



**VAVRINEK, TRINE, DAY & CO., LLP**

*Certified Public Accountants*



CALIFORNIA-NEVADA-  
HAWAII DISTRICT OF  
KIWANIS INTERNATIONAL

**June 1, 2018**

**Proposal to Provide  
Professional Auditing Services**

For the year ended June 30 / September 30,  
2018, 2019, and 2020

VALUE THE *difference*

**Submitted by:**

**Jessica Andersen, Partner**

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# Table of Contents

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<b>Transmittal Letter</b>	<b>a</b>
<b>Section 1 – Independence and License to Practice</b>	
1. Independent Standards of the GAO Affirmation	2
2. Licensed Certified Public Accountant Affirmation	2
<b>Section 2 – Firm Qualifications and Experience</b>	
1. Firm’s Background	4
2. Firm’s Qualifications	5
3. Commitment to Diversity	5
4. Record of Substandard Audit Work	5
<b>Section 3 – Partner, Supervisory and Staff Qualifications</b>	
1. Engagement Team	7
2. Commitment to Consistent and Quality Staff and Backup Plan	8
<b>Section 4 – Similar Engagements</b>	
1. Our Experience	10
2. Similar Engagements	11
<b>Section 5 – Specific Audit Approach</b>	
1. Project Management	13
2. Complete Work Plan/Project Description	13
3. Proposed Audit Plan	14
4. Use of Computer Assisted Auditing Techniques Software	18
5. Engagement Timeline	18
<b>Section 6 – Cost Fee Proposal</b>	
Audit Work Cost Proposal Form	20
Auditors Standard Hourly Billing Rates	20
<b>Section 7 – Appendices</b>	
A. Peer Review Report	22



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

June 1, 2018

Mr. Mark W. McDonald  
Executive Director  
California-Nevada-Hawaii District of Kiwanis International  
8360 Red Oak Street, Suite 201  
Rancho Cucamonga, CA 91730

Dear Mr. McDonald,

We are pleased to provide our proposal to provide professional auditing services for the California-Nevada-Hawaii District of Kiwanis International (Kiwanis). Vavrinek, Trine, Day & Co., LLP (VTD) is a leading provider of auditing services to not for profit, commercial and governmental entities throughout California. We feel that Vavrinek, Trine, Day & Co., LLP is the best selection for Kiwanis. This proposal demonstrates our capability and commitment to serve.

VTD is committed to its role as the leader in California. As a leader in our industry VTD ranks in the top 100 CPA Firms in the nation. VTD is a member of the American Institute of Certified Public Accountants (AICPA); participates in the AICPA's Major Firm's Group; is a member of the California Society of Certified Public Accountants; and is a member of the AICPA's Governmental Audit Quality Center (GAQC) and is registered with the Public Companies Accounting Oversight Board.

We are pleased to present our proposal to provide our services to the Kiwanis -

- o Our team we have selected to provide services to the Kiwanis are experienced professionals who have provided audit services to similar clients.
- o Our team has extensive and specific continuing professional education (CPE) that is specific to not for profit entities and single audits.
- o Our team has provided significant hours of "one on one" assistance relating to the implementation of various accounting, internal control and compliance matters.

Our success has been driven by utilizing staff that is experienced and well trained in not for profit operations. We recognize that communication, expertise and audit approach are important factors to deliver an effective audit. We have addressed each factor within our response.

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As noted above, Vavrinek, Trine, Day & Co., LLP is a specialist in providing auditing and tax services. We also rank in the top providers in the nation when auditing federal grants via the single audit.

Other important aspects of our proposal include:

- o We are committed to helping you meet all your reporting and auditing deadlines, resolving any issues encountered during day to day operations and year-end audit (i.e. accounting or audit, new pronouncements, etc.), and providing you with quality services.
- o We are a full service firm, with specialists in auditing, reviews, compilations, tax planning and preparation, and business consulting. The diverse experience and accessibility of the professionals in these areas helps us to provide a comprehensive approach to a wide variety of needs.
- o We believe that our fee estimate and arrangement provides a fair and reasonable cost, commensurate with the experience of the team members, to perform the services required by the Kiwanis.

We hope that as you read through this proposal, you recognize the philosophy of our firm which is to provide each of our clients with exceptional service and experienced staff. Our dedication to quality, professional standards, and service are unmatched in the industry.

Thank you for providing us the opportunity to present our proposal. Should you have any questions, please feel free to contact Jessica Andersen, CPA, Partner, who is authorized to make representations and have contractual responsibility on behalf of Vavrinek, Trine, Day & Co., LLP. Ms. Andersen may be reached at (909) 466-4410, or via email at [jandersen@vtdcpa.com](mailto:jandersen@vtdcpa.com). The mailing address which is detailed on the cover page can also be used for correspondence.

Very truly yours,



Jessica Andersen, Partner  
Of Vavrinek, Trine, Day & Co., LLP

# SECTION 1

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Independence and License to Practice

# Independence and License to Practice

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## **1. Independent Standards of the GAO Affirmation**

Vavrinek, Trine, Day & Co., LLP is independent of Kiwanis as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's Governmental Auditing Standards.

The firm will not enter into any relationships that would impair our independence during the term of the contract if awarded. VTD will not be using subcontractors to serve Kiwanis.

## **2. Licensed Certified Public Accountant Affirmation**

Vavrinek, Trine, Day & Co., LLP is licensed to practice public accounting in the State of California and has complied with all applicable California State Board of Accountancy requirements. In addition, all of the key professional staff that will be assigned to the audit are also licensed to practice in the State of California and have complied with all applicable State Board of Accountancy standards.

# **SECTION 2**

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## **Firm Qualifications and Experience**



# Firm Qualifications and Experience

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## 1. Firm's Background

### **VAVRINEK, TRINE, DAY & CO., LLP – VTD**

VTD was established in 1948. Our firm offers a full range of services for several different lines of businesses throughout California. Proudly, our audit practice is key to our firm's success. VTD has experienced a solid 70 years of growth and commitment to client service. Now with over 40 partners and over 250 professional staff, VTD is one of California's top CPA firms.

VTD is ranked within the "top 100" CPA firms in the United States with a significant percentage of our practice devoted to the not for profit auditing and consulting practice. VTD is a leader in providing audit, consulting, and tax services to various industries including, but not limited to, not-for-profit corporations, large municipal and regional governments, financial institutions, manufacturing, and retail enterprises.

VTD is organized into industry practice groups. In today's regulatory environment it is necessary to specialize in specific industry practice areas so that our clients are provided with the highest quality service. In order to accomplish this we have structured our firm with the following industry practice groups:

- Not-for-Profit
- State and Local Government
- K-12 School Districts
- Higher Education
- Healthcare
- SEC/PCAOB
- Tax Compliance
- Manufacturing, Retail, and Distribution
- Financial Services

The Rancho Cucamonga office will have the primary responsibility to service Kiwanis. This will enable us to meet all of the requirements within a timely and professional manner.

## **PROFESSIONAL ASSOCIATIONS**

We are members of the American Institute of Certified Public Accountants (AICPA), the California Society of Certified Public Accountants (CalCPA), and we have registered with the Public Companies Accounting Oversight Board (PCAOB). In addition, our firm is a member of the AICPA's Governmental Audit Quality Center. Several of the firm's partners serve on several Audit and Accounting subcommittees for CalCPA.

## **2. Firm's Qualifications**

### **QUALITY CONTROL**

Our firm has a program of quality control to ensure that our engagements meet the standards of the AICPA and Yellow Book, including qualifications, independence, due professional care, and quality control. VTD has a full-time Quality Control Partner delegated the responsibility of implementing and monitoring the firm's quality control policies and procedures. VTD also has a quality control committee that meets regularly to discuss emerging issues and new professional pronouncements, which are then communicated to our professional staff to ensure the firm has a working knowledge of professional standards.

We have undergone voluntary, independent, external quality reviews (peer reviews). We received our most recent peer review in 2015 for the 2014 year, at which time we received an unqualified opinion regarding our audit and accounting practice. A copy is included as Appendix A. This peer review included a review of specific government engagements. We also undergo periodic inspections by the PCAOB.

## **3. Commitment to Diversity**

Vavrinek, Trine, Day & Co., LLP is an equal opportunity employer. Our staff represents a range of cultural and ethnic backgrounds that provide for a world-view. The diversity of our workforce helps to improve our employee satisfaction, productivity, and the retention of our staff. Our firm provides opportunities for advancement to all staff demonstrating the skill, ability, and desire to succeed and advance their professional career with us.

## **4. VTD does not have a record of substandard audit work**

Vavrinek, Trine, Day & Co., LLP does not have a record of substandard audit work as a result of State or Federal Desk Reviews. There have been no disciplinary actions from regulatory agencies or professional organizations nor do we have any outstanding claim of substandard work or unsatisfactory performance pending with the State Board of Accountancy or other professional organizations within the past three years.

# **SECTION 3**

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**Partner, Supervisory and Staff Qualifications  
and Experience**

# Partner, Supervisory, and Staff Qualifications and Experience

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## 1. Engagement Team

The engagement team for the proposed audit services will include:

- **Jessica Andersen, CPA, Partner** – Ms. Andersen will have the overall responsibility for the audit and will lead the audit team to ensure that the audit requirements are fulfilled. This includes oversight of the audits of the District, Foundation and Sponsored Organizations. She will oversee the audit plan to ensure the design of the audit plan dictates the audit procedures we believe are necessary to accomplish our objectives. Ms. Andersen has over 13 years of audit experience. Her experience includes performing single audit compliance and financial statement audits for numerous entities, ranging in size from those with assets and/or revenues from \$1 million to those in excess of \$1 billion.
- **Roger Alfaro, CPA, CITP, Partner** – Mr. Alfaro will participate as a technical review partner. He will work with the team assisting in technical issues. Mr. Alfaro has over 18 years of experience.
- **Lauryn Stapleton, CPA, Audit Manager** – Ms. Stapleton will serve as an audit manager and assist in the supervision of staff and execution of the audit plan. Ms. Stapleton has over 6 years of experience. Ms. Stapleton will direct the day to day fieldwork of our professional staff, particularly with the financial statement component of the audit. This will focus on the assessment of risk and testing your internal control procedures and coordination of communication between staff, partners, and your personnel. Ms. Stapleton will be able to assist your staff with any new regulations or pronouncements related to accounting and reporting of 501(c)(3) organizations.
- **Lori Gray, CPA, Tax Manager** – Ms. Gray will also serve as an audit manager and address tax matters related to the District, Foundation, and Sponsored Organizations. Ms. Gray brings 25 years of experience providing tax planning and compliance services to individual, corporate, partnership, trust, and exempt organizations. Ms. Gray has extensive experience with Internal Revenue Service and California Franchise Tax Board issues and audits throughout her career. Ms. Gray has provided tax services to not for profit entities and foundations for over 20 years. She annually attends continuing education courses related specifically to not for profit organizations, corporate entities, and individuals presented by the AICPA and California Society of Certified Public Accountants.
- **Other Seniors and Audit Associates** – additional seniors and audit associates to be assigned.
- **Firm's Management Support Personnel** – Client technical questions are fielded by the engagement team throughout the year. In addition to the resources listed above, VTD has a dedicated quality control division which assists the audit team in technical research on an as needed basis.

## **2. Commitment to Consistent and Quality Staff and Backup Plan**

We understand Kiwanis desires an audit firm that provides consistency with staff. VTD's philosophy is to staff each of our audits with consistent staff in order to provide the most effective and efficient audit for our clients. Engagement personnel may be changed if those personnel leave the firm, are promoted or are assigned to a different office. In addition, VTD maintains a depth of resources to allow for transition of the partner, manager and supervisor levels should the need arise.

VTD staff has also attended national training sessions, such as the annual AICPA National Accounting and Auditing Update, so that all of the key staff assigned to the Foundation's audit understands both local as well as national trends and issues.

# SECTION 4

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Similar Engagements

# Similar Engagements

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## 1. Our Experience

Vavrinek, Trine, Day & Co., LLP is proud of our high percentage of retained clients. We encourage you to contact our clients and get their feedback regarding our service, staff, partner involvement, and our ability to meet timelines. (Additional references can be provided upon request.) All clients included in our reference listing are current clients for which audit, accounting, and/or tax services are provided. The organizations noted receive both a financial statement audit and/or tax preparation services. In addition to the specific references noted here, our local southern California offices provides audits to over 300 different government agencies, including community colleges and not for profit organizations requiring both financial statement audits and audits in accordance with the *Uniform Guidance*. This area of our practice is one of the key components of our firm's success.

**VTD is properly staffed and trained to perform the required services.** Each of the key auditors chosen to participate with the audit has worked with similar agencies. Kiwanis will not have to train our audit team. Each of the auditors also has a detailed understanding of the interaction of different internal control systems and the strict timelines that are required to complete each aspect of the audit. VTD staff also attends national training sessions so that all of the key staff assigned to the audit understands both local as well as national trends and issues.

**VTD has a demonstrated capacity to perform the required services.** We have managed our growth to ensure that new clients receive experienced staff and quality audits. We also ensure that existing clients do not experience a decline in service when new clients are added. To accomplish this VTD will only propose on clients when key staff have been trained, possess on the job experience, and when staffing levels allow for the addition of the new work. We are extremely confident that all of our references will note that their service level has not diminished over the life of the contract.

VTD has reviewed the requirements of Kiwanis and determined that you will be properly serviced with experienced and well trained staff. We have also determined that our staffing schedule allows for VTD to meet and/or exceed all timelines required by Kiwanis.

## 2. Description of work performed for other agencies with similar services/references

VTD has provided similar audit services for several other jurisdictions similar to that which is requested by Kiwanis. We have provided a listing of entities with various types of services performed for each as follows:

- Los Angeles County Fair Association
- Friends of Santa Ana Zoo
- Rancho Mirage Public Library Foundation

### **LOS ANGELES COUNTY FAIR ASSOCIATION**

**Mr. Mike Seder, Vice President, CFO**

(909) 865-4206

### **FRIENDS OF SANTA ANA ZOO**

**Ms. Patricia McClendon, Audit Committee**

(949) 338-4860

### **RANCHO MIRAGE LIBRARY FOUNDATION**

**Mr. Isaiah Hagerman, Finance Director**

(760) 770-3207



# **SECTION 5**

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**Specific Audit Approach**

# Specific Audit Approach

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## 1. Project Management

VTD provides auditing services to a variety of entities throughout the State of California. The key to our success is structuring our audit teams with a designated project audit manager and project audit partner to maintain ultimate responsibility for timely completion of the audits. During the planning phase of the audit, VTD will work with Kiwanis to complete a matrix in order to map out all of the significant dates for the provision of service including key contacts, fieldwork entrance and exit dates, deliverable dates, report review dates, final due dates, and Board presentation dates. By preparing a comprehensive matrix for each report, all the information regarding the timing of the audits and various projects is documented in one central location and is agreed upon between the auditor and Kiwanis. The timeline will then only be modified through communication between VTD and Kiwanis.

## 2. Complete Work Plan/Project Description

### OVERVIEW OF THE SERVICES

As required by Kiwanis our plan covers the engagements for:

- Audit of the Financial Statements of the California-Nevada-Hawaii District of Kiwanis International (District) as of September 30
- Audit of the Financial Statements of the Kiwanis Cal-Nev-Ha Foundation (Foundation) as of September 30
- Audit of the Financial Statements of the Cal-Nev-Ha KIWIN'S District of Key Club International, Cali-Nev-Ha District of Key Club International and Cal-Nev-Ha District of Circle K International (Sponsored Organizations) as of June 30
- Auditor Required Communications
- Tax Filings

The audits will be conducted in accordance with generally accepted auditing standards issued by the American Institute of Certified Public Accountants (AICPA).

### 3. Our Proposed Audit Plan

Our engagement approach for each of the audits has well-detailed goals by which the engagement partner can measure progress. Our audit plans include frequent contact between the partners and the engagement team to assure that objectives are attained according to the audit schedules and that problems are communicated and dealt with on a timely basis. Our engagement approach benefits from our vast experience working with not for profit entities; we understand the key areas of risk over the financial and accounting process. More importantly, the approach provides for a complete reassessment of the management and control environment in each year's audit and thus is capable of responding to changes and will ensure that deadlines are met in issuing the annual financial statements.

The key characteristics of our engagement approach are:

- *Knowledge of Kiwanis and similar entities.* We have extensive experience auditing entities similar to Kiwanis. This experience enables us to perform a more efficient audit and identify key audit risks.
- *Cost-effectiveness.* Our experienced auditors' low percentage of turnover reduce your cost
- *Timeliness.* We take deadlines, both yours and ours, seriously.
- *Partner-manager involvement.* Deciding on audit strategies requires seasoned judgment. Our partners and managers have been heavily and continuously involved in audits. Furthermore, you will be able to consult with senior team members whenever needed throughout the year. We are available during the year for any additional consultation that may arise and specified in the request for proposal.

#### **PROJECT MANAGEMENT – OVERALL AUDIT**

Our audit plan for the scope for each of the fiscal years involves six (6) stages for each audit. These stages are:

- Stage 1, Planning
- Stage 2, Risk Assessment
- Stage 3, Preparation of the Overall Audit Plan
- Stage 4, Conducting the Interim Audit
- Stage 5, Conducting the Final Audit
- Stage 6, Reporting

The audit approach will be tailored to the risk of each entity and the scale will also be adjusted as necessary to ensure that the financial statements are fairly stated.

## **Stage 1, Planning**

VTD will meet with key staff to plan the audit services for the year. These meetings will discuss all audit issues and the proposed interim work plan. During this phase, we will accomplish:

- Identifying the key personnel and contacts within Kiwanis for the audit, including consultants contracted by the agency as applicable.
- Identify the significant classes of transactions and business processes for each entity.
- Obtain an understanding of audit risk areas.
- Developing an understanding of unusual transactions or events that have occurred during the fiscal year.
- Formalizing logistics.
- Finalizing the timeframes for interim fieldwork.

## **Stage 2, Risk Assessment**

Based upon the information obtained in the planning meetings VTD will perform a risk assessment as required by Statements on Auditing Standards (SAS) to be used in the preparation of the overall audit plan. As part of this risk assessment we will perform the following:

- Obtain an understanding of the entity and its environment and its risks and material compliance requirements. VTD will refer to each entity's annual budget documents, and other relevant documentation to assist with our understanding of the business environment and risks. VTD will also conduct inquiry with key individuals within the each entity who are responsible for executing the strategic plan.
- Obtain an understanding of the entity's internal controls. VTD will refer to the organizational charts, budget, written policies and procedures, and financial accounting systems to assist with our understanding of internal controls. VTD will also perform inquiry, observation, inspection, and walk-throughs of key internal controls to ensure these key controls are properly designed and implemented.
- Preliminary analytical review, determination of preliminary materiality levels.
- Analysis of known misstatements, if any.
- Consideration of risk of material misstatement at the individual account balance, class of transactions and disclosure level.
- Assessing the risks of material misstatement at both the financial statement and relevant assertion levels.

- Assess the risk of material noncompliance with laws and regulations that have a direct and material effect on the financial statements.
- Evaluation of the Foundation's information technology and general information technology controls.

### **Stage 3, Preparation of the Overall Audit Plan**

Once the planning and risk assessment process are complete an overall audit plan will be prepared. The plan will specify each audit task, staffing assignments, timelines, and due dates. The plan will also break down the work assignments between interim and final audit timelines. The audit plan will include the transaction cycles which have been selected for internal control testing and those for which only the detailed walk through will be performed.

We will also prepare the preliminary materiality guidelines, the audit programs, including consideration of:

- Identification of areas where special audit considerations are necessary.
- Design of further audit procedures to reduce risk if considered necessary.
- The development of expectations for analytical procedures, timelines, and assignment of all audit responsibilities.

### **Stage 4, the Interim Audit**

The specific timing for interim will be determined during the planning meeting and preparation of the audit plan process.

We will obtain an understanding of the design and implementation of the financial reporting system to understand the following:

- Each class of transactions that is significant to the financial statements.
- The procedures within both automated and manual systems, by which those transactions are initiated, authorized, recorded, processed, and reported in the financial statements.
- The related accounting records, whether in electronic or manual supporting information, and specific accounts in the financial statements involved in initiating, authorizing, recording, processing and reporting transactions.
- How the information systems captures events and conditions other than classes of transactions that are significant to the financial statements.
- The financial reporting process used to prepare each entity's financial statements, including significant accounting estimates and disclosures.

## **Stage 5, the Final Audit**

We will commence our final fieldwork as soon as Kiwanis has sufficiently closed their accounting records. We expect final fieldwork to take place between mid-October and November.

During this phase, we will perform substantive audit procedures on the year-end financial statements. We will use a variety of audit procedures which may include outside confirmations, statistical sampling, and detailed testing of schedules, analytical review, inquiry, and observation. We will also review the draft financial statements.

## **Stage 6, the Reporting Phase**

At the end of the audit process we will meet with key staff to cover the following:

- Discuss improvements for subsequent years' audit plan,
- Meet with management to present the results of the audit,
- Communicate with those charged with governance.
- We will prepare Draft Audit Reports with management letter comments to management prior to the agreed upon issuance date.
- We will prepare Final Draft Audit Reports and management letter comments for presentation to the Board prior to the agreed upon issuance date.
- Significant deficiencies and material weaknesses (if any) identified during the course of the audit. AU-C 265 requires written communication to management and those charged with governance, of significant deficiencies or material weaknesses, identified during the audit.
- Other matters that we believe to be of potential benefit to the management of Kiwanis, such as recommendations for operational or administrative efficiency, or for improving existing internal controls.

## **COMMUNICATION**

We do not believe in surprises. Although the reporting phase involves a recap of the process we will be in constant communication regarding each aspect of the audit throughout the entire process. You will not have any surprises at the end of the audit.

#### 4. Use of Computer Assisted Auditing Techniques Software in the Engagement

The key members assigned to the engagement team are experienced in working with information systems such as SunGard, Oracle, PeopleSoft, IFAS, SAP, Great Plains, EDEN, HARRIS Utility Billing systems, and Quickbooks. Therefore minimal amounts of your staff time would be necessary to train our team in how to most efficiently access transactions and documents for the audit.

VTD will also be using electronic data processing software such as IDEA during the engagement.

#### 5. Engagement Timeline

<b>Audit Milestones**</b>	<b>District Audit and Tax Return</b>	<b>Foundation Audit and Tax Return</b>	<b>Sponsored Organizations Audit and Tax Return</b>
Planning Meeting (Stage 1)	August	*	*
Audit Planning (Stage 2 and 3)	August	*	*
Interim Fieldwork (Stage 4)	October-November	*	*
Fiscal Year-End Work (Start)	October-November	*	*
Fiscal Year-End Work (End) (Stage 5)	October-November	*	*
Deliver Draft Auditors' Report (Stage 6)	December	*	*
Deliver Final Reports	December	*	*

\* Timeline to follow District audit

\*\* Timing may adjusted in subsequent audit years

# SECTION 6

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Cost Fee Proposal



# Cost Fee Proposal

We are firmly committed to providing the California-Nevada-Hawaii District of Kiwanis International (District), Kiwanis Cal-Nev-Ha Foundation (Foundation), Cal-Nev Ha KIWIN's District of Key Club International, Cali-Nev-Ha District of Key Club International, and Cal-Nev-Ha District of Circle K International (Sponsored Organizations) with the superior level of professional services that Kiwanis has come to expect. We strive to provide exceptional staff, quality, and value at the lowest possible fee consistent with the expectations of Kiwanis. Our rates are competitive, even with our depth of experience and commitment to quality.

However, we do not want fees alone to be an obstacle in Kiwanis' selection of Vavrinek, Trine, Day & Co., LLP. We would be happy to discuss and negotiate such fee issues and responsibilities with you.

Description of Services	Proposed Audit Fees		
	2017-2018	2018-19	2019-20
District Audit and Tax Return	\$ 6,500	\$ 6,663	\$ 6,830
Foundation Audit and Tax Return	16,000	16,400	16,810
Sponsored Organizations Audit and Tax Return	6,500	6,663	6,830
Total for Fiscal Year (estimated fees)	<u>\$ 29,000</u>	<u>\$ 29,726</u>	<u>\$ 30,470</u>

## AUDITORS STANDARD HOURLY BILLING RATES

	2017-2018	2018-19	2019-20
Partner	\$ 240	\$ 246	\$ 252
Manager	185	190	195
Supervisor	165	169	173
Senior	135	138	141
Staff	105	108	111
Paraprofessional	65	67	69

# SECTION 7

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Appendices

# Appendix A – Peer Review Report

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## YANARI WATSON MCGAUGHEY P.C.

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DALE M. YANARI (1947-2004) ♦ RANDY S. WATSON ♦ G. LANCE MCGAUGHEY ♦ DON W. GRUENLER  
FINANCIAL CONSULTANTS/CERTIFIED PUBLIC ACCOUNTANTS

### System Review Report

May 22, 2015

To the Partners of  
Vavrinek, Trine, Day & Co., LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2014. 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](http://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 and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2014, 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*. Vavrinek, Trine, Day & Co., LLP has received a peer review rating of *pass*.

*Yanari Watson McGaughey P.C.*

Yanari Watson McGaughey P.C.

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