

Kevin E. Fordyce, CPA

1327 North Pacific Avenue | 3588 Starling Drive
Glendale, CA 91202 | Frisco, TX 75034
(818) 543-1400 | (469) 980-7400
kevin@kfcpa.com • www.kfcpa.com

February 6, 2020

Ms. Jan Gustafson-Corea
Chief Executive Officer
California Association for Bilingual Education
20888 Amar Road
Walnut, CA 91789

Ms. Gustafson-Corea,

We would like to thank you for inviting our firm to propose on the audit and tax services for the California Association of Bilingual Education (“CABE”). We have carefully read and evaluated the request for proposal (“RFP”) that was sent to us on January 10, 2020 and believe that our firm is extremely qualified to perform the requested services.

As is discussed further in our proposal, our firm is what is known in the industry as a “boutique” firm, which is one in which a small number of highly experienced individuals in a given area, most of whom have previously worked in much larger firms, have come together to “super-serve” clients in that niche. In our case, that niche is not-for-profit charitable organizations, foundations and associations. Our team is led by individuals (particularly myself and our manager, Ms. Wendy Ren) with decades of not-for-profit audit and accounting experience. We are not back at the office delegating the fieldwork to inexperienced junior accountants, we will be working on the engagement ourselves and each of us can be contacted at any time with any questions. We believe this gives you, the prospective client, the best of both worlds – big firm knowledge and expertise that is provided with a small firm’s dedication to each and every client.

Also as further discussed in the proposal, these current years represent a period of significant change in the way that not-for-profit organizations report their activities, with recent pronouncements from the Financial Accounting Standard Board (“FASB”) regarding required changes to financial statement presentation and revenue recognition measurement, which taken together, represent significant changes to the not-for-profit reporting model that has otherwise remained relatively unchanged for the past 20 years. It is important that the firm you ultimately select has a solid understanding of these new changes and can advise you on their proper implementation.

Lastly, we view each client relationship somewhat as a partnership dedicated to enable the Organization to publish quality financial statements and tax filings that will enhance its reputation in the marketplace. To that end, we would like you to view us as an ongoing partner who you can contact for any accounting, internal control, tax or other similar questions at any time during the year, not just during “audit season” when we are in the field.

We feel we have prepared a proposal that is both competitive as to experience and qualifications of our team to perform the work and overall proposed fees. We believe that our proposal answers all of the requested elements in the RFP, but if there are any remaining questions that you or other members of management or the board would like us to answer, we will be glad to do so and I can be reached personally at the numbers noted above.

We thank you again for inviting us to propose for the services and we look forward to the opportunity, if selected, to serve the Organization.

Sincerely,



Kevin E. Fordyce, CPA



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Ms. Jan Gustafson-Corea
Chief Executive Officer
California Association for Bilingual Education
20888 Amar Road
Walnut, CA 91789

Ms. Gustafson-Corea

We appreciate the opportunity to respond to your request to propose on the engagement of providing a financial statement audit for California Association for Bilingual Education (the “Organization”) and related tax preparation services for the fiscal year ended June 30, 2020 and future periods as described below. Our proposal describes our firm, personnel, audit approach, and fees for the services that we propose to provide to your Organization.

OUR FIRM

At our firm, Kevin E. Fordyce, CPA we bring our clients the highest quality audit, financial and tax consulting with personal service. Our firm was established in 2010 to provide top-notch accounting, assurance and tax services to our clients. Our firm is what is known in the industry as a “boutique” accounting firm, which is one where a small, but highly experienced team in a given niche is able to provide clients with the service and sophistication of a large national accounting firm but with the absolute personalized attention of a local firm. Our firm’s niche is not for profit charitable organizations, foundations, and membership organizations.

Our executive team (partner and manager) has over thirty-five years of combined experience performing audits and other engagements in the not-for-profit industry, with experiences in Big Four, regional and large local accounting firms, before joining our firm, serving not-for-profit and governmental clients off all different sizes. But it is not just the executive team that is highly experienced; our proposed team for your engagement also features a senior auditor with over eight years of not-for-profit audit experience and a staff accountant who has been focused exclusively on not-for-profit audit engagements for two years. Kevin has been performing single audits and yellow book engagements for over 20 years, with clients ranging from the very small to the LACMTA (“Metro”), which has annual revenues of over \$4 billion.

Client satisfaction is our number one priority. The best credentials are only important if you have direct access to our talent. We pride ourselves on the personal attention and service that we bring to every engagement and develop lasting relationships with our clients. As a result, we are there to identify opportunities before they pass and resolve issues before they become problems. Furthermore, our firm has seen almost no turnover at the senior, manager and partner levels since the inception of the firm. That means that it is our expectation that one of the frustrations many not-for-profit clients have with their auditors, staff turnover and the need to constantly work with new staff, should not be a problem for us. Lastly, our partner and manager team are hands-on, and will be integral components of the on-site team.

We view each client relationship almost as a partnership, in that it is our mutual goal to ensure that the audited financial statements and tax returns (when prepared by our firm) that are put into the marketplace and filed with taxing authorities are of the highest quality. We are very much aware that your audited financial statements and tax returns are the means by which many people will come to know your organization.

It is imperative that they both be the best that they can be to demonstrate the quality of your reporting to the marketplace. To that end, we are continually staying abreast of changes in the accounting, audit, and tax environments and bringing relevant updates to our clients in real time. For example, the Financial Accounting Standards Board (FASB), which sets generally accepted accounting standards (GAAP) has recently issued several new standards that, taken together, have significantly changed the reporting model for not-for-profit entities that has been in use for the last twenty years. In addition, there are significant changes to revenue recognition and lease accounting standards as well. We will ensure that our clients will be made aware of these changes and our team will provide analysis of how these changes will affect their financial reporting processes going forward.

SCOPE OF SERVICES

We will provide, for each year of the engagement, a report on the fair presentation of the general purpose financial statements as a whole, in conformity with GAAP. If any supplementary information is to be provided, we will opine on them only in relation to their impact on the general purpose financial statements. At the end of each engagement we will provide management and the audit committee a list of all approved and proposed but not accepted adjusting entries (if any), a management letter with findings and recommendations (if deemed appropriate by the audit team), and all AICPA required end-of-engagement communications. We will also be glad to meet with your board or audit committee at a time and place convenient to them.

We will provide our report in electronic format and, if requested, we will provide up to five bound copies of our report in hard copy format for your convenience. Otherwise, all hard copies can be ordered at cost.

TIMING OF SERVICES

We have reviewed the timeline outlined in your request for proposal and are very confident we can accommodate it. We can be very flexible with any requested changes to the timing of fieldwork so long as we are provided an appropriate lead time request. We understand the expected fieldwork and final report draft should be completed in advance of your October 2020 audit committee meeting and the 990 and related forms should be filed by the federal due date of November 15, 2020.

OUR PERSONNEL

Our depth of expertise and talent is evident at every level of our organization, as you will find that our team members possessing the talent you expect. We will commit our best resources to your engagement. Our engagement team assigned to your organization is highly qualified and represents a commitment of our most senior personnel to your needs. Brief resumes of those overseeing and leading this engagement are below. Detailed resumes are included as appendices to this proposal.

KEVIN E. FORDYCE, CPA, AUDIT PARTNER - Kevin is the audit and tax partner (owner) in the not-for-profit services practice. He has more than twenty-five years of public accounting experience in various industries, concentrating on not-for-profit organizations, higher education institutions, foundations and local governments as well as small to medium-sized businesses and employee benefit plans. Previously, Kevin worked in the Higher Education and Not-for-Profit practice at PricewaterhouseCoopers and the Manufacturing and Distribution practice at McGladrey and Pullen. He has performed many engagements under the requirements of the Government Auditing Standards (“Yellow Book”) and the Single Audit Act (formerly OMB A-133). Kevin has audited a wide range of not-for-profit organizations including private and public colleges and universities such as Azusa Pacific University and Southwestern School of Law, governmental entities such as Los Angeles Unified School District and The Los Angeles County Metropolitan Transportation Authority (LACMTA), and other various charitable organizations, private foundations, school districts, charter schools, and various other governmental entities and their component units.

Kevin provides occasional training on such topics as not-for-profit accounting, board governance, and the requirements of yellow book and federal single audits. In addition, Kevin has worked closely with the California Society of CPAs Continuing Education division to provide live instruction in the areas of audit and accounting as well as develop self-study continuing professional education courses. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. He is also the past-president of his local homeowners' association.

Kevin attended California State Polytechnic University, Pomona where he received his Bachelor of Science degree in business administration with a dual major in Accounting and Finance, Real Estate, and Law.

WENDY (BEI) REN, CPA, AUDIT MANAGER - Wendy is an audit manager in the not-for-profit practice. She has more than twelve years of public accounting experience in various industries, concentrating in the not-for-profit sector. Before coming to us, Wendy served as an audit manager for both Singer Lewak and Green Hasson and Janks, performing many not-for-profit, yellow book, and federal single audits. Wendy is an effective leader and manager of the engagements with strong analytic skills. Her hands-on approach to both audit management and client relationships has allowed her to excel in her career. She is results oriented and strives to ensure that audit procedures are done on time and in accordance with the planned audit schedule. In addition to her audit and attest experience, she has also assisted clients in their preparation of financial statements and other reporting requirements. She is able to identify key accounting, reporting, and audit issues on a timely basis to ensure that they can be researched and tested as necessary during the audit engagement. In addition to her not-for-profit experience, she has also worked with public filers on their SEC reporting requirements, specifically 10K and quarterly 10Q filings.

Wendy graduated from the University of Washington with honors with a Bachelor of Arts in Business Administration. In addition to her career activities, Wendy is kept busy raising her two elementary aged children. Wendy serves as a board member and volunteers as the treasurer for West Valley Chinese School, a nonprofit organization dedicated to the teaching Chinese language and culture. Wendy is a member of the American Institute of Certified Public Accountants.

PETER MOCKARY, CPA, SENIOR AUDITOR – Peter joined our practice as a staff accountant in 2015 after completing a successful internship with us the year before. During his three years with the firm, he has worked exclusively in the not-for-profit sector, mainly performing substantive audit procedures related to balance sheet and income accounts as well as detailed tests of controls and compliance. He is also involved in the process of developing and documenting client controls and making recommendations for improvements. Peter has developed his industry-specific accounting understanding relating to such topics as donor restrictions, endowment and investment accounting and proper revenue recognition of donor contributions. He is a very quick learner and has already been able to help several of our clients with his insightful findings and recommendations.

Peter graduated from The Master's College in Santa Clarita with a Bachelor of Science in Business Administration, majoring in Finance and Management. He obtained an Accounting Certificate from UCLA Extension and is currently a California CPA candidate, as he has successfully passed all four parts of the Uniform CPA Exam, each on the first attempt.

STAFF CONTINUING PROFESSIONAL EDUCATION

Our firm is committed to the continuing professional education (CPE) of our staff. In fact, our annual internal CPE requirements are more stringent than those imposed by the Texas Board of Accountancy for continuing licensure of Texas CPAs. We require a minimum of forty hours of accounting and audit education each year with most of them being directed in the areas of not-for-profit accounting and auditing and single and yellow book audits. Each member of our proposed team has met the 24 hour minimum governmental and related CPE requirement that is necessary to perform yellow book and single audit attest engagements. Each staff member must take at least 16 hours of such training every year in order to ensure that they are always qualified to perform such audits.

We have emphasized an overall audit quality approach to our CPE and each member of the team has taken classes related to proper internal control testing approaches, audit sampling, proper audit documentation and defensive auditing techniques as well as specialized computer assisted audit techniques (CAATs). All members of the firm have regularly attended the Texas and/or California Society of CPA's annual Not-for-Profit conference held in the spring of each year. In addition, Kevin frequently attends the national Not-for Profit Conference put on by the AICPA in Washington DC and other state CPA society conferences. Lastly, the firm has embraced the concept of data mining and higher-level population analytics and computer assisted audit techniques (CAATs) and each member of the firm last year took one or more courses in the use and applications of data analysis software. Kevin attends conferences that update the recent changes in this quickly evolving area of audit data analytics.

OVERALL AUDIT APPROACH

Our audit procedures are designed using a risk-based approach. This approach focuses the majority of the audit procedures and resources to the areas of highest risk of accounting misstatements, fraud, and other errors to the Organization. We take the time to obtain an understanding of relevant control processes for each business cycle of the Organization and plan our procedures accordingly to effectively utilize resources. This enables us to perform our procedures more efficiently and provides an opportunity to make recommendations to the Organization from the perspective of a trusted independent advisor.

We take a proactive approach to auditing, meaning that we do not simply "audit the numbers" but also provide advice and recommendations to improve, and in many cases, simplify, the accounting and reporting process. We do this throughout the engagement and are always glad to answer questions in these areas throughout the year as situations arise.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Our firm audit practice is nearly entirely devoted to the not-for-profit sector. Our entire audit team will be comprised of individuals with many years of experience auditing not-for-profit entities, large and small, both currently in our firm and in their previous stints in the Big 4 and other large accounting firms. Our experience allows us to immediately identify issues that are specific to not-for-profit entities and ensure that they are accounted for and reported properly.

As noted above, there are many changes that are currently being proposed by the accounting standard setting bodies that may have a very dramatic impact on the way not-for-profit entities account for and report on their activities and operations in the future. Now, more than ever, it is important that not-for-profit entities have the services of an accounting firm that is well versed in the accounting and reporting issues that face them. We continuously monitor these events and report back to our clients and advise as necessary to ensure that they are prepared for these expected upcoming changes.

DETAILED AUDIT APPROACH

A representative listing of the detailed steps we will perform are as follows. Note that several of the steps are required by the AICPA, and some may not be applicable in all situations.

Planning, Risk Assessment, Internal Control Documentation and Testing Procedures

- Meet with audit committee and management to obtain their views of the audit process and any specific concerns they may have and incorporate them into our audit procedures.
- Identify any independence, related party, or similar issues.
- Provide management with a detailed initial request list, separated by into general requests, interim procedures, and final procedures.
- Team gains understanding of client operations, accounting and reporting processes, compliance with grants/contracts, and the related internal controls relating to each, through staff interviews, reading of board minutes, polies and procedures manuals, major contracts, and legal invoices.
- Perform preliminary analytical review based on fiscal year-to-date financial information.
- Identify critical issues or complex accounting areas that may require extended procedures, and develop audit plan (that usually involves higher level team members such as team manager or partner) to ensure such items are properly tested and resolved before audit completion.
- Identify major programs for testing, determined major compliance requirements and develop compliance testing approach.
- Document our understanding of internal controls, perform walk-thrus, identify key controls (in conjunction with accounting staff) and determine controls to be tested and overall audit approach.
- Make preliminary assessment of planning materiality
- Identify possible areas for required unpredictability testing.
- Perform required SAS 99 fraud inquiries of management and staff.
- Prepare confirms to be sent at the time of fiscal year end.
- Test compliance areas that are available to be tested before Organization's fiscal year-end.
- Work with management regarding planned financial statement format and disclosure items.

Substantive Testing Procedures

- Obtain final trial balance (in the form of a Quickbooks Copy file or similar electronic file) from the Organization and ensure previously prepared audit strategy remains valid, otherwise adjust as necessary.
- Obtain master data files relating to all current year and prior year transactions, including data transaction files, master vendor, customer, and employee/contractors files and any other financial data maintained in data files that are not part of the Organization's main ERP systems.
- Agree Organization detailed account balances, report amounts, and note disclosures to appropriate supporting documentation.
- Perform audit sampling procedures, substantive analytics, and other substantive procedures such as subsequent receipts and payments tests, deemed necessary to test balance sheet and income account balances.
- Perform Computer Aided Audit Tests ("CAATs") to population data obtained from master data and annual transaction data files as the audit team deems appropriate.
- Agree outside confirmations to client balances
- Analyze any findings and recommendations accumulated during the course of the audit for possible communication to management and/or inclusion in a management recommendation letter.
- Perform closing procedures such as reviewing disclosure checklist, reviewing any subsequent events and other issues that may have an impact on the financial statement disclosures.
- Perform exit conference with management, identifying and findings and recommendations we may have.
- Meet with the audit committee and/or the board of directors to report the results of our audit, any finding and recommendations, and required board communications.

Should our audit procedures uncover any internal control deficiencies, compliance exceptions, or simply recommendations for best practices we may have, we first discuss them with management to (1) ensure agreement as to the underlying facts and (2) obtain any feedback they may provide before including them in any management letter or discussing them with the board and/or audit committee.

OTHER INFORMATION AND DISCLOSURES

Independence

We certify that the firm is independent and licensed to practice within the State of California with no exceptions. All individuals proposed for the engagement are also personally independent with regard to the Organization. We monitor firm member independence with all clients on an annual basis as part of our firm's quality control procedures and all firm members assigned to a specific engagement must re-confirm their independence to the audit partner (owner) before performing any attest function procedures. We further state that our proposed services will present no conflict of interest issues within our firm or with any other of our existing clients.

Known Relationships

The request for proposal indicates a requirement that we disclose any known relationships between your staff and ours. We respect that request and want to be as completely transparent as possible, therefore we would like to point out that our Manager, Wendy Ren, once provided professional services to a client in which your Accounting and Financial Reporting Consultant, Ms. Yvette Chong-Coontz was a member of management. Since that time, they have remained professional colleagues who have "kept in touch" over the years, but otherwise do not have a personal relationship. We do not believe this relationship would impair our independence or approach to the audit in any way and we are happy to provide any further information in this area as may be requested.

Record Retention

Our firm will retain the records of the audit for a period of at least seven years after the audit opinion date for each engagement and will be glad to make them available at any time to the Organization upon their request. We will also respond to all reasonable inquiries of successor auditors as well.

Audit Staff Continuity

Kevin Fordyce and Wendy Ren lead the not-for-profit audit practice, at least one of which are involved in virtually every engagement. Unlike many firms, our audit partner Kevin spends a significant amount of his time working directly with the clients and is the main engagement contact, which remains consistent. Furthermore, our proposed audit staff seniors have over ten and five years of direct not-for-profit audit experience (the last six and five years, respectively, at our firm). Thus, you will have the benefit of having a team that is both very experienced in not-for-profit accounting and auditing but will also be consistent from year to year. We do not anticipate having any staff accountants assigned to the engagement at this time.

Electronic Documents

We generally ask for as much of our request list to be provided in electronic format as possible. For certain items we request them in advance of our fieldwork start date. This allows us to do as much work as possible both in our offices and in advance of fieldwork, which both accelerates the audit timetable and minimizes the disruption to your operations that is natural part of the audit on-site procedures. In addition to having the relevant lead sheets and supporting documents available to us, we simply ask that a person be available to us during our fieldwork that can answer questions and provide requested documentation in a timely manner.

Possible Yellow Book and Single Audit Requirements

Based on further conversations we have had with Ms. Yvette Chong-Coontz subsequent to our receipt of the original RFP, it was made clear to us that the request audit services to be provided are for a financial statement prepared in accordance with GAAP, as opposed to a yellow book or single audit, which is required when a not-for-profit entity receives funds from a governmental entity AND such funds are required to be audited under Generally Accepted Governmental Audit Standards (“GAGAS”).

We pointed out to Ms. Chong-Koontz that due to the large dollar amounts received from governmental entities, management may determine that an audit performed under the yellow book standards may still indeed be required. Ms. Chong-Koontz also indicated that in future years, due to a possible increase in governmental funding, a yellow book audit or a single audit (which is an enhanced audit for entities expending over \$750,000 of governmental dollars in any one fiscal year) maybe required. For these reasons, each of the prices quoted for the services below will include a fee quote for each of these audit possibilities.

Peer Review

In February 2018, our firm underwent our triannual peer review as required by the AICPA. We received a “pass” with no deficiencies report (the highest quality report available under the program). Furthermore, there were no findings our peer reviewer noted as a result of the review. The peer review letter is attached to this proposal.

Evidence of Licensing to Perform an Audit In California

We have included as a separate enclosure to this proposal a printout of Kevin Fordyce’s current CPA licensing status in the state of California, which is valid through January 2022 and shows a “clear” record and thus entitles him to issue audit reports in the State of California.

Value – Add of Our Firm

As discussed above, we believe the value proposition of the firm is simple and is as follows:

1. Every member of the audit team from the partner down to the senior are auditors with many years of experience specifically auditing not-for-profit entities of all sizes and are very familiar with the accounting and auditing issues that are applicable to them. All members of your proposed audit team are licensed CPAs in the state of California.
2. Those members will be consistent from year to year and you will have access to them throughout the year, not just during the audit fieldwork.
3. We are committed not just to performing the audit, but to being valued advisors as well who can make recommendations to improve accounting, quality, efficiency, and internal controls.
4. Our staff is committed to monitoring the latest developments in not-for-profit accounting and sharing them with you to ensure that your financial statement presentation is always up-to-date and consistent with current standards. During this time of extensive changes in not-for-profit revenue recognition and reporting, this aspect cannot be over-emphasized. Audit firms that are not updated on these issues in real time cannot provide the services and address your Organization’s needs in order to prepare and publish updated GAAP compliant financial statements.

REFERENCES

Creative Visions Foundation
Ms. Grace Breuer CPA, CFO
18820 Pacific Coast Hwy Suite 201
Malibu, CA 90265
Phone: (805) 219-0390

Creative Visions Foundation serves as an umbrella organization that provides organizational and financial accounting to the approximately 30 affiliated organizations that it supports, which in turn support a myriad of charitable endeavors. We have performed an audit of their general purpose financial statements for the past eight years. They have about \$1 million in annual revenues; however they handle much more than that through their agency relationships with their affiliated organizations.

Residential Energy Services Network
(RESNET)
Ms. Faye Berriman CPA, CFO
4280 North Cedarpoint Lane
Moorpark, CA 93021
(760) 212-3103

RESNET encourages awareness of the efficient use of energy in residential buildings throughout the United States of America through education of the public, the housing industry, utilities industry, and related organizations to serve the public interest. They also propose green energy standards that are implemented in the construction industry and provide training to builders and contractors on these continually evolving standards. RESNET has approximately \$3 million in annual revenues. We have audited them for three years.

LA's BEST
Mr. Kirby Chong, CFO
Office of the Mayor
200 N. Spring Street, Suite M-120
Los Angeles, CA 90012
Ph. (213) 978-0801

LA's BEST is an after school services provider to children of the LAUSD, serving over 200 schools. We have provided yellow book and non-profit financial statement audits to them over the last eight years as their needs have required. They have annual revenues over \$7 million and assets of almost \$10 million. We also prepare their 990 and related forms.

PROPOSED FEE FOR AUDIT AND TAX SERVICES

We have based our fee estimates based on the hours we believe we will incur in the audit and report preparation engagements. The anticipated hours for each team member and the team as a whole were based on our reading of prior year reports and selected management information that has been presented to us in the RFP process.

As described above, there although it has been made clear that, for now, the requested services are for an audit of your GAAP-based financial statements and tax preparation (i.e. no yellow book or single audit required), we believe it is simply good business to quote a fee now in case further yellow book or single audit procedures do become necessary. We have arranged the fee quote in the schedule below, showing the GAAP financial statements audit first, and then the additional fees that would be added for a yellow book audit and a single audit, respectively, which would be an additional \$2,000 for a yellow book audit and \$4,000 for a single audit for each year. We consider these to be "fixed" fees and will be adhered to without exception unless there are specific unanticipated circumstances that are encountered in which case we will discuss the situation with you. Any such changes are exceedingly rare and, again, are not anticipated.

	Fiscal Years Ended June 30,		
	2020	2021	2020
<i><u>GAAP Financial Statements</u></i>			
Audit	\$ 18,000	\$ 18,500	\$ 19,000
Tax Prep	3,000	3,000	3,000
Total	<u>\$ 21,000</u>	<u>\$ 21,500</u>	<u>\$ 22,000</u>
<i><u>GAAP Financial Statements with Yellow Book only</u></i>			
Audit	\$ 20,000	\$ 20,500	\$ 21,000
Tax Prep	3,000	3,000	3,000
Total	<u>\$ 23,000</u>	<u>\$ 23,500</u>	<u>\$ 24,000</u>
<i><u>GAAP Financial Statements with Single Audit</u></i>			
Audit	\$ 22,000	\$ 22,500	\$ 23,000
Tax Prep	3,000	3,000	3,000
Total	<u>\$ 25,000</u>	<u>\$ 25,500</u>	<u>\$ 26,000</u>

We believe the audit engagement will take between 160 and 180 hours and the tax return preparation to take between 12-16 hours, including all pre and post engagement activities such as audit committee meetings, report production, etc.

CONSULTING SERVICES

Should any additional services be required, we will either negotiate a separate fixed fee for such services or services will be billed at our standard hourly rates, which are as follows:

Partner	\$400
Manager	\$300
Senior	\$225
Associate	\$150

Our fees for services will be billed as work progresses and are based on the amount of time required, plus out-of-pocket expenses. Invoices are payable upon presentation. We will notify you of any circumstances we encounter that could significantly affect our initial estimate of total fees.

Again, thank you for the opportunity to propose on providing your audit service needs. Please do not hesitate to call or email us if you or your audit committee should have any questions. Also, if necessary, we will be glad to meet with your audit committee in conjunction with this proposal. We can be reached using the address on the first page of this proposal, by phone at 818-543-1400 or 818-795-9691, and email at kevin@kfepa.com.

Very truly yours,

Kevin E. Fordyce

Kevin E. Fordyce

Peer Review Letter

DOUGHERTY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

KENNETH L. MERSCH
NONI S. PATCHETT*

*A PROFESSIONAL CORPORATION

500 NORTH CENTRAL AVENUE
SUITE 325
GLENDALE, CALIFORNIA 91203

(818) 543-3682
FAX (818) 240-0520
E-MAIL: CPASFORLA@AOL.COM

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

February 9, 2018

To: Kevin E. Fordyce
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Kevin E. Fordyce (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 (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

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.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Kevin E. Fordyce 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*. Kevin E. Fordyce has received a peer review rating of *pass*.

A handwritten signature in blue ink that reads "Dougherty & Company". The signature is written in a cursive, flowing style.

Dougherty & Company

Proof of Eligibility to Perform Audit

**BOARD OF ACCOUNTANCY
LICENSING DETAILS FOR: 74415**

NAME: FORDYCE, KEVIN EDWARD
LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT
LICENSE STATUS: CLEAR
EXPERIENCE COMPLETED: A

ADDRESS
3588 STARLING DRIVE
FRISCO TX 75034
OUT OF STATE COUNTY

ISSUANCE DATE

NOVEMBER 21, 1997

EXPIRATION DATE

JANUARY 31, 2022

CURRENT DATE / TIME

JANUARY 18, 2020
2:36:23 PM