

thank

you...

Thank you for taking the opportunity to find out more about Goehner Accountancy and what we can do for you. It is our pleasure to serve you. Please feel free to contact us and we will be happy to answer any questions to further assist you.



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Firm Overview & Qualifications



May 31, 2018

To the Board of Directors
California-Nevada-Hawaii District of Kiwanis International
8360 Red Oak Street, Suite 201
Rancho Cucamonga, CA 91730-0608

We deeply appreciate the opportunity to outline our method of operations and give a brief summation of our firm's qualifications. Also included are several references.

Our normal method of operation is to meet with the Board of Directors before the end of the fiscal year to develop a mutual understanding of the goals for the examination, the anticipated form of the opinion, any specific objectives which the Audit Committee might like to see included in the audit procedures, the timing of the report and other planning matters.

We believe it is very important to maintain open communication between our firm, management, and the Audit Committee. During the course of the audit, our audit team will internally discuss proposed changes and findings, if any. If changes are needed or recommendations are in order, we will be in contact with the appropriate management personnel regarding proposed adjustments, potential problems, and any recommendations we believe will be useful to your organization. Upon completion of the audit report, we will meet separately with the Audit Committee to discuss our findings and recommendations.

Before beginning the audit, we will review the completeness of the work papers and schedules, the status of the drafts of the financial statements and their related functional expense schedules that are to have been prepared by the auditee's staff and chief financial officer. It is during our preliminary fieldwork when we gain an understanding of the organization, its operations, and its internal controls that allows us to design and implement an effective and efficient audit plan. We believe that a complete and thorough pre-audit preparation process is the key to audit efficiency and cost control. Our objective is to complete all fieldwork and any major drafting before we leave your premises.

Two of the factors, which lead to inefficiencies on the part of CPA firms, are the lack of audit skills and continuity. Our firm is structured around the use of qualified staff to carry out many of the day-to-day audit tasks. Moreover, the principals and senior staff not only supervise the work of the other staff but are involved in the audit themselves to assure you of their "hands-on" knowledge of your financial affairs. It is our policy to make certain that two experienced members of our firm are acquainted with your operations and needs. This provides continuity of services from year to year and allows you two contacts should you need our advice on matters during the course of the year.

Our firm consists of three principals and six professional staff. Some of our staff has had extensive Big Four audit experience. Because we are a smaller firm, we will be able to give you the personalized attention of our principals and senior staff.

Our firm received an unqualified opinion during its latest peer review and *without any letters of comment*. Our firm's goal is to maintain that level of quality.

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We would like to highlight several areas where we believe we can make a significant contribution to your audit and operations.

- **Timeliness:** Our firm's goal is to deliver the report within 45 days of the time the books and records are available for audit. A specific time schedule, detailing the dates of the major elements of the audit, will be developed in conjunction with the Audit Committee and your accounting personnel so that we are all mutually aware of the pre-established time table.
- **Technology:** We understand that technology is constantly changing and are dedicated to understanding the effects of those changes to our industry and the industries of those who we serve. Our reviews and audits are paperless through the use of new technology, which allows us to stay efficient and adapt to changes.
- **Continuity:** As previously stated, there will always be two people who are familiar with your engagement. This will provide continuity from year to year.
- **Interim audit work:** We propose to conduct parts of the audit a few months prior to year-end, so that a majority of the testing and confirmation work is done when your accounting staff has more time available to prepare for that phase.
- **Enhance operations:** It is our goal to pass on preventative suggestions, with appropriate instructions, in order to curtail future occurrences of accounting errors or internal control weaknesses. We view our role not only as accountants but also teachers who can help develop systems and procedures that will enhance your operations.
- **Management report comments:** In addition to a formal management letter, we would suggest that any appropriate comments related to accounting procedures and practices be passed on to the accounting department as situations are encountered.
- **Financial statement presentation:** We are aware that the reporting requirements keep changing, and from time to time you may need to adopt new accounting presentation techniques. We are familiar with these types of changes and can assist you with appropriate accounting methods.
- **General consultation:** We are including two hours of consultation for general tax, accounting or business matters at no extra cost. We know there are times when you will need our advice on various accounting matters and we want you to feel free to give us a call.
- **Ability to analyze operations:** We have an ability to analyze financial statements and data and then present and display those changes and trends in a meaningful way. Being able to identify key and significant ratios and present them in a layperson's business language format is a unique firm skill.

qualifications.

One of the recurring comments from our clients is that we are readily available to answer their questions and that they can draw on our experience to help them meet their needs. Our firm's professional staff has had extensive experience working with numerous companies as auditors and consultants. I am one of the partners of the firm and have been with the firm since 2004. As one of the principals, I am very interested in the well being of all of our clients. Your engagement is important to us, and I will personally be regularly involved.

Our firm has served organizations for more than 50 years through audits, advisory services, tax services, planning and budgeting assistance, and general accounting services. It is a firm policy that all of our professional staff attend at least forty hours of continuing education annually in their area of specialty. Through the Society of CPAs and other organizations the firm is involved in, such as Christian Leadership Alliance and the Association of Certified Fraud Examiners, each staff averages about sixty hours a year. Our firm has been a contributing author to the *Outcomes*, Christian Leadership Alliance's bi-monthly magazine, and the *Church Executive* magazine. As a service to our clients we have presented numerous seminars and workshops to keep clients abreast to the ever-changing accounting world. We are keenly aware of the complexity of running an organization in today's environment, and we have the necessary technical skills and experience to serve you.

We are a full-service firm and have a diversified practice with a large enough client base to allow us to maintain an independent viewpoint with respect to client matters. We are not beholden to any one client or industry. By providing services to a wide range of business interests and not-for-profits, it allows us to gain insight and experience to assist you and your organization.

There have not been any litigations or lawsuits brought against our firm or any partners.

We believe that our firm's team approach to organizing and conducting the assignments, coupled with our technical skills, will allow us to accomplish your objectives of being timely, well coordinated, and cost effective. We would consider it an honor to serve you.

Cordially,

GOEHNER ACCOUNTANCY



Edward J. Patterson, CPA

qualifications.

Experience



Because of the confidential relationship with clients, we are not able to disclose their names without their prior permission. In order to protect our client confidentiality, we have given a condensed description of the nature of each organization.

Low Income Housing Projects

We currently audit one large homeless service organization that provides low income housing as a part of their outreach to the local community. We conducted one audit for a 10 year period for a project that was sold. The project was a low income housing project located in San Luis Obispo, California that contained 69 rental units. It held a U.S. Department of Housing and Urban Development (HUD) insured mortgage and; therefore, specific compliance tests were necessary to satisfy HUD requirements. We are presently doing other HUD assisted project audits.

Soft Drink Manufacturer & Distributor

This audit involved a soft drink manufacturer and distributor which sold its products both nationally and internationally. The soft drink is better known internationally than nationally. Our audits were done at the point of purchase and for two subsequent years. The company then decided to reduce the level of the engagement to an annual reviewed financial statement.

Medical Insurance Agency

We conducted a closing audit of a self-insurance agency. The agency collected premiums from various participants and then paid out claims. The agency was terminated and the existing contracts were assumed by another underwriter.

Automotive Electric Distributor

We audited a company which sells and distributes electrical automotive parts. It was an after-market supplier that catered primarily to the trucking industry.

Professional Corporation

We audit the professional corporation of an author who receives royalties from author created products.

Professional Associations

Over the years, we have conducted a number of audits for professional associations and auxiliary groups.

Dealerships

We conduct annual reviews for four Harley-Davidson dealerships located in Southern and Central California.

Aerospace Industry

We conducted quarterly reviews for a company that provided specialized parts to the aerospace industry.

experience



Nationwide Radio Ministry

We conducted the initial audit for a nationwide radio ministry that began its ministry within the past couple of years. Previously, we conducted an audit for another organization that has a long established radio ministry broadcast in the U.S., Canada, and over foreign Christian radio stations. We audited both the operations as well as a stewardship division. The stewardship division included a number of revocable and irrevocable trusts managed by the ministry.

Private Schools

We currently audit several private schools that provide educational opportunities from preschool through twelfth grade. One school is required to have an annual audit due to a bond issuance of approximately \$5,000,000. Another school recently purchased additional facilities and refinanced an existing mortgage with a seller financed mortgage with adjustable rate demand revenue bonds. This school also entered into a swap agreement to maintain their mortgage as a fixed interest obligation on their debt of approximately \$10,000,000.

Rescue Missions

We audit and have audited several rescue mission agencies. These agencies have annual revenues between \$4 million and \$20 million.

Local Churches

We currently audit several local churches and their related missionary organizations. Numerous years ago, a local church issued a public offering of \$5,000,000 in bonds for building purposes. We were engaged to conduct the first audit ever of the church and to assist the church in its bond offering through the issuance of audited accrual basis financial statements.

Church Districts

Two of our audits involve denominational district offices. Each district assesses churches for ministry and administration costs. In some cases, the districts serve as lenders to their churches. In other cases, the districts acquire property for church expansion programs and then later sell or deed the land to the expansion churches.

Family Ministries

For several years, we were the auditors for a significant family ministry agency known throughout the world. We were their auditors from start-up until they engaged an internationally known audit firm.

Missionary Organization

We currently audit a mission agency that is working to establish biblical ministries in State Capitols throughout our nation, and eventually the world, in order to bring the gospel of Christ to elected officials.

experience



Evangelistic Association

One previous audit client is dedicated to preaching the gospel of Jesus Christ to the end of the earth by conducting evangelistic crusades in many parts of the world.

Ministry Organization

One audit client is an apostolic network of churches, ministries, missions organizations, church networks and marketplace ministers committed to loving and helping each other fulfill the Great Commission.

Counseling Centers

We currently audit several counseling agencies which receive both federal and state funds. The majority of these audits fall under the Single Audit Act requirements.

Child Care Operations

Daycare / Food Program / Head Start

We conduct audits for several organizations that receive state and federal funding and are supervised by the state of California Board of Education. These include daycare, food programs, and Head Start programs. They also fall under the Single Audit Act requirements.

Foreign Missions Agencies

We audit mission agencies in their United States offices. The agencies are involved in countries such as Africa, China, Columbia, and other special people groups.

Foundations

We have audited several stand-alone foundations as well as foundations connected with other not-for-profit organizations. We have also done an audit for a private philanthropic foundation.

Employee Benefit Plans

Our widespread knowledge and experience with limited scope audits for pension plans has resulted in many years of service to plans of varying sizes. We have been involved with plans at various stages, whether the plan was recently established, at the point of termination, or continuing to grow. We understand the importance of compliance in this area of a business, and we consistently work with organizations to ensure that compliance.

Service Associations

We perform a review for a company that provides network cabling implementation services.

Orchestra Association

For a number of years, we were accountants and later auditors of a local chamber orchestra.

experience



Firm Team Members



Jamen Wurm, CPA, M.S.

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jwurm@goehnercpas.com

Education

Masters in Taxation

Golden Gate University, San Francisco, CA

Bachelor of Science: Accounting

Azusa Pacific University, Azusa, CA

Professional Experience

1998- present

Principal, Goehner Accountancy Corporation

Oversee both the audit and tax practice of the firm. Create, document, and analyze working papers to accurately formulate sufficient support for audit, review, and compilation reports. Prepare individual, estate and trust, partnership, not-for-profit and for-profit corporate income tax returns and payroll tax returns. Utilize computer skills for accounting, auditing, payroll, income tax, and word processing computer programs.

1997-1998

Staff Accountant, Davis & Deal, CPAs

Maintain bookkeeping records for various types of clients. Create working papers to accurately formulate financial statements. Prepare individual, trust, and partnership income tax returns and payroll tax returns.

Professional Affiliations

Member of the California Society of CPAs

Member of the American Institute of CPAs (AICPA)

Member of Christian Leadership Alliance

Member of Pasadena Tournament of Roses

Honors and Awards

Graduated with honors from Golden Gate University

Passed CPA exam in September 2000

Graduated Magna Cum Laude from Azusa Pacific University

Azusa Pacific University's Dean's List, 1994-1998

Member of National College Honor Scholarship Society – Alpha Chi

President's Academic Scholarship, 1994-1998

Member of the 1998 NAIA National Championship Football Team

Football Athletic Scholarship, 1994-1998

NAIA Football Academic All-American, 1997 and 1998



Edward Patterson, CPA

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Education

Bachelor of Science: Accounting
Azusa Pacific University, Azusa, CA

General Studies/Accounting
The Citadel, Charleston, SC

Professional Experience

2015- Present

Principal, Goehner Accountancy Corporation
Oversee the audit practice of the firm. Create, document, and analyze working papers to accurately formulate sufficient support for audit, review, and compilation reports. Oversee comprehensive bookkeeping and consulting services to both non-profit and for-profit companies.

2012- 2014

Assistant Controller, Claremont University Consortium
Oversaw the financial reporting, general ledger, investment, grant and endowment accounting for both Harvey Mudd College (HMC) and Scripps College (SCR). Prepared working papers needed to prepare and file the informational returns for HMC and SCR. Prepared for and managed the financial and A-133 audits of HMC or SCR.

2004- 2012

Audit Manager, Goehner Accountancy Corporation
Managed the audit department of the firm. Created, document, and analyze working papers to accurately formulate sufficient support for audit, review, and compilation reports. Utilized computer skills to work and manage the firm's paperless audit infrastructure. Performed comprehensive bookkeeping and consulting services to both non-profit and for-profit companies.

2003-2004

Assistant to Controller, Krout and Schneider
Assisted the controller with the month and year-end closing of the accounting records. Processed and prepared reporting for company payroll on a bi-weekly basis. Prepared workpapers for the review of the company's financial statements. Gathered and prepared reports for the company's accounts payable.

Professional Affiliations

Member of the California Society of CPAs
Associate member of the Association of Certified Fraud Examiners
Member of Christian Leadership Alliance
Executive Chair of the Hillside Volunteer Network, 2008 to Present
Treasurer of Ozark Tracker Society

Honors and Awards

Appointed Company Armorer (In charge of company supplies and munitions), 2001
High School All American Water Polo Player, 2000
United States Marine Corp Athlete of the Year, 2000



Fee Proposal



Proposed Fee Structure

<u>Description of Services</u>	<u>Estimated Fees</u>
<u>Cal-Nev-Ha District</u> Audit for the year ended September 30, 2018	\$11,500 - \$12,500
Preparation of 2017 Federal & State Informational Returns	\$3,500 - \$4,000
<u>Service Leadership Programs</u> Audit for the year ended June 30, 2018	\$12,000 - \$13,000
<u>Kiwanis Cal-Nev-Ha Foundation</u> Audit for the year ended September 30, 2018	\$12,500 - \$13,500
Preparation of 2017 Federal & State Informational Returns	\$2,600 - \$3,100
Consulting & advisory fees after 2 hours	\$95 - \$295/hr *

*Each team member has three different rates depending on the level of services they are performing. Regardless of who performs the work, the fee will be commensurate with the degree of skills required. Therefore, the kind of service provided drives the rate. We are providing 2 free hours of consulting and advisory fees.

proposed



Proposed Fee Structure

<u>Description of Services</u>	<u>Estimated Fees</u>
<u>Cal-Nev-Ha District</u> Audit for the year ended September 30, 2019	\$11,500 - \$12,500
Preparation of 2018 Federal & State Informational Returns	\$3,500 - \$4,000
<u>Service Leadership Programs</u> Audit for the year ended June 30, 2019	\$12,000 - \$13,000
<u>Kiwanis Cal-Nev-Ha Foundation</u> Audit for the year ended September 30, 2019	\$12,500 - \$13,500
Preparation of 2018 Federal & State Informational Returns	\$2,600 - \$3,100
Consulting & advisory fees after 2 hours	\$95 - \$295/hr *

*Each team member has three different rates depending on the level of services they are performing. Regardless of who performs the work, the fee will be commensurate with the degree of skills required. Therefore, the kind of service provided drives the rate. We are providing 2 free hours of consulting and advisory fees.

proposed



Proposed Fee Structure

<u>Description of Services</u>	<u>Estimated Fees</u>
<u>Cal-Nev-Ha District</u> Audit for the year ended September 30, 2020	\$11,500 - \$12,500
Preparation of 2019 Federal & State Informational Returns	\$3,500 - \$4,000
<u>Service Leadership Programs</u> Audit for the year ended June 30, 2020	\$12,000 - \$13,000
<u>Kiwanis Cal-Nev-Ha Foundation</u> Audit for the year ended September 30, 2020	\$12,500 - \$13,500
Preparation of 2019 Federal & State Informational Returns	\$2,600 - \$3,100
Consulting & advisory fees after 2 hours	\$95 - \$295/hr *

*Each team member has three different rates depending on the level of services they are performing. Regardless of who performs the work, the fee will be commensurate with the degree of skills required. Therefore, the kind of service provided drives the rate. We are providing 2 free hours of consulting and advisory fees.

proposed



Peer Review



SYSTEM REVIEW REPORT

May 11, 2016

Goehner Accountancy Corporation
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Goehner Accountancy Corporation (the firm) in effect for the year ended November 30, 2015. 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 audits of employee benefit plans and audits performed under *Government Auditing Standard*.

In our opinion, the system of quality control for the accounting and auditing practice of Goehner Accountancy Corporation, in effect for the year ended November 30, 2015, 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 deficiencies*, or *fail*. Goehner Accountancy Corporation has received a peer review rating of *pass*.



References



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references

