



May 10, 2018

Proposal to provide professional
auditing and tax services to:

California-Nevada- Hawaii District of Kiwanis International

Prepared by:

CliftonLarsonAllen LLP

Derrick DeBruyne, CPA, CFE

Derrick.DeBruyne@CLAAconnect.com

direct 626-857-7300 | fax 626-857-7302



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



CliftonLarsonAllen LLP
2210 E. Route 66
Glendora, CA 91740
direct 626-857-7300 | fax 626-857-7302
CLAconnect.com

May 10, 2018

James G. Mason
California-Nevada-Hawaii District of Kiwanis International
8360 Red Oak Street, Suite 201
Rancho Cucamonga, CA 91730-0608

Dear Mr. Mason:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping California-Nevada-Hawaii District of Kiwanis International (Cal-Nev-Ha District) meet its need for professional services. The enclosed proposal responds to your request for audit and tax services of the Cal-Nev-Ha District and its three (3) sponsored organizations known as Service leadership Programs for three fiscal years, beginning September 30, 2018 and June 30, 2018, respectively.

Through our subsequent conversations, we understand your broader objectives are to retain a service provider that has a local presence, a strong background in the nonprofit industry, a deep understanding of nonprofits and serves organizations similar in size and complexity to the Cal-Nev-Ha District. We are confident our proposal not only addresses your need for audit and tax services, but also demonstrates our strong capabilities in serving nonprofit clients developed during our more than 60-year history.

CliftonLarsonAllen LLP (CLA) is focused on delivering an exceptional level of knowledge, insight, and industry experience. As our clients' most trusted business advisor, we:

- Take a genuine interest in your opportunities and challenges
- Proactively work with you to develop solutions based on a deep understanding of your business and industry
- Address your organization's financial challenges through our national and global resources
- Continually strive to better your organization, the nonprofit industry, the communities in which we work and live, the accounting profession, and ourselves

At CLA we exist to create opportunities – for our clients, our people, and our communities. We do it by living the CLA Promise: **We promise to know you and help you.**

We are eager to work with you and welcome the opportunity to present our proposal to the members of the audit committee and management team. If you have any questions about our offerings, please do not hesitate to contact me at 626-857-7300, extension 78211 or by email at Derrick.DeBruyne@CLAconnect.com.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in black ink, appearing to read 'Derrick DeBruyne', is written over a light blue horizontal line.

Derrick DeBruyne, CPA, CFE
Principal

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EXECUTIVE SUMMARY

Why should California-Nevada-Hawaii District of Kiwanis International choose CLA?

Our interactions with you are designed to support your goals and dreams, and impact your success. At CLA, we develop honest, sincere relationships with our clients; expressing our genuine interest in their respective industries; investing heavily in our personnel resources; and providing noticeably different client service. Through this approach, we have grown to become one of the leading professional service firms in the nation.

CLA does not deliver services for our own sake; we strive to make them work in your favor. A good audit, executed with an eye for greater efficiencies and future opportunities, can also help your organization strengthen its own critical infrastructure. By discovering ways to mitigate risk, streamline operations, and tighten controls, we can help free more of your resources – and thereby more of your potential – to empower and assist the people you serve.

Understanding your needs

We understand that the key to providing the best accounting and consulting services is to match our services with your specific needs. We take the time to learn your goals and objectives, and apply our specialized industry knowledge to help you achieve success. This level of service is available through our unusual structure and size. The individual local office structure of the firm allows principals and staff to work closely with you, in order to develop an awareness of your specific business needs; our overall size allows us to offer unlimited service opportunities backed by the experience of our nationwide network.

We respond to your stated needs in a thorough and easy-to-follow manner. We understand your most important and relevant needs are:

- **A proposed team of professionals carefully-selected for compatibility with the Cal-Nev-Ha District's needs and circumstances** — Your service team understands the strategic, operational, and regulatory issues impacting your organization. These professionals dedicate a substantial percentage of their time assisting nonprofits with financial, regulatory, and information security matters.
- **Efficiency** — Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will minimize disruption to your staff and enable timely completion of all deliverables.
- **Experience and continuity** — Each engagement team member has in-depth experience in nonprofit accounting, auditing, or tax matters. We will commit the necessary resources to provide quality client service and timely report delivery. We have an extensive local and national nonprofit practice from which to draw resources.
- **We know you!** — We know and understand the Cal-Nev-Ha District. By providing services to you in the past, we have established an understanding of your organization. The work we've performed helps us hit the ground running when we begin the engagement, so you will not have to bring us up to speed on your core operations, saving you time, money, and stress on your employees!



UNDERSTANDING THE NONPROFIT INDUSTRY

Nonprofit Experience

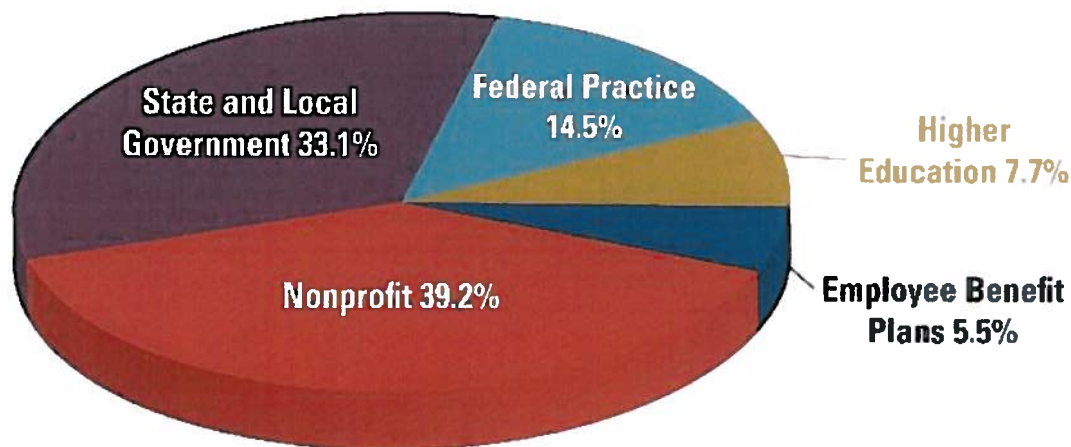
Nonprofit organizations are a dynamic, unique area of accounting, and require constant attention and monitoring. Our knowledge of your industry is crucial to offering actionable solutions. As a firm with more than 60 years of experience, we possess an exhaustive understanding of your challenges and are able to respond promptly and effectively to help meet them. We are leaders in serving a large number of nonprofit organizations, including foundations.

Our engagement team will provide the Cal-Nev-Ha District with guidance on accounting and operational matters; tips on best practices for policies and governance to board members; and updates or interpretations of recent pronouncements affecting the industry, service providers and other CPAs.

We strive to help enhance the potential of your resources so you can continue to dedicate your time to your mission. In order to continue the development of your organization's goals, you need to ensure the Cal-Nev-Ha District's financial groundwork. For that reason, CLA does not deliver services for our own sake; we strive to make them work in your favor. We believe that CLA has the qualifications, experience and knowledge to best serve you in carrying out your mission now and into the future. We believe this ability will allow for more frequent communication of ideas and information, as well as a more efficient, successful engagement—saving the Cal-Nev-Ha District time and money.

CLA serves more than 9,000 nonprofit and government organizations, **6,200 of that is in nonprofit, including 800 foundations** and 400 institutions of higher education. We have established the nonprofit industry as one of our core industry sectors, including various organizations with structures, sizes, and challenges similar to the Cal-Nev-Ha District. These organizations have operating budgets ranging from under \$1 million to more than \$300 million, and assets ranging from \$1 million to over \$4 billion. Therefore, CLA has extensive experience providing audit, tax, and consulting services to nonprofits of all sizes across the United States.

CLA's Public Sector Focus (Percent of Total Revenue by Industry)



* Above chart is based on FY16 revenue



Our continuous growth in working with the nonprofits has come about because we continually provide assistance to our clients in meeting their objectives.

We have been constructive and supportive with as little interruption to their activities as is possible. We have pointed out inefficiencies, poor accounting practices, and in some instances, suspected fraud.

The list below provides related and relevant projects CLA has successfully completed for similar local nonprofit entities in recent years out of the Glendora office.

- ◆ After-School All-Stars
- ◆ Auxiliary – Pomona Valley Community Hospital Medical Center
- ◆ Avant-Garde Foster Family Agency
- ◆ California Baptist University
- ◆ California P.E.O. Home
- ◆ Cal Poly Pomona Foundation
- ◆ Disciples Seminary Foundation
- ◆ House of Ruth
- ◆ The LaFetra Foundation
- ◆ The Ludwick Family Foundation
- ◆ Mt. San Antonio Community College Auxiliary and Foundation
- ◆ Mt. San Antonio Gardens
- ◆ Oak Tree Racing Association and Charitable Foundation
- ◆ OPARC
- ◆ Partners for Better Health
- ◆ Pilgrim Place
- ◆ San Bernardino Sexual Assault Services
- ◆ San Gabriel Valley YMCA
- ◆ The Webb Schools and Raymond M. Alf Museum

We have been successful in maintaining long-term relationships with our existing nonprofit clients. We also intend to expand our strong presence in the nonprofit industry, which is why we actively seek quality organizations like the California-Nevada-Hawaii District of Kiwanis International. As a result, we enhance our ability to serve our entire client base.

A recent survey of clients of CPA firms asked what their number one complaint was. They answered that their CPAs did not "know" their industry. We know that this is important, and we will make every effort to ensure that the personnel assigned to you are knowledgeable regarding your activities.

Industry participation

CLA actively supports industry education as a thought leader and industry speaker. Our firm focuses on supporting the educational needs of the industry through nationally sponsored trade events. Our team of professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations.

Our assurance and advisory principals are national leaders on several standard-setting bodies. Several have assisted with the writing of the American Institute of Certified Public Accountants (AICPA) practice and audit



guides specifically for nonprofit organizations, chaired technical boards, and lead state CPA organizations. Many of our professionals gather client thoughts and submit responses to the Financial Accounting Standards Board (FASB). As participants in these state and national standard-setting bodies, our professionals are on the cutting edge of new developments that affect you. Our work in these emerging areas gives you an advantage in planning ahead. A sampling of industry organizations and regulatory bodies that our nonprofit services team members are active in includes:

- American Institute of Certified Public Accountants
 - Nonprofit Entities Expert Panel
 - Nonprofit Financial Executive Forum
 - Employee Benefit Plan Audit Quality Center Executive Committee
 - Employee Benefit Plans Expert Panel
 - Employee Benefits Tax Technical Resource Panel
 - Governmental Audit Quality Center Executive Committee
 - Health Care Entities Expert Panel
- IRS Advisory Council on Tax Exempt and Governmental Entities (ACT),
- Exempt Organization Sub-Committee
- PICPA Nonprofit Committee
- Financial Accounting Standards Board, Not-for-Profit Resource Group
- American Society of Association Executives (ASAE)
- The Center for Association Leadership (Center)
- InsideNGO (formerly The Association of PVO Financial Managers)
- Center for Nonprofit Advancement (CNA)
- National Association of Professional Women

Thought leadership and industry information

CLA goes beyond the numbers and offers value-added solutions. Rest assured, you will hear from us throughout the year. We send periodic email publications and host webcasts to keep clients and friends of the firm informed of relevant industry updates. Below are just a few of the resources we offer.

- **Nonprofit Perspectives** — A periodic newsletter providing news, tips, strategies, insights, and updates on regulatory and industry issues as well as subjects relevant to private clients (e.g., personal finances, estate planning, investment planning).
- **National Industry Webcasts** — Web-based seminars designed to provide information on upcoming industry trends, accounting, tax, risk, and other issues in either the accounting or the nonprofit industry. These webcasts are free to clients and provide CPE credit to attendees.
- **Speaking Engagements and Workshops** — We share our industry knowledge and experience by presenting at national, regional, and local events, as well as hosting our own industry events in various markets. We provide quality insight and education in the areas of improving profitability, reducing risk, building business value, and planning for succession.
- **Recent Industry Articles** — In addition to our direct participation with national organizations, CLA has had numerous articles published by our nonprofit industry professionals.



- **Annual Nonprofit Conferences** – Bringing together nonprofit executives from across the country, CLA national conferences include an event for Foundations in the winter and an event for Associations in the fall.
- **Local Office Peer to Peer Nonprofit Roundtables** — CLA hosts peer to peer nonprofit roundtables in all our major market offices, including Glendora, California. At these sessions our nonprofit leaders facilitate discussions on cutting edge nonprofit issues and developments among our clients and industry peers in an intimate and engaging setting. Participants are provided with valuable content and complimentary continuing professional education credits.
- **In-person events** — Annual economic, capital markets, and tax outlook seminars are presented by local professionals and CliftonLarsonAllen Wealth Advisors, LLC investment committee members.
- **Market and Economic Outlook** — A quarterly publication that analyzes global economic conditions and market activity and how they may mean to individual investors.



Investment Advisory Services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

You can register for our webcasts, subscribe to publications, and find our extensive resource library on our website, CLAconnect.com/subscribe.

Knowledge of emerging developments

Over the course of the last five years, we have seen many changes in audit standards. We are taking a very proactive approach related to new FASB pronouncements. We routinely review pronouncements in the exposure draft stage to determine their effect on our clients. When indicated, we work with clients and other organizations to help develop responses. We review final pronouncements and discuss the impact of them with clients well in advance of the implementation of the pronouncements or changes in regulations.

The following are examples of recent and pending changes by source, as certain changes may impact your organization. We provide these types of interpretations and communications to our clients regularly. CLA can help your organization interpret and plan for required implementation in the most efficient and effective manner. Read on to see what may affect your organization in the next few years:

FASB – Recent and Pending

- **Restricted Cash** - November 2016 – This ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.
- **Nonprofit Financial Reporting** — In August 2016, FASB issued an Accounting Standards Update 2016-14 – Presentation of Financial Statements of Not-for-Profit Entities. This ASU makes several improvements to current reporting requirements that address, among others, the following problems: Complexities about the use of the currently required three classes of net assets that focus on the absence or presence of donor-imposed restrictions and whether those restrictions are temporary or permanent; Deficiencies in the transparency and utility of information useful in assessing an entity's liquidity caused by potential misunderstandings and confusion about the term unrestricted net assets and how restrictions or limits



imposed by donors, grantors, laws, contracts, and governing boards affect an entity's liquidity, classes of net assets, and financial performance; Inconsistencies in the type of information provided about expenses of the period—for example, some, but not all, NFPs provide information about expenses by both nature and function; Impediment of preparing the indirect method reconciliation if an NFP chooses to use the direct method of presenting operating cash flows. The amendments in this ASU make certain improvements that address many, but not all, of the identified issues about the current financial reporting for NFPs. A second phase of the project is expected to address more protracted issues surrounding whether and how to define the term operations and align measures of operations (or financial performance) as presented in a statement of activities with measures of operations in a statement of cash flows. That will allow the Board to coordinate its Phase 2 considerations for NFPs with related research activities on financial performance reporting by business entities. The potential impact to your organization could be significant.

- **Revenue Recognition** — The FASB's comprehensive standard on revenue recognition will impact all organizations. The earliest effective date for the standard is December 31, 2017 (June 30, 2018) for those organizations with public debt with a one year delay for all others. The standard does not change how your organization will account for contributions, however all other revenue sources will need to be analyzed to determine if there will be a recognition change. In addition, the new disclosure requirements are comprehensive.
- **Leases** — In January 2018, the FASB issued an Exposure Draft (ED) that provided targeted improvements to Accounting Standards Update (ASU) 2016-02: Leases (Topic 842). The ED included proposed changes to two requirements for the new lease standard:
 1. Transition — comparative reporting for initial adoption
 2. Separating components of a contract

On March 7, 2018, the FASB approved the changes to the comparative reporting transition guidance, providing an optional transition method when adopting Topic 842. The FASB plans to discuss the proposed amendments related to separating the components of a contract on March 28, 2018. If approved, these amendments will provide lessors with a practical expedient option to combine lease and non-lease components under certain conditions.

In February 2016, the FASB issued amended guidance for the treatment of leases (ASU 2016-2: Leases). The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance also changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The amendments in the guidance are effective for fiscal years beginning after December 15, 2018 (including interim periods within those fiscal years) for public business entities, nonprofit entities that have issued or are conduit bond obligors for securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and employee benefit plans that file financial statements with the U.S. Securities and Exchange Commission (SEC). The amendments in the guidance are effective for fiscal years beginning after December 15, 2019 (and interim periods within fiscal years beginning after December 15, 2020) for all other entities. Early adoption is permitted for all entities. You should consider how the revenue recognition standards will affect your Organization and if you should be implementing the lease standard in conjunction with the revenue recognition standards.



American Institute of Certified Public Accountants – Recent and Pending

Released in 2015, the *Audit and Accounting Guide, Not-for-Profit Entities* focuses on uniform reporting practices and is intended to be easier to understand.

The update includes:

- Guidance and examples for reporting relationships with nonprofit and for-profit corporations, limited liability partnerships, general partnerships, and financially interrelated entities.
- New sections on reporting and measuring non-cash gifts, including gifts in kind; contributions of fundraising materials, informational materials, advertising, and media time or space; below-market interest rate loans; and bargain purchases.
- A new chapter on program-related investments and microfinance loans.
- A greatly expanded section about municipal bond debt, including IRS considerations, third-party credit enhancements, capitalization of interest, extinguishments and debt modifications, and the effects of terms (such as subjective acceleration clauses) on the classification of debt.
- New guidance for reporting the expiration of donor-imposed restrictions.
- A thorough discussion of the legal and regulatory environment in which nonprofit entities operate.
- Suggestions for procedures an auditor might consider to supplement standard risk assessments.

The new guide is a joint effort of the Financial Reporting Executive Committee (FinREC), the Not-for-Profit Entities Expert Panel, and the Not-for-Profit Guide Task Force of the AICPA. CLA is monitoring and influencing these proposed changes for the benefit of our industry and clients.

Internal Revenue Service – Recent and Pending

- **2011 Federal Form 990** – IRS Form 990 continues to evolve in an effort to enhance transparency, promote compliance, and minimize the burdens of filing. We continuously monitor the additional rulings and procedures issued by the Treasury Department each year that provide guidance for tax-exempt organizations. In addition, we represent numerous nonprofits that are undergoing an IRS examination. We leverage this knowledge and experience to add value to all of our clients by recommending best practices for governance, appropriate disclosures, and managing public perception. We attend state and national conferences, both as students and as speakers, so that we stay informed about the latest developments and trends. And we share that knowledge with our clients through concise and understandable communications, including newsletters, webinars, and roundtables.

Experience auditing alternative investments

We have an extensive team of individuals that have worked with complex investment portfolios including alternative investments, meaning an investment in which the fund's value cannot be obtained from an outside source (i.e., the NY Stock Exchange or Wall Street Journal). One of the co-writers of the AICPA's Technical Guidance for Alternative Investments is a principal in our firm. Our approach to auditing alternative investments is not just confirming the existence of these investments, but also understanding the portfolio and determining if the valuation is reasonable and a fair representation. We will work with management while developing our audit approach on alternative investments to provide an effective and efficient process.

We spend time reviewing and walking through your internal controls and your monitoring processes for these investments, to confirm you have adequate support for the fair value of these investments. Examples would be investment committee minutes, investment consultants, inquiries and sight visits performed, etc. We also make sure to receive input from management and/or investment committees to assess risk.



The review and testing of internal controls over valuation and the use of investment Net Asset Value (NAV)'s, if effective, allows us to gain comfort that investments are materially correct, allowing us to significantly reduce our substantive testing on valuation. We also select our testing samples prior to year-end, allowing you sufficient time to compile the information we need, and overall reducing the amount of time needed to complete our work and provide you with a timely audit report.

We select certain alternative investments to test fair value, in order to get an adequate coverage. This is through a variety of options including but not limited to:

1. Obtaining audit reports of the alternative investments at the client's year end. We understand a majority of your alternative investments will have a December 31 year end.
2. We encourage clients to compile a NAV look back schedule, which gives us an analytical view of the year end valuations for the past three years in relationship to other valuation points of the investments (audits, benchmarks, redemptions or purchase prices at the investment, etc.). This will help determine the reliability of the fund managers' valuations if there are no significant variations from their audited financial statements. We will then take the audited values and perform a predictive test by using the appropriate investment benchmark to get to the predicted June 30th balance. Any significant variations will be discussed with management.
3. Obtaining underlying detail of the investment, if available. We would request this information in order to test the fair value of the underlying securities.
4. Requesting and receiving redemptions and/or purchases of the investment near year end.
5. Internal control audits performed on the valuation procedures at the investment fund, or the valuation procedures performed by third party pricing services.

We have other options as well. We have not had an issue finding an option in order to test an alternative investment nor have we had to qualify a financial statement opinion due to alternative investment valuation testing.



Experience in Preparation and Review of Federal Forms 990

Our professionals at CLA possess the knowledge and experience to assist the Cal-Nev-Ha District with understanding and interpreting current, new, or pending tax regulatory issues.

We have both engagement industry professionals and specialized teams responsible for tax compliance and consulting engagements for our nonprofit clients. With the complexity associated with the industry, we have found our clients benefit from a team of individuals knowledgeable in the federal, state, and foreign tax compliance specific to nonprofits. This group of individuals works side-by-side with the audit engagement team and other professionals throughout the firm to remain up-to-date on regulatory and legislative changes in order to be able to provide clients with timely advice and feedback. With the even broader scrutiny of nonprofits, organizations must continue to be cautious and thoughtful when implementing policies, addressing compliance, and entering into new transactions.

When tax returns and related documents are due, we can help meet requirements for accurate, compliant tax returns and related documents, prepared and reviewed on a timely basis. When you engage CLA as your tax advisor, you get more than a couple of meetings at tax filing time; our tax professionals understand that the best way to ensure tax compliance is to plan throughout the year.

The audit and tax professionals at CLA operate as a team and we focus on the seamless integration of services. We have found that the best way to thoroughly meet the needs of our clients is to work together, utilizing each other's areas of experience and knowledge. Your audit and tax client service team will serve as your advisory team, will be dedicated to helping you get where you want to go in the short- and long-term, and will assist in the timely filing of your federal and state filings.

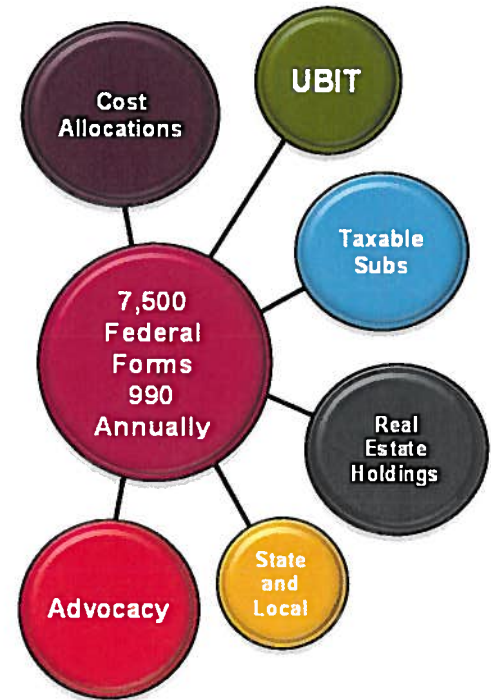
International tax experience

CliftonLarsonAllen is a member firm of the Nexia International network. Nexia International is a leading worldwide network of independent accounting and consulting firms, providing a comprehensive portfolio of audit, accountancy, tax and advisory services.

Nexia provides an international team of over 20,000 independent auditors, business advisors, and consultants throughout 570 offices in over 100 countries.

How can CLA's U.S. leadership position in Nexia benefit you?

- Provide assistance regarding regulatory compliance and accounting guidance for foreign activities
- Identification and facilitation of in-country resources and experience to address business and tax registration and reporting compliance requirements in all countries where the organization must register and report
- Real time answers to basic transactional questions including local/regional currency rules, transfers, repatriation and valuations
- Classification of employees and consultants for payroll tax purposes including the preparation of employer and non-resident returns



- Determining taxability of various revenue streams and calculating underlying tax liabilities
- Proactive planning and advice on tax efficient structure on a holistic and global basis

Furthermore, our professionals regularly interact with other member firms across the globe through client engagements and by participating in Nexia committees. CLA personnel serve as leaders of several special interest groups (groups focusing on various technical services) and for the North and Central America region, as well as deputy chairman of the board of directors. We also regularly contribute to Nexia publications.

Additionally, our people have had the opportunity to participate in Nexia's secondment program, an exchange program where a CLA professional is placed at an affiliate firm for a period of time and an international professional comes to work at a U.S. office of CliftonLarsonAllen. Because of this experience, our employees not only understand the technical issues that come from operating globally, they have experienced them personally.

Experience with employee benefit plans

In order to provide services to employee benefit plans (EBP), we have professionals who focus their activities and practices on EBP audits to complement our nonprofit group. These engagement team members have experienced backgrounds in EBPs and keep current on the trends and issues affecting this industry. Auditing employee benefit plans is an industry-specific service that requires specialized experience and knowledge. With changing rules and regulations from the Department of Labor (DOL) and Internal Revenue Service (IRS), it is essential that companies choose the right auditor for their EBP audits.

Audits of benefit plans have become a high-profile segment of auditing practices recently because of lost benefits to participants as well as the increased scrutiny by legislators, the DOL, and the IRS. We thoroughly understand the applicable rules and regulations as benefit plan audits are a specific focus area of our firm. Our team includes individuals who are firm representatives to the AICPA Benefit Plan Quality Center. Additionally, internal and external training programs focused on employee benefit plans are a significant part of the professional growth plan for our associates, senior associates, and managers. This knowledge and training allows our professionals to provide our clients with the proactive service they want and deserve.

Our specialized EBP professionals serve more than 2,130 EBP clients nationwide. *According to the DOL, the combined size and capability of our employee benefit plan practice makes us the fourth largest provider of audits to EBPs in the United States.* Our experience also provides us with the opportunity to have permanent positions on the AICPA Employee Benefit Plan Audit Quality Center and Employee Benefit Plan Expert Panel. At CLA, we not only have the knowledge to apply the standards but we are a part of the standard setting process and have hands on knowledge of best practices in the industry.

CLA has strategically positioned itself as a leader in the field of EBP auditing and compliance. We are well trained in EBP audit and compliance requirements by annual attendance of conferences taught by the DOL, IRS, and other EBP professionals. We only hire experienced professionals and are able to hit the ground running on our audits. We understand the value of time and will not waste it by sending out inexperienced staff. Because EBPs are a dedicated service line for CLA, we staff all audits with dedicated professionals that will actively manage audits and confirm that audits are performed speedily and reports issued timely.

CLA has a dedicated group that works exclusively on employee benefit plan audits; therefore, the timing of fieldwork will not be an issue since the members of your engagement team do not have tax deadlines or other work which would prevent them from working on EBP audits during specific times of the year. Furthermore, the depth of our practice has allowed us to develop strong relationships with many third party administrators and trustees which also contribute to our ability to run a smooth audit.



FIRM OVERVIEW

We promise to know you and help you

CLA delivers integrated wealth advisory, outsourcing, audit, tax, and consulting services to help clients succeed professionally and personally. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.



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Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 5,000 people, more than 100 U.S. locations, and a global affiliation, we bring a wide array of approaches to help clients in all markets, foreign and domestic.



Our mission:
Impactful
interactions
for success

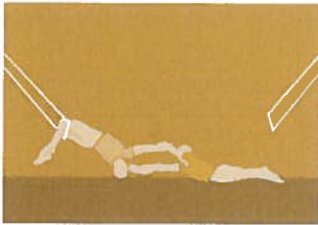


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What makes us different?

You can depend on CLA for several uncommon advantages:



Deep industry specialization

Our people are industry practitioners first and foremost. You will work with professionals who know you, your organization, and your industry — and combine their knowledge with yours to make you stronger.



Seamless, integrated capabilities

We offer planning and guidance from startup through succession, with particular care for you and your organization's leaders. Our people connect with a vast network of resources behind the scenes — seamlessly presented and delivered for you.



Premier resource for nonprofit organizations and their stakeholders

Entrepreneurs, including those in nonprofits, are the backbone of our economy. We place you — personally — at the core of our strategic focus because enabling your success means a better world for all of us.



THE career-building firm

Our professionals are personally invested in your success, you will work with entrepreneurial people with the freedom and agility to serve you rather than merely perform obligatory functions.

For more information about CLA, visit CLAconnect.com/aboutus.



SERVICES APPROACH

Audit approach

Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that allows us to have insight into your organization and to share in-depth advice on how to improve your operations.

Our industry experience makes it easier — CLA auditors are experienced in your industry, which allows us to make the process faster and smoother. We approach our client engagements with a commitment to operational efficiency and to leverage our industry-focused experience to bring positive impact and meaningful insights to our clients. What does this mean for your organization? It means we bring a team of professionals and an approach focusing on you, our client, listening to and working with you for a successful outcome.

Your time has value — Our approach recognizes that your time is valuable and best spent with key decision makers asking clarifying questions, discussing organizational strategies, and dealing with sensitive reporting issues. We believe this approach is effective and cost-efficient, produces a quality audit, provides you with substantive discussions with our team leaders, and recognizes there is more value to time spent discussing significant issues with management than reviewing detailed workpapers.

No surprises — Our experience enables us to focus on the areas of your organization that possess the greatest risk. Our emphasis on planning and communication allows for an efficient and effective audit process in which everyone involved knows their roles and expectations. Issues, as they arise, are dealt with immediately, not accumulated until the end of the audit. We provide a **"no surprises"** approach to our services, based on frequent and timely communication. As potential issues arise during the course of the audit, we will engage the right people in timely and frank discussions as a means of gaining resolution immediately.

Significant involvement of principals and managers — An important distinction between CLA and other firms is the amount of principal and manager involvement in the engagement. Because our principals and managers are directly involved in the engagement during fieldwork, we can proactively identify significant issues immediately and resolve them with management so that the engagement is essentially complete when fieldwork ends.

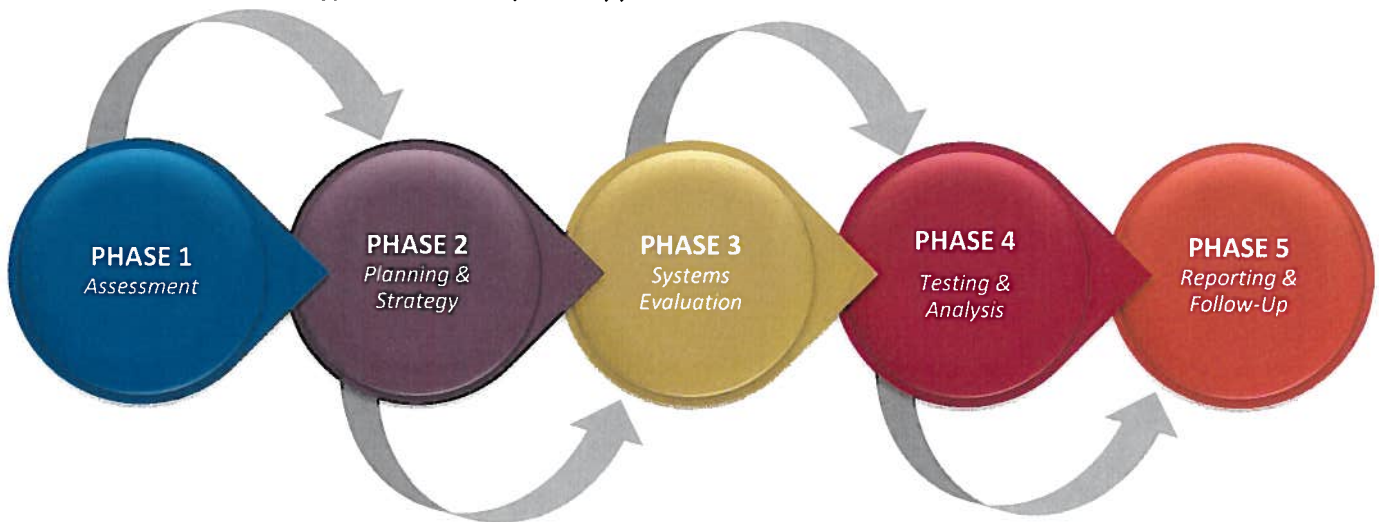
No transition issues — As your current auditor of choice, the transition into the new fiscal year will be entirely seamless.



We tailor the audit just for you — We begin the audit with a thorough planning and preparation phase and culminate with the timely delivery of our reports. We will work with you immediately to coordinate and schedule the engagement to minimize any potential disruptions to your business. We would envision that we immediately begin our planning process upon receipt of a signed engagement letter. We will then work with you to finalize dates that accommodate your schedules. While our audit programs provide typical approaches for given audit areas, CLA tailors and designs a client-specific, risk-based audit approach. We don't follow a "cookie cutter" approach. We use custom, industry-tailored programs, procedures, and other tools that are designed specifically to focus on the issues that are applicable to nonprofits.

We explain exactly what we're doing and what we've found in plain, everyday language. We translate our findings into ideas on how you can address them. We believe our services are a contributing factor to better business and administrative practices. We gain a better understanding of your organization by working closely with your staff. This involvement enables us to offer you recommendations or suggestions for improvement in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

The CLA audit methodology utilizes a five phase approach.



Continuous Communication Throughout

When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

Year-long support — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.

Summary of benefits

The Cal-Nev-Ha District will realize the following benefits from CLA's services —

- An objective look at your operations to help you make sound business decisions.
- Credibility only an outside expert can provide your lenders and shareholders.



- Confidence that accounting principles have been evaluated for application accuracy.
- An opportunity to improve internal controls and accounting procedures, which increases reliability of accounting records and financial statements.
- Improved efficiency and effectiveness of the assurance service, thus adding value to the process while reducing disruption to your operations.

Tax compliance approach

CLA proposes to perform tax planning and preparation services for the Cal-Nev-Ha District. We have tax professionals who devote their time to exempt organizations, and we believe working with a tax professional year-round can help you make more knowledgeable decisions. Tax issues and opportunities do not just occur during the compliance process, but all throughout the year. It is important that issues and opportunities are identified and acted upon as they present themselves because it may be too late to act upon them by year end.

Our approach to tax planning and preparation begins with understanding your current tax situation. We will then work with you to proactively implement effective strategies and identify tax liabilities.



Process

Our tax services process is simple:

- We will work with the Cal-Nev-Ha District well in advance of deadlines to establish a timeline to make sure tax filings are prepared accurately and timely.
- We will provide the Cal-Nev-Ha District with a tax information request to assist with the accumulation of data to complete the tax filings.
- Keep you involved and informed to avoid errors and delays.

Ongoing insight

We are your business resource, so we encourage you to ask us for:

- Basic information throughout the year.
- Advice on new IRS announcements and their potential impact.

Benefits

You will receive the following benefits from our tax planning and preparation services:

- Ongoing assistance throughout the year, not just during the year-end procedures. This will help us recognize opportunities and resolve potential problems
- Immediate communication of any changes in tax law that may affect your operations and recommendations to address any resulting issues
- Proactive planning to help you take advantage of any new opportunities
- We go beyond compliance and investigate every tax benefit available to you
- Thorough compliance with tax obligations means you avoid penalties and surprises.

Deliverables

CLA will provide:

- 990 tax returns
- 990T tax returns, if applicable



- Completed federal and applicable state tax returns by an agreed-upon deadline
- Strategies for streamlining your tax reporting process

In addition to traditional compliance services, such as tax return preparation and review, we provide a wide variety of related consulting services to exempt organizations including:

- International tax consulting
- Intermediate sanctions analysis
- Public support planning
- “Mock” IRS audit reviews
- Corporate compliance analysis
- Analyzing merger and acquisition transactions and valuation services
- Assisting in structuring joint venture arrangements
- Reorganization and restructuring advice

Services integration

An engagement such as outlined in this proposal requires the interaction of numerous individuals working within relatively narrow time frames. Our assurance and tax staff work as a team. We are in close, regular contact, keeping each other informed of our progress and any issues that arise. We emphasize communication — making sure that issues that cross disciplines are fully evaluated by the entire team.



ENGAGEMENT TEAM EXPERIENCE

Roles and responsibilities

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:

The most important resource any business has is people — the right people.

Engagement Team	Title	Years of Experience
Derrick DeBruyne, CPA, CFE	Principal	18
Bethany King	Director	5

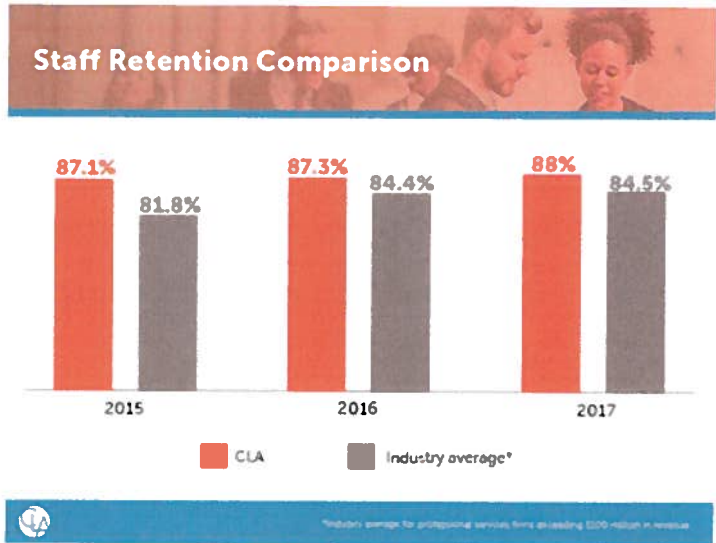
Detailed biographies are available in the Appendix of this proposal.

Staff continuity or Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.

In any business, however, turnover is inevitable. When it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have an adequate number of qualified staff members to provide the Cal-Nev-Ha District with top service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. Continuity results in increased efficiency and quality because staff assigned to the engagement will not have to go through a “learning curve” with annual engagements or each new project. Client staff spends less time orienting the engagement team, and more time working toward goals. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.



REFERENCES

CLA offers its clients the best of two worlds — a firm with national nonprofit experience, complimented by a local team dedicated to accessibility and responsiveness. We are pleased to provide you with the following references, who can describe their experience in greater detail.

House of Ruth

Contact Sharon McGrath-Gold, Director of Finance
Address | 599 Main Street, Pomona, CA 91768
Email/Phone SMcGrathGold@houseofruthinc.org / 909-868-8029

Parent Revolution

Contact Jody Edwards, Chief Financial Officer
Address | 315 W. 9th Street, Suite 904, Los Angeles, CA 90015
Email/Phone JEdwards@parentrevolution.org / 213-621-3052

OPARC

Contact Sonia Borja, Vice President of Finance and Administration
Address | 9029 Vernon Avenue, Montclair, CA 91763
Email/Phone SBorja@oparc.org / 909-985-3116

Partners for Better Health

Contact Evette De Luca, Executive Director
Address | 8780 19th Street, Suite 239, Rancho Cucamonga, CA 91701
Email/Phone EDeLuca@p4bhealth.org / 909-900-6166

American Museum of Ceramic Art

Contact Beth Ann Gerstein, Executive Director
Address | 399 North Garey Avenue, Pomona, CA 91767
Email/Phone BGerstein@amoca.org / 909-865-3146

The Webb Schools and Raymond Alf Museum

Contact Janet Peddy, Director of Finance, Planning and Operations
Address | 1175 West Baseline Road, Claremont, CA 91711
Email/Phone JPeddy@webb.org / 909-626-3587

After-School All-Stars

Contact Sarah Beth Gardner, Senior Operations Manager
Address | 5670 Wilshire Blvd., Suite 620, Los Angeles, CA 90096
Email/Phone Sarah@afterschoolallstars.org / 323-935-3232



PROFESSIONAL FEES

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines.

CLA understands the importance of providing our clients with value-added solutions. We propose to provide routine, proactive quarterly meetings — as part of our fee — that will allow us to review and discuss with you the impact of new accounting issues, as well as any other business issues you are facing and how they should be handled. This level and frequency of interaction will no doubt enable CLA to help you tackle challenges as they come up, and take full advantage of every opportunity that presents itself.

Professional Services	Year 1	Year 2	Year 3
District Audit Services	\$14,500	\$14,500	\$14,500
District Tax Services	2,000	2,000	2,000
Service Leadership Programs Audit Services	12,500	12,500	12,500
Total	\$29,000	\$29,000	\$29,000

We have found over the years that our clients don't like fee surprises. Neither do we. We commit to you, as we do all of our clients, that:

- We will be available for brief routine questions at no additional charge, a welcome investment in an on-going relationship.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front.
- We will always be candid and fair in our fee discussions, and we will avoid surprises.

Fee considerations

The fee proposal is based on the following:

- The Cal-Nev-Ha District personnel will provide assistance periodically throughout the year and during the assurance fieldwork with regard to account analysis and provision of year-end account reconciliation work papers and schedules.
- The Cal-Nev-Ha District personnel will prepare the year-end tax workpapers and schedules to the extent performed in prior years, which we will complete, review, and examine.
- The assurance reports will be delivered in accordance with the Cal-Nev-Ha District's deadlines. The tax returns will be completed by a mutually agreed upon date sufficient to allow timely filings.
- Satisfactory completion of our firm's normal client acceptance procedures.
- Professional standards and regulations currently in effect. We reserve the right to modify your proposed fee if professional standards or regulations change for any engagement period.
- No significant changes in the operations of the Cal-Nev-Ha District subsequent to the date of this proposal.
- Preparation of the state income tax returns filed in the prior year.



Ongoing consultation

We do not anticipate the Cal-Nev-Ha District will receive additional billings related to the annual audit procedures, as we anticipate cooperation from staff and receipt of information for timely completion of your audit. It is also our policy not to bill you for routine telephone calls. Our quoted fee includes routine general consultation throughout the year, however if you seek a written opinion or if the issue requires us to perform research we will bill you at our standard rates for these services. We will discuss these fees with you before we conduct our work.

We have a 24-48 hour response policy to return calls/emails from your supervisory committee, board, or management to provide effective and timely communication. CLA's personnel are always available to provide assistance by telephone without additional cost to you. If the person you need to talk to is not available at the time you call, we will contact him/her and have them get back to you. We have a number of qualified principals on our staff that can provide you with timely and competent assistance.

For your convenience, we have a toll free numbers for this purpose (enter toll free number). Additionally, in order to provide the most direct access to your team, we will provide the cell phone numbers of your engagement principal and audit manager upon acceptance of our proposal.



APPENDIX

Engagement team biographies



Derrick DeBruyne, CPA, CFE

CliftonLarsonAllen LLP

Principal
Glendora, California

Phone 626-857-7300
Derrick.DeBruyne@CLAconnect.com



Profile

Derrick is a principal with experience in audits and taxation, single audits under Uniform Guidance and fraud investigation. He specializes in planning, directing, and supervising audits of non-profit organizations, including charter schools, private colleges and universities, social service organizations, and foundations. Derrick consults with nonprofit entities on a variety of accounting and tax related matters including obtaining IRS exempt tax status, budgeting, internal control, cash flows, endowment reporting, and charitable trust gift accounting. He also specializes in fraud investigations and serves clients as an interim controller, allowing them to leverage the cost of having a CPA advisor as part of their management team.

Technical experience

- Nonprofit entities
- College foundations
- Private colleges and universities
- Charter schools
- Commercial businesses

Education/professional involvement

- Bachelor of science in accounting from the University of La Verne
- Certified Public Accountant in the state of California
- Certified Fraud Examiner
- American Institute of Certified Public Accountants (AICPA), member
- California Society of Certified Public Accountants (CalCPA), member
- California Society of Certified Public Accountants
 - Past President – Inland Empire Chapter
 - Member of State Council
 - Member of State Leadership Identification and Development Committee
 - CalCPA Leadership Institute Graduate
 - Former Chair – Inland Empire Financial Literacy Committee

Speaking engagements

- California Charter Schools Conference, presenter
- National Charter Schools Conference, presenter



Bethany King, CPA
CliftonLarsonAllen LLP

Director
Glendora, California

Phone 626-857-7300
Bethany.King@CLAconnect.com



Profile

Bethany is a director with four years of experience in audit, taxation, reviews, compilations and single audits under Uniform Guidance. She specializes in charter schools, foundations, nonprofit organizations, private colleges and universities as well as retirement communities. Bethany brings both knowledge and experience to the engagements to which she is assigned to and is a pivotal member of our team.

Technical experience

- Charter schools
- Foundations
- Nonprofit organizations
- Private colleges and universities
- Retirement communities
- Compensation studies
- Competitive tuition pricing studies

Education/professional involvement

- Bachelor of science in business with an emphasis in accounting from California State University, San Bernardino
- Certified Public Accountant in the state of California
- American Institute of Certified Public Accountants (AICPA), member
- California Society of Certified Public Accountants (CalCPA), member



Quality control procedures and peer review report



In the most recent peer review report we received a rating of *pass*, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the Uniform Guidance and OMB Circular A-133.



System Review Report

To the Principals of CliftonLarsonAllen LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 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 a 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 *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 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. CliftonLarsonAllen LLP has received a peer review rating of pass.



Cherry Bekaert LLP
November 21, 2016