



Kiwanis



A PROPOSAL FOR OUR PROFESSIONAL
AUDIT AND TAX SERVICES

WINDES

AUDIT | TAX | ADVISORY

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WINDES

AUDIT | TAX | ADVISORY

www.windes.com

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Long Beach, CA 90802
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Suite 1060
Irvine, CA 92612
949.271.2600

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Suite 4050
Los Angeles, CA 90017
213.239.9745

May 7, 2018

Kiwanis International (California-Nevada-Hawaii)
Audit Committee, care of Mark McDonald, Executive Director
8360 Red Oak Street, Suite 201
Rancho Cucamonga, CA 91730

Dear Audit Committee:

We appreciate the opportunity to propose on the audit and tax services for Kiwanis International (California-Nevada-Hawaii) (the Organization or Kiwanis International (California-Nevada-Hawaii)) **including the District, the Foundation and the Service Leadership Programs.** This proposal summarizes the history, philosophy and approach of our firm and the Windes, Inc. Nonprofit Group. Please note, this report is to be used solely by management and the Audit Committee in deciding whether Windes, Inc. (the "Firm" or "Windes") will be engaged for the services mentioned below.

We are proposing on the audit services of Kiwanis International (California-Nevada-Hawaii)'s statement of financial position and the related statements of activities, functional expenses, and cash flows for the year ending September 30, 2018 (except for the Service Leadership Programs which are June 30, 2018). As a part of our audit services, we will include an evaluation of the adequacy of the Organization's internal controls over financial reporting. We will provide reports to the Audit Committee to include all necessary communications as required under generally accepted auditing standards, the standards applicable to financial audits as issued by the Comptroller General of the United States. Finally, we are proposing on the preparation of the Organization's tax returns (both the Foundation and the District.) Should you need any other services not covered in the scope of this proposal, please do not hesitate to ask.

At Windes, we believe in building long-standing relationships and partnerships with our clients. You have my commitment to serve you with nonprofit experienced personnel that will perform an effective, efficient, no-surprises audit in a timely manner. We provide high-quality services to more than 125 nonprofit organizations, most of which are located in Southern California. Additionally, our partners and managers serve on many nonprofit organization boards of directors and, as such, we are familiar with the audit reporting process from the client's perspective. We would be proud to add you to our list of nonprofit organization clients and we look forward to building a long-term and mutually rewarding business relationship with you and your team at Kiwanis International (California-Nevada-Hawaii).

If you have any questions, or if I can provide any further information, please feel free to call me at 949-271-2607. Thank you for this opportunity.



Michael Barloewen
Partner



TECHNICAL QUALIFICATIONS

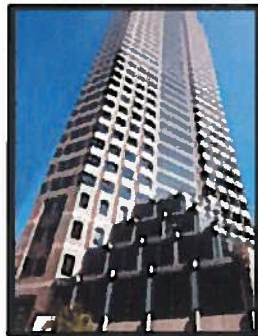
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Irvine



Long Beach



Los Angeles

Our Firm

- Over 92 years experience in the public accounting practice
- One of the largest regional CPA firms in California
- 15 partners and 140 professionals
- Serving over 2,500 businesses
- Three operating offices

Audit and Assurance Practice

- Experts in a broad range of industries, including government and nonprofit
- Provide audit and assurance services to over 400 companies, including over 120 nonprofit organizations.
- Substantial experience with Employee Benefit Plans
- International reach

Baker Tilly International

- One of the world's top ten accountancy and business services networks
- Our membership gives us access to a depth of resources and experience throughout the United States
- 150 independent member firms
- Serving clients in 120 countries
- Significant nonprofit practice within the network

Firm Background and Experience - Windes by the Numbers

92+
Years

140 Accounting
Professionals

Best Places to Work
2008-2017

One of the *Top 200*
Accounting firms in
the *Nation*

In the past 12 months, we
have served over **2,500**
clients

3 Offices:
LA, Irvine, and
Long Beach

Firm Background and Experience - Executive Summary

Work to be Performed. We will perform the annual audit of the financial statements for the year ended September 30, 2018 (Except for the Service Leadership program which is June 30). We will meet with the Audit Committee and the Board of Directors to present the results of the fiscal year-end audit. In addition, we will issue a management letter containing comments and recommendations (if any) with respect to accounting and internal controls. We will also prepare the federal and state information returns for Kiwanis International (California-Nevada-Hawaii).

Our Fee Structure. We offer the highest level of professional service at very competitive rates. While our hourly rates are lower than those at national firms and the Big 4, the true savings comes from our review process and how we move an audit or tax engagement from point A to point B. The decision makers are involved at every stage of the process, which increases efficiency for our nonprofit organization clients.

Quality Assurance. We use the Practitioners Publishing Company, a "Peer Reviewed System," for our audit planning and programs, which is one of the dominant systems in the United States. Our on-line paperless audit systems are both efficient and effective and keep our partners connected on the progress of our nonprofit organization engagements. Our personnel's expertise is significant and includes partners and managers with large-firm backgrounds, as well as a good mix of regional firm and governmental experience, giving the Windes Nonprofit Group a unique perspective.

Distinctive Expertise. The Windes Nonprofit Group possesses distinctive expertise and experience in the exempt organization area. Michael Barloewen and Tom Huey, concurring partner, both have extensive experience working with nonprofit organizations and education organizations and will provide you with the highest in audit quality and efficiency.

Independence. Windes is independent of Kiwanis International (California-Nevada-Hawaii) in accordance with auditing standards generally accepted in the United States of America and the standards contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

AICPA Peer Review. We have completed our eleventh peer review of our records and procedures and, in each case, have received an unqualified "clean" opinion. A copy of our most recent peer review is included in this proposal.

License to Practice in California. All of our CPAs involved in the audit of Kiwanis International (California-Nevada-Hawaii) are licensed to practice in California with clean records and none are (or have been) under any sort of regulatory review.

Firm Background and Experience - Executive Summary

KEY ELEMENTS OF OUR ENGAGEMENT

- ✓ Up-front planning with all key members of the engagement team
- ✓ Innovative use of technology
- ✓ On-site involvement of experienced team resources
- ✓ Work closely with your accounting team
- ✓ Significant partner/management involvement

THE SUCCESSFUL ENGAGEMENT

- ✓ Qualified professionals to meet your needs and exceed your expectations
- ✓ Responsive and effective services at a reasonable and fair fee
- ✓ An environment of open, constructive communication
- ✓ Timely issue identification and resolution
- ✓ On-point disclosure and presentation alternatives
- ✓ Report delivered on time to meet your needs

The Best Decision You Can Make. In our engagement approach, we focus on the best interests of management, the board, and Kiwanis International (California-Nevada-Hawaii)'s stakeholders. We will maintain our independence throughout our audit. However, our approach to testing, examining internal controls, and reporting will be conducted with the full understanding of what is important to the success of Kiwanis International (California-Nevada-Hawaii) and its long-term goals. We believe this approach is important in adding value.

In addition to completing the annual audit, we want to serve as an advisor. We have been able to accomplish this for our nonprofit clients by being a technical resource, providing internal control recommendations, offering advice on strategic planning, sharing best practices and policy templates, and by being flexible and responsive.

Common Objectives. Our common goal is to provide high quality and timely services at a fair fee, with no surprises. We are also committed to meeting your reporting deadlines.

Firm Background and Experience - Executive Summary

- ✓ Members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants
- ✓ Members of the AICPA Nonprofit Section
- ✓ Members of the AICPA Employee Benefit Plan Audit Quality Center
- ✓ Members of the AICPA Government Audit Quality Center
- ✓ Members of CalNonprofits
- ✓ Many client relationships have lasted through several generations, with some spanning as far back as our founding

Hands-on Attention. Windes is structured to provide hands-on guidance at the partner and manager level. We believe that the personal familiarity of the partners has two distinct advantages. First, issues are identified and resolved early in the engagement. Second, the frame of reference provided by personal contact with the circumstances and individuals makes for better and quicker judgments. Both of these will ultimately minimize the cost of professional services over the long-term and result in increased satisfaction with our services.

Continuity Of Staff. Although it is not possible to guarantee that the same personnel repeat on your audit each year, we make every attempt to have them reassigned so that they can provide continuity on the engagement team and create efficiencies in subsequent years' audits. We provide certain perks to retain our employees, including competitive pay and a generous benefit plan, as well as various Firm events to solidify internal relationships. Relative to our peers, we have enjoyed lower than industry turnover.

Firm Background and Experience – Why Windes?

We believe that our firm is distinct from most other firms in the following ways:

- We are a top firm in Southern California in providing audit and tax services to the nonprofit area. This experience affords us the opportunity to provide you with the best training and the best people to meet your changing requirements.
- We are members of the AICPA Governmental Audit Quality Center (“GAQC”). This is the subgroup of the AICPA established to ensure the quality of both governmental and nonprofit audits. We perform many OMB Uniform Guidance compliance audits.
- We train our staff through our in-house training department. Accordingly, we are able to quickly implement new accounting and auditing standards.
- We provide our clients with information needed to meet their ongoing requirements, including complimentary workshops, seminars, webcasts, newsletters and accounting and reporting updates.
- We are a full-service CPA firm. Our size enables us to effectively combine the very personal and attentive service you would expect from a smaller CPA firm with the depth of expertise on a range of accounting, tax and business matters that you would expect from a larger CPA firm.
- We are extremely strong in client service. We do not miss deadlines, focus on what is relevant, use experienced staff with high staff continuity and we communicate so as to avoid any waste of your time.
- We are committed to the communities in which we serve. We always look for opportunities to support our clients as volunteers.
- We are a diverse firm. Windes embraces and demonstrates this diversity within our firm. We have an atmosphere of tolerance and respect in our firm that our nonprofit clients in particular really appreciate.

Related Experience - Strengths of our Nonprofit Group Practice

The following strengths of our practice help to set us apart from other accounting firms. We believe that these factors are key in our goal to add value and proactively serve our nonprofit organization clients.

Audit And Assurance Practice. Although we have the resources of national and Big 4 firms through our Baker Tilly affiliation, we are not required to consult with a regional or national office when a decision needs to be made. The decision makers are part of the audit process from the start of the engagement and all of our decisions are made locally. Our nonprofit organization clients have found that working directly with the decision makers in our firm allows for much quicker decisions and the timely resolution of issues. We will also bring you up-to-date with financial statement information relevant to your organization.

Unlike many firms, we take audit planning for our nonprofit organization clients very seriously at Windes. Detailed audit planning will be conducted each year, which will involve all members of the engagement team. This form of planning ensures that all significant issues are identified and addressed at the beginning of the audit, not at the end. Our nonprofit organization audit process is risk-based and we spend the appropriate amount of time and effort on the important facets of the audit. This up-front planning also ensures your audited financial statements and tax returns will be completed in a timely manner.

If any matters are discovered during the audit engagement, we will communicate them to you immediately and work to develop the best outcome, including recommendations for internal controls to remediate the matters, some of which can be implemented prior to the issuance of our report. In such cases, the required communication of these matters will also include management's response to remedying the situation, so that there are no surprises at the end of the audit.

Employee Benefit Services Practice. The Windes Employee Benefit Services group provides complete design, documentation, and administration services for employee benefit plans sponsored by small- to medium-sized businesses including:

- Defined Benefit Pension Plans
- Cash Balance Plans
- Pension, Profit Sharing, and 401(k) Plans
- Cross-Tested Plan Allocations
- Safe-Harbor 401(k) Plans
- 403(b) Plans
- Cafeteria Plans
- Welfare Benefit Plans

Related Experience - Strengths of our Nonprofit Group Practice

Tax Practice Our relationship with our nonprofit organization clients is a year-round endeavor. Our distinctive expertise in the nonprofit organization area allows deeper involvement with your day-to-day issues, challenges, planning opportunities and questions. Our tax professionals not only satisfy our nonprofit organization clients' compliance needs, but we also offer proactive solutions to our clients' tax and regulatory issues and problems. We have a dedicated staff to serve your tax needs, so you will be dealing with seasoned and experienced professionals. We publish a quarterly Windes Nonprofit Group Advisor newsletter exclusively focused on issues relevant to nonprofit organizations, and we will personally present a draft of your Form 990 to your board before it is filed.

Our team of tax specialists has tremendous experience in providing tax services to a large number of organizations in California. Our experience includes assisting our nonprofit clients with analyzing and reporting activities that have the potential for being highly scrutinized including, but not limited to:

- Proper reporting of contributions and government grants
- Governance
- Officer compensation
- Sponsorships
- Taxable and nontaxable fringe benefits
- Tax controversy – Federal or state audit assistance
- Tax exempt bond post-issuance compliance
- Organization start-up and reorganization
- Tax and distribution planning for private foundations
- Unrelated business income tax matters

Philosophy. The majority of our clients are acquired through referrals from existing clients, friends, and business associates of our firm. We have low client turnover and, as a result, relationships last for many years. Almost any accounting firm can perform the audit and tax work; however, a great relationship is one that is personal, adds value to the process, and one where the client feels better about our firm each day. Significant partner involvement and low personnel turnover are keys to our success.

Firm Capabilities and Technical Resources. We provide internal training and schedule applicable and relevant outside training for all of our professionals. Technical excellence is an integral facet of our profession, and we take it seriously. We have a thorough technical library, supported by RIA Checkpoint, BNA, Practitioners Publishing Company (PPC), Accounting Research Manager, and Harcourt Brace Professional Publishing (Miller). We also offer our "in-house university" which provides live and web-based training to all engagement team members. As such, we have access to the most up-to-date information required to properly service our clients.

Related Experience - Strengths of our Nonprofit Group Practice

Nonprofit Organization Focus. The Windes Nonprofit Group is dedicated and committed to serving nonprofit organizations such as yours. Currently, we are the auditors of record for 93 nonprofit organizations and possess substantial experience in this field. Additionally, the Windes Nonprofit Group provides tax consulting and compliance services to more than 125 nonprofit organizations. **Cumulatively, this represents almost 20% of the firm's total net revenues.**

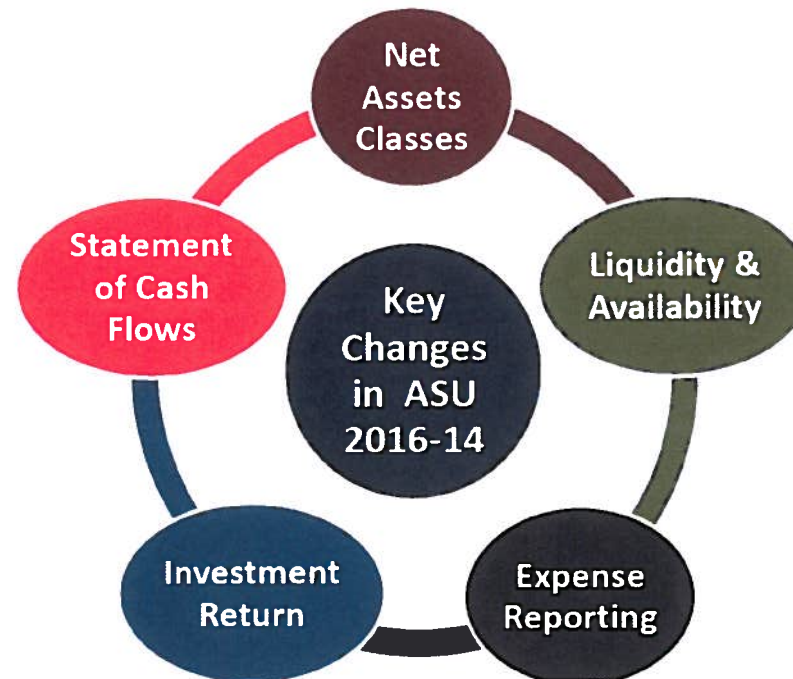
The nonprofit organizations which we work with range from \$2 million to \$300 million in annual revenues. Many of these nonprofit organizations are comparable in size to Kiwanis International (California-Nevada-Hawaii).

Representative Nonprofit Organization Clients. We are proud to offer a diverse nonprofit practice with extensive experience across all types of nonprofit organizations. Our experience includes, but is not limited to:

- Social Service Organizations of all types
- College Foundations
- Cultural Organizations
- Regional Centers
- Private Schools
- Private Foundations
- Arts & Culture Charities
- Property Management
- Low-Income Housing
- Hospitals and Healthcare Facilities Including Clinics
- Convention and Visitors Bureaus/Business Associations
- Medical Research Organizations

OMB Uniform Guidance Experience. We have a long history of serving organizations with OMB Uniform Guidance audit requirements. For instance, we are currently the auditor of record for 4 of the regional centers in California, all of which operate under multiple government grant programs. Additionally, we currently perform 12 other audits under Uniform Guidance with all types of government grants and have a thorough understanding of federal and state program requirements.

Are you ready for FASB's new nonprofit financial statement standard?



One benefit to the the changing environment of accounting standards that will impact nonprofits in the coming years. The first new standard working with a firm with extensive experience and expertise in nonprofit accounting and auditing is that we can help you navigate to have a major impact with be the new FASB ASU 2016-14 which will be effective for the Company's in the fiscal year ending **September 30, 2019**.

Windes was the first firm in Southern California to offer complimentary seminars on this new standard to our clients and to friends of the firm. In addition, Windes has actively educated it's clients on the new standard during the 2017 audit season by walking management and audit committees through it in detail and creating illustrative examples based on current financial information. We take an active role in preparing our clients for implementation.

Join our thriving Nonprofit practice

Our Nonprofit practice has been experiencing tremendous growth in recent years. We believe this is due to being Southern California's best combination of Nonprofit industry expertise, hands-on personal service, and value for your money.

The following is a partial list of happy clients that we have added in the last 24 months. These clients can let you know how seamless the transition to us is as we became their auditor and tax preparer. In addition, they can tell you how valuable our fresh eyes can be. See related references on the next page. Additional references are available upon request.

- CASA of Los Angeles
- Marymount California University
- Democracy Council of California
- Crystal Cove Conservancy
- Natural Communities Coalition (OC Nature Reserve)
- Whitaker Peace and Development Initiative
- Heritage Pointe (OC Jewish Home for the Aging)
- Essential Access Health
- Boys and Girl's Club of Whittier
- The Munzer Foundation
- East Los Angeles Regional Center
- North Los Angeles Regional Center
- Wildwood School
- California Scottish Rite Foundation
- Families in Schools
- Jewish Federation and Foundation of Greater Long Beach
- Woodcraft Rangers
- Society of Hispanic Professional Engineers
- Zimmer Children's Museum
- Project Angel Food

Client References

Like most certified public accounting firms, we could make many claims about our expertise and service. Performance is what matters, however, and that is something only our clients and those in the industry can communicate. We urge you to contact our references to see for yourself what kind of work we do and the kind of service our professionals provide.

The following are a number of clients who are familiar with our firm and, particularly, with the qualifications of our proposed service members:

<p>Ms. Brenda Flores VP of Finance & Benefits Administration Essential Access Health (***)</p>	<p>Darlington Ahaiwe Chief Financial Officer Woodcraft Rangers (***)</p>	<p>Ms. Sheila Mix Chief Financial Officer Families in Schools(***)</p>	<p>Ms. Kathleen Ruiz Chief Financial Officer Marymount California University (***)</p>
(213) 368-4408	(213) 249-9293 x271	(213) 201-3918	(310) 303-7334
<p>Mr. Piero Stillitano Chief Financial Officer Institution for the Redesign of Learning</p>	<p>Ms. Rachelle Arizmendi VP and Chief Operating Officer Pacific Asian Consortium in Employment</p>	<p>Mr. John Moll Director of Operations Children's Law Center of California</p>	<p>Amy Shapiro Chief Operating Officer Zimmer Children's Museum (***)</p>
(323) 344-4269	(213) 989-3211	(323) 980-1583	(323) 761-8992

(***) Indicates a new client in the last 24 months. These references can give insight on how we strive for a smooth transition process.

Recent Peer Review Report



System Review Report

To the Shareholders of Windes, Inc. and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Windes, Inc. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Windes, Inc. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 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*. Windes, Inc. has received a peer review rating of *pass*.

A handwritten signature in black ink that reads 'KerberRose SC'.

KerberRose SC
January 11, 2017

4211 N. Lightning Drive, Suite A Appleton, WI 54913
P: 920-993-0105 F: 920-993-0116
www.kerberrose.com

The PrimeGlobal logo consists of a stylized globe icon to the left of the text 'PrimeGlobal'.

The WINDES logo features the word 'WINDES' in a bold, black, sans-serif font. Below it, in a smaller font, are the words 'AUDIT | TAX | ADVISORY'.

ENGAGEMENT APPROACH

Engagement Approach

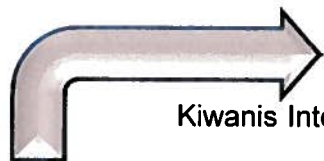
Quality Assurance. We strive to recruit and retain the best personnel. We have professionals from many of the Big 4 and national firms and invest heavily in training. We use the most up-to-date audit tools, including those by the Practitioners Publishing Company, "one of the most widely used accounting reference tools in the industry." Our internal policies require the entire team be present at engagement planning meetings, including the concurring partner. We require partner involvement and review of the workpapers. A concurring partner review is not required for non-SEC organizations; however, we require it to ensure a second set of eyes on all major issues. We are subject to tri-annual Peer Reviews by the AICPA, a tri-annual PCAOB Review, and annual internal inspections. Our peer review and PCAOB review revealed no significant matters.

Independence and Conflict Review. We follow all applicable rules and regulations established by the AICPA, PCAOB, SEC, and State Board of Accountancy related to independence and professional integrity. As part of our firm's system of quality control, prior to the acceptance of a client, all professional staff are requested to disclose any relationships with a potential client to ensure we are independent under professional standards. Also, we annually require all staff to re-confirm their independence for all attest clients, and have additional training, testing, and compliance procedures. As a policy, we do not permit business investments or transactions between firm personnel and its attest clients. We monitor all activities very closely to ensure that we maintain a professional outlook that is independent in fact and appearance.

Information Systems Philosophy. Over seven years ago, our firm went to a state-of-the-art, secure on-line office environment. This design creates significant efficiencies, timely review of information, and ongoing communication between our partners and the engagement team. Our access capabilities and security are on the cutting edge. This allows us to access the records of our clients from any location (using a Windes computer). We believe this enhances our ability to provide timely and accurate services. We utilize paperless audit procedures. We design the audit to take advantage of electronic data and sharing that information effectively between our professionals, while at the same time, we have a state-of-the-art security system so all data is encrypted to ensure its protection.

Our clients are able to provide information in electronic format and we are able to utilize sampling and testing software on client data. We perform a robust analytical review process to both their historic data as well as industry and peer information. We are happy to share such information with you during the audit.

Engagement Approach



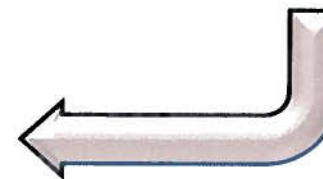
Developing an understanding of the
Kiwaniis International (California-Nevada-Hawaii) and its needs is where we start!



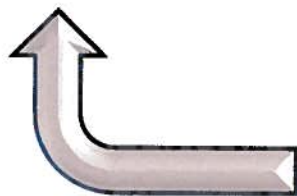
Critical up-front planning.
We will develop a
definitive set of expectations,
roles and responsibilities,
including the deliverables
and timeline.



Communication
between you
and our firm is imperative.



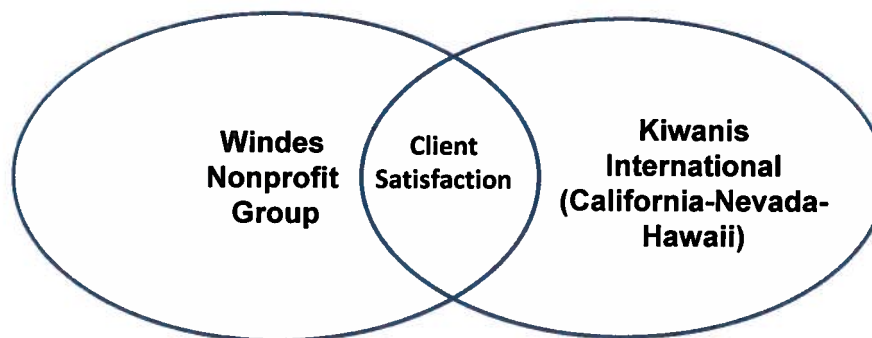
Our audit approach is unique to our firm
and will be custom designed for you based upon
your internal controls, risk, expected results,
and internal capabilities. We take a top-down
approach and will focus our efforts on what
really matters and what is material to
Kiwaniis International (California-Nevada-Hawaii).



Our industry and client
experience makes us
uniquely qualified to
identify opportunities
for improvement.



We regularly ask our
clients for feedback and that
they hold us accountable
for our commitments.



Engagement Approach

Communication process to be used.

Note that we communicate with you from the moment we are hired. We communicate on the audit plan, first with staff, then with the audit committee, both in person and in writing. As we are working the plan, we are in constant communication with the client staff. We communicate with the audit committee as the need arises. Since, internally, our staff is keeping constant track of where we are in the audit and what we still have left to complete, we are able to communicate this with the client's management at any time. The goal is no surprises.

Unlike many firms, Windes' audit manager and partner will be a regular on-site participant during fieldwork and will be in regular contact throughout all stages of the audit to ensure that the process is efficient.

Areas That Will Receive Primary Emphasis:

The only way any CPA firm can develop its definitive list of areas of audit emphasis is after first gaining a thorough understanding of Kiwanis International (California-Nevada-Hawaii) operations. Accordingly, our first order of business after being appointed will be to conduct our acceptance and pre-planning procedures. This involves meeting with and making inquiries of management and those in charge of governance, and reviewing predecessor audit work papers. Only after gaining this understanding will we be able to develop the full list of areas of audit emphasis.

Based on our preliminary discussions, review of your financial statements and on our experience with similar organizations, the likely areas of audit emphasis will include the following:

- Revenue recognition policies, including contributions and consideration of restriction classification in accordance with ASC 958 (formerly FAS 116/117).
- Revenue recognition for fee for service revenue and deferred revenue, including cut-off procedures.
- Consideration of collectability of all receivables.
- Valuation and disclosure on investments
- Accounting for, and consideration of cut off on, grants expense and payable.
- Management's estimates on the allocation of functional expenses.
- Preparation for implementation of Accounting standards update 2016-14, issued in August 2016, which requires changes to financial reporting for not-for-profit organizations. Even though the accounting standard update doesn't take effect for Kiwanis International (California-Nevada-Hawaii) until fiscal year September 30, 2019, we will work with management to ensure they have the appropriate information and tools to implement the standard.
- Internal control procedures in place at the entity level, significant account and transaction cycle level compliance over major programs and IT general controls.

Engagement Approach - Timeline

We propose the following timeline for the successful completion of the September 30, 2018 (and the Service Leadership Program audit which is a June year end) fiscal year end audit, and tax work:

PLANNING	
Review of prior workpapers, formally issue engagement letters	As soon as appointed
Issuance of audit request lists	As soon as appointed
Planning meeting with management and Audit Committee	September 2018
Interim field work visit for audit planning, internal control documentation and specific test work as deemed efficient (generally 1-2 day)	September 2018
YEAR-END	
Fieldwork (expected to be 1-2 weeks on site)	Mid November 2018
Draft of financial statements and management letter for management review	Mid December 2018
Meetings with management and the Audit Committee with final draft deliverables with issuance of financial statements to occur shortly thereafter.	Early January 2019
Preparation of tax and information returns (we will leverage our audit work as much as possible)	Work performed in conjunction with the audit
Review of tax returns with management	January 2019
Presentation to Board and finalization of tax returns	February 2019

We understand that you may wish to perform fieldwork at differing dates than what we have proposed. We are flexible and will be able to accommodate your requests for the timing of fieldwork. In general, we find that the shorter the timetable, the more efficient the audit, and the happier the client. We are, therefore, generally just as motivated as you to complete the audit in a timely manner.

ENGAGEMENT FEES

Fees and Billing Rates

Our fees are based on the time spent on the engagement and the billing rates of the individuals assigned. Our overhead rates are lower than national firms, allowing us to pass along significant savings to our clients. One of our goals is to help you contain your costs. We have strong credentials and a wide range of experience. We have prepared our budget assuming that your staff will provide all schedules needed to support account balances and all other analysis that we request. We do recognize, however, that some counsel and advice is required to finalize balances from time-to-time, and this has been included in our estimates.

We will invest significant professional time building our relationship with management to obtain and understand your goals. This is our commitment to a long-term relationship and we absorb these costs so they are not included in the fee schedule below. If there are no substantial changes in your operations, we can commit to a similar fee schedule for future years. Based on our experience with similar engagements, and discussions with management, we will commit to a fixed fee schedule not to exceed the amount below. As you are a local nonprofit organization, we will not bill for travel costs or bill for other expenses.

For the year ending September 30, 2018 (except as noted below):

Audit of the financial statements of Kiwanis International (California-Nevada-Hawaii) <u>District</u> including preparation of required communication reports and letters, and meetings with management, the audit committee, and the board of directors.	\$ 12,500
Audit of the financial statements of Kiwanis International (California-Nevada-Hawaii) <u>Foundation</u> including preparation of required communication reports and letters, and meetings with management, the audit committee, and the board of directors.	\$ 15,500
Audit of the June 30 year end Service Leadership Program financial statements	\$ 6,500
Preparation of Federal and California returns (Federal Form 990 and California Forms 199 and RRF-1) for Kiwanis International (California-Nevada-Hawaii) District.	\$ 4,000
Preparation of Federal and California returns (Federal Form 990 and California Forms 199 and RRF-1) for Kiwanis International (California-Nevada-Hawaii) Foundation.	\$ 4,000

Future Fee Structure. We anticipate that fees for subsequent periods will be consistent with the above. Any significant fee increases would be based on significant changes to operating activity and would be discussed with management in advance of providing our engagement letter for services.

Fees and Billing Rates

As our clients can vouch, we rarely have surprises in fees, as we are up front with any fee issues. Should we have complications or should issues arise outside of the normal course of the engagement, we would discuss them with you prior to proceeding. **Ongoing conversations, technical updates and other general discussions, as well as meetings with, and our report and presentation to the Audit Committee are considered to be a part of the engagement.**

Special projects and in-depth research requested by management is billed based on the time spent at the hourly billing rates of the individuals performing the work, subject to a range provided prior to beginning any work on the project.

Please note that your quoted fixed fee includes a significant discount from our standard billing rates.

Our Standard Hourly Billing Rates Are As Follows			
Partner	\$	375 -	\$ 425
Manager / Sr. Manager	\$	185 -	\$ 325
Senior accountant	\$	130 -	\$ 150
Staff accountant	\$	110 -	\$ 125

CLIENT SERVICE TEAM

Engagement Team Qualifications – Your Client Service Team

Kiwanis International (California-Nevada-Hawaii) Audit Committee and Management

Tax & Accounting Partner
Donita Joseph

djoseph@windes.com
(562) 304-1242

Audit & Assurance Partner
Michael Barloewen

mbarloewen@windes.com
(949) 271-2607

Concurring Review Partner
Tom Huey

thuey@windes.com
(562) 304-1248

Audit & Assurance
Manager
Kelly Buck

kbuck@windes.com
(562) 304-1358

Windes Seniors and Staff

Partner Involvement. Michael and Donita will spend a considerable amount of time on the engagement in order to provide a better basis for making judgments and uncovering any potential problems. They will be involved from the planning phase to ensure timely issuance of the financial statements and tax returns for Kiwanis International (California-Nevada-Hawaii).

Assigned Audit Engagement Team. Michael Barloewen, Audit Partner, Tom Huey, Concurring Audit Partner, and Kelly Buck, Audit Manager, are all members of the Windes Nonprofit niche. Please see the team bios following this page.

These are the professionals who will be involved in your engagement. Unlike many other firms, we do not disappear after the proposal process. In addition, seniors and staff accountants will be utilized for completion of the audit fieldwork, preparation of the financial statements, and other projects as required.

Team Qualifications – Professional Resume



Michael Barloewen, CPA, CGMA

Engagement Partner
Audit & Assurance Services



Resident Office:

18201 Von Karman Avenue,
Suite 1060
Irvine, CA 92612

Telephone:
(949) 271-2607

Email:
mbarloewen@windes.com

Range of Experience

Michael joined Windes in March of 2015 as a partner in the firm's Audit & Assurance Services department. Michael has more than 18 years of experience working with nonprofit organizations, entrepreneur-owned and investor-backed private companies, as well as public companies.

Michael has extensive nonprofit experience, which includes museums, educational institutions, social service organizations, foundations, health care clinics, associations, relief organizations, and housing and urban development groups. Michael has extensive experience performing compliance audits for organizations that receive federal funding. His professional experience also spans a wide range of industries, which include the commercial real estate, oil and gas, media and entertainment, manufacturing and distribution, software development, and nonprofit sectors.

Michael is an active presenter, conducting seminars and workshops targeted to nonprofit management, board members, and audit committees. Michael actively contributes to the Windes Nonprofit Advisor.

Education

Bachelor of Arts, Economics with an emphasis in Accounting, University of California, Santa Barbara

Professional Affiliations

Member, American Institute of Certified Public Accountants (AICPA)
Member, California Society of Certified Public Accountants (CSCPA)
Chartered Global Management Accountant

Team Qualifications – Professional Resume



Tom Huey, CPA

Engagement Concurring Partner
Audit & Assurance Services



Resident Office:
111 W. Ocean Blvd.
22nd Floor
Long Beach, CA 90802

Telephone:
(562) 304-1248

Email:
thuey@windes.com

Range of Experience

Tom joined Windes in 2007 and has been in public accounting for nearly two decades. He was recently promoted to be a partner in the firm's Audit and Assurance department where he provides auditing, financial reporting, review services, and consulting services.

Tom has professional experience in various industries including manufacturing, professional services, maritime related operations, privately held businesses, nonprofit organizations, private foundations, museums, member associations, and governmental agencies. His governmental experience includes auditing, as well as providing financial reporting under the Governmental Accounting Standards Board (GASB) format and performing Single Audits.

Education

Bachelor of Arts – Business Economics with an Accounting Minor, University of California, Los Angeles

Professional Affiliations

Member, American Institute of Certified Public Accountants (AICPA)
Member, California Society of Certified Public Accountants (CSCPA)

Community and Personal Activities

Volunteer, Diamond Bar Community Foundation

Team Qualifications – Professional Resume

Kelly Buck, CPA

*Manager
Audit & Assurance Services*



Resident Office:

*111 W. Ocean Blvd., 22nd Floor
Long Beach, CA 90802*

*Telephone:
(562) 304-1358*

*Email:
kbuck@windes.com*

Range of Experience

Kelly Buck joined Windes, Inc. in 2015. She is a manager in the firm's Audit & Assurance Services department. Her practice focus includes audit, accounting and consulting services for privately-held businesses, nonprofit organizations and employee benefit plans.

Kelly has over 7 years of professional audit experience with nonprofit organizations such as museums, service organizations and art and performance organizations, as well as publicly-traded and privately-held companies in a range of industries including professional service, distribution, manufacturing and technology.

Education

Master of Accounting – Tulane University
Bachelor of Science in Management, Finance – Tulane University

Professional Affiliations

Member, American Institute of Certified Public Accountants (AICPA)
Member, California Society of Certified Public Accountants (CSCPA)

Community and Personal Activities

Board Member, Wellness Works of Glendale
Board Member, Power 4 Youth

Team Qualifications – Professional Resume



Donita Joseph, CPA
Engagement Partner
Tax & Accounting Services



Resident Office:
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Long Beach, CA 90802

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(562) 304-1242

Email:
djjoseph@windes.com

Range of Experience

Donita has more than 20 years of experience in taxation issues surrounding estate and trust tax planning and is responsible for the firm's estate and trust practice. As a partner in the firm's Tax and Accounting Services department, she services the needs of nonprofit organizations, privately held companies, and individuals. Donita's focus includes nonprofit tax returns, private foundation planning/returns, estate tax returns, gift tax returns, fiduciary income tax, estate planning, post mortem planning, charitable trust planning and returns, trust and estate administration, trust and estate accounting, and income tax planning for individuals. Her clients include nonprofit organizations, high-net-worth individuals, estates, and trusts.

Education

Bachelor of Science in Business Administration, emphasis in Accounting, Rockhurst College, Kansas City.
Master of Science in Taxation, University of Southern California

Professional Affiliations

Member, American Institute of Certified Public Accountants (AICPA)
Member, California Society of Certified Public Accountants (CSCPA), Chair of the Estate Planning Committee

Community and Personal Activities

Planned Giving Committee Member, American Heart Association
Planning Committee Member, Long Beach Leadership Prayer Breakfast
Trustee, Long Beach Museum of Art
Past President, Long Beach Estate Planning and Trust Council
Former Director and Treasurer, Camp Fire USA of Long Beach
Former Treasurer, Long Beach Public Library Foundation
Former Chairperson, Orange County/Long Beach Chapter Estate Planning Committee

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