

EAST BAY INNOVATION ACADEMY

PROPOSAL TO PROVIDE AUDIT AND TAX SERVICES For the year ended June 30, 2017

Submitted: February 9, 2017

Presented by:

**Derrick DeBruyne, CPA, CFE
Partner**

ddebruyne@vicenticpas.com
Extension 310

Vicenti, Lloyd & Stutzman LLP

2210 E. Route 66
Glendora, CA 91740
Tel: 626.857.7300
Fax: 626.857.7302



Vicenti, Lloyd & Stutzman, CPAs

East Bay Innovation Academy

PROPOSAL TO PROVIDE AUDIT AND TAX SERVICES

TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	1-3
Auditor's Profile	4
Size & Structure of the Firm.....	4
Key Relationships.....	4
Range of Activities	4
Qualifications and Experience	5-6
Competence	5
Presence in the Charter School Industry.....	5
Training in Key Issues Facing the Charter School Industry	6
Containing Audit Costs	6
Staffing and Qualifications	7
Team Approach	7
Engagement Leaders	7
Biographies.....	7
Audit Team Résumés	8-9
Client References (Similar Engagements with Other Clients)	10
Audit Services	11-15
Audit Approach & Philosophy	11
Audit Scope & Opinion	12
Other Communications Arising from the Audit	13
Use of Technology by the Audit Team.....	13
Audit Plan.....	14-15
Cost Bid	16
Total Maximum Price.....	16
Condition of Records.....	16
Supplemental Detailed Schedule of Professional Fees & Expenses.....	16
Assurances	17-18
Independence & License to Practice.....	17
Regulatory Sanctions.....	17
Equal Opportunity Employer.....	17
Insurance	17
Peer Review.....	17
Peer Review Documentation	18
Additional Information	19-20



February 9, 2017

Renee Cooper
Director of Business Operations
East Bay Innovation Academy
3400 Malcolm Street
Oakland, CA 94605

RE: East Bay Innovation Academy — Professional Audit and Tax Services

Dear Ms. Cooper,

Thank you for considering Vicenti, Lloyd & Stutzman LLP (Vicenti) as your Independent Auditor. We are delighted to present this proposal for audit and tax services for East Bay Innovation Academy. We understand your responsibility to assess the important auditor relationship and sincerely hope that we can work together in the future in ways that will be mutually beneficial.

The following is our understanding of your needs:

AUDIT OF YOUR FINANCIAL STATEMENTS AND TAX RETURN PREPARATION

For the fiscal year ending June 30, 2017 and we will prepare your tax return and perform an audit of the financial statements for East Bay Innovation Academy. This audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and as specified in Statements on Auditing Standards, published by the American Institute of Certified Public Accountants.

As applicable, the examination of financial records, statements, and audits for compliance will be made in accordance with procedures applicable to charter schools contained in *Standards and Procedures for Audits of California K-12 Local Education Agencies*.

We will evaluate the adequacy of the internal controls and accounting systems and, where weaknesses are noted, make appropriate recommendations for improvements.

We are committed to meeting your required timelines. Our goal is to properly plan the audits so that we minimize the completion time, from start to finish.

VICENTI IS DIFFERENT

Our engagements are conducted, and our relationships developed, within the framework of our business philosophy:

- ◆ Our **purpose** is to “make a positive difference in our world.”
- ◆ Our **mission** is to help people optimize financial information, processes, and systems to enable realization of their dreams.
- ◆ Our **goals** are to develop long-term, mutually beneficial relationships with our clients and to become their trusted advisors and strategic partners.
- ◆ Our **focus** is client satisfaction.
- ◆ Our **commitment** is the timely delivery of quality services, which are priced fairly and represent excellent value.

We are eminently qualified to handle your needs as:

- ◆ **We are annual presenters and a regional sponsor for the California Charter Schools Association.**
- ◆ We have continued to satisfy client needs in auditing, taxes, accounting, and consulting for 60 years.
- ◆ Our personnel receive extensive and ongoing professional training through seminars, workshops, courses and publications.
- ◆ Our status as a large, local firm allows us to offer a wide range of services while remaining flexible and responsive to client needs.
- ◆ We bring a strategic perspective to engagements rather than focusing exclusively on the task at hand.

VICENTI IS QUALIFIED

Vicenti is qualified to perform your audit and tax engagements because of the strong presence and expertise that we have developed in the charter school and educational arenas during our more than 60 years of service. Since we are independent of our clients, our primary goal is to provide them with objective observations regarding their financial statements, accounting controls, and financial reporting processes. We work closely with our clients to help them understand and adjust to the evolving accounting and regulatory changes in the industry.

VICENTI ADDS VALUE

While our technical expertise and depth of knowledge are extensive, our greatest strength lies in our people. As the engagement partner, I actively participate in the field, which ensures that issues are quickly communicated to management and disclosed properly to the Board of Trustees. Our clients regularly convey their satisfaction with the manner in which we provide services and how we understand their issues and systems.

VICENTI HELPS YOU NAVIGATE

We pride ourselves on helping clients manage change, make better decisions, and identify opportunities for growth, profit, or efficiency.

YOUR PRIMARY CONTACTS

The following personnel are authorized to make representations for Vicenti, and they are based out of our office at 2210 East Route 66, Glendora, CA 91740:

Derrick DeBruyne, CPA, CFE Partner	626-857-7300 Ext. 310	DDeBruyne@vicenticpas.com
Marlen Gomez, CPA, Senior Manager	626-857-7300 Ext. 257	MGomez@vicenticpas.com

ENSURING AN EFFECTIVE TRANSITION

We believe we share common goals and values with East Bay Innovation Academy, which will enable us to work very well together. We feel that selecting Vicenti as your external auditor is the best decision you could make for the following reasons:

- ◆ We offer consistent contact and availability of our partners and senior personnel all year round.
- ◆ We have significant experience working with local education agencies, including in-depth experience providing audit and accounting services to charter schools. We understand the issues affecting your operations.
- ◆ Our approach is management oriented and we are committed to complying with all federal and state requirements.

CLOSING REMARKS

If you have any questions or need further information, please feel free to call me anytime at the telephone number above. I would be delighted to discuss this proposal and our firm's qualifications with you.

Thank you very much for your consideration.



**Derrick DeBruyne, CPA, CFE
Partner
Vicenti, Lloyd & Stutzman LLP**

AUDITOR'S PROFILE

SIZE & STRUCTURE OF THE FIRM

Our firm was founded in La Verne over 60 years ago. We are a limited liability partnership under the laws of the State of California and have operated under the existing name of Vicenti, Lloyd & Stutzman since 1966. We are a large, regional firm and currently have over 63 members including Partner Emeritus Mary Ann Quay, nine partners, six senior managers, five managers, and other professional and administrative staff. Our professional staff includes over 35 auditors with governmental auditing experience. Our office headquarters are located in Glendora, California. *(See the résumés of those assigned to East Bay Innovation Academy on pages 8-9)*

Our status as a large, regional firm provides several benefits. Unlike some of the larger firms, we have consistent partner availability and contact. Your needs are top priority for us in scheduling and assigning staff, responding to requests, researching special situations, and so forth.

Our firm's mission is to ***"Make a Positive Difference in Our World"***. We take this very seriously. We look upon our relationships with our clients as that of a ***"strategic partner"***. We consider the audit process to be more than just providing what is needed to meet State, Federal, or lending requirements, even though that is certainly important. We look at our work with you as an opportunity to help you be more successful. We consider ourselves business advisors as well as accountants, and correspondingly try to offer ideas and suggestions that will benefit the future of your organization and help you tackle issues as they arise, even if not related to the audit engagement.

Our firm's size and structure enables us to provide East Bay Innovation Academy a wide range of services customized to meet your needs. Our personnel are accessible and approachable. We are committed to becoming your trusted advisors and helping you realize your goals. ***In brief, Vicenti is structured to help East Bay Innovation Academy maintain long-term success in the current business and education climate.***

KEY RELATIONSHIPS

We work closely with your sponsoring district and County Office of Education to ensure that audit issues are effectively and appropriately addressed. We have also acted on behalf of many charter schools to determine which audit and reporting standards are applicable to charter schools. We are on the leading edge, conferring with GASB & FASB, to help charter schools handle emerging accounting issues.

RANGE OF ACTIVITIES

We have the capacity to offer a wide range of services besides audits. We have highly-qualified experts on staff that assist in areas such as tax preparation and planning, budgeting and analysis, revenue enhancement, interim controllers, internal control and fraud prevention, facilities planning and accounting, accounting software systems, and much more.

Community service has always been part of Vicenti, Lloyd & Stutzman's culture. In fact, the very purpose of Vicenti is to make a positive difference in our world. We do this by providing exemplary services to our clients while caring for people, our community and the world in which we live.



QUALIFICATIONS AND EXPERIENCES

COMPETENCE

We are recognized throughout the State of California as a leading educational and governmental auditing firm. In addition to charter schools, we specialize in audits of K-12 school districts, county offices of education, colleges and universities, foundations, not-for-profits, and water districts based in California. A significant portion of our professional staff, approximately 40 auditors and consultants, devote most of their time to servicing our educational and governmental client base. Our auditors are all full time employees and are staffed out of our Glendora office.

PRESENCE IN THE CHARTER SCHOOL INDUSTRY

Vicenti has built an excellent reputation as a firm committed to providing top quality audit, accounting, and consulting services to our charter school clients. We are experienced in the business of charter schools and currently audit over 100 charter schools in California.

The following is a partial list of our current charter school clients:

- ◆ ACE Charter Schools
- ◆ Alpha Public Schools
- ◆ Apple Academy Charter Public Schools
- ◆ Arts in Action Community Charter School
- ◆ Bayview Academy of Monterey
- ◆ Birmingham Community CHS
- ◆ Bright Star Schools
- ◆ Bullis-Purissima Elementary School
- ◆ California Alliance for Online Learning
- ◆ California Connections Academy
- ◆ California Montessori Project
- ◆ Camino Nuevo Charter Academy
- ◆ Capistrano Connections Academy
- ◆ Casa Ramona Technology Academy
- ◆ City Charter School
- ◆ Community Roots Academy
- ◆ Conservatory of Vocal and Instrumental Arts
- ◆ Discovery Charter Prep School
- ◆ DesignTech High School
- ◆ East Oakland Leadership Academy
- ◆ Education for Change
- ◆ Evangeline Roberts Institute of Learning
- ◆ Gold Rush Home Study Charter
- ◆ Grimmway Academy
- ◆ ICEF Public Schools
- ◆ iLead Charter Schools
- ◆ Imagine Schools
- ◆ Ivy Academia
- ◆ James Jordan Middle School
- ◆ Journey School
- ◆ KIPP Bay Area Schools
- ◆ KIPP LA Schools
- ◆ Leadership Public Schools
- ◆ Los Angeles Leadership Academy
- ◆ Mare Island Technology Academy
- ◆ Natomas Charter School
- ◆ Navigator Public Schools
- ◆ New Academy
- ◆ North Oakland Community Charter School
- ◆ Novato Charter School
- ◆ Oasis Charter Public School
- ◆ Orange County High School of Arts
- ◆ Oxford Preparatory Academies
- ◆ Rocketship Education
- ◆ SCALE Leadership Academy
- ◆ Shasta Secondary Home School
- ◆ Summit Public Schools
- ◆ Sunrise Middle School
- ◆ Synergy Academies
- ◆ Tracy Learning Center
- ◆ Twin Rivers Charter School
- ◆ Westlake Charter School

(See our client contact references on page 10)

QUALIFICATIONS AND EXPERIENCES

TRAINING IN KEY ISSUES FACING THE CHARTER SCHOOL INDUSTRY

It is our duty to our clients to be well educated about the issues facing the charter school industry. We achieve this by actively participating in various organizations and subscribing to several publications. We are equally committed to keeping our professionals apprised of the latest technical developments in the areas of audit, accounting, tax, and information systems. Every year, we attend education and development courses that



meet or exceed our profession's standards. As a service to our clients, we attempt to distribute technical information updates as soon as we become aware that a specific client will be affected by a new accounting pronouncement or tax law change. We have an extensive reference library and internet service capacity at our offices, and they are available to our clients. In brief, we are able to help you deal with the multitude of significant issues you and other charter schools face.

In addition to the clients we serve, we are involved in organizations in the educational and governmental industries such as:

- ◆ **California Charter Schools Association (CCSA)**
- ◆ **California Association of School Business Officials (CASBO)**
- ◆ **Association of School Business Officials (ASBO)**
- ◆ **Association of California School Administrators (ACSA)**
- ◆ **California School Boards Association (CSBA)**
- ◆ **Coalition for Adequate School Housing (C.A.S.H.)**
- ◆ **Western Association of College and University Business Officers (WACUBO)**
- ◆ **State Government Accounting Committee**

CONTAINING AUDIT COSTS

We know audit time can be reduced and misunderstandings avoided if we both are committed to resolving questions or issues as early as possible. We are available throughout the year to answer questions or suggest ways to treat new or unusual transactions. Similarly, if we encounter something unexpected during our fieldwork that will require a significant amount of work, we will discuss it with you before proceeding. It can then be determined whether it would be more cost effective for us to conduct the additional work, for you to handle before we continue the audit, or a combination of the two.

Due to our well-trained staff, limited job turnover, and our knowledge of the charter school industry and audit standards, we are able to perform our work in a manner that results in a high quality audit without undue wasted time. We do not, however, skim lightly over important areas.

It is important to us that our clients believe they are receiving excellent value for the fees they pay, and we are confident you will feel this way at the conclusion of our engagement.

STAFFING AND QUALIFICATIONS

TEAM APPROACH

We feel it is imperative that you have consistent contact with the partner assigned to your engagement. A second partner is also assigned to you and is responsible for keeping informed of the progress and issues concerning your engagement. This additional partner reviews the final audit report and is available to address any questions or concerns your organization may have. While some CPA firms offer clients limited access to their designated partners and managers, ***at Vicenti we encourage regular contact.***

ENGAGEMENT LEADERS

Below are the key members of the engagement team that will be assigned to you, and they are based out of our office at 2210 East Route 66, Glendora, CA 91740.

Derrick DeBruyne, CPA, CFE – Client Partner – The Client Partner will manage the audit services and therefore have responsibility for the overall performance of our personnel. To ensure that this goal is achieved, he will closely monitor the progress of the engagement and will perform the audit procedures of the more complicated areas of the audit. He will be available at all times to address any issues that senior staff on the job might have, and also be ***available at all times to your organization's personnel*** to respond to any questions or concerns. He is licensed to practice as a Certified Public Accountant in the State of California. Derrick can be reached at 626-857-7300, Extension 310.

Marlen Gomez – Manager – The Manager will conduct most of the detailed fieldwork along with the designated staff members. Marlen will be responsible for the on-site progress of the engagement and will supervise the designated staff members. She is licensed to practice as a Certified Public Accountant in the State of California. Marlen can be reached at Extension 257.

Whenever you have a question or concern, please feel free to contact the Client Partner, Manager, or any member of the engagement team ***at any time.***

BIOGRAPHIES

Derrick DeBruyne, CPA, CFE is a Partner at Vicenti with over thirteen years of experience in planning, directing, and supervising audits of non-profit organizations, including charter schools, private colleges and universities, social service organizations, and foundations. Derrick consults with nonprofit organizations on a variety of accounting and tax related matters including obtaining IRS exempt tax status, budgeting, internal control, cash flow, endowment reporting, and charitable trust gift accounting. He specializes in fraud investigations and serves clients as an interim controller, allowing them to leverage the cost of having a CPA advisor as part of their management team. Having a strong commitment to giving back to the community, Derrick also serves on the board of the local chapter and sits on the State Council of the California Society of Certified Public Accountants. In this capacity he has conducted several volunteer seminars on financial literacy in local schools and community organizations.

Marlen Gomez, CPA is a Sr. Manager at Vicenti with concentration in the education and not-for-profit audit areas. She has experience in auditing and supervising audits of non-profit organizations, including financial and compliance audits of charter schools, and other not-for-profit organizations. She is familiar with various requirements including Attendance and Federal and State compliance.

Derrick DeBruyne, CPA, CFE Partner

PRACTICE AREAS:

- Audits and Taxation
- Single Audits under OMB Uniform Guidance
- Fraud Investigation

INDUSTRY EXPERTISE:

- Charter Schools
- Not-for-Profit Organizations
- College Foundations
- Private Colleges and Universities
- Commercial Businesses



PROFESSIONAL BACKGROUND:

- Joined Vicenti, Lloyd & Stutzman LLP in 2006; Named Partner in 2013
- Allen Monahan and Company, Staff Accountant, 2003-2006

PROFESSIONAL AND COMMUNITY ACTIVITIES:

- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners
- California Charter Schools Conference Presenter
- California Society of Certified Public Accountants
 - Past President – Inland Empire Chapter
 - Member of State Council
 - Member of State Leadership Identification and Development Committee
 - CalCPA Leadership Institute Graduate
 - Former Chair – Inland Empire Financial Literacy Committee
- National Charter Schools Conference

LICENSES:

- Licensed to practice as a Certified Public Accountant in the State of California since October of 2005
- Received Certification as a Certified Fraud Examiner in February of 2008

EDUCATION:

- Bachelor of Science in Accounting, University of La Verne, La Verne

PERSONAL:

- Derrick enjoys spending time with family, playing basketball, and music.

Marlen Gomez, CPA Senior Manager

PRACTICE AREAS:

- Audits and Taxation
- Reviews and Compilations
- Single Audits under OMB Uniform Guidance

INDUSTRY EXPERTISE:

- Charter Schools
- Foundations
- Not-for-Profit Organizations
- Private Colleges and Universities
- Retirement Communities



PROFESSIONAL BACKGROUND:

- Joined Vicenti, Lloyd & Stutzman LLP in 2010; Promoted to Manager in 2014

PROFESSIONAL AND COMMUNITY ACTIVITIES:

- California Charter Schools Conference
- National Charter Schools Conference

LICENSE:

- Licensed to practice as a Certified Public Accountant in the State of California since September of 2012

EDUCATION:

- Bachelor of Science in Accounting, University of La Verne, La Verne

LANGUAGES:

- Spanish

PERSONAL:

- Marlen enjoys spending time with family and watching soccer games and movies.

CLIENT REFERENCES

The following are charter school and non-profit clients that we have provided audit services to over the past three years. Please feel free to contact them regarding Vicenti.

California Connections Academy Schools

Franci Sassin, Director of Business Services

Email: fsassin@calca.connectionsacademy.org

Tel: (650) 366-1050

Scope of audit work: Audit of financial statements for the fiscal year ending 6/30/16, in accordance with FASB generally accepted auditing standards.

Inland Leaders Charter School

Tracy Burson, Business Manager

12375 California St.

Yucaipa, CA 92399

Email: tburson@inlandleaders.com

Tel: (909) 446-1100 ext. 101

Scope of audit work: Audit of financial statements for the fiscal year ending 6/30/16, in accordance with FASB generally accepted auditing standards.

KIPP Bay Area Schools

Prabhu Reddy, Director of Finance

1404 Franklin St., #500

Oakland, CA 94612

Email: prabhu.reddy@kippbayarea.org

Scope of audit work: Audit of financial statements for the fiscal year ending 6/30/16, in accordance with FASB generally accepted auditing standards and OMB Uniform Guidance.

Education for Change

Fabiola Harvey

Chief Operating Officer

3265 Logan Street

Oakland, CA 94601

Email: fharvey@efcps.net

Scope of audit work: Audit of financial statements for the fiscal year ending 6/30/16, in accordance with FASB generally accepted auditing standards and OMB Uniform Guidance.

AUDIT SERVICES

AUDIT APPROACH & PHILOSOPHY

We feel it is imperative that you have consistent contact with the appropriate experts from our firm. Therefore, we assigned the aforementioned engagement team based upon their experience and expertise. We do not use any association or affiliate firm personnel to conduct any areas of the audit. While some CPA firms offer limited access to the partner assigned to a given client, we encourage regular contact with the partners and senior personnel assigned to serve you.

Our “strategic partner” concept includes the belief that our clients are best served when they have developed relationships with more than just one person. We ensure that two partners are assigned to each key client. This results in better planning and advising for you and also better service since a back-up partner is available if the main partner contact is on vacation or otherwise unable to respond to your needs.

Similarly, we also assign two of our top staff members to the job. Again, this provides continuity of service should one person be unavailable. It also means jobs can get done more quickly.

It is advantageous to maintain continuity in staff assigned to the audit from year to year from both your standpoint and ours. The audit will go smoother as we will be familiar with your people and accounting records. ***It is also cost effective as time on the job can be utilized for actually doing the audit as opposed to learning your systems.*** This is advantageous to us, as well, as it helps us stay within our time budget.

Staff turnover is to be expected in any business environment – both ours and yours. Our experience in this area varies from year to year. While we cannot promise there will be no turnover on your audit, we can assure you that every effort will be made to assign some of the same people from year to year and, if necessary, to replace manager or supervisor level staff with individuals who have already worked on your audit. ***We have never had an occasion where the entire audit staff on an audit such as yours turned over between one year and the next.*** We understand that some of our new clients experienced that with their prior auditors. An advantage of normal staff turnover is it can bring a fresh look to your operations without the need to change audit firms.

While we stress consistency in personnel, we also will realize the need for periodic rotation of personnel to ensure objective viewpoints. We discuss this with your management and/or finance committee to determine the appropriateness of rotation. Over the years we will have several different people assigned to your work. ***We believe this will result in a fresh look at the audit and issues facing East Bay Innovation Academy.***

AUDIT SERVICES

AUDIT SCOPE & OPINION

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America. We will also specifically follow the Statements on Auditing Standards, published by the American Institute of Certified Public Accountants.

Also, the examination of financial records, statements, and audits for compliance will be made in accordance with California Charter School Laws and Regulations and the applicable provisions of the Education Code of the State of California.

The primary purpose of the audits specified herein is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors or fraud may not be detected. If conditions are discovered which lead to the belief that material error, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly advise you.

To arrive at our opinion, we expect to use normal auditing tests and sampling procedures of the transactions. A detailed examination of every transaction which might be necessary to disclose defalcations will not be made because of the large outlay of time and cost that would be required.



The audit report will include all required auditors' reports, financial statements, schedules and supplementary information, and notes pertaining to the accounting records and procedures. We expect to have conferences and discussions with appropriate officials and employees to review the audit and report observations concerning any situations which might appear to require corrective action. It is our desire to make the audit as constructive and productive of positive results as possible.

We will file one copy of each audit report with each of the following agencies:

- ◆ California Department of Education
- ◆ Controller of State of California
- ◆ Alameda County Office of Education
- ◆ Oakland Unified School District

AUDIT SERVICES

OTHER COMMUNICATIONS ARISING FROM THE AUDIT

In connection with the planning and the performance of our audit, auditing standards generally accepted in the United States of America require that we communicate certain matters to the Board of Trustees, and Senior Management, as appropriate. We will communicate to the Board of Trustees and Senior Management any irregularities and illegal acts, that are clearly not inconsequential, and reportable conditions to the extent that they come to our attention. Reportable conditions are significant deficiencies in the design or operation of the internal control structure that could adversely affect your organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

In addition, we will communicate to the Board of Trustees certain other matters related to the conduct of our audit, including:

- ◆ **Significant accounting policies**
- ◆ **Management judgments and accounting estimates**
- ◆ **Significant audit adjustments**
- ◆ **Disagreements with management**
- ◆ **Difficulties encountered in performing the audit**
- ◆ **Major issues discussed with management prior to our retention as auditor**

We may also have other comments for management on matters we have observed and possible ways to improve the efficiency of your operations, or other recommendations concerning the internal control structure.

With respect to these other communications, it is our practice to discuss comments, if appropriate, with the level of management responsible for the matters prior to their communication to senior management and the Board of Trustees.

USE OF TECHNOLOGY BY THE AUDIT TEAM

At Vicenti, technology is an important component in providing better service to our clients. We currently employ Engagement CS Software, a paperless audit system, which provides powerful tools to help us prepare, organize, review, and share working papers during the engagement. Through the use of an integrated trial balance database, we are able to download data from a client's financial applications and generate draft financial statements at the time fieldwork is completed.

We also utilize data extraction software to further expedite the audit process. We will make every effort to take advantage of your systems to make the audit as efficient and effective as possible. This includes using technology to help us minimize the time we need to spend incurring travel costs and our client's precious time during audit field-work.



AUDIT SERVICES

AUDIT PLAN

<u>Time Frame</u>	<u>Engagement Activity</u>	<u>Estimated Hours</u>
FEB	<i>Initial Audit Planning</i> Initial audit planning includes a pre-audit meeting with management and key client staff, as well as other procedures designed to develop a reasonably comprehensive understanding of the organization and its operating environment. A preliminary listing of items to be prepared by management will be delivered, based upon the results of this engagement activity.	3
MAR - JUN	<i>Internal Control Consideration, Documentation, and Assessment</i> . We are required to consider the organization's internal control in planning and performing the audit in accordance with auditing standards generally accepted in the United States of America. We will also design the audit to provide reasonable assurance that the financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the financial statements. We will inquire of organization personnel the overall internal control structure; specifically, controls over cash receipts, cash disbursements, maintenance and operations, segregation of duties, and physical safeguards to determine the extent of internal control reliance in planning the audit.	7
MAR - JULY	<i>Preliminary Analytical Review</i> These analytical review procedures are applied to help the audit team plan the nature, timing, and extent of other auditing procedures. These procedures also enhance our understanding of the transactions and events that have occurred since the last audit date and identify areas that may represent specific risk relevant to the audit.	2
JULY	<i>Audit Risk Assessment and Planning</i> The audit team will consider audit risk, together with materiality, to determine the nature, timing, and extent of audit procedures and the evaluation of those procedures.	5

AUDIT SERVICES

AUDIT PLAN (continued)

<u>Time Frame</u>	<u>Engagement Activity</u>	<u>Estimated Hours</u>
MAR - SEPT	<p><i>Consideration of Fraud</i></p> <p>Statements on Auditing Standards require procedures that the audit team will use to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud.</p>	3
MAR - SEPT	<p><i>Account Balance and Compliance Testing</i>.....</p> <p>The audit team will test specific accounts and compliance requirements as they relate to the financial statements. We will utilize extraction software for purposes of sampling. We will also download the organization’s final trial balances and integrate evidential matter into our work-papers.</p>	32
SEPT	<p><i>Data Analysis and Final Analytical Review</i></p> <p>These procedures are designed to help the audit team assess the conclusions reached during the course of the audit and to evaluate the overall financial statement presentation.</p>	4
OCT - NOV	<p><i>Report Generation</i>.....</p> <p>We will generate a preliminary draft of the financial statements, any supplementary schedules, and all required reports. We will submit two copies of the preliminary draft for review by the organization. We will then initiate a field exit meeting with the Chief Business Officer to discuss remaining audit issues.</p>	7
	<p><i>Report Finalization</i></p> <p>We will finalize the audited financial statements and required reports.</p>	2
THRU-OUT	<p><i>Quality Control Review</i>.....</p> <p>Quality control review procedures occur throughout the audit process and are designed to assure quality control and to identify audit issues as they arise. We will also schedule various meetings with management and other officials to discuss the audit or related matters.</p>	4
	<p>INFORMATIONAL RETURN PREPARATION</p> <p>We will prepare and file the organization’s Federal and State tax returns.</p>	<u>11</u>
	<p><i>Total Estimated Engagement Time Requirements</i></p>	<u>80</u>

COST BIDS

TOTAL MAXIMUM PRICE

In accordance with the request for proposal for audit services for East Bay Innovation Academy, Vicenti hereby submits the following not-to-exceed fee for services:

<u>Service Provided</u>	<u>June 30, 2017</u>
Tax Return Preparation	\$ 1,300
Audit of Financial Statements	<u>9,425</u>
Total	<u>\$ 10,725</u>

CONDITION OF RECORDS

The above fees for services assume that your records are in adequate condition. We have not estimated any time or fees for any additional work that might be necessary such as compiling financial statement balances and making sure they are presented in accordance with accounting principles generally accepted in the United States of America and reconciling supporting documentation.

If the need for additional work comes to our attention, we will immediately bring this to your attention. If you choose to have us perform the additional work, then such work will be set forth in an addendum to the contract between East Bay Innovation Academy and Vicenti.

SUPPLEMENTAL DETAILED SCHEDULE OF PROFESSIONAL FEES & EXPENSES FOR THE JUNE 30, 2017 PROFESSIONAL AUDIT AND TAX RETURN PREPARATION SERVICES

This schedule is intended to provide additional detail on the work effort to be undertaken by Vicenti.

	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Partners	10	\$ 335	\$ 3,350
Managers	10	175	1,750
Supervisory Staff	10	145	1,450
Professional Staff	46	125	5,750
Clerical/Support Staff	<u>4</u>	80	<u>320</u>
Sub-total	80		12,620
Fee Discount			<u>(1,895)</u>
GRAND TOTAL			<u>\$ 10,725</u>

ASSURANCES

INDEPENDENCE & LICENSE TO PRACTICE

Vicenti is qualified to render an opinion on your financial statements in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We are independent from East Bay Innovation Academy and we meet the independence requirement of the General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions.

REGULATORY SANCTIONS

We have never been assessed any sanctions by State or Federal regulatory agencies for deficient work on any California school district or charter school.

EQUAL OPPORTUNITY EMPLOYER

We are an equal opportunity employer. We recruit, hire, train and promote in all job titles without regard to race, color, religion, sex, national origin, ancestry, physical or mental disability, age, medical condition, marital status, military service, sexual orientation, or any other basis protected by law. We believe we are in compliance with all Federal and State civil rights laws.

INSURANCE

We carry workers' compensation, commercial general liability, commercial automobile liability, and professional liability insurance. We shall provide a certificate of insurance upon your request.

PEER REVIEW

Vicenti is a member of the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants (AICPA). Membership with the PCPS requires that an outside firm conduct a peer review of our quality control procedures every three years. Because of the volume of audits we conduct, reviews of Vicenti work always include educational and governmental engagements. Most importantly, our peer reviews have always returned an unqualified ("clean") report and have never included disciplinary action. Our most recent peer inspection was conducted in May 2016 and is attached for your review. You may also obtain a copy from our website at www.vicenticpas.com/about/peer-review/. In addition, Partner Renée S. Graves is a member of the California Board of Accountancy Peer Review Oversight Committee.



ASSURANCES

PEER REVIEW DOCUMENTATION



System Review Report

To the Owners of Vicenti, Lloyd & Stutzman, LLP
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 Vicenti, Lloyd & Stutzman, LLP (the firm) in effect for the year ended December 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included 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 Vicenti, Lloyd & Stutzman, LLP in effect for the year ended December 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Vicenti, Lloyd & Stutzman, LLP has received a rating of *pass*.

Campbell Taylor & Company

May 25, 2016

ADDITIONAL INFORMATION

PARTIAL LIST OF OTHER RECENT EDUCATIONAL & GOVERNMENTAL AUDIT CLIENTS

Water Districts

Main San Gabriel Basin Watermaster
Pico Water District
Valencia Heights Water Company

College Foundations & Auxiliary Services

Cal State Univ., Northridge Foundation
Cal State Polytechnic Univ., Pomona Foundation
Cal State Univ., Dominguez Hills Foundation
Citrus Community College Foundation
Coast Community College District Foundation

Coastline Community College Foundation
Golden West College Foundation
Mt. San Antonio Community College
Auxiliary Services
Orange Coast College Foundation

Community College Districts

Chaffey Community College District
Citrus Community College District
Coast Community College District
Compton Community College District
Hartnell Community College District
Long Beach Community College District

Mt. San Antonio Community College District
Palomar Community College District
Pasadena City College District
Santa Monica Community College District
Ventura County Community College District

K-12 School Districts

Brea Olinda Unified School District
Brentwood Union School District
Burbank Unified School District
Carlsbad Unified School District
Carmel Unified School District
Central Unified School District
Compton Unified School District
Duarte Unified School District
East Whittier City School District
Fillmore Unified School District
Fontana Unified School District
Glendale Unified School District
Inglewood Unified School District
Long Beach Unified School District
Mountain View School District

Oxnard Union High School District
Paramount Unified School District
Pasadena Unified School District
Perris Union High School District
Pleasant Valley School District
Pomona Unified School District
Rowland Unified School District
Saddleback Valley Unified School District
Santa Paula Elementary School District
Temecula Valley Unified School District
Ventura Unified School District
Victor Valley Union High School District
Whittier Union High School District

Education Agencies

KCRW Foundation
Los Angeles County Schools Regional
Business Services Corporation
Metropolitan Employee Benefits Trust

Pupil Transportation Cooperative
San Bernardino County Superintendent
of Schools
Schools Linked for Insurance Management

ADDITIONAL INFORMATION

MANAGEMENT ADVISORY EXPERTISE

In addition to the services mandated by various educational and governmental organizations (audits, tax compliance, etc.), we provide a wide array of additional services to assist our clients in obtaining their goals, if desired and requested by you, but only if they are allowable and reasonable based on our professional independence rules.

Our management advisory services include analysis of costs, development of techniques to communicate cost changes to the Governing Board and members, assistance with review and implementation of management information systems, feasibility studies, assistance with planned giving programs, and more.

Even if our Management Advisory staff is not directly involved with the engagement, their in-house experience is available to our audit staff to help them bring more value to the audit process.

ACCOUNTING STANDARDS EXPERTISE



Vicenti has provided assistance to most of our clients in implementing new FASB and GASB pronouncements, including compliance with GASB 34. We have a thorough knowledge of the requirements and an understanding of those areas which clients find difficult.

OTHER AREAS OF EXPERTISE



A service we have been providing to some of our clients is preparation of indirect cost rate proposals. Our CPAs are familiar with the requirements of OMB Circular A-21 (Cost Principles for Educational Institutions) and the calculation methods.



Partners Linda Saddlemire, Ernie Cooper, and Derrick DeBruyne are CPAs and Certified Fraud Examiners (CFE). The CFE designation is awarded to select professionals responsible for detecting, deterring, and investigating fraud. We can help clients prevent fraud by identifying their high-risk areas and assuring that maximum controls are in place. In addition, we have various referral sources for a fraud hotline, which allows our clients' employees to call our office directly if they identify potential fraud or abuse. This type of program has helped organizations save thousands of dollars. We have additional CFEs on staff.



The Certified Government Financial Management (CGFM) designation reflects specialized knowledge and training in public financial management and the safeguarding of the public trust by ensuring compliance and accountability for public funds and efficient and effective delivery of services by the public entity. Renée Graves is both a CPA and a CGFM. Her CGFM was obtained by taking a three part exam in the areas of the Governmental Environment, Governmental Accounting, Financial Reporting and Budgeting, and Governmental Financial Management and Control.