



To: Finance Committee

From: Lisa de Roulet

Subject: Request for Proposal for Audit and Tax 2013-2015

Date: March 19, 2013

In February, we mailed out nine Requests for Proposal for audit and tax services for the years 2013-2015. The proposals are attached for your review. Of the nine requests, we received responses from six of the firms. We did not receive a response from Sitkoff O'Neil, Straley & Perdue, and Sonnenberg & Company. The quotes for services are listed below from least expensive to most expensive.

| PROPOSED COMBINED TAX AND AUDIT FEES BY FIRM AND AUDIT/TAX YEAR |              |              |  |            |                |                |
|---|--------------|--------------|--|------------|----------------|----------------|
| Audit/Tax Year  | Bullard Macy | Kohn Colodny | Gilbert Associates<br>(current provider) | McClintock | Barnard Vogler | Grant Thornton |
| 2013  | \$ 14,000    | \$ 16,000    | \$ 17,550                                | \$ 18,000  | \$ 20,000      | \$ 21,300      |
| 2014  | \$ 14,600    | \$ 16,000    | \$ 17,550                                | \$ 18,500  | \$ 21,000      | \$ 22,500      |
| 2015  | \$ 15,100    | \$ 16,000    | \$ 17,550                                | \$ 19,000  | \$ 22,000      | \$ 23,700      |

As you can see, there is an almost 50% cost differential between the lowest and highest proposal. There are, however, significant concerns with the two lowest cost providers.

**Bullard Macy** - Although their bid was the lowest, their team of CPA's are only licensed in the state of Nevada. Therefore, the firm should be excluded from consideration.

**Kohn Colodny** - The firm was a previous auditor of the Resort Association. While their bid is competitive, there had been relationship issues in the previous engagements. Therefore, we recommend eliminating them from consideration.

**Gilbert Associates** - They have been our auditor for the last three years and we have established a solid working relationship with both the audit team and the tax team. The quote puts them in the middle of the series of proposals. Their client list includes the California Chamber of Commerce and Tahoe Donner Association, both of which are a strong experience match for our organization. We believe that they should be included for final consideration.

**McClintock Accountancy** - Their bid is slightly higher than Gilbert's proposal, but not enough to be a driving factor in the decision-making process. The firm was a previous auditor of our organization, but a review of their selected clients reveals that there are not

organizations similar to ours. However, given their previous experience with us and the competitive proposal, we believe they should be included for final consideration.

**Barnard Vogler and Grant Thornton** - Due to the higher costs of these two firms, we believe that they should be excluded from consideration.

The audit requirements for our organization are unique, given the disparate functional areas in which our business operates. In any business, audit preparation and the supporting audit field work is always a distraction from conducting ongoing business. However, changing audit firms creates a larger administrative burden, as it requires a significant investment of time to educate a new firm to ensure a smooth audit and satisfactory audit opinion.

We have had a successful three year engagement with Gilbert Associates in both the audit and tax arena. Given the exciting year ahead for the NLTRA, and the competitive nature of the proposed fees, we believe it would be more productive for the organization to remain with Gilbert Associates for this next audit cycle.

**RECOMMENDATION:**

NLTRA Staff recommends the 2013-2015 audit and tax engagement be awarded to Gilbert Associates and revisit a firm change in 2016.

PROPOSAL TO PROVIDE PROFESSIONAL SERVICES

NORTH LAKE TAHOE RESORT ASSOCIATION

MARCH 1, 2013

THE  
BULLARDMACY  
Bullard Macy Schettler Silva LLC GROUP

THE  
**BULLARDMACY**  
Bullard Macy Schettler Silva LLC GROUP

March 1, 2013

Lisa de Roulet  
Chief Financial Officer  
North Lake Tahoe Resort Association  
PO Box 1757  
Tahoe City, CA 96145

Dear Lisa,

We received your letter requesting a three-year proposal to provide professional services and would like to thank you for the opportunity to respond.

We are a firm that provides audit, consulting, and tax services to governmental and non-profit organizations much like yours. We are very familiar with the complexities and challenges faced by non-profit organizations, and our experience in providing *valuable solutions* to our clients, in conjunction with professional auditing and tax services, is at a level not many firms can match. Our partners have been serving in these industries for over thirty years, and we believe that would be a benefit clearly recognized by your organization.

Our objective with every client is to provide the highest level of professional service at a price that is fair, and under terms that are reasonable and mutually beneficial. With that in mind and due to our concentration of work in the governmental and non-profit sectors, our commitments to our current clients will likely prevent us from being able to complete your audit during the September-October timeframe mentioned in your request letter. That said, we are very interested in establishing a professional relationship with your organization and we are therefore proposing under alternate terms, with some flexibility as to the timing of fieldwork and completion of the audit.

Attached to this letter you will find some additional information about our firm and our partners, a proposed fee arrangement and alternative timeline, professional references, and our most recent peer review report. We hope you will find that our firm is well suited to be of service to you and your organization. Please feel free to contact either of us if you would like additional information. We would certainly enjoy the opportunity to meet with you in person.

With best regards,



Jason G. Bullard, CPA  
[jason@bullardmacy.com](mailto:jason@bullardmacy.com)



Zeth M. Macy, CPA  
[zeth@bullardmacy.com](mailto:zeth@bullardmacy.com)

# NORTH LAKE TAHOE RESORT ASSOCIATION

---

## FIRM PROFILE

The Bullard Macy Group (formerly Schettler, Macy, & Silva, LLC) was formed in December 2008 by three partners, all of whom are CPAs licensed in the State of Nevada. Our steady growth, particularly in the industry of non-profit and governmental auditing, permitted us to admit our fourth partner in 2011. We are confident that the experience we will bring to your organization cannot be easily matched by other firms. You will have *consistent and easy access to the firm's partners* – each of whom has a direct and vested interest in providing you with the utmost in quality and professional service.

The following professionals (all partners) would be the key members of the audit team for the North Lake Tahoe Resort Association:

*Jason G. Bullard, CPA, CITP – Audit Partner*

Jason is a licensed certified public accountant and a certified information technology professional. He achieved the designation of being one of the top 10 scorers in Nevada for his sitting of the Uniform Certified Public Accountant Examination and joined the Firm immediately thereafter. Jason has a focused area of expertise in governmental and non-profit auditing, with an emphasis in Circular A-133 audits, and he plays a key role in many of the Firm's most complex audits.

*Zeth M. Macy, CPA – Audit Partner*

Zeth is a founding partner of The Bullard Macy Group and he primarily focuses on providing audit, consulting, and tax services to a wide range of non-profit and governmental clients. Zeth became licensed as a certified public accountant in 2008 after transitioning from a rewarding career in information technology.

*David E. Silva, CPA – Audit and Managing Partner*

Dave has been practicing as a CPA in Nevada for nearly 30 years, with an emphasis in auditing and consulting. Dave is specialized in the field of governmental accounting and auditing, and is currently serving clients at all levels of state and local government. Dave is the senior founding partner of The Bullard Macy Group.

# NORTH LAKE TAHOE RESORT ASSOCIATION

---

## PROPOSED TIMELINE AND FEE

We are proposing the following general timeline for the completion of the June 30, 2013 financial statement audit and tax return preparation:

|                   |  |
|-------------------|--|
| <i>Jun – Aug</i>  | <i>Preliminary planning and fieldwork, including gaining an understanding of the organization and its internal controls. We estimate that approximately 2-3 days of fieldwork will be required during this phase, not including time we spend working from our office.</i> |
| <i>Sept – Dec</i> | <i>Final audit fieldwork; audit report and tax return completion. We estimate that approximately 3-4 days of fieldwork will be required during this phase. The review of audit workpapers and completion of the audit report will be performed from our office.</i>        |

*The final audit and tax return will be delivered no later than December 31, 2013.*

Our proposed fee for these services is presented below. We are providing you with a fixed fee guarantee, meaning *you will never be surprised by a billing from our firm*. The fees quoted in this proposal are what we will bill for the proposed engagement. Should you request additional services from us, we will provide a separate engagement letter for those services.

|                      |                 |
|----------------------|-----------------|
| <i>June 30, 2013</i> | <i>\$14,000</i> |
| <i>June 30, 2014</i> | <i>\$14,600</i> |
| <i>June 30, 2015</i> | <i>\$15,100</i> |

# NORTH LAKE TAHOE RESORT ASSOCIATION

## PROFESSIONAL REFERENCES

The members of our Firm's auditing team will bring significant relevant experience to the North Lake Tahoe Resort Association. Our experience allows us to perform these types of audits with a high level of proficiency and confidence. Specifically, this experience includes the following:

| RELEVANT AUDIT EXPERIENCE                         |                                   |
|---|-----------------------------------|
| *Nevada Land Conservancy                          | Carson City School District       |
| *Great Basin Institute                            | Carson Montessori School          |
| *ReStart Nevada                                   | Western Regional Water Commission |
| *Northern Nevada Community Housing Resource Board | *Great Basin Bird Observatory     |
| Douglas County School District                    | *Nevada Urban Indians, Inc.       |
| Lyon County School District                       | *Artown                           |
| Mineral County School District                    |                                   |

\* non-profit organization

The following representatives of non-profit entities may be contacted as references:

Sonya Giroux  
Nevada Land Conservancy  
Reno, NV  
Phone: (775) 851-5180  
Email: [sonya@nvlc.org](mailto:sonya@nvlc.org)

Jerry Keir  
Great Basin Institute  
16750 Mt. Rose Hwy  
Reno, NV 89511  
Phone: (775) 674-5495  
Email: [jkeir@thegreatbasininstitute.org](mailto:jkeir@thegreatbasininstitute.org)

Rachelle Pellissier, Executive Director  
ReStart Nevada  
335 Record Street #155  
Reno, NV 89521  
Phone: (775) 324-2622  
Email: [rpellissier@restartreno.org](mailto:rpellissier@restartreno.org)

### *Peer Review*

We have attached our most recent peer review report, which was issued under our previous firm name Schettler, Macy & Silva, LLC. A "system" type of peer review was conducted with a rating of "pass", indicating that our firm's system of quality control with respect to our accounting and audit work is appropriately designed and being complied with in all material respects.

### *Quality Control*

In keeping with the Firm's emphasis on providing the highest level of professional service, we are proud to acknowledge the acceptance of our membership in these voluntary sections of the American Institute of Certified Public Accountants (AICPA):

#### *Governmental Audit Quality Center*

Admission is granted to those firms whose audit practice includes clients in the governmental sector and who commit to compliance with requirements which also exceed those of general AICPA membership. Prominent among these requirements is a peer review by a firm with a noted expertise in governmental accounting and auditing.

#### *Private Companies Practice Section*

Admission is granted only to those firms who obligate themselves to certain membership requirements which exceed those necessary for general AICPA membership.



# YANARI WATSON MCGAUGHEY P.C.

---

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

## System Review Report

February 3, 2011

To the Members of  
Schettler, Macy & Silva, LLC  
and the Peer Review Committee of the Nevada Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Schettler, Macy & Silva, LLC (the firm) in effect for the year ended September 30, 2010. 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. 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*.

In our opinion, the system of quality control for the accounting and auditing practice of Schettler, Macy & Silva, LLC in effect for the year ended September 30, 2010, 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*. Schettler, Macy & Silva, LLC has received a peer review rating of *pass*.

*Yanari Watson McGaughey P.C.*

Yanari Watson McGaughey P.C.

A Proposal for the Audits of the  
Financial Statements and Preparation  
of the Income Tax Returns of

**NORTH LAKE TAHOE  
RESORT ASSOCIATION**

For the Years Ended  
June 30, 2013, 2014 and 2015

Prepared by:

Kohn Colodny LLP  
Certified Public Accountants and Management Consultants

Date: February 17, 2013

Contact person:

Beth Kohn-Cole, CPA  
Kohn Colodny LLP

5310 Kietzke Lane, Suite 101  
Reno, Nevada 89511  
Phone: (775) 828-7300  
Fax: (775) 828-7305

E mail: [beth@kohncolodny.com](mailto:beth@kohncolodny.com)

***"Kohn Colodny LLP: Solutions for Today; Strategies for Tomorrow"®***



February 17, 2013

Lisa de Roulet, Chief Financial Officer  
North Lake Tahoe Resort Association  
P.O. Box 1757  
Tahoe City, California 96145

Kohn Colodny LLP is pleased to submit a proposal to perform the audit of the financial statements and preparation of the annual federal and state tax returns of the North Lake Resort Association (Association) as of and for the years ended June 30, 2013, 2014 and 2015. Our experience with your audit and audits of nonprofit entities similar to yours will allow Kohn Colodny's professional staff to conduct a quality audit at a competitive fee.

#### BUSINESS PROFILE

My partners, Brian Colodny, Connie Christiansen, Scott Fields and I share over 90 years of combined public accounting experience and recognize the profession's need for refined audit and accounting services. We would continue to bring to the Association a combination of proven and innovative accounting and management advice.

Our firm consists of two offices in Reno and Carson City, four partners, fifteen professional staff at varying levels in their careers and two support staff.

Kohn Colodny LLP performs a wide range of services for a variety of industries including governmental entities, nonprofit organizations, health care, retail, manufacturing, construction, real estate, timeshares, homeowner associations, and recreational facilities.

Auditing is the distinctive service of a public accounting firm and the primary service performed out of the Reno office. Audits of governmental and nonprofit organizations, similar to yours, represent approximately 35% of our client base. In addition, we perform other accounting services such as monthly bookkeeping services, compilation and review services for various industries.

Tax preparation services are the long-standing service provided by accounting firms and ours is no exception. We also provide a wide range of management services including arbitration support services, internal audit services, internal control reviews, forensic accounting, purchase and selling of a business entity, computer software purchase and implementation, training and consultation regarding accounting procedures, and many other management advisory services. However, we are ever mindful of any conflicts that may arise and refrain from providing services that may impair our independence with respect to audit engagements.

One of the distinguishing characteristics of Kohn Colodny is that our professional staff, including the partners, actively rather than passively work with clients to address their needs. We will personally visit you to answer questions and offer advice regarding accounting and management issues. For the sake of our clients and our profession, we believe it is essential to be proactive in dealing with accounting issues, so we are continually enhancing our accounting practices and application of business technologies. We will not be more than a phone call away from providing information that is based on our long-standing experience with nonprofit entities.

Kohn Colodny's policies and procedures of checking each other's work, sharing perspectives, and discussing issues as they arise with management will insure we provide excellent service. We understand the value of being acquainted with our clients and their needs. Our CPAs regularly consult a variety of on-line resources for technical advice and information regarding industry changes and we utilize the latest technologies to streamline our services and control costs.

The audit partners assigned to your engagement, as well as other partners in the firm, are properly licensed to practice public accounting in the state of Nevada and California and our firm follows strict independence rules as required by the American Institute of CPAs.

#### OUR UNDERSTANDING OF THE WORK REQUESTED

If selected, our firm will perform the audit of the Association's financial statements on an annual basis as well as prepare the annual federal and state income tax returns for the years ended June 30, 2013, 2014, and 2015.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of bank balances, receivables and certain other assets and liabilities by correspondence with selected funding sources, members, creditors, and financial institutions as deemed necessary. In addition, we will also request written representations from your attorneys as part of the engagement. We will obtain an understanding of the Association's internal control system in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, if we note matters involving internal control and its operation that we consider to be material weaknesses, significant deficiencies or areas for operational improvement they will be communicated to management and the Board of Directors, unless clearly inconsequential. These matters will be discussed in the form of a management letter.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of the engagement.

Prior to the issuance of the audit, we will hold an exit conference in which we will review a draft of the audit and the management letter with management and representatives of the Board of Directors.

We will issue the audited financial statements in final form by October 31 of each year and will present the financial statements to the Board of Directors, if requested, at no additional charge. The agreement to complete and issue the audit by October 31 assumes the Association's records are ready for the commencement of the audit by August 15 of each year.

We believe that Kohn Colodny LLP is the right choice for the Association because:

- Our extensive experience with your Association as well as other similar entities.
- The team assigned to your engagement is dedicated to providing ongoing continuity throughout the engagement which will reduce your staff's time on future engagements.
- Our firm provides quality, timely services by active participants in the engagement.
- Our staff is always available to assist your staff in technical matters at any time throughout the year.



QUALIFICATIONS

The key personnel to be assigned to this project include Beth Kohn-Cole, CPA and Connie Christiansen, CPA. Together, Beth and Connie, perform or manage approximately 45 audits for nonprofit entities annually. The Association will also benefit from their extensive experience providing various management consulting services, which include review of local governments budgets, arbitration services, internal control reviews and recommendations, training and transition assistance, fraud examinations, merger consulting, and interim financial reviews. As part of our firm's commitment to technical excellence, the professional staff attends at least 80 hours of continuing professional education (CPE) bi-annually.

Our firm has a peer review every three years. Our most recent peer review in which we received an unqualified, clean, opinion with no letter of comments is attached. As you can see, for the sake of our clients and our profession, we are continually enhancing our accounting practices.

We offer an experienced track record and a progressive approach that will benefit the Association during 2013 and beyond.

SPECIFIC APPROACH

Our specific approach for performing your audit includes pre-planning conferences for the audit to determine the audit risk areas and to document our understanding of the Association's accounting system. We provide a pre-audit needs list detailing the information necessary for completion of the audit. Next, we perform approximately seven days of field work depending on the number of staff assigned to your engagement. At this point in time, two to three people are expected to be involved in the field work for your audit. Beth Kohn-Cole, Partner and CPA, will be the primary field work partner assigned as well as one senior staff accountant from our Reno office. A technical review of the financial statements will be performed by a person not directly involved in the audit. Next a draft is issued to the Chief Financial Officer, the Executive Director and the Treasurer of the Board of Directors to verify the accuracy of the information and footnotes to the statements. It is important to note that the financial statements are yours and only the reports included are the auditors'.

Any management comments noted are discussed first with management prior to being presented to the Board of Directors.

OTHER STAFF AND GENERAL QUALIFICATIONS

Beth Kohn-Cole and Connie Christiansen are CPAs in the states of Nevada and California. Beth is also a member of the Local Government Finance Committee for the state of Nevada that makes recommendations for setting statutes and administrative code in connection with Chapter 350 and 354 as well as works with the Department of Taxation to prepare working guidelines relating to the budget and other needs.

Our philosophy on staffing is to provide on-going continuity every year on the engagement. We will do the best we can to staff with the same personnel unless unforeseen circumstances occur such as illness or termination of employment.

ANNUAL FEES

Our fees for conducting the audits and preparation of the federal and state income tax returns are currently expected not to exceed the following:

|      |           |
|------|-----------|
| 2013 | \$ 16,000 |
| 2014 | 16,000    |
| 2015 | 16,000    |



These fee estimates are inclusive of travel and other out of pocket expenses. Please note that if our fees at our per diem rates and out of pocket expenses are less than the amounts quoted above we will only bill our actual costs incurred. These fees are based on the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary we will discuss it with you and arrive at a new fee estimate before our firm incurs the additional costs.

If you have any questions, please call me at (775) 828-7300. Thank you in advance for your consideration, and we hope to see you soon.

Sincerely,

KOHN COLODNY LLP



Beth Kohn-Cole, CPA



REFERENCES

Our professionals performed various audits and accounting services for these nonprofit organizations, governmental agencies and for-profit entities throughout northern Nevada and California. Please feel free to contact the individuals listed below if you wish to acquire more information regarding the quality of our accounting and management services. Additional references are available upon request. Thank you.

TAHOE DOUGLAS VISITORS AUTHORITY AND LAKE TAHOE VISITORS AUTHORITY  
Carol Chaplin, Executive Director  
775-588-5900

CARSON CITY CONVENTION & VISITORS BUREAU  
Molly Bundy-Toral, Finance Officer  
775-687-7410

LAKE TAHOE SOUTH SHORE CHAMBER OF COMMERCE  
Betty "B" Gorman, President, CEO  
775-588-1728

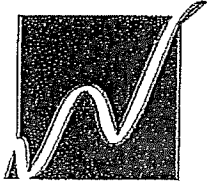
SUGAR BOWL CORPORATION  
Rob Kautz, President  
530-426-9000

RENO AIR RACING ASSOCIATION  
Michael Houghton  
775-972-6663

Q. M. CORPORATION, RIDGE SIERRA, NORTH LAKE LODGES AND VILLAS  
Larry Allison, Vice-President  
775-355-4040

NEVADA STATE BOARD OF ACCOUNTANCY  
Viki Windfeldt, Executive Director  
775-786-0231





Wilson  
Downing  
Group, LLC

## SYSTEM REVIEW REPORT

May 11, 2011

To the Members of  
Kohn Colodny LLP  
and the Nevada Society of CPAs Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Kohn Colodny LLP (the firm) in effect for the year ended December 31, 2010. 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. 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 the *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Kohn Colodny LLP, in effect for the year ended December 31, 2010, 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. Kohn Colodny LLP has received a peer review rating of pass.

*Wilson Downing Group, LLC*



# NORTH LAKE TAHOE RESORT ASSOCIATION

## Proposal for Professional Services

*Submitted by*

**Gilbert Associates, Inc.**

---

**Contact: Bobbie N. Hales, CPA, Shareholder**

2880 Gateway Oaks Drive, Suite 100

Sacramento, California 95833

gilbertcpa.com / 916.646.6464

---

MARCH 1, 2013



Don't let your audit, tax and accounting challenges stress you out. With Gilbert Associates, you can relax. We'll surpass your expectations with pinpoint expertise, experience-driven insights, lightning-fast responsiveness and personalized communication resulting in solutions that turn knowledge into power. With our team at your side, we promise powerful insights yielding freedom from your financial anxiety. Call us. Our helpful, friendly and passionate team of pros are here to help give you a new look on life.

*Relax. We got this.*

March 1, 2013

Lisa de Roulet, Chief Financial Officer  
North Lake Tahoe Resort Association  
P.O. Box 1757  
Tahoe City, California 96145

On behalf of Gilbert Associates, Inc., I am pleased to present our proposal to provide professional services to the North Lake Tahoe Resort Association (NLTRA).

We have enjoyed serving NLTRA the past several years. We understand that you are considering a rotation of your auditors this year. I would like to share with you what we believe are some compelling reasons to retain Gilbert Associates, Inc.

#### **Rotate or Retain?**

Some organizations do consider the periodic rotation of auditors to be healthy. One of the key reasons for this is to obtain a fresh perspective. However, we believe that we achieve this goal by maintaining healthy skepticism during our engagements and by constantly seeking to help our clients improve. Our client retention rate provides some evidence of this. We serve over 300 nonprofit organizations and, in the past 3 years, very few have chosen to rotate their audit services.

Besides the rotation issue, the caliber of service and the firm's expertise should be a primary consideration. Our past audits have always been delivered on time and without surprise costs. We believe our credentials in the nonprofit and association industry are unmatched, and our service to NLTRA has been exceptional. Following is a summary of our service capabilities:

- **Experience with Trade and Professional Associations and Other Nonprofit Organizations** – Gilbert Associates, Inc. has one of the largest CPA practices in California dedicated to serving the association industry. Sacramento is the nation's fourth-largest association market and we have served more statewide associations than any other California-based firm. In total, we serve over 50 statewide membership organizations, including some of the largest and most prestigious, such as the California Chamber of Commerce, the California Medical Association, and the California Restaurant Association. Nonprofit organizations represent nearly 50% of our practice. Most importantly, the team of professionals that will serve you has substantial experience in the association and nonprofit industry. In fact, we have two shareholders whose practices are fully devoted to serving clients in this sector. Our level of dedication to the sector is unmatched.

2880 GATEWAY OAKS DRIVE  
SUITE 100  
SACRAMENTO, CA 95833

101 PARKSHORE DRIVE  
SUITE 100  
FOLSOM, CA 95630

GILBERTCPA.COM | 916.646.6464

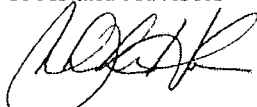
- **Reputation and Capabilities of Our Firm** – Providing quality and innovative services has been a trademark of Gilbert Associates, Inc. since 1984. With 9 shareholders and over 40 staff to serve you, we are the largest regional CPA firm in Sacramento. The firm has the resources to meet your needs, while retaining a personal approach to business. We value the relationships developed with clients and our staff and treat each uniquely, based on their needs. As a result, our retention rate of both clients and staff is outstanding.
- **Objective, Value-Added Service Approach** – Our comprehensive services to a wide variety of associations and other nonprofit organizations provide a unique view of their management. You will find us eager to share their best practices. We frequently provide clients with valuable recommendations that help them avoid problems, save money, and generate positive changes within their organizations, all as a result of our audit relationship.
- **National Resources** – We are members of CPA Associates International (CPAAI), an association of independent certified and chartered accounting firms with over 50 firms in the U.S. and 125 member firms worldwide. Our membership in CPAAI allows us to provide clients with access to broader technical and industry expertise, access specialty skills, geographic coverage and knowledge of business trends. Thus, you receive the benefit of national firm-like resources, with locally-based service.
- **Personalized, Responsive Service** – We take pride in our attentiveness to clients. While there are several experts in our Nonprofit Industry Team who are capable of answering your questions, you will also find that the shareholders responsible for services to you are very accessible and interested in helping in even the smallest way. As an important client of our firm, you can expect to receive our highest level of attention.
- **Why Choose Gilbert Associates?** – What separates Gilbert Associates from other firms that serve nonprofits is our *commitment* to the association and nonprofit sector. Similar to the passion associations have for their mission, we are passionate about our services to them. This passion is demonstrated by the portion of our firm's practice devoted to nonprofits; the expert, leading-edge training we receive and provide to others; and our devotion to adding value by delivering meaningful benchmark information and ideas to our clients so that they may improve their operations. Nonprofits *are* our business, not just a supplement to it.

\* \* \* \* \*

We would be very pleased to continue serving NLTRA and look forward to helping you to meet the challenges ahead. Since I will be actively involved in providing services to you, please call me at (916) 646-6464 if you have any questions regarding our proposal.

Yours very truly,

GILBERT ASSOCIATES, INC.  
CPAs and Advisors



Bobbie N. Hales, CPA  
Shareholder

Attachments

# TABLE OF CONTENTS

---

|  | <u>PAGE</u>  |
|--|--------------|
| SCOPE OF SERVICES .....  | 3            |
| OUR EXPERIENCE SERVING ASSOCIATIONS AND OTHER NONPROFITS ..... | 4            |
| AUDIT TIMING AND APPROACH.....                                 | 7            |
| PROFESSIONAL FEES .....  | 8            |
| RESUMES .....  | ATTACHMENT A |
| REFERENCES .....   | ATTACHMENT B |
| PEER REVIEW REPORT .....                                       | ATTACHMENT C |
| NEWSLETTER .....   | ATTACHMENT D |

# SCOPE OF SERVICES

---

It is our understanding that the scope of services to be provided to NLTRA will include the following:

- Audit of the consolidated financial statements of NLTRA for the years ending June 30, 2013, 2014 and 2015.
- Preparation of a management letter and communications letter describing any significant audit matters, including our observations and recommendations concerning internal controls.
- Meetings with your Audit or Finance Committee, or Board to discuss the audit process and to make a formal presentation of the audit report and associated communications.
- Preparation of annual federal and California information returns for the years ending June 30, 2013, 2014, and 2015.

## **Services Beyond the Audit**

Our goal is to be a resource to you in many areas, potentially including strategic planning, information systems, personnel, and financial matters. We view the audit as a platform for building a business advisory relationship with our clients. Some additional services we can provide to you include:

- Benchmarking data that will allow you and your Board to compare your operations and financial performance to other statewide trade associations and nonprofit organizations. Objective advice and fresh ideas about how you might improve your association.
- Training for Board or Executive Committee members on understanding their roles and fiduciary responsibilities.
- Consultations from our team of experts on accounting matters as they arise.
- Our semi-monthly nonprofit newsletter.

# OUR EXPERIENCE SERVING ASSOCIATIONS AND OTHER NONPROFITS

---

We have made a commitment to serving the needs of trade and professional associations and other nonprofit organizations. Accordingly, we serve a large and diverse variety of them. Following is a sample of those we have served. See Attachment B for some specific references you may contact.

## Associations

|  |  |
|--|--|
| Association for Healthcare Documentation Integrity         | California Psychological Association               |
| Association of California School Administrators            | California Restaurant Association                  |
| Association of California State Supervisors, Inc.          | California School Employees Association            |
| Association of California Water Agencies                   | California School Boards Association               |
| California Alliance of Child and Family Services           | California Society of Association Executives       |
| California Assoc. for the Education of Young Children      | California Society of Certified Public Accountants |
| California Assoc. for Health Services at Home              | California Society of Health-System Pharmacists    |
| California Association of Health Facilities                | California State Employees Association             |
| California Assoc. of Highway Patrolmen                     | California State Firefighters Association          |
| California Association of Homes and Services for the Aging | California Tomato Growers Association              |
| California Association of School Psychologists             | California Walnut Commission                       |
| California Business for Education Excellence               | Chemical Industry Council of California            |
| California Chamber of Commerce                             | Consumer Attorneys of California                   |
| California Children and Families Association               | Community College League of California             |
| California Chiropractic Association                        | Crocker Art Museum Association                     |
| California Dental Association Foundation                   | Dried Fruit Association of California              |
| California Farm Bureau Federation                          | Empire State Society of Association Executives     |
| California Hotel and Lodging Association                   | Folsom Chamber of Commerce                         |
| California Medical Association                             | Lumber Association of California and Nevada        |
| California Nations Indian Gaming Association               | North State Building Industry Association          |
| California New Car Dealers Association                     | Sacramento Association of Realtors                 |
| California Optometric Association                          | Sacramento Metro Chamber of Commerce               |
| California Pharmacists Association                         | Structural Engineers Association of CA             |
| California Podiatric Medical Association                   | Tahoe Donner Association                           |
| California Primary Care Association                        | Tahoe Keys Property Owners' Association            |
|  | USFN   |
|  | Western Electrical Contractors Association         |

## Other Significant Nonprofit Organizations

|   |   |
|---|---|
| BloodSource                               | River Oak Center for Children                                   |
| California Institute for Mental Health    | Sacramento Children's Home                                      |
| California Public Interest Research Group | Sacramento Country Day School                                   |
| California Musical Theatre                | Sacramento Zoological Society                                   |
| Center for Health Improvement             | Safety Center Inc.  |
| Community College League of CA            | San Francisco Zoological Society                                |
| Disabled Sports USA Far West              | SETI Institute  |
| East Bay Zoological Society               | Sierra Health Foundation  |
| Girl Scouts of Tierra del Oro             | Society for the Blind   |
| Lilliput Children's Services              | The Effort, Inc.  |
| Mercy Foundation                          | United Animal Nations   |
| Mono Lake Foundation                      | United Way California Capital Region                            |
| Odyssey Learning Center                   | Volunteers of America of Greater Sacramento and Northern Nevada |
| Pacific Legal Foundation                  | Water Education Foundation                                      |
| Resources Legacy Fund                     |   |

# OUR EXPERIENCE SERVING ASSOCIATIONS AND OTHER NONPROFITS

---

In addition to our experience serving associations and other nonprofit organizations, we engage in a variety of other professional activities that help us to address our clients' needs, including the following:

- Every year we attend the AICPA's National Nonprofit Industry Conference in Washington, D.C. (the premier conference in the country) to obtain leading-edge information on financial, accounting, audit and tax matters affecting organizations such as NLTRA. We also attend the AICPA's Nonprofit Financial Executive Forum held annually on the West Coast. We take ideas from these conferences and apply the benefits directly to our clients.
- We have donated hundreds of hours of instruction on financial best practices, accounting, taxation, and Board development matters on behalf of the Nonprofit Resource Center of Sacramento, the California Society of Association Executives, and through a Roundtable Series we conducted. Through these programs, we provide financial training to nonprofit CEOs, financial executives, and Board members.
- We distribute free electronic newsletters for nonprofits that help our clients stay informed of important issues that affect them. A past issue is included as Attachment D.

## Engagement Team

Nonprofit organizations represent one of our firm's largest areas of specialization. This expertise positions us to render to clients the best possible advice and solutions. All of our staff receive specialized training in accounting and auditing of nonprofits. Profiles of the individuals who will be primarily responsible for our services to NLTRA are included below:



*Bobbie Hales, a shareholder within our Nonprofit Industry Team, will continue to have overall responsibility for our services to NLTRA. She will be personally involved in planning the audit and will meet with your staff during our audit fieldwork. She has over eighteen years of professional experience, including five years with the international firm PricewaterhouseCoopers. She has served over 100 nonprofit organizations and invests virtually all of her professional time working with clients in this industry. Bobbie has served as a Director of the Sacramento Chapter of the California Society of CPAs and has served as the Chair of its Nonprofit Committee. Bobbie has also served as a Director for a number of local nonprofit organizations and is currently a member of the Qualifications Committee of the California Board of Accountancy.*



*Matthew Krehe, CPA, a senior manager within our Nonprofit Industry Team, will continue to assist Ms. Hales and will continue to have on-sight responsibility for the engagement. As the engagement manager, Matthew will be responsible for project management, team coordination, and workpaper design. With seven years of professional experience, he has served a large number of nonprofit organizations and trade associations and has focused primarily on this industry since joining Gilbert Associates.*

A senior and staff associate with our firm will complete the audit team, both of whom will have had significant experience auditing other associations.



# OUR EXPERIENCE SERVING ASSOCIATIONS AND OTHER NONPROFITS

---



*Linda Geery, a tax shareholder within our Nonprofit Industry Team, will continue to direct the preparation of your information returns.* Linda is one of the most experienced CPAs in California regarding tax-exempt organizations. With eighteen years of experience, primarily tax and accounting support, she has significant knowledge that we expect you will call upon as your business operations continue to evolve. She will take a “hands on” approach to assuring your tax returns are timely and accurate. As a firm, we prepare over 350 Form 990’s annually, substantially more than any other regional firm.

Resumes for this service team, including information on recent continuing professional education, are included as Attachment A.

## **Retention Practices**

We strive to maintain continuity for all of our clients as it is beneficial to everyone involved. Typically, the partner and manager will never change and we expect to return the senior associate and one other staff member to your engagement as well.

The unpredictable element for any service firm is staff retention. Although we can’t predict the future with any certainty, our firm’s track record for staff retention is exceptional. In fact, we were named by the Sacramento Business Journal as an A+ employer, signifying us as one of the top 10 employers among our size, based on employee input. We take good care of our staff and, as a result, our turnover is much lower than our counterparts, averaging about 10% per year.

## **Quality Control**

Gilbert Associates has an active quality control committee that monitors and maintains audit quality and integrity, including safeguards of independence. In addition to internal oversight, the firm is subject to a triennial external peer review. During the firm’s peer review for the year ended November 30, 2010, it received an unqualified opinion with no letter of comments, matching our prior history of impeccable peer reviews. A copy of our most recent peer review report may be found in Attachment C.

No complaints have been issued against any of our professionals by the California Board of Accountancy or other agencies.

# AUDIT TIMING AND APPROACH

---

## **Audit Timing**

Our audit will be scheduled in a manner that meets reporting timeframes desired by management and the Board of Directors.

At Gilbert Associates, we take pride in our ability to turn around audits quickly. Our shareholders and managers are involved throughout the audit process resulting in less questions and follow up procedures required after we leave your office. Because of the efficiencies this creates, we are able to commit to deadlines that are much tighter than many of our counterparts.

## **Audit Approach**

Our approach to the audit involves assessing the business and financial risks to management and the Board of Directors, and tailoring our procedures to address those risks. This approach helps us to perform an effective and efficient audit by focusing our efforts on what is truly significant to the organization. This approach also helps us to provide important feedback to you as part of our value-added services.

In addition to the nonprofit conferences previously mentioned, all of our staff receive in-house training on nonprofit accounting and auditing. Our firm has developed a set of electronic practice aids, customized for auditing nonprofit organizations, that we use to streamline our audit procedures, including workpaper templates, audit programs, questionnaires, and other tools. All of our audit personnel have laptops and software for their use in performing audit work, including utilization of a paperless audit software program.

We believe that effective communication is important to the success of our relationships with our clients. We will meet with management many times throughout the year to discuss audit planning, status, conduct and completion. Reports and findings/recommendations will be discussed with management prior to formal issuance to ensure that information is complete and accurately reflected.

During the planning phase of the engagement, we will provide a list of schedules and other information we expect to need for our audit. We will also request assistance in preparing confirmations and locating supporting documents.

# PROFESSIONAL FEES

---

We would be very pleased to continue to serve North Lake Tahoe Resort Association and are confident you will be delighted with our knowledgeable staff and commitment to excellent client service. Our proposed fees for the 2012-2013 year and two succeeding years are as follows:

|             | 2013             | 2014             | 2015             |
|-------------|------------------|------------------|------------------|
| Audit       | \$ 15,000        | \$ 15,000        | \$ 15,000        |
| Tax Returns | <u>2,550</u>     | <u>2,550</u>     | <u>2,550</u>     |
| Total       | <u>\$ 17,550</u> | <u>\$ 17,550</u> | <u>\$ 17,550</u> |

Based on our established relationship, we have developed some audit efficiencies. In preparing the fees for 2013, 2014, and 2015, we have passed on this anticipated cost reduction to the Association. While we believe that these fees are competitive, we would be pleased to discuss any other responsible fee quotes you receive.

We want to serve as a resource to you and encourage your questions or requests for help in any way. We would be pleased to meet with management, the executive committee or the Board of Directors at any time throughout the year to discuss issues of concern. Routine phone calls to ask us questions, including technical matters, are encouraged, and you will not be billed for these minor requests. If there are special services or projects for which you would like our assistance, we will provide an estimate of any additional fees in advance.

For additional services you may request, our hourly billing rates by professional classification are as follows:

| Classification   | Rate   |
|------------------|--------|
| Shareholder      | \$ 250 |
| Manager          | 165    |
| Senior Associate | 110    |
| Staff Associate  | 95     |

Attachment A  
Résumés

# Bobbie N. Hales, CPA

---

- Position:** Shareholder
- Years of Experience:** Eighteen
- Education:** California State University, Fresno, BS  
California State University, Sacramento (Accountancy)
- Experience:** Has served over 100 nonprofit organizations.
- Responsible for oversight of all aspects of attestation engagements including planning, execution, and presentation of results to governing boards and committees.
- Provides clients with recommendations on a wide variety of issues including internal financial controls and general operating matters.
- Provides internal and external training on financial matters and audit issues and procedures
- SEC experience including initial public offerings, business combinations, 10SB filings, and quarterly and annual reporting.
- Experience with a Big Four CPA firm before joining Gilbert Associates.
- Professional Affiliations:** American Institute of Certified Public Accountants  
California Society of Certified Public Accountants (CalCPA);  
Sacramento Chapter, Member, Past Director and Nonprofit Committee, Chair  
Sacramento Metropolitan Chamber of Commerce, Leadership Sacramento  
California Board of Accountancy Qualifications Committee
- Recent Continuing Education:**
- AICPA National Not-For-Profit Industry Conference
  - CalCPA Not-for-Profit Conference

# Matthew J. Krehe, CPA

---

**Position:** Audit Manager

**Years Of Experience:** Seven

**Education:** San Jose State University, San Jose, M.S. (Accountancy)  
California Polytechnic State University, San Luis Obispo, B.S.

**Experience:** Manager on a variety of audits including not-for-profit organizations, trade associations, benefit plans and privately held businesses.

Manage and supervise staff on each engagement, with varying degrees of experience. Responsible for financial statement presentation, footnotes, management letters and other communications.

Assist in the daily progress of fieldwork and participate in meetings and conferences with clients to explain audit results, reports and recommendations.

**Professional Affiliations:** American Institute of Certified Public Accountants (AICPA)  
California Society of Certified Public Accountants (CalCPA)

**Recent Continuing Education:**

- AICPA National Not-for-Profit Industry Conference
- AICPA, Foundations in Governmental Accounting
- Solving Complex Single Audit Issues for Government and Nonprofit Organizations
- Cost Allocation in Nonprofits
- Not-For-Profit Accounting and Reporting: From Start to Finish

# Linda D. Geery, CPA

---

- Position:** Shareholder
- Years of Experience:** Eighteen
- Education:** American River College, Sacramento  
California State University, Sacramento, B.S. (Accountancy)
- Experience:** Manage tax components of association and nonprofit engagements.
- Shareholder in-charge on association and nonprofit accounting and tax work.
- Consultant to associations and nonprofits in the areas of internal controls, budgeting, accounting system upgrade, and workshops.
- Responsible for research and review of individual, partnership, nonprofit, and corporate tax returns.
- Experience in public accounting includes construction, real estate, retail, food services, professional services and not-for-profit organizations.
- Professional Affiliations:** American Institute of Certified Public Accountants (AICPA)  
California Society of Certified Public Accountants (CalCPA)
- Recent Continuing Education:**
- Partnership and LLC Taxation: Advanced Issues
  - Tax Planning and Compliance for Multinational Families
  - Internal Controls Essential for Financial Accounting
  - Advanced Compilation and Review
  - 2011 Federal/State Tax Update
  - Accounting for Income Taxes: Advanced
  - Passive Loss and At-Risk Rules
  - Financial Statement Disclosures
  - Advanced Tax Planning Techniques
  - New Financial Accounting Standards
  - New Form 990 and Advance Governance
  - Basis Calculations and Distributions for Pass-Thru Entities
  - Public Charities Tax Return Compliance Primer
  - Tax Strategies for the California Business
  - Internal Controls for Small Business Accounting Systems

## Attachment B

### References



# REFERENCES

---

Although you will be the best judge of the level of professional service you can expect to receive from us, the following are names of several current clients served by the assigned shareholders and manager whom you may contact regarding our services. They will be pleased to discuss our relationship and the quality of services they have received from our firm.

| <b>ORGANIZATION</b>                     | <b>CONTACT</b>   |
|---|--|
| Tahoe Donner Association                | Mr. Mike Salmon<br>Director of Finance<br>(530) 587-9418     |
| Tahoe Keys Property Owners' Association | Ms. Alice Jones<br>Controller<br>(530) 542-6444 ext. 227     |
| California Chamber of Commerce          | Mr. Larry Dicke<br>Chief Financial Officer<br>(916) 930-1217 |

**Attachment C**  
**Peer Review Report**

# PEER REVIEW REPORT

---

American Institute of  
Certified Public Accountants

Mississippi Society of  
Certified Public Accountants

An Independent Member of  
CPA Associates International, Inc.,  
A Worldwide Association of Accounting Firms



**EUBANK BETTS**

Eubank, Betts, Hirn, Wood, PLLC

A Professional Limited Liability Company  
CERTIFIED PUBLIC ACCOUNTANTS

3820 I-55 North, Suite 100  
Jackson, MS 39211

Post Office Box 16090  
Jackson, MS 39236-6090

Phone: 601-987-4300  
Fax: 601-987-4314

[www.eubankbetts.com](http://www.eubankbetts.com)

## SYSTEM REVIEW REPORT

May 12, 2011

To the Shareholders  
Gilbert Associates, Inc.  
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 Gilbert Associates, Inc. (the firm) in effect for the year ended November 30, 2010. 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. 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 the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Gilbert Associates, Inc. in effect for the year ended November 30, 2010, 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*. Gilbert Associates, Inc. has received a peer review rating of *pass*.

  
EUBANK, BETTS, HIRN, WOOD, PLLC

Attachment D  
Newsletter

# NONPROFIT Perspectives

Gilbert Associates, Inc.

[www.gilbertcpa.com](http://www.gilbertcpa.com)

916.646.6464

## In This Issue

JANUARY 2013

[Create Your Own  
Funding Source](#)

[Tips for Contacting  
Your State  
Legislators](#)

[News For Nonprofits](#)

[Quick Links](#)

[Nonprofit Resources](#)

[More About Us](#)

[Contact Us](#)

## Dear Client,

Do you get as frustrated as I do at the statistical comparisons that some charity "watchdog" groups use to evaluate and rank nonprofit organizations? Personally, I find that for the majority of our clients, all of whom have valuable missions and passionate and hardworking, caring staff, the ratings are not a very meaningful representation of their efforts and results. And yet, we all cater to these groups by striving to reach the lowest possible supporting service cost ratio, or the lowest fundraising cost, among other statistics. Perhaps because we are CPAs and work with numbers and data all the time, we know that this information only tells part of the story.

In today's Nonprofit Perspectives, there is an article about a new organization, Social Impact Exchange, which has introduced an index based on nonprofits' ability in meeting their mission and the potential to reach others. How novel is that? A long-time client, discouraged at some of the rankings they had received in the past, was elated to find out recently they had been listed by GreatNonprofits.org in the top 1% of nonprofits listed by the organization. GreatNonprofits serves as a sort of "Zagat" rating service for nonprofits, driven by independent reviews, not hollow statistics.

Nonprofit accountability is healthy for all of us in the sector. Here's hoping that we see more groups like Social Impact Exchange and GreatNonprofits which reward the successful achievement of nonprofit missions, instead of misguiding the public by emphasizing obsolete statistics.

David Ljung, CPA  
Shareholder, Director of Nonprofit Services



Gilbert Associates, Inc.  
CPAs and Advisors

*Relax. We got this.*

## Create Your Own Funding Source

Imagine this - and, unfortunately, it may be easy: Your largest private donor, a foundation, has whittled down its funding amounts to reach more organizations. And since the onset of the recession, individual donations to your nonprofit have dropped by 45%. Meanwhile, your not-for-profit's expenses, and ambitions, continue to climb.

Don't throw up your hands in despair yet. To be less dependent on others for your survival, you could consider forming your own for-profit subsidiary. What should a nonprofit consider before taking on the cost and responsibility of establishing a for-profit company? ([Read More](#))

*"As our Association has grown, we have always felt comfortable that the firm and staff can meet our changing needs."*

- Sandra Birkman,  
California Primary  
Care Association

## Tips for Contacting Your State Legislators

Many nonprofits nationwide continue to be plagued by state budget cuts. While you may want to petition your legislators for a break, do you know what to say - and what might work - to keep that grant money coming in or to get that state contract renewed? Here are a few suggestions... ([Read More](#))

*"Gilbert Associates focuses on working as a team. As a new charter, this was critical to our success!"*

- Heather Brophy,  
John Adams  
Academies, Inc.

## News for Nonprofits

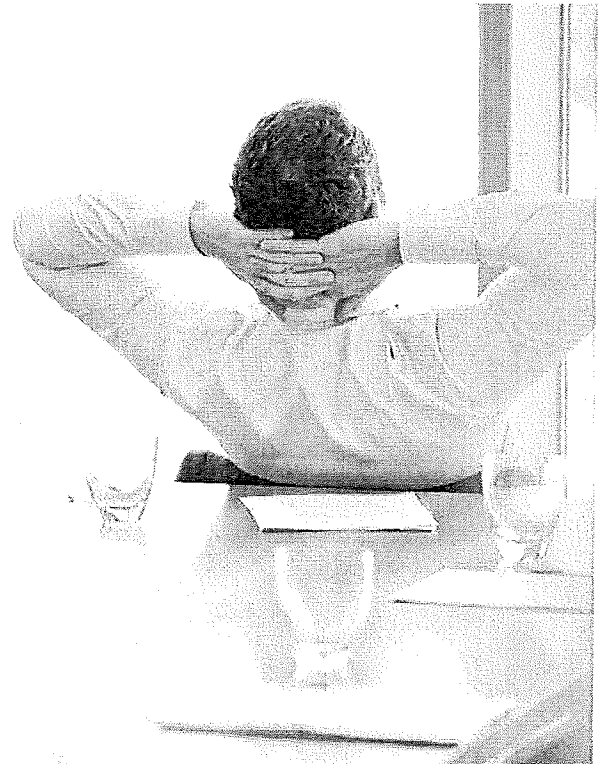
### "Social Impact" Index of Charities Launched

Taking a cue from Wall Street, a national philanthropy group has introduced an index of charities based on proof of meeting their mission and the potential to reach more people. The organization, Social Impact Exchange (SIE), on Nov. 14 launched the Social Impact 100 (S&I 100), modeled on aspects of the S&P 500, an index of select stocks.

According to the S&I 100's founders, the index "aggregates top-performing, evidence-based nonprofits so that funders - donors and foundations - can be confident they're contributing to organizations that consistently deliver impact." ([Read More](#))

# HOPE YOU LIKE THE VIEW.

You'll be seeing a lot more of it.




2880 Gateway Oaks Drive, Suite 100  
Sacramento, CA 95833

101 Parkshore Drive, Suite 100  
Folsom, CA 95630

Tel: 916.646.6464 / Fax: 916.929.6836

[gilbertcpa.com](http://gilbertcpa.com)

 **Gilbert Associates, Inc.**  
CPAs and Advisors

*Relax. We got this.*

*NORTH LAKE TAHOE RESORT ASSOCIATION*

*PROPOSAL TO BE APPOINTED  
AS INDEPENDENT ACCOUNTANTS*

*March 2013*



# McCLINTOCK ACCOUNTANCY CORPORATION

---

ROBERT J. McCLINTOCK, CPA  
MICHAEL R. GRIESMER, CPA

SHARON FERREIRA, CPA  
BRENT GOUVEIA, CPA  
ANTHONY DEMELO, CPA

305 WEST LAKE BOULEVARD  
P. O. BOX 6179  
TAHOE CITY, CA 96145  
TELEPHONE: 530-583-6994  
FAX: 530-583-5405

17400 NORTHWOODS BLVD.  
BUILDING B, SUITE 105  
P. O. BOX 2468  
TRUCKEE, CA 96160  
TELEPHONE: 530-587-9221  
FAX: 530-587-4946

March 1, 2013

Finance Committee  
North Lake Tahoe Resort Association  
PO Box 1757  
Tahoe City, CA 96145

Dear Finance Committee Members:

We are enthusiastic about submitting our proposal for appointment as independent accountants for North Lake Tahoe Resort Association. Following is our proposal for your review and consideration.

Our proposal is based on the following information gathered during our proposal process.

- ✓ Our working knowledge of the Association when we were previously appointed as independent accountants
- ✓ Our general knowledge as business members of the NLTRA and as community members
- ✓ The information and audit reports and tax returns from the year ended June 30, 2012
- ✓ Current year internal financial reports
- ✓ Interview and discussions with the Association's CFO Lisa de Roulet

Please contact me should you have further questions. I look forward to speaking with you soon.

Sincerely,

  
McCLINTOCK ACCOUNTANCY CORPORATION

By: Robert McClintock, CPA

# ***NORTH LAKE TAHOE RESORT ASSOCIATION AUDIT PROPOSAL EXECUTIVE SUMMMARY***

***March 2013***

McClintock Accountancy Corporation proposes to be appointed as independent accountants for North Lake Tahoe Resort Association. We had successfully completed our first three year audit and tax engagement with NLTRA during 2005 through 2007.

## ***Previous work for North Lake Tahoe Resort Association***

During our previous work for the Association, we brought value to your audit and tax process by:

- Correcting the accounting for grant revenue recognition
- Providing insightful recommendations for improvement of accounting, reporting and compliance with laws and regulations
- Improving the communications between the auditors and management and the Board of Directors.
- Included our highly regarded tax return position letter with each set of tax returns that outlined significant positions, risks, and reporting and public disclosure requirements.

## ***How our firm is organized***

We have an audit department comprised of full-time auditors who possess the necessary expertise to service the Association, as well as tax professionals who work with exempt organizations frequently during the year. We believe this engagement means more to our firm than to other firms who are larger or from out of the immediate area.

Our firm has personnel organized into distinct functional groups. Unlike other local firms, our audit staff spends substantially all of its time performing audit and review services. Our tax staff spends substantially all of its time performing tax services. In today's specialized world, we believe that this is the only approach that allows our personnel to acquire and retain the necessary knowledge necessary to fully serve our clients.

### *Our audit philosophy*

Our audit philosophy includes maintaining independence and objectivity throughout the audit process. We are continually on the lookout for ideas and suggestions that will improve the financial management function of the Association. We immediately communicate difficult audit issues to our clients and forge a solution by focusing on the business approach to problem-solving.

### *Our expertise as income tax advisors*

We have the necessary expertise as income tax advisors to the Association. We have written tax position papers on various matters to our many exempt organization clients. Although the Association is technically filing an information return to the Internal Revenue Service, the rules and regulations surrounding the permissible activities is far more complex than equivalent rules in the corporate income tax area.

### *Meeting the requirements as independent accountants*

We are not aware of any requirements as the Association's independent accountants that cannot be met.

### *Peer review report*

We have included a copy of our most recent peer review report, which contained the highest opinion possible. There was no letter of comments. We have chosen to engage Allen & Cook from San Jose, CA to perform our peer review. Allen & Cook has had a partner of their firm sitting on the California Peer Review Committee for over 15 years, and are considered experts in the field of non-profit accounting and auditing.

### *A community minded firm*

We are a CPA firm with a commitment to our communities. A majority of our accounting fees are in turn paid to our accountants and support staff who are residents of the area. We are members of the North Lake Tahoe Resort Association, the Truckee Donner Chamber of Commerce, the Tahoe City Downtown Association and the Tahoe Westshore Association. Robert McClintock is also a member of the advisory board for the Excellence in Education Foundation and the Kiwanis Club of North Lake Tahoe and serves many other clients in the immediate area. Our firm members volunteer hundreds

of hours each year for community causes, including the Boy Scouts of America and Girls on the Run.

# ***NORTH LAKE TAHOE RESORT ASSOCIATION AUDIT PROPOSAL ADDITIONAL INFORMATION***

***March 2013***

## **BACKGROUND**

McClintock Accountancy began serving clients in 1973, and incorporated in 1979. We are a full-service local firm providing accounting, auditing and tax services in Northern California and Western Nevada.

Our audit philosophy includes maintaining independence and objectivity throughout the audit process. We are continually on the lookout for ideas and suggestions that will improve the financial management function of the Association.

We specialize in serving the needs of non-profit organizations. We provide audit or review services for over 175 non-profit organizations, with over 60,000 total members. The range in size of our non-profit clients varies from revenue of several hundred thousand dollars to over \$10 million. To compliment our non-profit client base, we also provide accounting, audit and tax services to for-profit clients that range in size up to \$35 million, and individual clients with very sizable net annual incomes.

We are recognized as a firm whose personnel develop very strong relationships with our clients. Maintaining contact throughout the year with our clients is a cornerstone

of our firm's philosophy. This results in personalized services that are responsive to the immediate needs of our clients.

We are a local firm. The fees paid by the Association are in turn paid out by us as salaries to local employees.

We are one of the largest certified public accounting firms in your immediate geographic area, employing 12 qualified accountants and support personnel including two partners.

Many of our clients believe that continuity of service is a valuable asset in our relationship with them. Substantially all of our audit clients have been served by the same audit engagement partner for over fifteen years. We anticipate that the audit manager and staff that will work on your engagement will continue for all three years. This ensures familiarity with business problems and opportunities and a minimum of

inconvenience when working with your accounting staff.

Because of the close proximity of our practice to your facilities, we would be able to render any professional accounting services required with minimum delays and cost.

Our audit and tax staff and partners attend regular not-for-profit auditing and accounting continuing education

programs to keep abreast of current developments. Substantially all of the continuing education taken by our staff and owners is provided live by professional instructors. We believe the extra expense of attending live programs is worth the benefit of obtaining instruction from leading educators in their field of expertise.

## NORTH LAKE TAHOE RESORT ASSOCIATION

### AUDIT CYCLE INCLUDING TAX PREP

#### INTERIM WORK

##### McClintock Accountancy:

- Contact predecessor auditor, review prior period working papers, financial statements and management letter. Make inquiries of Association personnel as to action taken on prior year's Internal Control Communication, if applicable.
- Obtain and review copies of all pertinent agreements, contracts, etc. for permanent file, including those pertaining to leases and grants.
- Review minutes of Board of Directors meetings.
- Analyze unaudited financial statements, set materiality levels for audit areas.
- Discuss the internal control structure with Association staff based on completed transaction flows, and observe the control systems in operation.
- Document relevant internal controls.
- Test journal entries.
- Determine test sizes for all areas based on the assessed reliability of the internal control structure.
- Inquire about Association's fraud program and document other required fraud discussions and identified risks.
- Gather other information pertinent to risk assessment process.
- Review flow of Association's accounting system and internal control and assess risk.
- Prepare audit programs.
- Identify audit confirmations required for the engagement and provide client staff with sample templates.
- Discuss, with Association staff, schedules and reconciliations to be prepared by them for the audit.
- Review assignments with audit staff.

##### Assistance required from Association staff:

- Complete transaction flow documentation of the Association's accounting system prior to planning.
- Prepare copies of all pertinent agreements, contracts, etc. for permanent file, including those pertaining to leases and grants. Electronic format preferred.
- Prepare audit confirmations required for the engagement and send to CPA firm for mailing at least 30 days prior to beginning of fieldwork.
- Pull supporting documentation for selected samples.

## **NORTH LAKE TAHOE RESORT ASSOCIATION**

### **AUDIT CYCLE INCLUDING TAX PREP (Continued)**

#### **AUDIT OF FINANCIAL STATEMENTS**

##### McClintock Accountancy:

- Perform audit procedures.
- Review and evaluate subsequent events, estimates, related party transactions, commitments and contingencies.
- Staff supervision and technical assistance.
- Technical review of work papers and disclosures.
- Substantiation of balance sheet accounts. Prepare related financial statement disclosures.
- Perform predictive tests of service revenue.
- Test expense accounts, using substantive testing techniques, where applicable, and sampling when warranted.
- Review management and legal representation letters, investigate issues disclosed therein.
- Conduct exit conference.

##### Assistance needed from Association staff:

- Availability of personnel who are knowledgeable of the Association's accounting systems and operations.
- Pull supporting documentation, as needed.

#### **PREPARATION OF FINANCIAL STATEMENTS AND REQUIRED REPORTS, INCLUDING PRESENTATION**

##### McClintock Accountancy:

- Preparation of financial statements, review of footnote disclosures.
- Presentation of all draft reports and management letter to Association's Finance Committee.
- Review and issue final reports.
- Presentation of all final reports and letters to Association's Board of Directors.
- Preparation of information and tax returns

##### Assistance required from Association staff:

- Assume responsibility for financial statements and sign management representation letter.
- Review and provide management responses to any internal control deficiencies or management letter comments.



## **PRICING**

Our fees are based on the actual time spent at our standard hourly rates, plus other out-of-pocket costs such as report production, typing, postage, etc.

Based on our fee history, the fee for the June 30, 2013 audit and tax work would be \$18,000. Fees for the second year would be \$18,500, and for the third year would be \$19,000.

We have also included, at no extra charge, minor consultation during the year of less than 1/4 hour in duration for each consultation, and a meeting with management and the Board of Directors or Finance Committee to discuss the financial statements and developments in the industry. Other work you request us to perform will be billed at our regular hourly rates.

This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

We would plan to do the work during the last half of September and first part of October, with the draft audit reports delivered by the end of October.

## QUALIFICATIONS OF PERSONNEL

### ROBERT J. McCLINTOCK, CPA

Robert McClintock is co-owner of the firm and the director of audit and accounting services for McClintock Accountancy Corporation. He spends most of his professional time on auditing, accounting and consulting engagements. Mr. McClintock regularly addresses Boards of Directors on financial statement reporting, income tax reporting and budget reporting.

Mr. McClintock is an advisor to the Audit and Finance Committee of the Tahoe City Public Utility District. Mr. McClintock provides consultation services to that committee, attends audit-related committee and Board of Directors' meetings, and interfaces with the outside auditing firm.

Mr. McClintock is a board member and the chair of the audit committee of Plumas Bancorp. Mr. McClintock brings his 30 years of public accounting and auditing experience to the bank and bank holding company. Plumas Bank serves the Truckee-Tahoe region as well as all of northeastern California and northern Nevada.

Mr. McClintock obtained his Bachelor of Science Degree in Business from Michigan Technological University. Upon graduation, he joined Deloitte & Touche in San Francisco and was a supervising auditor with the firm through 1984. He has been employed by McClintock Accountancy Corporation since 1985.

Mr. McClintock is licensed in California and Nevada and is a member of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

### MICHAEL R. GRIESMER, CPA

Michael Griesmer is the tax director of McClintock Accountancy Corporation. Mr. Griesmer graduated from the University of California, Santa Barbara, with a Bachelor of Arts degree in Economics. Prior to joining McClintock Accountancy Corporation, he spent ten years in the tax department of Arthur Andersen & Co. in their Santa Barbara and San Francisco offices.

Mr. Griesmer obtained his CPA certificate in 1979 and is a member of the American Institute of Certified Public Accountants and California Society of Certified Public Accountants. He was a lecturer in personal and corporate taxes at the University of California, Santa Barbara, for three years.

## **QUALIFICATIONS OF PERSONNEL (Continued)**

### **ANTHONY DEMELO, CPA**

Anthony DeMelo is an audit manager with McClintock Accountancy Corporation. He is in charge of all of the firm's not-for-profit, employee benefit plan engagements and governmental clients, and is involved with many of the firm's property owner association clients.

Anthony obtained his Bachelor's degree in Business Administration - Accountancy from CSU, Fresno in 2005 and his Master of Business Administration from HULT International Business School - London in 2012. He worked at regional accounting firms in Northern California and Boston before joining McClintock Accountancy in 2012.

Mr. DeMelo is a licensed CPA in California and operates under the firm's license in Nevada.

### **SHARON FERIERA, CPA**

Sharon Feriera is the tax manager of McClintock Accountancy Corporation. Ms. Feriera obtained her Bachelor's degree in Accounting from California Polytechnic University-San Luis Obispo. Upon graduation in 1991, she joined the firm of McClintock Accountancy and has worked on the audit staff and tax staff prior to becoming the tax manager of the firm.

Ms. Feriera is a licensed CPA in California and has continued her education in the income tax area with numerous professional seminars.

### **PRUDENCE L'HEUREUX**

Prudence is currently the senior accountant on all of the firm's not-for-profit, employee benefit plan engagements and governmental clients, and is involved with many of the firm's property owner association clients.

Ms. L'Heureux graduated from the University of California with a Bachelor of Arts degree in accounting during 2006. She is continuing her education with training in property owner association accounting and auditing, governmental accounting and auditing, and employee benefit plan accounting and auditing, among other things. Ms. L'Heureux has been a resident of the Tahoe-Truckee area for many years.

*McCLINTOCK ACCOUNTANCY CORPORATION*

**AUDIT REFERENCES**

*(Selected fiduciary clients, including non-profit, special district and benefit plans)*

| <u>CLIENT</u>                      | <u>YEARS</u> | <u>CONTACT</u>            | <u>TELEPHONE</u> |
|------------------------------------|--------------|---------------------------|------------------|
| Boys and Girls Club, 501 (c) 3     | 6            | Mindy Carbajal, Exec Dir. | 546-4234         |
| East West Foundations, 501 (c) 3   | 8            | Ed Morgan, Exec Dir.      | 550-2722         |
| Tahoe City Public Utility District | > 25         | Cindy Gustafson, GM       | 583-6985         |
| Lahontan                           | > 15         | Jeff Cobain, GM           | 550-2402         |
| Martis Camp                        | 7            | Mark Johnson, GM          | 550-6004         |
| Resort at Squaw Creek              | 8            | Roger Beck, Board         | 581-6600         |
| Squaw Valley Benefit Plan          | > 20         | Stacey Bowman, DF         | 583-6985         |
| Squaw Valley Lodge                 | > 20         | Dan Tester, GM            | 583-5500         |
| SV Neighbourhood Co.               | > 10         | Caroline Ross, Director   | 584-6267         |
| SV Public Service District         | 4            | Mike Geary, GM            | 583-4692         |
| SV Mutual Water Co. 501 (c) 12     | > 25         | Cory Geise, CPA           | 587-4738         |
| Talmon Resort Improvement Dist.    | > 25         | Howard Perry, Board       | 581-0127         |

# ALLEN & COOK, INC.

CERTIFIED PUBLIC ACCOUNTANTS

## System Review Report

October 17, 2012

To the Owners  
McClintock Accountancy Corporation  
and the Peer Review Committee of the CA Society of CPA's

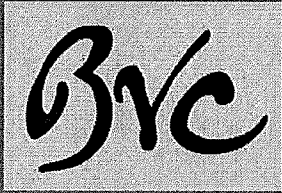
We have reviewed the system of quality control for the accounting and auditing practice of McClintock Accountancy Corporation (the firm) in effect for the year ended March 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. 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 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 McClintock Accountancy Corporation in effect for the year ended March 31, 2012, 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. McClintock Accountancy Corporation received a peer review rating of pass.



Allen & Cook, Inc.



**Barnard Vogler & Co.**  
Certified Public  
Accountants

# Proposal to Provide Professional Services for



**north lake tahoe**

Chamber | CVB | Resort Association

## North Lake Tahoe Resort Association

Presented on  
March 1, 2013

**PROPOSAL TO PERFORM**

**ANNUAL AUDIT AND TAX PREPARATION FOR  
NORTH LAKE TAHOE RESORT ASSOCIATION  
FOR THE YEARS ENDING  
JUNE 30, 2013, 2014 and 2015**

**By Barnard Vogler & Co.  
Certified Public Accountants  
100 West Liberty St., Suite 1100  
Reno, Nevada 89501  
Phone: (775) 786-6141  
Fax: (775) 323-6211  
[www.bvcopas.com](http://www.bvcopas.com)**

**Contact Person: Michael E. Davis**

**March 1, 2013**

*TABLE OF CONTENTS*

|   |            |
|---|------------|
| <b>PROFILE OF BARNARD VOGLER &amp; CO</b> | <b>3</b>   |
| <b>FEE ESTIMATE AND COST BREAKDOWN</b>    | <b>4</b>   |
| <b>WORK PLAN AND CONCLUSION</b>           | <b>5-7</b> |
| <b>BIOGRAPHIES</b>                        | <b>8-9</b> |
| <b>CLIENT REFERENCES</b>                  | <b>10</b>  |
| <b>PEER REVIEW REPORT</b>                 | <b>11</b>  |



## *PROFILE OF BARNARD VOGLER & CO.*

Barnard Vogler & Co. has a long history of providing a full range of accounting, auditing, consulting and tax services to clients in the northern Nevada and California area. The firm was founded by J. Richard Barnard who acquired a small one-man public accounting practice from a retiring practitioner. Now, more than forty years later, the company has grown into one of northern Nevada's largest local independent accounting firms and is 100% owned by professionals who practice full time in our Reno office. The firm combines the depth of experience and breadth of knowledge found at the big national firms with the independent critical thinking and personal service of a local firm.

The major resource of any accounting firm is its people. At Barnard Vogler & Co. the size of our firm promotes close working relationships among shareholders, directors and staff. All shareholders and directors take a hands-on approach to engagement management and are directly involved in both a technical and supervisory capacity. We are proud of the diverse general business backgrounds of our employees, which strengthen the analytical skills necessary to go beyond the basic textbook approach to any assignment.

We believe our firm is well-suited to serve the North Lake Tahoe Resort Association. With the longevity of our directors and our staff combined with our technical expertise we feel we are well qualified. We believe our smaller size affords the North Lake Tahoe Resort Association the opportunity to get to know each individual in our firm and feel comfortable calling on any one of them should a need arise.

We make special efforts to maintain consistency in personnel on all engagements performed in our office. We believe this benefits both the client and the firm in that there are efficiencies achieved as well as the comfort the client feels when they see familiar faces year over year. In essence, every effort will be made to maintain the staff assigned to your engagement should there be an extended contract.

We currently employ a staff of fifteen, which includes eight CPAs. The breakdown of our firm by staff position is as follows:

|                            |           |
|----------------------------|-----------|
| Directors                  | 6         |
| Managers                   | 2         |
| Staff Accountants          | 2         |
| Accounting specialists     | 2         |
| Clerical and support staff | <u>3</u>  |
| Total                      | <u>15</u> |

Barnard Vogler & Co. is a member firm of the American Institute of Certified Public Accountants (AICPA) and its voluntary Governmental Audit Quality Center Section. This membership requires that we meet stringent quality control standards set by the AICPA. Peer reviews of our firm by the AICPA have resulted in unmodified reports, the highest form of report. This means that Barnard Vogler & Co.'s quality control standards meet or exceed those established by the AICPA. A copy of our most recent external peer review report dated December 17, 2010 is submitted for your inspection.

## *PROFESSIONAL FEES*

We estimate the total annual fee for the audit year ending June 30, 2013 for the financial statements and Forms 990, 990T, 199 and 109 preparation to be \$20,000 plus travel related expenses. Our fees are due at the completion of the audit. North Lake Tahoe Resort Association has requested a proposal for a three year contract period. We estimate our fees for the subsequent years to be \$21,000 and \$22,000 plus travel related expenses for June 30, 2014 and 2015 respectively.

These fees will be applicable unless there is a major change in your accounting staff, operations, and/or federal government funding.

Furthermore, as successor accountants we would be required to communicate with the prior accountants and obtain copies of their audit work papers relating to matters of continuing significance to the financial statements. The above estimate is also based on our ability to have this communication and the availability of this information.

If any unforeseen conditions exist that would severely affect the extent of our normal procedures, we will discuss these with you immediately as encountered, together with any modifications on the cost of our services to you.

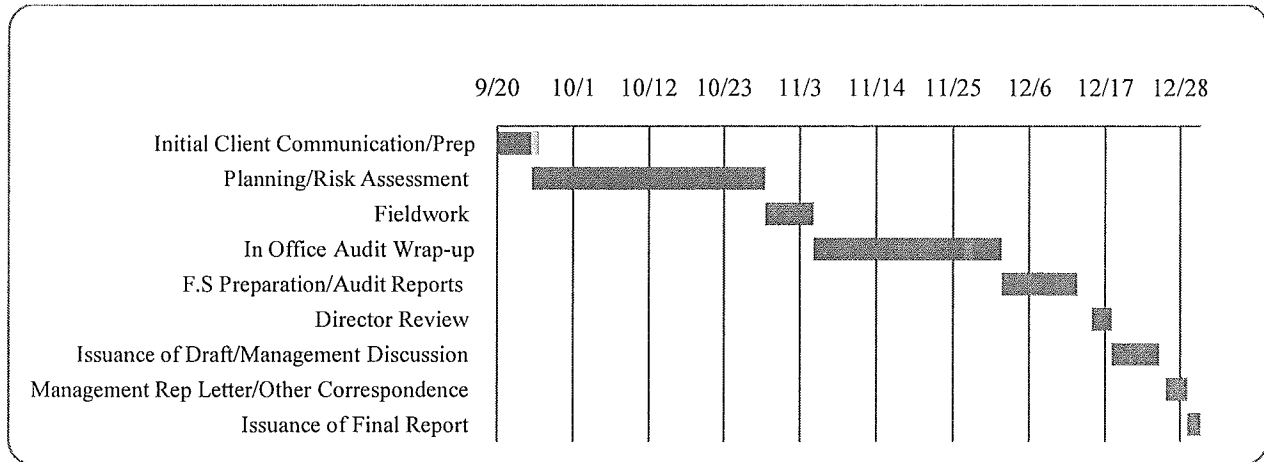
We encourage you to contact us during the year with any questions or issues that may arise. It is our firm policy not to charge our clients for occasional assistance of short duration. If a matter arises that requires significant time, we will reach a mutual agreement with you before continuing.

*Fee Breakdown* – Our fees are based on standard hourly rates and include all administrative time and report printing. Due to the non-profit status of your organization, our proposed fee includes absorption of costs by us. The following is a breakdown of this year's engagement:

| Classification   | 2013 Rate | Hours | Total     |
|--|-----------|-------|-----------|
| Engagement Director                                    | \$ 235    | 30    | \$ 7,050  |
| Concurring Director                                    | 245       | 5     | 1,225     |
| Manager  | 140       | 70    | 9,800     |
| Staff Accountant                                       | 90        | 50    | 4,500     |
| Support Staff  | 75        | 6     | 450       |
|  |           |       | 23,025    |
| Absorption by Barnard, Vogler & Co.                    |           |       | ( 3,025)  |
| Total cost for June 30, 2013 audit and tax preparation |           |       | \$ 20,000 |

## TIMING

We believe that the fieldwork on the audit can begin in mid-October or early November with a draft audit report presented to you no later than December 15, 2013 and the final financial statements no later than December 31, 2013. If we should encounter any delays during the course of our work that would prevent us from achieving this timetable, you would be immediately informed.



## TECHNICAL COMPONENT

Our audit of North Lake Tahoe Resort Association will be conducted in accordance with generally accepted auditing standards as applicable for *Non-Profit Organizations*. As required by generally accepted auditing standards, we plan our audit to focus on areas of risk and use the most efficient audit methods to test those areas. Those methods may include statistical or non-statistical sampling, or other procedures, depending on which we believe, will be most effective and efficient.

Our audit philosophy for serving the North Lake Tahoe Resort Association is based on the premise that you deserve more from your independent auditors than just an opinion.

*We believe four clear benefits will accrue through the use of our approach:*

- *Effective management.* First, the Barnard, Vogler and Co. client service team will exercise a high degree of management control over the auditing process. Our management team will be on-site during the course of our audit and readily available to you throughout the year.
- *Assurance.* Second, our approach maintains a high level of measurable assurance. This approach rests upon a quantitative diagnosis of areas which represent the greatest degree of risk and thus more efficiently directs audit resources.
- *Comprehensive perspective.* Third, our auditors are oriented toward understanding how your organization operates.
- *Efficiencies.* Fourth, our approach is productivity oriented, producing relevant auditing hours which are tailored to your operations.

We are confident that our audit philosophy and the specific approach that we will adopt in the audit of the North Lake Tahoe Resort Association will be compatible with your operations, management style, and needs. We are committed to providing you with the highest quality professional audit and one which is useful and relevant to management because it is more than an opinion.

### *FIRM QUALITY CONTROL*

We have the following internal and external quality control standards:

- *Internal Inspection* - Barnard, Vogler and Co. has an annual inspection program, to review the quality of audit work and compliance with standards.
- *External Peer Review* - We have had reviews performed of our auditing practice quality control system in accordance with the standards for peer reviews promulgated by the peer review committee of the AICPA Division for CPA Firms every three years since the inception of the review program. Attached is our most recent peer review report issued in late 2010. There were no comments issued as part of this peer review.

### *COMMUNICATIONS*

Because of the nature of our practice, our directors become actively involved in client engagements. This offers an advantage not always present in larger firms where audits are conducted at the senior accountant level and, frequently, communication must be relayed to the engagement director before issues can be resolved. Mr. Davis will be involved in all phases of the work performed for the North Lake Tahoe Resort Association and will be readily available to discuss questions or matters of concern.

Prior to commencing fieldwork, Mr. Davis along with selected staff plan to meet with key management and financial personnel to introduce themselves, discuss the audit and to begin documenting the internal control system to better plan and organize the audit work schedule.

At the conclusion of fieldwork, Mr. Davis will meet with your organization's board of directors and management to discuss the draft financial statements, draft reports, and any problems or concerns encountered by the North Lake Tahoe Resort Association or the auditors during the engagement.

### *SUMMARY OF PROPOSER'S QUALIFICATIONS*

The quality, efficiency and effectiveness of audit and tax engagements flows directly from the skills and experience of the professionals assigned. We have chosen a team of highly skilled and experienced professionals with strong backgrounds in financial reporting for your engagement. Continuity and teamwork are important aspects of our philosophy on client service. Members of the engagement team will invest considerable time and effort in becoming familiar with your organization, its policies and procedures, and the external factors that influence its operation. The more knowledgeable we become with your particular situation, the better able we are to respond efficiently to your needs.

Our proposed engagement team includes:

|                                  | <u>Years of Nonprofit<br/>Auditing Experience</u> |
|----------------------------------|---|
| Audit Director, Michael E. Davis | 29  |
| Audit Manager, David Schaper     | 10  |

### *CONCLUSION*

Barnard Vogler & Co. has long been committed to improving the quality of life for our employees and our community at large. As part of that commitment, we feel privileged to be able to serve organizations whose purpose is the betterment of the Reno/Tahoe lifestyle and the citizens who reside in this amazing area. We as a firm hope that in your review process, Barnard Vogler & Co. rises to the top in your analysis of choosing a firm to perform your independent audit and tax services.





## Michael E. Davis, CPA

---

### **Director of Accounting and Audit**

Mike has over 29 years of public accounting experience in private sector, non-profit and governmental accounting and audit. He joined the firm in 1986 after experience with a national accounting firm and became a director and shareholder of Barnard Vogler & Co. in 1998.

### **Industry Experience**

Mike serves as director on a wide variety of engagements in various industries including manufacturing, automobile dealerships, employee benefit plans and various non-profit organizations and governmental entities. He also manages monthly and annual engagements of several restaurant franchises located in Oregon.

### **Professional qualifications and memberships**

- Certified Public Accountant licensed in Nevada and California
- American Institute of Certified Public Accountants, currently serving as Nevada's only elected member to the governing council
- Nevada Society of Certified Public Accountants, serving on the board of directors as well as board President and Treasurer

### **Education**

Mike received a Bachelor of Science degree from the University of Santa Clara.

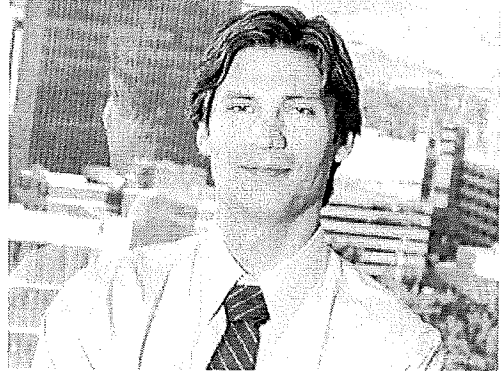
### **Contact Details**

100 West Liberty St.  
Suite 1100  
Reno, NV 89501

P: 775.786.6141

F: 775.323.6211

E: [mdavis@bvccpas.com](mailto:mdavis@bvccpas.com)



## David Schaper, CPA

---

### **Manager, Audit**

David joined the firm in 2010 and was previously employed by a Las Vegas firm for over seven years where he gained experience in non-profit and governmental accounting and audit. He has extensive experience auditing various Nevada non-profit entities, counties, towns and school districts that have required an OMB Circular A-133 Single Audit.

### **Professional qualifications and memberships**

- Certified Public Accountant licensed in Nevada
- American Institute of Certified Public Accountants
- Nevada Society of Certified Public Accountants

### **Education**

David received a Bachelor of Science degree from the University of Nevada, Reno.

### **Contact Details**

100 West Liberty St.  
Suite 1100  
Reno, NV 89501

P: 775.786.6141

F: 775.323.6211

E: dschaper@bvccpas.com

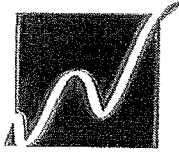
## *CLIENT REFERENCES*

To illustrate our firm's technical qualifications we have listed certain non-profit organizations and governmental entities whose engagements are underway or have been completed within the past year. The scope of each of these engagements includes performing the annual audit or agreed-upon procedures, and, if applicable, required income tax filings:

1. **Step 2, Inc.\***  
3700 Safe Harbor Way  
Reno, Nevada 89512  
(775) 787-9411  
Contact: Diaz Dixon  
Engagement Director: Michael E. Davis
  
2. **Assistance League of Reno/Sparks**  
P.O. Box 7376  
Reno, Nevada 89510  
(775) 329-1584  
Contact: Jessie Scott  
Engagement Director: Michael E. Davis
  
3. **Girl Scouts of the Sierra Nevada**  
605 Washington Street  
Reno, NV 89503  
(775) 322-0642  
Contact: Julia Ratti  
Engagement Director: Michael E. Davis
  
4. **Silver Sage Manor, Inc.**  
888 W. Second Street, Suite 308  
Reno, Nevada 89503  
(775) 329-1155  
Contact: Chip Hobson  
Engagement Director: Michael E. Davis
  
5. **Washoe County Water Conservation District**  
295 Holcomb Ave, Suite A  
Reno, Nevada 89502  
(775) 322-9139  
Contact: Gwyn Bergin  
Engagement Director: Michael E. Davis
  
6. **Supreme Court of Nevada**  
201 S. Carson Street, Suite 250  
Carson City, NV 89701  
(775) 684-1717  
Contact: Robin Sweet  
Engagement Director: Michael E. Davis

\* Indicates single audit





Wilson  
Downing  
Group, LLC

SYSTEM REVIEW REPORT

December 17, 2010

To the Directors of  
Barnard, Vogler & Co. CPAs  
and the Nevada Society of CPAs Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Barnard, Vogler & Co. CPAs (the firm) in effect for the year ended September 30, 2010. 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. 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 the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Barnard, Vogler & Co. CPAs in effect for the year ended September 30, 2010, 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. Barnard, Vogler & Co. CPAs has received a peer review rating of pass.

*Wilson Downing Group, LLC*

Certified Public Accountants  
215 Union Boulevard Suite 215 Lakewood, CO 80228-1840 T 303-232-2262 F 303-232-7237

6 247

**NORTH LAKE  
TAHOE  
RESORT  
ASSOCIATION:  
YOUR  
OBJECTIVES,  
OUR PRIORITY**

Monday, February 27, 2018



**Grant Thornton**

An instinct for growth™

"The level of partner and senior manager interaction at Grant Thornton is much higher than we've experienced with other firms and very much appreciated. We were very impressed with the professionalism, knowledge and friendliness of the entire team."

Controller, Not-For-Profit

# PROPOSAL

# INTRODUCTION

All stakeholders at North Lake Tahoe Resort Association (NLTRA) have a vested interest in your financial performance and the integrity of your operations. Grant Thornton LLP (Grant Thornton) understands the opportunity we have to positively impact your success. As the title to this section states – your objectives are our priority.

NLTRA is an association of related and coordinated services provided to our members and the community at large. These services include promoting tourism and other effort to enhance the economic, environmental, recreational and cultural climate of the North Lake Tahoe area. The NLTRA has an agreement for services with Placer County. Through this agreement, the NLTRA receives Placer County Transient Occupancy Tax (TOT) funds to provide a full spectrum of management activities for tourism marketing and visitor services for businesses of the North Lake Tahoe area.

The NLTRA also serves as a partner with Placer County and other local organizations and agencies in the development and funding of infrastructure, transportation and strategic planning projects designed to enhance tourism and community quality of life for the benefit of all in the North Lake Tahoe region. To guide its work, the NLTRA has developed and adopted the North Lake Tahoe Tourism and Community Investment Master Plan (June 2004) which has also been adopted by the Placer County Board of Supervisors.

Grant Thornton has extensive experience working with a variety of professional associations. We understand the importance of maintaining financial strength, internal controls and regulatory compliance. A quality audit reduces the risk of non-compliance,

identifies important operational issues, exposes potential reputational risks and helps maintain financial stability.

Your time is valuable. As a result, you will find this document provides only the information that will prove to be most critical to your decision making process. This proposal is limited to two primary sections: *Your Objectives, Our Priority* (outlines the benefits you can expect by engaging us, and provides relevant, tangible evidence that demonstrates our ability to deliver the results you seek), and *What You Can Expect* (succinctly describes the services we will provide).

Selecting a new audit and tax provider is an important decision and we know that you will likely have questions. Please do not hesitate to contact me if you have any questions or would like to discuss our proposal in greater detail. Thank you for your interest in Grant Thornton.

Sincerely,



Brian Wallace  
Managing Partner  
Not-for-Profit Practice  
T: 775.332.1768

# YOUR OBJECTIVES, OUR PRIORITY

This section of the proposal highlights the needs NLTRA has articulated. For each need, we describe the benefits you can expect, and provide relevant, tangible evidence that demonstrates our ability to deliver the results you seek.

- *Results and value – quantitative cost savings achieved through the project at an appropriate fee*
- *Industry experience – proven experience and a thorough understanding of the Not-for-Profit industry*
- *Breadth of services – a variety of services from one provider, that may also reduce costs*
- *People – a technically skilled, yet likable team with relevant experience who are passionate about serving North Lake Tahoe Resort Association and other not-for-profit organizations*

# Experience full value at a fair cost.

## What's in it for you?

NLTRA will receive outstanding service at a reasonable fee. You will know up front what to expect from us and how much it will cost to achieve your results. Our work will be performed in a timely and efficient manner by personnel with significant experience in the timeframe stipulated by you. We will provide NLTRA with a number of value-added recommendations in order to enhance operations, increase revenues, streamline operations/finances, reduce operating costs, improve internal controls and procedures and build for the future.

## WHAT WE'LL DO - AUDIT

Below is the proven, five step approach Grant Thornton will follow to conduct NLTRA's audit.

### Phase 1: Planning

- Obtain an understanding of your operations, your control environment, and your accounting and financial reporting systems.
- Mutually agree on a timetable for service delivery.

### Phase 2: Assessing risk

- Use our understanding of NLTRA to identify financial statement risks.
- Customize audit approach to focus our efforts on the financial statement risks identified.

### Phase 3: Testing internal controls

- Evaluate whether your significant accounting applications and financial reporting systems are well-controlled and whether such controls are effective.
- Based on the result of this evaluation, design appropriate audit tests.

### Phase 4: Testing accounts and transactions

- Using tailored audit programs in Voyager, execute testing on accounts and transactions.
- Nature, timing and extent of this testing is determined by the results of control testing and risk assessments. IDEA software is used to analyze your financial data.

### Phase 5: Concluding and reporting

- Bring together the most experienced team members to conclude your audit promptly.
- Drafts of the financial statements, internal control letters, management advisory comment letters and other significant issues will be discussed with management prior to final issuance.

## YOUR INVESTMENT

Our goal is to build a strong relationship with NLTRA and our fees have been discounted to reflect our great desire to work with you.

| Years ended June 30  |          |          |          |
|--|----------|----------|----------|
| Services to be provided  | 2013     | 2014     | 2015     |
| Audit and Management Letter                                    | \$18,000 | \$19,000 | \$20,000 |
| Prepare tax filings and related returns<br>990, 990T, 199, 109 | \$3,300  | \$3,500  | \$3,700  |
| On-going accounting and tax guidance                           | Included | Included | Included |

## Fee assumptions

Our proposed fees are based upon our understanding of the scope and hours we believe will be required to successfully deliver on our commitments. Our fee assumes the following:

- No restatement of prior period financial statements
- Preparation of timely and accurate account analyses and reconciliations and explanations on audit inquiries
- The general ledgers are closed accurately, and substantially all closing entries are posted before we begin the final phase of our audit work
- Irregularities and illegal acts are not identified during the audit process
- No significant turnover in the NLTRA's key accounting/finance personnel

## No start-up costs

With all new clients, there are substantial start-up costs related to planning, development of permanent file material, and documentation of policies, procedures, processes and internal controls. We anticipate our first-time through expenses will approximate an additional 25%-30% of time on our part beyond our recurring budget. We will absorb these costs as part of our commitment to building a long-term relationship with NLTRA.

**Expenses**

In addition to our fees, we will bill you for out-of-pocket expenses. Our invoices will also include a provision for expenses associated with our engagement to cover administration support and report generation, which will be 6% of professional fees billed. While all accounting firms charge their clients for such expenses, they do not always break them out separately. We believe it is important to be transparent in disclosing our fees and expenses.

**Questions and consultation**

Communication is an essential element in providing outstanding client service. As such, we do not charge for questions or conversations that do not require substantial research or a formal written response. Our fees include basic telephone consultations, meetings with management and other meetings related to routine business issues. Bottom line—we are confident that our fees are realistic and competitive given anticipated service levels, complexities of your organization and other characteristics of NLTRA.

**No surprise fees**

At Grant Thornton, we practice a policy of “no surprises.” You know our fee up front – without any hidden costs. When conditions require more work than either of us anticipated, we will ask for your approval before we proceed further. Should these fees not correspond to your expectations, we would welcome the opportunity to further discuss the engagement and the level of work required.

**Client acceptance and due diligence**

Our risk management policies and professional obligations require that we take certain additional steps prior to finalizing a new client relationship. We are prepared to undertake the services contained in this proposal upon the successful completion of that process.

Upon notification of selection as your service provider, we will complete these acceptance procedures that include background checks on key individuals in the organization using existing public records. Our acceptance of appointment as your service provider is conditioned on satisfactory completion of the background checks and if appropriate, discussions with the prior service provider.

# *You serve the greater good as an important not-for-profit organization. We serve the greater good through serving you.*

## *What's in it for you?*

You won't have to bring us up to speed. Our team has extensive not-for-profit knowledge and experience to help NLTRA navigate critical issues and risks and offer solutions that exceed your expectations. Grant Thornton will hit the ground running and allow you to stay focused on your mission.

## *Evidence - you can trust us to deliver*

### **ISSUES YOU FACE**

#### **Revenue generation**

With reductions in public funding, flattened donor activity, and a concurrent increase in demand for services, generating revenue continues to be a significant challenge for not for profits. Research indicates nearly 60 percent of not-for profit organizations had flat or decreased giving in the first nine months of 2011. Fiscal problems in some states are leading to reduced funding for associations and charities; in at least one state, the government is delaying payments owed to associations and charities. Under this pressure, not-for-profit organizations like NLTRA are looking for improved operational efficiencies to reduce their own costs.

#### **How we can help**

- You will enjoy improved operational and back-office business processes through our performance improvement services. We offer a comprehensive approach that addresses the performance of people, processes and technology, focusing on methods for improving efficiency, reducing costs and creating value.
- Our tax professionals work with you to solve your tax riddles. We will help you remove the stress of tax compliance, including executive compensation reporting; international, state and local tax issues, and Form 990, 990-T and other tax filings.
- Understanding your core business processes has broad implications for future initiatives and strategic planning. We offer business strategic planning services to help you effectively plan, prioritize and execute major business initiatives so that resources support the successful achievement of your goals. This includes clarifying organizational objectives, analyzing current and future market environments, and developing and implementing both short-term initiatives and long-term strategies.

### **REPUTATION PROTECTION**

In light of many high-profile scandals involving not-for-profits, protecting the good name and reputation of the organization is garnering increased attention among not-for-profit boards and leaders. Reputational risk factors may include weak controls, conflicts of interest, technology vulnerabilities, and fraud or misbehavior, just to name a few. In addition to damage to the reputation and mission, the impact can also be felt through legal action, financial implications or increased watchdog agency attention. Not-for-profit organizations are taking steps to develop and implement effective risk management to prevent damage to their reputations.

#### **How we can help**

- Our Not-for-Profit professionals will help you develop a strong code of ethics and stewardship, and provide advice on best business practices, ethics and accountability, working with leadership and key individual to develop and implement effective management, stewardship and operational policies and procedures, and implementing technology and information management tools.
- NLTRA will receive audit and tax services that provide compliance with accounting, financial-reporting and tax reporting standards (including IRS Form 990), to address matters that can affect tax-exempt status.



## INCREASED SCRUTINY, REGULATIONS AND TAX LAWS

Increased scrutiny, regulations and tax laws add layers of complexity for not-for-profit organizations like NLTRA. There has been an uptick in questionnaires from the IRS as well as from state governments, mostly focused on issues such as worker classification and executive compensation. NFPs need to develop strategies to comply with regulations and stay up-to-date on the status of tax and regulatory issues that will impact them in the future.

### How we can help

- We will help NLTRA stay up to date on not-for-profit issues through publications, thought leadership, seminars and webcasts.
  - Not for Profit Alerts: Timely notification of tax, regulatory and legislative issues impacting not-for-profit organizations.
  - Forward-Thinking: Timely information for boards on current trends, regulatory proposals and other key matters affecting not-for-profit organizations.
  - Grant Thornton Board Governance Institute: Serves board members and senior management of our not-for-profit clients with the tools and information necessary to effectively oversee their organizations' operations. Members receive timely industry alerts and information about current trends and invitations to special seminars and roundtables held throughout the United States.

In addition to providing you with current and relevant thought leadership, we offer pro-bono seminars on accounting, tax and business issues. These seminars focus on issues such as NFP tax trends and regulatory updates.

- NLTRA will receive audit and tax services that provide compliance with accounting, financial-reporting and tax reporting standards (including IRS Form 990), to respond appropriately to questionnaires and investigations relating to “community foundations,” and to address other matters that can affect tax-exempt status.

## DEDICATED NOT-FOR-PROFIT PRACTICE

While other firms often treat not-for-profit organizations as “sideline” business, Grant Thornton has made an unwavering strategic commitment to serving this sector. In fact, our Not-for-Profit practice is one of three core strategic industry segments served by our firm.

As other large accounting firms have de-emphasized their not-for-profit practices, we have added resources. Former partners and managers have joined our firm from Deloitte in New York and Chicago, from KPMG in New York, Philadelphia, Albany and Dallas; from Ernst & Young in New York and Chicago; and from PwC in Philadelphia, Boston and Los Angeles to cite just a few examples.

### Grant Thornton Not-for-Profit practice at-a-glance

- Currently serves more than 920 not-for-profit organizations nationwide
- Has more than 40 partners and over 400 professionals experienced in serving the not-for-profit industry and is composed of former not-for-profit executives and former Big Four partners, principals and managers
- Averages more than 25 years of experience for partners/managing directors and more than 15 years for senior managers/managers

As a result of this investment, we have grown to become one of the largest not-for-profit practices in the United States. Our firm offers the perfect balance — a strong alternative to the Big Four with extensive resources and deep not-for-profit experience smaller firms do not have. Often these firms are not able to attract the “best and brightest” to join their practices.

*“You can go anywhere for a product, but Grant Thornton knows what they are doing. They are familiar with our industry and our products, and this knowledge has provided us with more complete service.”*

*— President of a company served by Grant Thornton*

## CLIENTS WE ARE PROUD TO SERVE

Our client list reads like a “Who’s Who” of not-for-profit organizations. We serve many prominent not-for-profit organizations including

### *Selected representative clients.*

- Aircraft Owners and Pilots Association
- Allied Pilots Association
- Alzheimer's Disease & Related Disorders
- American Academy of Family Physicians
- American Association of Advertising Agencies
- American Bar Association
- American Jr. Golf Association
- American Library Association
- American Lung Association
- AMERICAN SCIENTIFIC AFFILIATION
- APIC, Inc.
- Associated Industries of Massachusetts
- Bank Administration Institute
- Certification Board of Infection Control
- Council for Economic Education
- CT Life & Health Insurance Guaranty Association
- Experimental Aircraft Association, Inc.
- GREATER HARTFORD ASSOC OF REALTORS, INC
- Healthcare Information & Management Syst
- International BioResources Group
- Int'l Research and Exchanges Board
- Ladies Professional Golf Association
- Motor & Equipment Manufacturers Association
- National Cattlemens Beef Association
- New York Shipping Association
- Newspaper Association of America
- Northeast Gas Association
- Securities Industry and Financial Market
- SEMA (Specialty Equipment Market Assn.)
- Society for Industrial and Applied Mathematics
- Society of Manufacturing Engineers
- Society of Petroleum Engineers
- UNITE HERE
- United States Maritime Alliance Limited
- United States Olympic Committee
- Veterans of Foreign Wars of the United States
- Young Presidents' Organization

## ASK OUR CLIENTS

- Ben Sharit | Fire Chief | **Tahoe Douglas Fire Protection District** | 775-588-3591 | bsharit@tahoefire.com
- Paula East-Janicki | Controller | **Douglas County Sewer Improvement District** | 775-588-3558 | pke@desid.com
- Laurie McLanahan | Director of Finance | **University of Nevada, Reno** | 775-682-5963 | lmclan@unr.edu

# *Fresh ideas that work for not-for-profit organizations.*

## *What's in it for you?*

You will benefit from our extensive network of not-for-profit organizations served throughout the country. We will share the knowledge and experience we've gained from working these organizations to help NLTRA prosper.

## *Evidence you can trust us to deliver*

For many years, we have provided a complimentary forum of timely business topics to our clients through Grant Thornton's exclusive Board & Executive Institute (BEI) membership. The issues discussed span a wide spectrum, from board governance issues, ways to improve your accounting and financial reporting systems, human resource and employee benefits planning, the latest tax updates and regulations to information on the newest computer hardware and software developments. Here are some examples of the many ways we will keep you informed of the latest trends in your industry:

### **LOCALLY HOSTED EVENTS**

We host a number of local roundtable discussions throughout the course of the year that highlight changes in not-for-profit governance and provide a forum for discussing best practices amongst your peers.

### **WEBCASTS**

Grant Thornton offers a series of national webcasts for our not-for-profit clients. These webcasts are tailored to the not-for-profit sector, cover timely topics and are free of charge. We host three different webcast sub-series for a total of 20 webcasts throughout the year. The **Executive Webcast Series** is geared toward senior executives of not-for-profit organizations including CEO, COO, CFO, Controller and Director of Internal Audit. Board members are also encouraged to participate. The **Board Member Webcast Series** is geared toward board members of not-for-profit organizations and those executives who interface with the board. The **Ethics Webcast Series** is geared toward members of management and the board. Live webcasts are held each month and are archived for later playback. Dozens of archived sessions are currently available through our website at [www.grantthornton.com](http://www.grantthornton.com).

### **2013 webcast schedule**

| Executive Series   | Date   |
|--|--------|
| So You Think You're Tax Exempt: Form 990 and compliance update   | Feb 27 |
| Enterprise risk management   | Mar 19 |
| New Markets Tax Credits: What not-for-profits need to know   | Apr 10 |
| Compensation reporting on Form 990: Best practices, tips and traps for the unwary                      | Apr 25 |
| Accounting update  | May 29 |
| Emerging technology risks for not-for-profit organizations   | Jun 27 |
| Reputational risk: Conflict of interest management, whistleblower complaints, and vendor certification | Jul 24 |
| OMB Circular A-133 yellow book government auditing standards   | Aug 27 |
| So You Think You're Tax Exempt: Trends and the future of tax oversight                                 | Sep 19 |
| Reserves planning  | Oct 17 |
| So You Think You're Tax Exempt: Associations   | Nov 28 |

| Ethics Series                                     | Date   |
|---|--------|
| Setting the Tone: The role of the nonprofit board | Mar 26 |
| Setting the Tone: The role of the nonprofit CEO   | May 16 |
| Fudging the numbers                               | Aug 22 |
| Conflicts of interest                             | Oct 29 |

| Board Member Series   | Date   |
|---|--------|
| The changing role of the nonprofit board                                  | Feb 21 |
| How to read not-for-profit financial statements                           | Apr 16 |
| The changing role of the nonprofit audit committee                        | Jun 18 |
| How to manage not-for-profit finances through interim financial reporting | Nov 13 |

## NEWSLETTERS

*ForwardThinking* is our newsletter devoted exclusively to the latest governance issues and best practices for boards and executives.

## MAILINGS AND ALERTS

When time-sensitive matters arise that we believe are important to our clients, you can expect to hear from us. These periodic alerts keep our clients up to date on the most current accounting, tax and regulatory issues and changes.

## PUBLICATIONS

We offer several publications for executive management and trustees that cover a variety of not-for-profit topics. Some of these publications include:

- *Serving on the board of a not-for-profit organization*
- *Serving on the audit committee of a not-for-profit organization*
- *Grant Thornton's guide to planned giving: A board member's perspective*
- *Guide to intermediate sanctions for compensation paid to not-for-profit executives*
- *Maintaining sufficient reserves to protect your organization*
- *Self-compliance check for your 403(b) plan*
- *Investments and not-for-profit organizations: What board members should know*

## BENCHMARK STUDIES AND SURVEYS

From time to time, Grant Thornton conducts research and benchmark studies on a variety of topics relevant to. As a client, not only will you receive the results of the studies but you will also be asked to participate in these studies.

Grant Thornton's *Not-for-Profit Pulse Survey* is a short survey that enables us to gather and share real-time information on the latest trends in the not-for-profit industry. These surveys cover a range of topics, including compensation, endowments, strategic planning and other not-for-profit concerns. In addition to findings, the survey reports often include recommendations and best practices.

The *National Board Governance Study* examines what not-for-profit organizations are doing – or not doing – in the face of declining revenues, growing governance and disclosure expectations, and closer scrutiny from regulators and donors.

“This is a first-year relationship; however, the results so far exceed my expectations in all categories. I am used to the Big Four and the Grant Thornton Experience is drastically preferable so far: Quality professionals, excellent communications and real partnership approach without any diminution in absolute standards.”

- Board Member

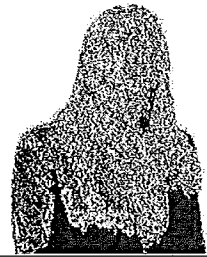
# *People who are passionate about serving you.*

## *What's in it for you?*

Our professionals have dedicated their careers to serving not-for-profit organizations. This dedication and passion for this sector will be evident in your dealings with our team. We will minimize disruptions to your operations, focus on key risk areas and deliver high-quality solutions aligned with industry best practices. You can expect strong continuity from this team in the years to come.

## *Evidence - you can trust us to deliver*

NLTRA will know who will be working on your project and will be informed of the team's experience. You'll enjoy working with this collegial, collaborative and qualified group of professionals, who are committed to meeting your needs.



---

### **Kara Griffin, Director, Audit**

Kara has more than 20 years accounting experience, including more than 18 years in the audit department of the Reno office. Her areas of specialization include financial statement preparation, internal control design and analysis, and management consulting.

#### **Experience**

Kara's experience in public accounting includes supervision of audits, testing and review of internal controls, and testing and review of compliance with regulations over federal financial assistance programs. She has served clients in a wide variety of industries including government, not-for-profit, manufacturing and distribution, and employee benefit plans.

#### **Education**

Kara received a Bachelor of Arts degree in accounting from North Carolina State University and a Master of Business Administration from the University of Nevada, Reno.



---

### **Brian S. Wallace, Managing Partner, Audit**

Brian has been with Grant Thornton for more than 25 years, which he has spent in the audit department.

#### **Experience**

Brian has traveled to various states to share his expertise and new developments. He has also given seminars and speeches on accounting and internal control issues for many organizations. His experience includes the design, development, implementation, and evaluation of accounting systems and internal accounting controls for various types of organizations both public and private. Brian has assisted in the area of accounting and auditing with clients in a variety of industries including not-for-profit, gaming and hospitality, real estate, construction, employee benefit plans and retail. He has extensive experience dealing with audit issues, internal control structure and regulatory compliance.

#### **Education**

Brian received a Bachelor of Science degree in commerce from the University of Santa Clara, California.

# WHAT YOU CAN EXPECT

## *Audit approach*

NLTRA will receive a high quality and cost effective audit of your consolidated financial statements. Your consolidated audit of the financial statements will consist of the following elements:

- interaction and communication with management
- quality engagement team
- comprehensive planning
- innovative technology
- regular communication throughout the process

### NLTRA'S TRANSITION TIMETABLE

| Timing         | Phase  | Key activities   |
|----------------|--|--|
| April 2013     | Transition   | <ul style="list-style-type: none"> <li>• Grant Thornton client independence and acceptance procedures</li> <li>• NLTRA notifies existing service provider of auditor change; workpaper access letters signed</li> <li>• Engagement letter signed</li> </ul>  |
| May 2013       | Planning   | <ul style="list-style-type: none"> <li>• Review prior auditor's audit workpapers if available</li> <li>• Conduct internal client service team meeting</li> <li>• Meet with management to:                             <ul style="list-style-type: none"> <li>- Confirm expectations and discuss business risks</li> <li>- Discuss scope of work and timetable</li> <li>- Identify current-year audit issues and discuss recently issued accounting Pronouncements</li> <li>- Coordinate fieldwork timing</li> </ul> </li> <li>• Develop an audit plan that addresses risk areas and meets management's expectations</li> </ul> |
| May/June 2013  | Developing an understanding of internal controls and first-time through audit procedures | <ul style="list-style-type: none"> <li>• Use Grant Thornton proprietary Voyager software to document the existing controls environment</li> <li>• Evaluation of internal controls and IT processes</li> <li>• Review significant accounting policies and key contractual documents</li> <li>• Adjust audit plan and coordinate with NLTRA staff based on the results of the documented controls environment</li> <li>• Discuss preliminary results with management</li> </ul>  |
| May/June 2013  | Advanced/interim procedures  | <ul style="list-style-type: none"> <li>• Internal control documentation</li> <li>• Review of significant transactions</li> <li>• Accounts receivable, bank and other confirmations</li> </ul>  |
| September 2013 | Final audit fieldwork  | <ul style="list-style-type: none"> <li>• Final fieldwork</li> <li>• Procedures:                             <ul style="list-style-type: none"> <li>- Substantive testing</li> <li>- Analytical review</li> <li>- Account analysis</li> <li>- Detailed test work</li> </ul> </li> <li>• Perform/update control evaluation</li> <li>• Update preliminary audit procedures</li> <li>• Gather information required for the tax return, if applicable</li> <li>• Meet with management to discuss results, financial statements and other required communications</li> </ul>   |
| October 2013   | Deliverables   | <ul style="list-style-type: none"> <li>• Issue final audit report</li> <li>• Present audit results to management, audit committee board, or other stakeholders as applicable</li> </ul>  |

We are committed to providing the appropriate resources, experience and efficient processes to meet NLTRA's deadlines for the audit.

## *Not-for-profit tax services*

An exemption from income taxation is a valuable benefit, but there are many strings attached. Some issues are very complicated, and seemingly small details or technicalities can result in costly tax consequences. Although an organization may have tax-exempt status, unrelated business income is subject to taxation.

Adding to the exposure is the fact that, in some cases, the IRS may impose penalties taxes on certain expenditures made by non-profit organizations or their key influencers such as under the intermediate sanctions and lobbying tax provisions. We help our not-for-profit clients successfully navigate the regulations imposed by the U.S. Treasury, IRS, State Departments of Revenue and State Attorneys General, among others.

Our success in providing tax services comes from our commitment to serving the not-for-profit industry and from our extensive experience with the tax laws affecting these organizations. Our approach includes gaining a thorough and practical understanding of the specific issues facing your organization, focusing on meeting your compliance and statutory reporting requirements, communicating opportunities and exposure proactively, and delivering specialized solutions. We have the experience to serve not-for-profit organizations in the following areas:

- Tax diagnostic studies for tax-exempts
- Affiliated organizations and grants
- Tax controversy representation
- Planned giving and fundraising
- Lobbying taxes, reporting and disclosure
- State and local tax filing requirements
- International operations
- FIN 48 assistance
- Employee compensation and payroll taxes
- Private letter rulings from the IRS
- Reportable payments – Form 1099 and W-2
- Public reporting and disclosure of Form 990
- Cost allocation for tax purposes
- Corporate sponsorships and affinity
- Intermediate sanctions issues
- State charitable registration and reporting
- UBIT studies – planning and strategy
- Employee benefit plan design and exposure
- Subsidiaries – formation and operation
- Form 990 & 990-T filing positions

Many of our clients have complex multi-entity organizational structures including affiliated tax-exempt organizations, joint ventures, taxable corporate subsidiaries and trusts. We have the experience to address all of your tax needs including unrelated business income tax, compensation and benefit plan tax issues, taxation of non-resident aliens and any other tax area that may become apparent.

### *The processes used in preparing and reviewing the tax returns for NLTRA*

#### OUR METHODOLOGY

We will work closely with management and your staff to prepare and/or review the Forms 990, 990-T, state tax returns and related tax compliance. We will accomplish this goal through working directly with NLTRA personnel to schedule appropriate discussions and on-site meetings, as needed, to review all questions, answers, governing documents and other workpapers.

# APPENDIX A: PEER REVIEW

The last few years have been ones of significant turmoil in the world of public accounting. Increased scrutiny has been placed on both public accounting firms and company governance. We are proud to say that during our most recent peer review for the year ended May 31, 2011, Grant Thornton received an unqualified opinion from the peer reviewer, BKD, LLP, and that our Firm met the objectives of the quality control standards of the accounting profession. Our Firm has consistently received an “unqualified opinion” from our peer review.

The following were issued as a result of that inspection:

- Peer Review Report
- AICPA Peer Review Acceptance Letter

Grant Thornton did not issue a response to the report. The next inspection will be performed in 2014 for the peer review year ended May 31, 2014.



## System Review Report

To the Partners of  
Grant Thornton LLP  
and the National Peer Review Committee  
of the American Institute of Certified  
Public Accountants Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of Grant Thornton LLP (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2011. 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. 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, audits performed under FDICIA and audits of carrying broker-dealers.

In our opinion, the system of quality control for the accounting and auditing practice of Grant Thornton LLP applicable to non-SEC issuers in effect for the year ended May 31, 2011, 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*. Grant Thornton LLP has received a peer review rating of *pass*.

*BKD, LLP*

November 30, 2011



AICPA Peer Review Program  
Administered by the  
National Peer Review Committee

December 9, 2011

Stephen Mark Chipman, CPA  
Grant Thornton LLP  
175 W Jackson Blvd Fl 20  
Chicago, IL 60604

Dear Mr. Chipman:

It is my pleasure to notify you that on December 8, 2011 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is November 30, 2014. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles  
Chair—NPRC  
nprc@aicpa.org 919 402-4502

cc: Andrew Lear, CPA

Firm Number: 10026656 Review Number: 322811