits Should be Considering: Part 1

With the new year in full swing, it is important to start considering some questions. The answers to the following questions could change how your organization is currently reporting.

1. Do you have adequate documentation to support the IRS presumption of reasonableness for compensation of key positions?
2. When was the last time you analyzed your sponsorship package? Are your sponsors receiving substantial benefits such as advertising?
3. Do you have activities that the IRS would consider as unrelated business income (UBI)?
4. Your information and data is very important. Is your IT department implementing policies to address cyber security?

In order to prepare for the year ahead, be sure you have sound processes in place to help answer the above questions. If you would like to learn more, ask one of our not-for-profit leaders below.



Audit vs. Review

Do you know the difference between an audit and a review? Which one does your company need?

Audit

If your company's primary concern is the appropriateness of internal controls and the accuracy of financial information generated as a result of the control environment and processes, then an audit may be the appropriate service.

The objective of an audit is to provide an opinion that the financial statements are presented fairly, in all material aspects, in conformity with the applicable financial reporting framework. Having an audit done provides a high, but not absolute, level of assurance. The assurance relates to the financial statements taken as a whole (not specific accounts, classes of transactions, or note disclosures).

The audit opinion can be unqualified, qualified, or adverse, or the auditor can issue a disclaimer of opinion. Audits are performed in accordance with auditing standards generally accepted in the U.S.A. (non-public entities) or the standards issued by the Public Company Accounting Oversight Board (public entities).

Click [here](#) for the definitions of unqualified, qualified, and adverse opinion.

Review

If your company is limited assurance regarding its account and the company's operations are very consistent and predictable, then a review may be very appropriate.

A review is substantially less in scope than an audit and there is no



The Importance of Internal Controls

The Florida Dental Association asked one of our Not-for-Profit leaders, Allison Harrell, to create a video stressing the importance of internal controls in volunteer run organizations.



The Importance of Internal Controls

Commitment to Providing Education & Updates

We understand the importance of being kept apprised of topics and issues that affect you and your industry. Therefore, we are in constant contact with our clients throughout the year to stay informed about matters impacting their daily operations and their strategic goals. Through these meetings, we also share our knowledge of industry matters, changes to accounting standards, and changes to reporting practices that may require proactive strategies to yield optimum outcomes.

▲ **Board Certified Education Provider**

THF is certified by the Board of Accountancy to provide continuing education courses that qualify for Certified Professional Education (CPE) credit. Over the last few years, we have taught courses to clients and other associations on topics such as the Form 990, non-qualified deferred compensation plans, fraud prevention, how to be a valuable board member, audit committee responsibilities, and other topics. We stay well-informed on these topics to allow us to consult with our clients on how to solve complex issues with the most beneficial or creative solutions.

▲ **Internal and External Presentations**

Because our team members focus on specific industries, they have extensive knowledge and expertise in their areas of practice. Allison Harrell, your engagement shareholder, has given presentations on the new not-for-profit reporting standards to the Florida Society of Association Executives and the Tallahassee Chamber Building Better Boards program. As new standards are released and the effective date for other standards draw near, we will continue to give presentations and set up meetings with our clients in order to ensure your team is adequately prepared for the new changes. In addition, our IT and Assurance Services Director, Michael Rosciam, has given many and continues to give presentations on cyber security preparedness. Our tax team has presented the new Tax Cuts and Job Act (TCJA) for multiple forums while also meeting one-on-one with our clients who needed special attention to the multiple changes to ensure tax compliance.

▲ **Webcasts**

Through our membership in the AICPA's Government Audit Quality Center and the Not-For-Profit Section, we have access to numerous webcasts, both live and archived, many of which we invite clients to participate in. We recently hosted a webinar that covered some of the new not-for-profit reporting standards and the top five things the board should know about them.

▲ **Individualized Training and Roundtables**

If specific needs or unusual issues arise during the year that require specific attention or in-depth knowledge, we can prepare individualized training. If a group of our clients are experiencing the same issue, we will host small group roundtable discussions, which allow brainstorming on potential issues along with the best solutions. We have facilitated many meetings for these purposes including topics on internal controls, fraud risk, not-for-profit benchmarking, audit committee responsibilities, financial statement preparation, Form 990 revisions, and many others.

▲ **Email Updates**

THF maintains a database of contacts within not-for-profit organizations in order to send out relevant and timely updates on issues they may be facing. Please see examples of these updates on the following page.

Fee Proposal

In developing our proposed fee for you, we considered many factors including the time of year in which services are provided, as well as our desire to serve and include you as one of our valued clients. We believe our proposed fee reflects these considerations. **If our fee estimate is not within your expectations, we would appreciate the opportunity to discuss the assumptions used in developing our fee in relation to your expectations.**

Our fees will be based on hours worked by the various levels of personnel, at rates applicable to each, plus out-of-pocket expenses (if necessary) and administrative and technology fees which are billed at \$12 per hour. Our fees are billed monthly as incurred. Our fees for services are "not to exceed" amounts and hours are as follows:

Service	2019	2020	2021
Annual Audit	\$ 21,500	\$ 21,500	\$ 22,500
Tax Preparation Services	2,500	2,500	2,575
Total	\$ 24,000	\$ 24,000	\$ 25,075
*One year additional billing due to changes in standards	\$1,500-\$3,000	N/A	N/A

Fees could be decreased in subsequent years if client personnel is able to prepare the financial statements fully and there are no journal entries required during the audit. The only additional fees that are possible would be for confirmations, which the financial institutions charge our firm \$25 per confirmations.

*The FASB has issued substantial financial reporting changes for fiscal years ending December 31, 2018 and after. If we need to assist with implementation of these changes, this is a range of fees to be charged.

This is a fixed fee engagement based on the following assumptions:

- The overall condition of your financial and accounting records, including complete fixed assets records, is satisfactory and there will be no more than five journal entries proposed as the result of the audit.
- No significant changes in operations.
- Audit fieldwork will be performed in the April - May timeframe.
- We will receive support from your accounting personnel necessary for the preparation of requested schedules and other supporting documentation before we commence fieldwork.
- Requests made for additional items during fieldwork will be turned around in 24 hours or less when possible.
- There will not be a need for substantial research of unforeseen technical issues or new accounting/audit pronouncements in order for us to complete our audit.

If there are changes in the scope of services or circumstances, we will discuss the issues with you before incurring additional time and fees. Because it is our philosophy that many time-consuming issues at year-end could be resolved or avoided by brief phone calls or questions throughout the year, we encourage our clients to call with questions regarding accounting, tax, or operational matters as they occur. **We will not bill you for standard inquiries or questions throughout the year.** These inquiries and questions are included in the above fee. If the answer to your question requires research or significant time by our professional staff, we will let you know up front.

Fee Proposal

Rates for Additional Professional Services

If we have the opportunity to provide other consulting or accounting assistance services, we will estimate the fees for that service. We will work with you to determine the scope of service and the best way to serve you. Below are the hourly rates, by level of personnel, we offer our not-for-profit clients:

Personnel Level	NFP Rate
Shareholder	\$ 285
Director	245
Senior Manager	210
Manager	185
Senior	150
Staff	125
Support Staff	65

Billing Rate

If awarded the contract, we commit to limiting our billing rate increase to approximately 4% for the 2020 and 2021 engagements.

Auditor Transition

Any change in accountants can create an additional burden upon an organization's staff and management. We are sensitive to these circumstances. To ensure a smooth transition from a predecessor firm and to make certain the audit process is efficient with sufficient time for management to address findings and audit issues, we will perform the engagement planning early in the engagement process. We also recognize that a change offers a fresh perspective for accounting and tax matters and overall operations. This level of planning and execution of the audit approach allows us to understand your issues, suggest ideas, and transfer knowledge; thus eliminating last minute surprises and ensuring that we meet your delivery schedule. We will also absorb any startup costs associated with the transition.

References

References

The following are select client references from relevant not-for-profit organizations in which we provide similar services.

LaFonda Wilson, Executive Director/CEO
Kids Incorporated of the Big Bend
2326 Centerville Road
Tallahassee, Florida 32308
Phone: (850) 414-9800
Email: lwilson@kidsincorporated.org

Katrina Rolle, President/CEO (Former Executive Director of United Way of the Big Bend)
Community Foundation of North Florida
3600 Maclay Boulevard, Suite 200
Tallahassee, Florida 32312
Phone: (850) 222-2899
Email: krolle@nfcf.org

Tim Daughtry, Deputy Director
Florida Birth Related Neurological Injury Compensation Association - NICA
2360 Christopher Place, Suite 1
Tallahassee, Florida 32308
Phone: (850) 488-8191
Email: tdaughtry@nica.com

Assistance of Client Personnel

Assistance of Client Personnel

While we take responsibility for managing the timeliness of the engagement, our ability to do so is dependent on a certain level of assistance from management. Planning meetings to assign responsibility to both engagement staff and client personnel will help ensure the engagement is completed in a timely manner. Our approach is designed to minimize any disruptions to management associated with the execution of our audit procedures. Additionally, our approach is designed to utilize management’s reports, schedules, and analyses. Therefore, we have assumed normal levels of client assistance in the execution of our audit procedures (preparation of account analyses and schedules, timely preparation for the audit, etc.).

Additionally, we have recently implemented a new client request list software and portal. The portal allows both the client and the engagement team to monitor the progress on the requested items. The portal has a chat feature that allows for questions on items by either the client or the engagement team. The portal is archived once the audit and tax work is complete. The archive is available to view items if needed while completing the subsequent year’s request list. Please see the screenshot of the portal below.

We will coordinate with management regarding items needed and our expected timeline well in advance of the start of the audit. We believe proper preparation and planning by both of us is the key to a successful engagement.

The screenshot displays the client request list software interface. At the top, the Thomas Howell Ferguson P.A. logo is visible. The navigation bar includes 'My Firm', 'Team', 'Clients', and 'Engagements'. The main content area is titled 'Section 1' and shows a list of requests under various categories. A right-hand panel provides details for a selected request, 'Officer & Director List', including a description, creator information, and an attached file. The bottom of the screen shows 'Section 2' and 'Section 3' and a footer with user information and navigation links.

Request ID	Request Description	Due Date
1	Inquiries	12/31/2019
2	CEO Initial Inquiries	12/31/2019
3	CFD Initial Inquiries	12/31/2019
4	Employee Schedule	12/31/2019
5	Legal Expenses	12/31/2019
6	BOD Minutes	12/31/2019
7	Officer & Director List	12/31/2019
8	Control Environment Questionnaire	12/31/2019
9	IT general controls process	12/31/2019
10	Consolidated balance sheet	12/31/2019
11	Consolidated statement of operations	12/31/2019
12	Consolidated statement of shareholders' equity	12/31/2019
13	Consolidated statement of cash flows	12/31/2019

Why Choose THF?

We are confident that our unparalleled experience, resources, and approach make us the best suited to serve you. Our mission is to make an impact in everything we do, providing the highest level of personal and professional service using seasoned judgement, creativity, and responsiveness.



Why choose Thomas Howell Ferguson P.A. CPAs?

Currently Serve:

- 6 Large Local Governments
- 13 State Agencies
- 29 Trade Associations
- 51 Charitable Organizations

Firm Highlights

- Top 25 Florida Ranked Accounting Firm
- #205 Ranked Accounting Firm in the Nation
- 33% of Firm's Overall Revenue is from the Not-for-Profit & Governmental Practice



What makes Thomas Howell Ferguson P.A. CPAs the best?

- **Local Team** - Although we are a nationally recognized firm, 80% of our team members operate out of our Tallahassee office and reside in the Tallahassee community. In addition, *our entire proposed engagement team is local!*
- **Not-for-Profit & Governmental Experience** - We have a dedicated not-for-profit and governmental services team. We have knowledge and insight to effectively recognize opportunities and to provide meaningful and timely advice.
- **Leadership & Education** - Our leadership in the not-for-profit industry and in our profession allows us to stay ahead of the issues that will impact you. We are then able to utilize our expertise and resources to educate and train our clients on trends and issues facing not-for-profit organizations.
- **Ease of Transition** - We recognize the opportunity to bring fresh eyes and a renewed approach to your audit. A new perspective allows risk areas to be reassessed and a different understanding of your processes and procedures to be gained. We are able to provide that with minimal disruptions to your team.
- **No Surprises** - We are dedicated to providing our clients with personal attention and a "hands-on" approach to avoid any surprises throughout the year. From planning to delivery, we will communicate with you frequently to ensure your expectations are met or exceeded.
- **Transparency** - One of our firm's primary focuses is transparency. When your CPA firm operates ethically and follows the laws and standards for the accounting industry, the firm can comfortably operate in a transparent fashion, which is what we strive to do with all of our clients.
- **Team Depth** - We are committed to maintaining the same staff on engagements each year, recognizing that as our team progresses and develops within THF, they bring new skills and talents to you.
- **Resources** - The depth and reach of our firm's resources stretches beyond our offices to our alliances with RSM US Alliance and CPAmerica and their more than 150 US member firms.

Peer Review

Quality Control Program

Control over the quality of our service is of paramount importance to us. Our various procedures will be important to you, because they help assure a uniformly high standard of quality of service. To ensure our standards of working excellence, we are a member of the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants (AICPA). A participating PCPS member must obtain an independent peer review every three years of its quality control policies and procedures to assess compliance with existing auditing standards. Our most recent peer review was completed on August 24, 2016, with a peer review rating of pass. **This rating is the most favorable possible outcome for the peer review.** We pride ourselves on ensuring quality standards in all of our work. A copy of our peer review is on the following page. Our 2019 per review was recently completed and we expect a pass rating to be issued.

We recognize the importance of the peer review and work hard to keep our pass rating which has been in place for us since day one. This serves as our industry report card for the standards upheld by our profession and should serve as an important point to consider.

In addition, we are members of the AICPA Government Audit Quality Center (GAQC), which requires its members to comply with increased educational and quality control expectations. The GAQC Executive Committee is responsible for representing and training CPAs in regards to development of government accounting and auditing standards and Federal grant compliance. **Jeff Barbacci, a member of our proposed team, is currently one of 12 CPAs who are members of the AICPA's Executive Committee of the GAQC. Allison Harrell, your engagement shareholder, recently completed a three-year term on this committee, as well. Allison now sits on the AICPA's Not-For-Profit Expert Panel.**



Gregory, Sharer & Stuart, P.A.

Certified Public Accountants and Business Consultants

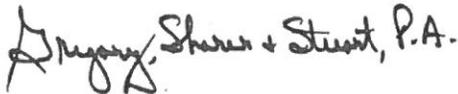
System Review Report

To the Shareholders of Thomas Howell Ferguson, P.A.
 And the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Thomas Howell Ferguson, P.A. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*, audits of employee benefit plans and examinations of service organizations (SOC 1 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Thomas Howell Ferguson, P.A. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Thomas Howell Ferguson, P.A. has received a peer review rating of *pass*.



Gregory, Sharer & Stuart, P.A.
 August 24, 2016

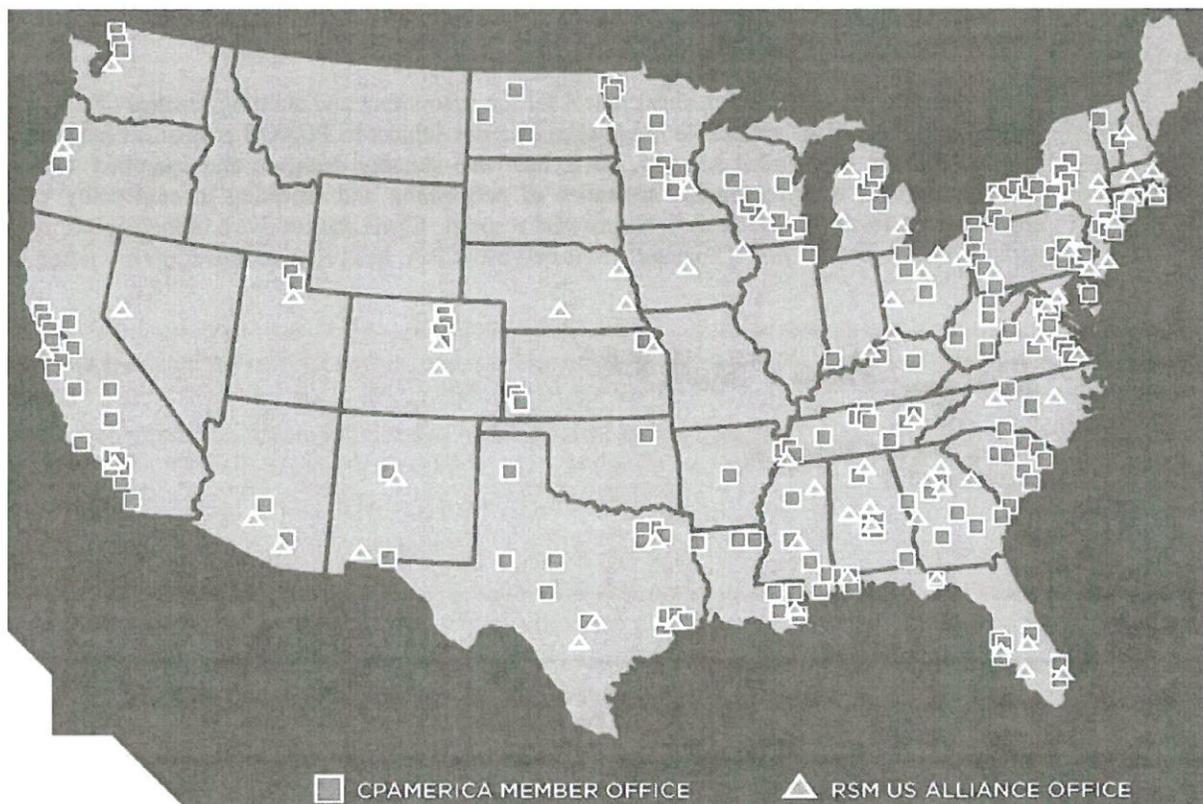
Appendix A - Value Added Resources

What does it mean to be a member of an alliance or association?

Joining an alliance or association creates an extended network of accounting firms around the nation and globe. While owned and operated independently, the member firms may use the same practices in their audit or tax methodology. Through this network, we have access to a variety of similarly sized firms, as well as a broad range of technical tools, expertise, and practice management resources.

We are members of the RSM US Alliance and CPAmerica International. How do these networks of alliance firms benefit you?

- ▶ We are able to share and gain critical information about your industry with other member firms, which creates a constant state of improvement for all firms involved. This also allows us to stay on top of issues that will be affecting the not-for-profit world.
- ▶ Member firms receive educational opportunities from the alliance, association, or other member firms which allows us to have more knowledge about your industry and better adapt our approach to serving you. We can also use this information to educate and keep our clients up-to-date on trends in the not-for-profit industry.
- ▶ Member firms build supportive relationships allowing for complex questions and scenarios to be discussed for best practices which translates to a more efficient process used to serve you.
- ▶ Our alliance or association is merely an extension of THF. This allows you to be able to work locally with THF's professionals, who know and understand your business, while having the support and access to firms around the nation and the globe.



Appendix A - Value Added Resources

An independently owned member

RSM US Alliance



RSM

RSM US Alliance

THF has been a proud member of RSM US Alliance, formerly McGladrey Alliance, since 1999. RSM US Alliance is a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities.

As a member of RSM US Alliance, THF has access to resources and services RSM US LLP provides its own clients. RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with more than 9,000 people in 86 offices nationwide. RSM US LLP is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 38,000 people in over 120 countries.

We accepted an invitation to become a member of RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today. Visit rsmus.com/alliance to learn more about our membership.

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International. RSM, the RSM logo and RSM US ALLIANCE are trademarks of RSM International Association or RSM US. The services and products provided by RSM US Alliance are proprietary to RSM US LLP.

Appendix A - Value Added Resources

CPAmerica

Member  Crowe Global

CPAmerica

THF is an independently owned and operated member firm of CPAmerica, one of the largest associations of CPA firms in the United States. Through our affiliation, we have instant access to the expertise and resources of more than 3,900 professionals across America.

THF offers clients unique access to national and international markets through our membership in CPAmerica, an association of independent accounting firms that maintain the highest practice standards.

As a client of our firm, you truly receive the best of both worlds: the personal attention and sincere concern of a local firm and the knowledge and resources of an international association.

Crowe Global

THF serves the international needs of clients through CPAmerica's membership in Crowe Global.

Ranked as the eighth largest accounting network in the world, Crowe Global is a leader with over 200 independent accounting and advisory firms in more than 130 countries. Crowe's leaders work with governments, regulatory bodies, and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws, and customs provide lasting value to clients undertaking international projects.

CRI

Helping You Shine
by Illuminating Solutions



professional services

PROPOSAL FOR

Capital Area Community Action Agency

October 21, 2019

PROPOSER

Carr, Riggs & Ingram, LLC
2633 Centennial Blvd, Ste. 200
Tallahassee, FL 32308
850.878.8777



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

SUBMITTED BY

Michael Carter, CPA
Engagement Partner
mcarter@CRIcpa.com

Tom Montalbano, CPA
Audit Partner
tmontalbano@CRIcpa.com



Capital Area Community Action Agency
309 Office Plaza Drive
Tallahassee, FL 32327

Carr, Riggs & Ingram, LLC (CRI) appreciates the opportunity to propose on providing audit and tax services for Capital Area Community Action Agency (the "Agency"). We are genuinely excited about the prospect of continuing to serve you and maintaining a long-term relationship. We pride ourselves on getting to know our clients and illuminating solutions by providing innovative **IDEAS** to move them from compliance to providing them a competitive advantage.

I **vestment in You.** We believe in developing long-term, mutually beneficial relationships and quickly demonstrating value with a fee structure and service solutions that provide immediate and continued savings. Our investment starts on "Day 1" as your assigned team begins with our proven, streamlined process that minimizes your time and disruption during the service provider change and continues throughout the relationship.

D **edicated Team.** CRI's team consists of more than 1,800 professionals, which allows us to tailor your service team by aligning their industry, service, and specialty skills with your needs. Our dedicated teams deliver the highest level of business acumen and knowledge to your Agency; our commitment to consistent staffing allows you to maximize savings and remain focused on your needs.

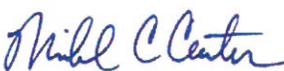
E **quilibrium.** CRI delivers big firm expertise with small firm service. Of approximately 45,000 public accounting firms in the United States, CRI currently ranks among the top 20. Additionally, as a part of PrimeGlobal, an association of independent accounting firms, we have access to international resources as – and when – needed. Leveraging these resources while maintaining local decision-making authority means that simplified solutions are only a phone call away. And we believe that's the best of both worlds for our clients.

A **ctive Partner Participation.** Collectively, our partners deliver expertise derived from more than 7,500 years of business experience. With this level of talent, we thoughtfully choose a partner that aligns with your business' needs and industry. Our hands-on, working partners "show up" to convey our genuine commitment to your success. They strive to earn trusted advisor roles by digging in, proactively learning your business, and producing long-term value for you.

S **implified Solutions.** While our 500+ different cumulative partner certifications is an impressive statistic, success is measured by translating complex concepts into client solutions. While accounting is the language of business, we're here to decipher the jargon and help you make educated decisions. CRInnovate embraces agility and invention.

We welcome the opportunity to demonstrate to you the same teamwork, expertise, innovation, and responsiveness that have made us one of the fastest growing public accounting firms in the United States. Again, we appreciate your consideration.

Sincerely,



Michael C. Carter, CPA
Engagement Partner

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UNDERSTANDING & MEETING YOUR NEEDS



From the RFP and recent email correspondence with your team, we understood your team to express the following needs, requests, and/or issues. We've detailed our proposed solutions below and are happy to discuss other related projects as they arise and upon request.

NEEDS & ISSUES		SOLUTIONS & SERVICES
Deliverables	<ol style="list-style-type: none"> 1. Comprehensive Annual Financial Report (CAFR): General purpose financial statements, combining statements, and individual statements; supplementary schedules consistent with prior years <ul style="list-style-type: none"> • One (1) preliminary electronic draft • Up to Twenty (20) final bound copies • One (1) final electronic copy 2. Single Audit Report: Report according to the compliance requirements applicable to major federal contracts and/or grants to be included in CAFR. 3. Management Letter to the Board of Directors: Purpose of letter will be to make known recommendations of the auditor which, if implemented, would in the auditor's opinion, increase efficiency and improve internal accounting control. All comments and recommendations shall be discussed with, and a draft of the letter provided to the CEO and CFO prior to issuance. 4. IRS Form 990: Return of Organization Exempt From Income Tax (for the Agency and for Holdings) <ul style="list-style-type: none"> • One (1) preliminary electronic draft • One (1) final bound copy • One (1) final electronic copy 	<p>CRI will perform external audit services in accordance with auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards (GAGAS), in order to express an opinion on the Agency's financial statements. CRI will perform the Single Audit in accordance with the Uniform Guidance and/or Rules of the Auditor General 10.650. CRI will prepare the IRS Form 990 in accordance with the applicable tax standards. CRI will provide the necessary bound and electronic copies as noted herein.</p>
Technical prerequisite	<p>The firm or individual must have at least five (5) years of experience working with non-profits of sizes equivalent to that of the Agency.</p>	<p>CRI was established in 1992, and has in excess of five years' experience working with non-profits as detailed in the Non-Profit Credentials infographic within this proposal.</p>

UNDERSTANDING & MEETING YOUR NEEDS



NEEDS & ISSUES		SOLUTIONS & SERVICES
Technical prerequisite	The firm or individual must have experience working with United Way grants, state or local government contracts, and other private funders of non-profit organizations.	CRI has experience working with United Way grants, state or local government contracts, and other private funders of non-profit organizations as detailed in the Non-Profit Credentials infographic and Single Audit section of this proposal.
Technical prerequisite	The firm or individual must have an office within at least 50 miles of Capital Area Community Action's main office.	CRI employs over 1,900 professionals in the Southeastern USA and maintains an office in Tallahassee with ~50 professionals. The engagement team will be composed of professionals who reside in Tallahassee and have the necessary experience with non-profit accounting and Single Audits.
Technical prerequisite	Consideration will be given to a firm or individual with prior experience auditing social service agencies or experience auditing organizations with large federal and state grants and contracts including single audit act requirements.	CRI works with a number of social service agencies and organizations with large federal and state grants including single audit act requirements as detailed in the References section of this proposal.

Selection of CRI as your independent auditor is the best decision you can make for the following reasons:

1. CRI understands your business and compliance requirements as your **incumbent** independent auditor for the past six years.
2. CRI is the **largest firm in Tallahassee** with over 2,000 non-profit audit clients and 80 non-profit Single Audit clients
3. There will be **no burdensome and costly transition** to a new independent auditor.
4. CRI was awarded the Single Audit Resource Center's **Award for Excellence** in 2018.
5. Every client with a Single Audit requirement is reviewed by a second partner from another office to provide an **unbiased and independent review** of our work.
6. CRI is a member of the AICPA's Government Audit Quality Center which demonstrates our devotion to **quality** work and service.

YOUR SERVICES & FEES



We value creating mutually-rewarding, long-term relationships with our clients. Our goal is to provide high quality, responsive service that yields returns far greater than your investment in our professional fees. Please find below our proposal of fees to provide the requested services for the upcoming three respective fiscal years. Our fees are fixed with no increases over the three year term. Out-of-pocket expenses are included in the proposed fees.

SERVICE	CRI FEES NOT TO EXCEED		
	2019	2020	2021
Audit of the Agency's financial statements	\$26,500	\$26,500	\$26,500
Tax preparation for the Agency	\$2,750	\$2,750	\$2,750
Total	\$29,250	\$29,250	\$29,250

While not mentioned within the Request for Proposal, there is an additional requirement of the Agency to file the IRS Information Return for the Capital Area Community Action Agency Holding Company. We estimate the fees for the preparation of this return to be \$1,500; however, it is not included in the scope or fee estimate of this proposal. Our estimated hours and proposed hourly rates to provide the requested services are as follows:

CLASSIFICATION	HOURLY RATE	ESTIMATED HOURS
Partner	\$275	20
Manager	\$200	40
Senior	\$175	100
Staff	\$125-\$150	80
IT Specialist	\$200	10

Our professional fees are based on the key assumptions that the Agency will:

- Ensure that the predecessor's work papers will be made available for timely review.
- Make available documents and work papers for review at the Agency's headquarters location, although we may choose to review at alternate locations.
- Prepare certain schedules and analyses and provide supporting documents as requested.
- Assist us in obtaining an understanding of the accounting systems of the Agency.
- Not experience a significant change in business operations or financial reporting standards.



FOUNDED IN 1997

10 STATES 

25+ MARKETS



1900+
PROFESSIONALS



300+
PARTNERS



TOP 20 CPA FIRM

(as ranked by Accounting Today)

100,000+
CLIENTS



20+ YEARS
OF CONSISTENT GROWTH
SINCE FORMATION

CRI FIRM VALUES:

CLIENT SERVICE.

RESPECT.

INTEGRITY.



SERVICES

- Accounting & Auditing
- Advisory
- Business Support & Transactions
- Business Tax
- Employee Benefit Plans
- Governance, Risk & Assurance
- Individual Tax & Planning
- IT Audits & Assurance

INDUSTRY EXPERTISE

- Captive Insurance
- Construction
- Financial Institutions
- Governments
- Healthcare
- Institutional Real Estate
- Insurance
- Manufacturing & Distribution
- Nonprofits

CRI FAMILY OF COMPANIES

-  Auditwrx
-  CRI Advanced Analytics
-  CRI Capital Advisors
-  CRI Solutions Group
-  CRI TPA Services
-  Level Four Advisory Services
-  Paywrx



CRI'S NOT-FOR-PROFIT EXPERTISE

2,000+



with \$10+ billion in total assets



Not-for-profit Partner Designations

Including: CPA, CVA, CFE, CFF, CISA, CITP, and CGMA



Experience with all sectors of not-for-profit organizations, foundations, and associations

9

State not-for-profit organization association memberships

4

out of 5

Not-for-profit audit clients choose CRI for additional services



Clients with annual revenues up to:

\$138 Million

and assets up to:

\$606 Million



Not-for-profit clients

with a total of \$595+ million in federal grant expenditures

80

Single audits for NFP clients

"Carr, Riggs & Ingram, LLC has been the audit firm for our Association for the past several years. We have been very pleased with the quality of their work, and the efficiency with which they conduct the audit engagement. Over the years, they have provided a number of valuable recommendations to us which have helped us improve our accounting practices."

*William J. Montford, Chief Executive Officer
Florida Association of District School Superintendents*

RELEVANT EXPERIENCE



CRI delivers a depth of resources that ensures our understanding of your challenges and innovative solutions for overcoming them. Our nonprofit team's combined experience is derived from providing audit, tax, consulting, and accounting outsourcing services to a client base that includes:

- 1,700+ not-for-profit organization clients across the South totaling approximately \$7.6 billion in total assets,
- Experience with all sectors of not-for-profit organizations, foundations, and associations,
- Represent not-for-profit clients with more than \$138 million in revenues.

We parlay this vast experience and derived best practices into proven solutions that benefit you.

Below we share a sample of specific, relevant client references that the Tallahassee office of CRI currently serves:

RELATIONSHIP	TIMELINE	SERVICE DESCRIPTION	RELEVANT POINTS TO CONSIDER
Ounce of Prevention Fund of Florida 111 N. Gadsden Street, Ste. 200 Tallahassee, FL 32301-1507 Doug Sessions-President/CEO 850.921.4494 DSessions@ounce.org	1995 – Present	Audit and Tax	<ul style="list-style-type: none"> • Not-for-profit organization that manages service providers and addresses social welfare • Approximately \$30 million of grants provided to third parties • Federal and state single audit • Michael Carter is engagement partner
Children's Forum 2807 Remington Green Circle Tallahassee, FL 32308 Phyllis Kalifeh-President/CEO 850.681.7002 pkalifeh@thechildrensforum.org	2005 – Present	Audit and Tax	<ul style="list-style-type: none"> • Statewide not-for-profit organization whose mission is to make Florida a quality child caring state • Federal and state single audit • Michael Carter is engagement partner • Jeannine Busch is audit manager
Florida Network of Youth and Family Services 2850 Pablo Avenue Tallahassee, FL 32308 Stacy Gromatski-President/CEO 850.544.6324 stacy@floridanetwork.org	2011 – Present	Audit and Tax	<ul style="list-style-type: none"> • Statewide organization providing assistance and guidance through resource development • Not-for-profit 501(c)(3) • Federal and single audit • Michael Carter is engagement partner • Jeannine Busch is audit manager
Big Bend Transit, Inc. 2201 Eisenhower Street Tallahassee, FL 32310-5905 Eric Landis-Admin Svc Manager 850.574.6266 ext. 112 elandis@bigbendtransit.org	2011 – Present	Audit and Tax	<ul style="list-style-type: none"> • Non-profit organization that provides transit services for the elderly and handicapped • Michael Carter is engagement partner • Mark Jones is tax partner • Federal and state single audit
CareerSource Florida 2308 Killearn Center Blvd. B, Ste. 1 Lisa Wiggins-Finance Director 850.564.7742 lwiggins@careersourceflorida.org	2019 – Present	Audit and Tax	<ul style="list-style-type: none"> • Non-for-profit organization that connects employers with qualified, skilled talent, and Floridians employment and career development opportunities • Michael Carter is engagement partner • State single audit

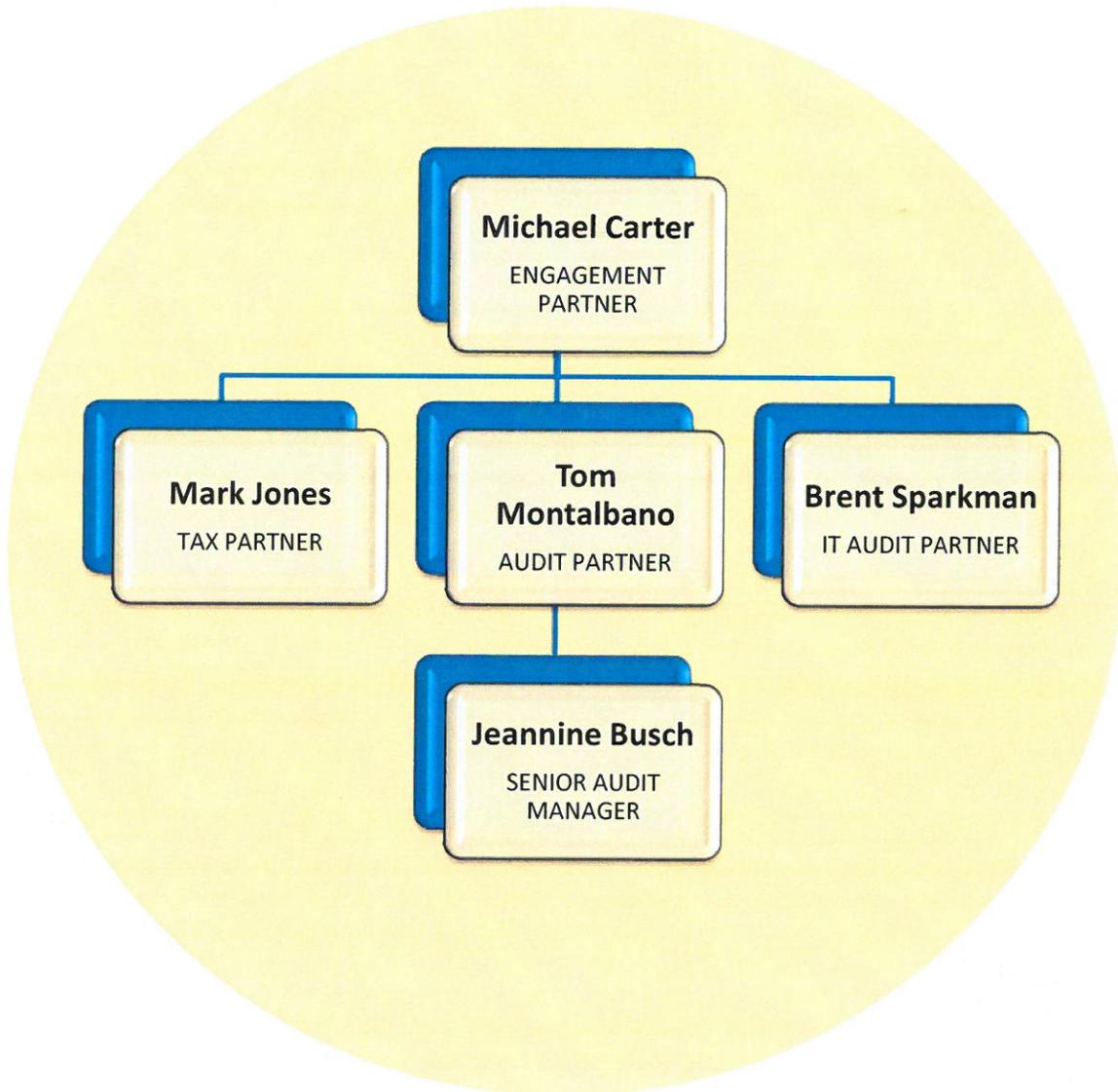
YOUR SOLUTION TEAM



We have assembled a team of professionals who will ensure the highest level of personal dedication and professional excellence to you. Our team delivers exceptional services through a balanced blend of skills (service-driven, industry-specific, technical, and business) and experience that we know are important to you.

The Tallahassee Office of CRI has experienced low turnover in the most recent three years. In fact, we have increased the size of our audit staff to better serve our clients in the area. The senior members of our proposed engagement team have been with CRI for a minimum of ten years; therefore, continuity of engagement team members is expected. For the previous six years, Michael Carter and Jeannine Busch have served as the engagement partner and audit manager for the Agency's engagement and they will continue in those roles. Tom Montalbano has been included in the current engagement team to provide a "fresh look" which is an important aspect of any audit engagement.

Brief profiles of each member of the team identified below follow on subsequent pages.





Michael Carter, CPA
Engagement Partner

(850) 878-8777 phone | MCarter@CRLcpa.com

Experience

Michael has over 20 years of experience in accounting, consulting and tax services within the Tallahassee area. Since graduating from The Florida State University, Michael has worked in public accounting. He has served as the engagement partner on audits of numerous statewide governmental and non-profit organizations. Michael is the head of the audit department within CRI's Tallahassee and Marianna offices. Michael is a member of CRI's Nonprofit and Governmental Industry Team and a technical reviewer of Single Audit engagements within the firm. Michael is a member of the AICPA's Nonprofit Sector and CRI's Quality Control Committee. Michael specializes in the nonprofit industry and regularly contributes expertise to local trade publications and seminars on the subject. Recently, he served as chairman of the Board of Trustees for the Tallahassee Museum.

Representative Clients

- Ounce of Prevention Fund of Florida (Single Audit)
- Florida Prepaid College Board
- Florida TaxWatch Research Institute
- Florida Automobile Dealers Association and Foundation
- Foundation for Excellence in Education
- Friends of the Museums of Florida History
- VISIT Florida (Single Audit)
- Florida Medical Association
- Professionals Resource Network (Single Audit)
- Big Bend Transit, Inc. (Single Audit)

Education, Licenses & Certifications

- BS, Accounting and Finance, Florida State University
- Certified Public Accountant – Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Society of Association Executives (FSAE)



Tom Montalbano, CPA
Audit Partner

(850) 878-8777 phone | TMontalbano@CRlcpa.com

Experience

Tom has over 19 years of experience in public accounting and is a partner in the audit department within the Tallahassee practice unit. Tom formerly worked for Deloitte & Touche, LLP in their assurance division, performing audits of various public, private, not-for-profit and governmental companies. He serves as engagement partner on numerous not-for-profit and governmental organization audits in the Tallahassee area. Tom managed the statewide fiscal monitoring efforts performed by CRI on behalf of the State of Florida's Office of Early Learning. Tom oversees the audits of all employee benefit plans within the Tallahassee practice unit and serves on CRI's Employee Benefit Plan EQCR team. Previously, he served as treasurer for Sustainable Tallahassee.

Representative Clients

- Foundation for Excellence in Education
- Florida Hospital Association
- Florida First Capital Finance Corporation
- Florida Seaports Council
- Dick Howser Center for Childhood Services
- Florida Association of District School Superintendents
- Leadership Florida
- Florida Housing Coalition
- LeadingAge Florida

Education, Licenses & Certifications

- BS, Accounting and Finance – University of Florida
- Certified Public Accountant – Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)



Jeannine Busch, CPA, CFE
Senior Audit Manager

(850) 878-8777 phone

JBusch@CRlcpa.com

Experience

Jeannine Busch has more than nine years of experience in public accounting. Jeannine has accumulated experience throughout her career in compliance monitoring and auditing under the Uniform Guidance, OMB Circulars A-133 and A-122, and the Federal and Florida Single Audit Acts. She is the audit manager on all single audits performed in the Tallahassee SPU. During her career she has served as staff, senior, supervisory senior, and manager on audit engagements for a wide variety of governmental and not-for-profit organization clients within the Tallahassee area. Jeannine is a board member for the local chapter of the FICPA and the Certified Fraud Examiners.

Representative Clients

- Florida is for Veterans
- Ounce of Prevention Fund of Florida (Single Audit)
- Florida Network of Youth and Family Services (Single Audit)
- Children's Forum (Single Audit)
- Florida Governors Council on Indian Affairs (Single Audit)
- Professionals Resource Network (Single Audit)
- Florida Hospital Association

Education, Licenses & Certifications

- BS, Accounting and Finance – Florida State University
- Master's in Business Administration, University of South Florida – concentration in forensic accounting
- Certified Public Accountant – Florida
- Certified Fraud Examiner

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Vice President Tallahassee Chapter – Association of Certified Fraud Examiners



Brent Sparkman, CPA, CFF, CITP
IT Assurance Partner

(850) 878-8777 phone

BSparkman@CRLcpa.com

Experience

Brent has over twenty years of experience in public accounting with concentrations in nonprofit and for-profit accounting, auditing, tax and consulting. Brent provides audit and tax services to a variety of nonprofit and for-profit organizations. Brent is also a regular speaker on leadership, professional coaching and various technical matters.

Brent's experience includes financial statement and compliance audits of state and local governmental entities, nonprofit organizations, and for-profit businesses. Brent has specific training in IT assurance related to financial reporting. Brent is the IT Assurance Partner within the Tallahassee practice unit. He reviews and oversees IT general controls assessment and testing. Brent also provides assistance and oversight to the Florida DMS State Term Contract 973-000-14-01.

Representative Clients

- VISIT Florida (Single Audit)
- Florida Democratic Party
- Four Oaks Community Church
- Florida A&M University
- Florida Department of Transportation

Education, Licenses & Certifications

- BS, Accounting, Florida State University
- BS, Finance, Florida State University
- Certified Information Technology Professional (CITP)
- Certified Public Accountant – Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)



Mark Jones, CPA
Tax Partner

(850) 878-8777 phone | MJones@CRlcpa.com

Experience

Mark is the head of the tax department for CRI's Tallahassee and Marianna offices. He has over 30 years of experience in auditing, accounting, consulting and tax services within the Tallahassee area. In addition he has served as the engagement partner on audits of numerous governmental, not-for-profit organizations, and for-profit companies. Mark is a federal and state tax specialist. He is a member of the Common Interest Realty Association of the AICPA, Past President of Rotary Club of Tallahassee, and Past Assistant District Governor of Rotary District 6940. Mark will serve as the tax partner and provide oversight and review services as it relates to the Agency's tax services.

Education, Licenses & Certifications

- BS, Accounting, Florida State University
- Certified Public Accountant – Florida

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)

Representative Clients

- Florida Education Foundation, Inc.
- Tallahassee Board of REALTORS and related entities
- Big Bend Transit, Inc.
- Florida TaxWatch Research Institute
- Visit Florida
- Florida is for Veterans
- Florida Hospital Association and related entities
- Florida Medical Association and related entities





AUDIT METHODOLOGY

Our audit, tax, consulting, and client accounting services documentation is maintained electronically. Compliance with our methodology is regularly reviewed and evaluated as part of our internal quality program, which is further discussed in this section under [INTERNAL QUALITY CONTROL REVIEWS AND EXTERNAL REVIEWS](#). Comprehensive policies and procedures governing all of our practices and addressing professional and regulatory standards and implementation issues are constantly updated for new professional developments and emerging issues.

ENGAGEMENT QUALITY REVIEW PARTNER (CONCURRING PARTNER)

Each audit has an assigned engagement quality review (EQR) partner with the appropriate experience. This role is one of the most important elements of our quality assurance process, as it provides for a timely, independent review of all key accounting and auditing issues. The EQR partner also reviews the financial statements and related supporting documentation—including the disclosures—to evaluate their fair presentation under accounting principles generally accepted in the United States of America (GAAP).

INTERNAL QUALITY CONTROL REVIEWS AND EXTERNAL REVIEWS

Experienced partners and professional staff of our firm conduct quality control reviews of our audits. Our partners' work is reviewed annually, and the inspection process includes periodic testing of the effectiveness of our quality controls and a continuous improvement program.

- **Internal Inspection:** A permanent team of subject matter experts annually perform 150+ reviews of a risk-based sample of partners and engagements.
- **Continuous Process Improvement Reviews:** In addition to #1 above, this ongoing process reviews each audit partner twice annually, representing 300+ reviews each year.



CRI is enrolled in the AICPA Peer Review Program, through which our external reviews are conducted by another independent public accounting firm. We have our accounting and auditing practice triennially reviewed as a member in this program.

Additionally, we are registered with the PCAOB, who performs an external review inspection once every three years.

SHARING CRI'S VALUES WITH YOU



We are proud of our hands-on, service-centric, and results-oriented approach. Combining that approach with quality controls and superior talent allows us to help you achieve your goals and strengthen your management systems and processes. This approach is further emphasized through our three core values which guide our team's behavior and function as the foundation for interactions with our clients and each other.



CLIENT SERVICE

Defining our brand by meeting or exceeding the highest expectations of our clients

RESPECT

Building productive, long-term relationships with each other that are based on mutual respect, trust, and sharing

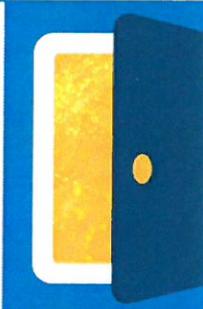
INTEGRITY

Living with sincerity, transparency, and honesty



WEBSITE

CRI shines a light on best practices via thousands of articles, videos, informative charts, and descriptive testimonials. With sections dedicated to illuminating insights by industries and services, our easy-to-navigate website highlights trending topics that detail new standards, changing regulations, and other current business topics. From cybersecurity to the new revenue recognition standard, we are ready to proactively answer your questions.



CRInsights

CRInsights are your doorway to in-depth yet down-to-earth explanations of complex topics. We understand that just because a topic makes perfect sense to a CPA doesn't mean that it should to our clients.

- The Busy CFO & Controller's Toolkit for Successfully Implementing the New Revenue Recognition Standard
- 6 Key Ways to Strengthen Your Cybersecurity Posture
- Back to Basics: 5 Key Financial Considerations for Construction Companies
- The Not-for-Profit's Guide to Fraud Prevention



NEWSLETTER

Our team is dedicated to keeping our clients informed, and we prove it by creating a custom monthly e-newsletter with widely-applicable topics. The articles are designed to help you improve your business and personal finances. Popular topics include:

- 3 Things To Improve Business Operations Immediately
- Financial Statement Audits Aren't Designed to Identify Fraud
- Are You a Big "Phish?" Protect from Cybersecurity Whaling Attacks
- You Might Have Money Hiding In Plain Sight

[Sign up at CRlcpa.com.](https://www.cricpa.com)



NOT-FOR-PROFIT INDUSTRY NEWS

This quarterly e-newsletter is CRI's way of delivering relevant regulation updates and ideas for your not-for-profit organization directly to your inbox. From UBIT to best practices for audit committees, we are here to help keep you informed and educated on the special needs and concerns impacting your organization.

[Sign up at CRlcpa.com.](https://www.cricpa.com)

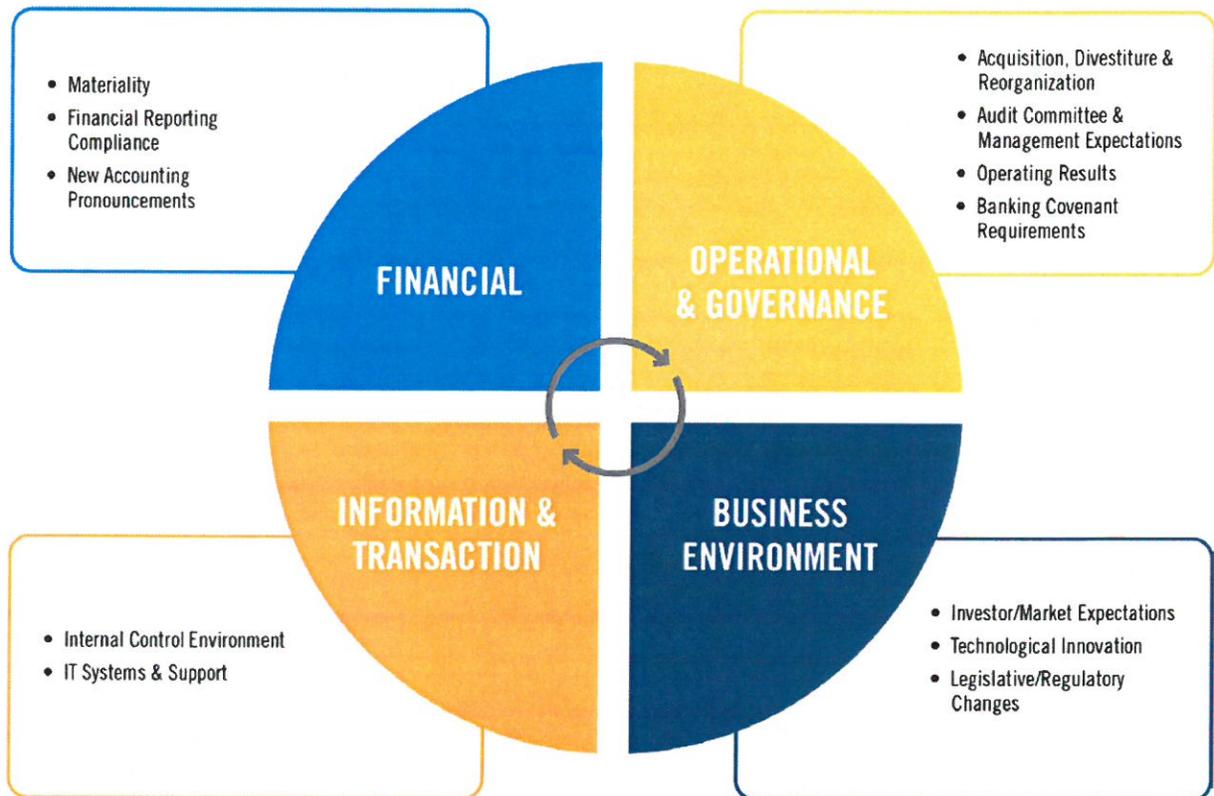


Our proposed services require a coordinated effort between us and the Agency's team. Planning and continual communication are essential to developing the appropriate procedures, working collaboratively to resolve any identified issues, and meeting your timelines.

CRI's audit approach occurs within a framework of our client's business and industry; therefore, we assess risk by:

- Understanding management's perspectives and goals, and
- Considering business conditions and threats that could prevent management from achieving its business objectives.

We assess risks in the following areas:





Our ultimate intent is to drill down from these broad risks to specific financial reporting risks. We understand both these risks and management's processes and procedures for mitigating them (i.e. internal controls) in order to develop our procedures to carry out our audit responsibilities.

Although our audits are conducted through a structured, risk-based model, we focus on understanding the client's needs, requirements, and expectations. We work collaboratively with management and the Audit Committee (or similar function) to develop a communication and work plan to continuously improve client service, by doing so we help in moving your team from simple **compliance** to providing you with a **competitive advantage**.

In planning, we concentrate on "key risks," (items with a greater risk of a material misstatement, a material weakness in internal controls, or other matters resulting in the issuance of an inappropriate audit report). We focus on "material" items (i.e. those items that would be important to the user of your financial statements). When evaluating materiality of identified misstatements, certain quantitative and qualitative factors must be considered—which may include:

- Impact on operating trends (revenue/income, expenses, net income, etc.)
- Nature of the misstatement (i.e., did the misstatement result from an unlawful transaction?).
- Impact on liquidity, capital/surplus, earnings capacity, etc.
- Impact to loan covenants and contractual and regulatory requirements.

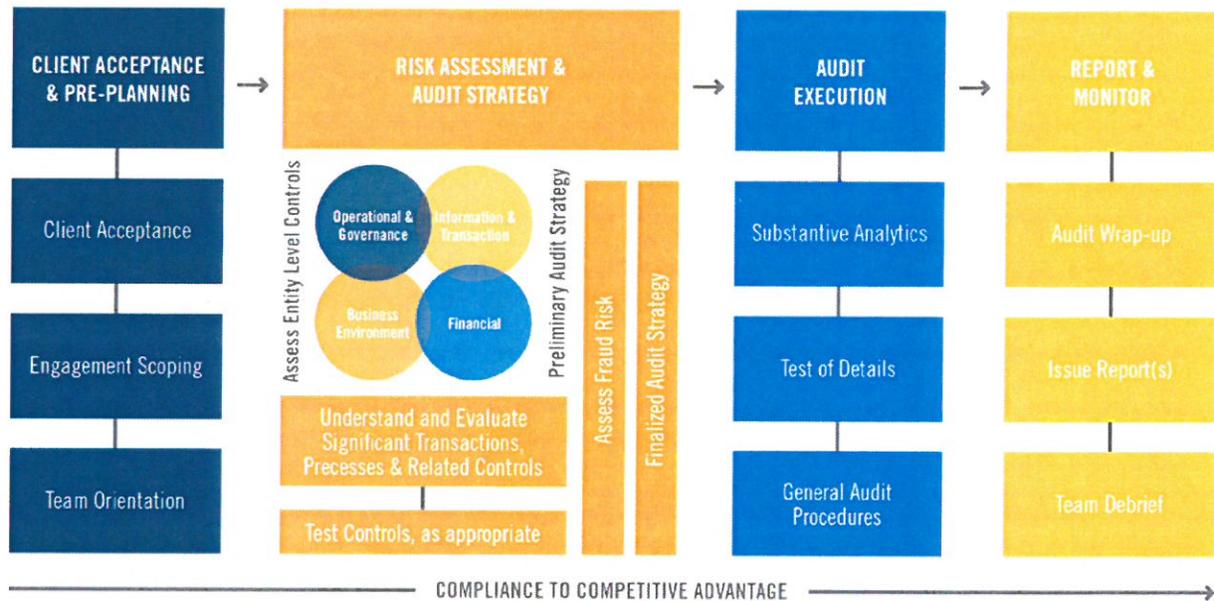
Consistent communication is a key to completion of the audit. By ensuring constant involvement, we are in a better position to respond to your issues timely and efficiently. Therefore, we plan to meet with your management to:

- Set-up the audit by reviewing the mapping of the Agency's financial information (financial statements and notes) to significant processes and IT systems to ensure that all significant account balances, transactions, procedures, and systems are tested as deemed necessary.
- Discuss ongoing changes—specifically new accounting pronouncements and key business transactions in their early stages, enabling us to agree on the resolution of various complex business issues on a timely basis.

CRI AUDIT APPROACH



Our audit approach is a four stage approach, as depicted in the summary below. Our client acceptance and risk assessment procedures (as noted on the previous page) occur during detailed conversations and observations with your team. The results of those procedures allow us to tailor an audit program to your specific risks and needs. We then execute the audit, report the results, and evaluate continuous improvement opportunities for ongoing service and benefit to you.



During the planning phase of the audit, we will provide an electronic request list of items needed for the audit and tax engagement. We will create this list based on the Agency's significant audit areas and our planned testwork within these areas. We expect the Agency's management to complete these items in anticipation of our beginning fieldwork date. Schedules will include such items as bank reconciliations, receivable and payable schedules, copies of grant agreements, budgets, and other financial related items. As your current auditor, we understand the Agency's operations and the availability of financial records to allow us to lessen the burden on current staff to prepare for the audit and tax engagement.

SINGLE AUDIT EXPERIENCE



SINGLE AUDIT EXPERIENCE

CRI has extensive experience with Federal and State single audits. We perform more than 100 single audit engagements for Florida governments and not-for-profit organizations each year. In addition to the clients listed within our references, the Tallahassee office of CRI performs the single audits for the City of Marianna, four counties, VISIT Florida, and other governmental and not-for-profit organizations in the area.

Our overall objective is the issuance of our report on internal control over the major program/project compliance and an opinion on compliance with the requirements of the major federal programs and state projects. We perform the following procedures to meet the single audit requirements:

- Obtain the schedule of expenditures of federal awards and state financial assistance and agree reported amounts, by contract, to the underlying accounting records and other reports prepared by the Agency's accounting department.
- Confirm the proper identification of program clusters.
- Obtain the grant agreements and other documentation from the awarding agencies and reconcile amounts reported to the Agency's financial records.
- Obtain and review a reconciliation of reported program expenditures to the general ledger and GAAP financial statements.
- Perform and document program risk assessments under the Uniform Guidance, A-133 (if applicable), and the Rules of the Auditor General.
- Identify and document internal control over compliance. Such documentation is generally in the form of process narratives and includes assessment of relevant IT controls. This step is generally completed as part of the overall internal control analysis performed as part of the financial audit.
- Perform tests of the controls identified in the previous step. These tests may be accomplished through transaction sampling, inquiries and observations, and inspection of records. We document these tests in our federal and state program summaries and forms, where each compliance requirement is addressed individually (e.g., eligibility, allowable costs, real property and special tests and provisions). Often these tests of controls are performed in conjunction with our compliance tests.
- Perform tests of compliance for each applicable compliance requirement using the suggested procedures outlined in the compliance supplements. This includes any special tests and provisions identified by the federal or state agencies or grant agreements.
- Prepare necessary reports, including the schedule of findings and questioned costs, and discuss significant issues with management.



Award for Excellence
Recipient

CRI received the Single Audit Resource Center's Award for Excellence in Knowledge, Value, and Overall Client Satisfaction for 2018 based on client feedback received through independent surveys.

COMPUTER AUDIT CAPACITY AND PLANNED USAGE



COMPUTER AUDIT CAPACITY AND PLANNED USAGE

To fully understand the Agency's finances, we must audit the computer system. We will do this by

- Developing an overall understanding of the data processing function.
- Ensuring the proper development and implementation of applications.
- Ensuring the integrity of program and data files.
- Ensuring the completeness and accuracy of the accounting records.
- Ensuring the integrity of computer operations.

In today's IT-centric world, understanding the manual process and supporting systems (i.e. how the numbers come together) underlying internal controls over financial reporting (ICFR) is increasingly important. External information systems threats from hackers—coupled with internal transaction errors and fraud—require the implementation, testing and improvement of strong IT controls. CRI's dedicated IT audit and assurance team has adopted an integrated audit approach that includes a review of relevant IT systems with input into the financial reporting process. We complete a review of IT policies and procedures and conduct "hands-on" testing against best practices and appropriate regulations, yielding financial audit effectiveness including uncovering IT deficiencies.

Our integrated audit approach includes review and testing of both IT general controls and financial application controls related to ICFR including:

- Security—Physical and Access Controls,
- Change Management for Systems and Configurations,
- Application/System Development and Customization,
- IT Risk Management,
- Data Backup and Recovery/Business Continuity Plans,
- Electronic Banking Wire and ACH Security, and
- Segregation of Duties within Systems and IT function.

CRI has developed an IT audit approach that is designed in accordance with the AICPA's IT Audit Training School. Our IT audit professionals maintain certifications and credentials including Certified Information Systems Auditor (CISA), Certified Information Systems Security Professional (CISSP), Certified Information Technology Professional (CITP) and other IT certifications requiring regular annual CPE hours. Finally—and maybe most importantly—our auditors not only have the required technical expertise, but also the unique ability to communicate IT topics in a manner easily understood by non-technical personnel. This capability is critical when reporting to both management and board members.

CRI's data analytics and data mining expertise and computer-aided audit tools (CAATs) allow us to perform procedures on entire populations of system transactions, which enable us to develop a focused set of methodical analyses for your data. We utilize various CAATs during the audit process including Microsoft Office products, Active Data, IDEA, ProSystem FX Engagement, CCH SMART Practice Aids, and SmartSheet. These products help us to efficiently audit organizations, protect your data, and automate sample selection and analysis of your underlying accounting data. Specifically, we can use these tools to review journal entries, accounting system access, transactional detail, and other information to identify unusual trends or data that may be indicative of misstatement, fraud or abuse.



CYBERSECURITY

Many factors contribute to an Organization's cybersecurity. Employees, vendors, or contractors who work with an Organization's digital assets could (often unintentionally) leak or manipulate them and cause a breach. Additionally, odds are that if an Organization's internal controls are not properly configured, it is at a high risk for an attack. We are ready to assist our clients in reviewing and strengthening cybersecurity measures. Our team of cybersecurity advisors consists of highly specialized professionals, including Certified Information Systems Security Professionals (CISSPs) and Certified Information Systems Auditors (CISAs). Because we combine qualified IT auditors with the standards of the CPA profession, we deliver the technical IT and audit skill needed to clearly relay technical information to both the IT department and management.

PROPOSED AUDIT STRATEGY



GAAP provides a conceptual framework for accounting, financial reporting, and disclosure. Your application of GAAP varies depending on your facts and circumstances—and interpretations.

Our general audit approach as described above is tailored to address the nature and inherent risk of each area. For significant areas, we will:

- Meet with management to gain an understanding of management’s processes and controls.
- Assess and test such controls, as necessary.
- Perform substantive analytical audit procedures and tests of details, as appropriate.

In certain complex areas, we may use functional specialists (e.g. information technology [IT], valuation of investments, and review of actuarial assumptions and calculations) to assist in the evaluation of complicated transactions and judgmental account balances. Additionally, we will review the financial statement disclosures and evaluate the overall transparency of the Agency’s financial reporting.

Taking into account various items related to the Agency, such as—but not limited to—industry expertise, knowledge of your Agency, preliminary risk assessments, materiality, and the judgmental nature of the accounts, we have outlined below the key areas of audit focus and our proposed strategy.

PROPOSED AUDIT STRATEGY						
Significant Areas	Level of Risk	Test of Controls	Substantive Procedures			Notes
			Analytics	Test of Details	Use of CAATs	
Initial audit procedures	High	✓	✓	✓	✓	- First time audit - all areas will be impacted. - We also will perform the requisite predecessor/successor communications.
Fraud risks	Medium	✓	✓	✓	✓	- Will meet AICPA requirements of fraud testing. - Fraud is considered an intentional act that results in a material misstatement of the financial statements. - We will gather information to identify risks of material misstatement due to fraud, and evaluate processes that address fraud.
Financial reporting	Medium	✓	✓	✓	✓	- Period-end financial reporting is critical; financial reporting compiles/reconciles detailed information from underlying processes and systems.
Other estimates and contingencies	Medium	✓	✓	✓		- We will perform tests of details and substantive analytics to substantiate accuracy of account balance.
Manual journal entries	Medium	✓		✓	✓	- Manual journal entries are risky. - We will review the listing of journal entries for the year and test a sample for adequate support.
Entity level controls	Medium	✓				- We will gain an understanding of the control environment, risk assessment, monitoring, information and communication channels to determine the nature, timing, and extent of reliance on and tests of controls; we use all of the above to build the audit approach. - Our goal is to leverage management’s processes to the highest degree possible, which increases efficiency.
IT systems	High	✓				- Underlying financial and operational systems supporting the key business cycles play a critical role in the ability to generate and compile complete and accurate financial data. - The IT security, computer operations and program change controls for financially significant applications are vital. - A CRI trained IT specialist will test the IT general controls.

PROPOSED AUDIT STRATEGY



PROPOSED AUDIT STRATEGY						
Significant Areas	Level of Risk	Test of Controls	Substantive Procedures			Notes
			Analytics	Test of Details	Use of CAATs	
Cash and cash equivalents	Low		✓	✓		<ul style="list-style-type: none"> - Cash is significant because of the large account balance and number of transactions impacting account. - We will agree bank reconciliations to the cash balance at yearend, verify account balances with the financial institution, and test significant reconciling items.
Accounts receivable	High	✓	✓	✓	✓	<ul style="list-style-type: none"> - Accounts receivable are significant due to the account balance, number of transactions and issues related to estimates associated with the allowance for doubtful accounts. - We will agree accounts receivable balances to aging schedules and confirm a sample of balances with the grantor.
Capital assets and related expenditures	Low		✓	✓		<ul style="list-style-type: none"> - Capital assets are significant due to the account balance and susceptibility to misappropriation. - We will obtain a listing of capital assets, recalculate annual depreciation, vouch significant additions and inquire about any obsolete or sold items.
Accounts payable and related expenditures	Medium	✓	✓	✓	✓	<ul style="list-style-type: none"> - Accounts payable and related expenditures are significant due to the account balance and number of transactions impacting accounts payable and the related expense accounts. - We will agree payable balances to an aged payable listing and perform a search for any significant unrecorded liabilities. - We will analytically review expenses through comparison with prior years and vouch certain significant transactions to underlying support as necessary.
Payroll, related liabilities and payroll expenditures	Medium	✓	✓	✓	✓	<ul style="list-style-type: none"> - Payroll liability accounts and related expenditures are significant due to the account balance and payroll expenditures comprise a significant portion of the Agency's expenditures. - We will obtain a listing of employees and salaries and perform a combination of test of details and analytics.
Revenue recognition	High	✓	✓	✓	✓	<ul style="list-style-type: none"> - The Agency primarily generates its revenues from federal and state grants. - We will test revenue systems and processes and perform a combination of substantive analytical procedures and tests of details to test this area. - We will obtain the significant grant contracts and confirms amounts received with the applicable grantors. - We will perform test of controls on the cash receipts process. - We will review the revenue recognition policies to ensure compliance with GAAP.

PROPOSED AUDIT TIMING

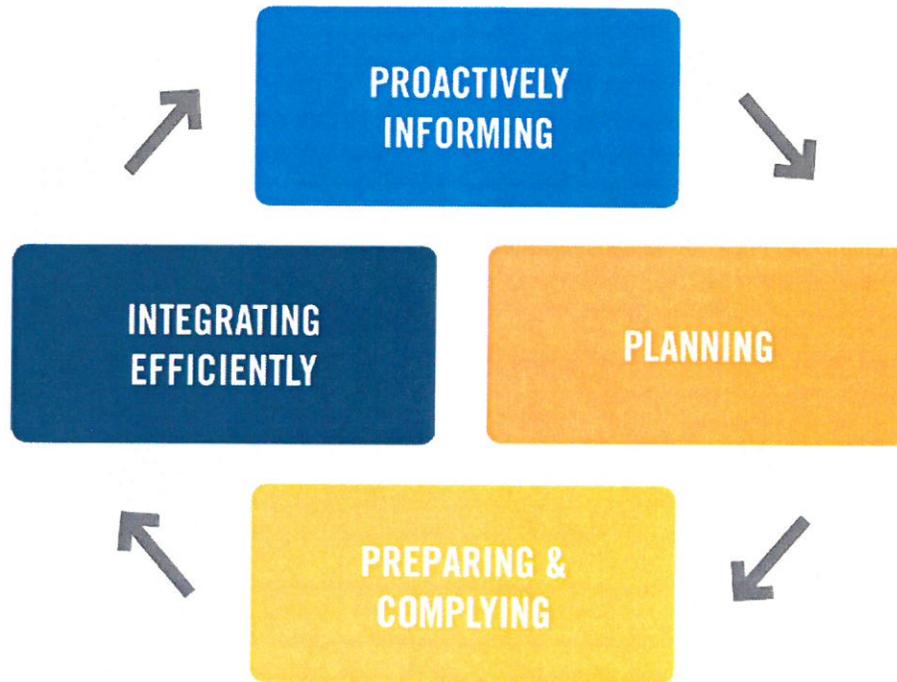


The following graphs depict the timing and key elements of our typical audit process.

TIMING OF AUDIT PROCEDURES												
PHASE	2019			2020								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Client Acceptance & Pre-Planning												
Appointment of audit firm	■											
Meet with management to discuss business risks and scope, as well as income tax planning			■									
Hold CRI engagement team planning meetings			■									
Risk Assessment & Audit Strategy												
Gain understanding of significant processes and key controls				■								
Perform testing of key controls to reduce substantive testing				■								
Determine nature, timing and extent of substantive procedures				■								
Finalize and communicate plan to management/governance				■								
Audit Execution												
Conduct remaining substantive tests based on the results of audit procedures performed to date							■	■				
Discuss results of audit work with management							■	■				
Report & Monitor												
Issue draft financial statements								■				
Finalize audit and report results to governance								■				
Preparation of tax returns									■			
Provide draft copies of tax returns for management's review									■			
Issue tax returns									■			



When it comes to taxes, we know that what matters most to you is maximizing the money in your pocket after paying taxes. Since tax laws can be complex, we decipher “the Code” into understandable language and actionable steps designed to reach your goals.



1. Proactively Informing

- Identify and inform you of the latest developments in laws, regulations, interpretations, and court decisions that impact you.
- Notify you of all major tax law changes via e-communications.

2. Planning

- Anticipate your future decisions and potential tax law changes—and projecting the tax impact of transactions.
- Structure transactions for favorable after-tax results.
- Communicate ongoing and thoughtful ideas that make sense and are not unnecessarily complex.

3. Preparing & Complying

- Prepare returns in accordance with the requirements of international, federal, state, and local tax authorities.
- Minimize questions and correspondence from tax authorities by anticipating inquiries and proactively addressing them within the tax return.
- Support items in the returns and positions taken—including throughout tax examinations.
- Convey issues and alternatives to you.

4. Integrating Efficiently

- Utilize fully integrated tax and audit software that equals a streamlined process and seamless of transfer of data, lessening your hassle and cost.
- Complete tax return timely and efficiently.



INDEPENDENCE

We are not aware of any existing or potential relationships between CRI and the Agency or any employee or officer of Agency that could affect our independence and objectivity because of an actual or perceived conflict of interest.



Report on the Firm's System of Quality Control

To the Partners of
Carr, Riggs & Ingram L.L.C.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, L.L.C. (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, and an examination of a service organization (SOC 2 engagement).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Your Success is Our Focus

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**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, LLC, applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Carr, Riggs & Ingram, LLC has received a peer review rating of *pass*.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 3, 2019