

PRESENTED
TO



Sutton Frost Cary LLP
Certified Public Accountants

600 Six Flags Drive Suite 600
Arlington, Texas 76011

201 N. Hampton Street
Fort Worth, Texas 76102

PARTNER CONTACT

Amy Michie, CPA
amy@sfcllp.com
817.649.8083



OUR APPRECIATION

We would like to thank you for considering Sutton Frost Cary LLP (SFC) to provide audit and tax services for International Leadership of Texas (ILTexas). ILTexas will be a highly valued client, and we want to provide a proactive accounting partnership with ILTexas. SFC prides itself on being a responsive business partner focused on meeting your needs.

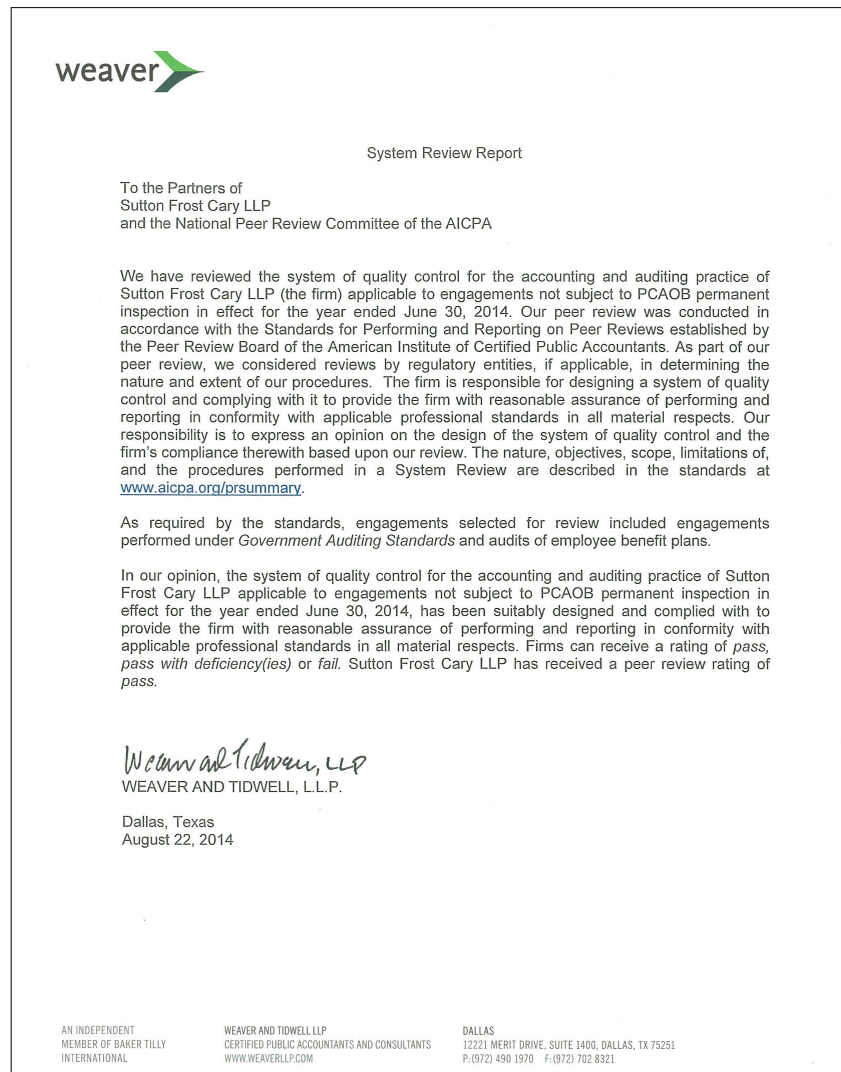
ORGANIZATION

SFC is a full-service accounting firm with locations in Fort Worth and Arlington, Texas that was founded in 1991 and has been serving the DFW Metroplex for over 25 years. SFC currently has a staff of 45 employees with 18 of those employees in the audit department. We offer national-firm quality with local-firm friendliness and are dedicated to serving our clients through a responsive relationship, personalized services, objective leadership and outstanding technical skills. The engagement team will work from our Arlington office which is located at 600 Six Flags Drive, Suite 600, Arlington, Texas 76011 and can be reached at (817) 649-8083. The partners of SFC are Paul Cary, Kim Crawford, Bill Greene, Amy Michie, Paula Hiett, Drew Madsen, Denise Holmes and Craig Rugeberg.

SFC represents a broad range of clients, including not-for-profit organizations, governmental entities, employee benefit plans, individuals and privately held companies in a variety of industries. Our partners and staff have gained extensive knowledge of the complexities surrounding not-for-profit organizations, and we perform services for small organizations and organizations with up to \$100,000,000 in annual revenues.



PEER REVIEW



The American Institute of Certified Public Accountants (AICPA) sponsors a peer review program. The program helps to monitor a CPA firm's accounting and auditing practice and promotes quality in accounting and auditing services provided by CPA firms. The program requires firms to undergo a peer review once every three years. SFC has participated in this quality control review program since 1990. All of our peer review reports have expressed unmodified opinions/pass ratings. Our most recently completed peer review report was performed during August 2014 by Weaver. We have completed our 2017 peer review performed by Eide Baily LLP and although we have yet to receive our report, we can state that we received an unmodified opinion/pass with no findings. The report is expected to be issued in March 2018.

QUALIFICATIONS/PERSONNEL

With over 200 not-for-profit clients, we are committed to serving this important sector. The size and scope of our not-for-profit clients varies greatly and includes organizations that rely on private funding and state and federal funding. Our partners and staff have gained extensive knowledge of the complexities surrounding not-for-profit organizations by closely working with our diverse nonprofit clients.

Our engagement team members have been carefully selected to match the needs of ILTexas and these team members routinely work with not-for-profit entities. The engagement team will be led by Amy Michie, Partner, who will be responsible for all services provided to you. Brett Gregory, Senior Audit Manager, Michelle Kennedy, Audit Senior, and Elizabeth Arnott, Tax Associate, will assist Amy, as well as a staff auditor. Kim Crawford, Partner, will serve as the concurring review partner and will be available in the absence of the engagement partner.



QUALIFICATIONS/PERSONNEL (CONTINUED)

The Form 990's for ILTexas and ILTexas Global will be prepared by Elizabeth Arnott, Tax Associate, and reviewed by Amy Michie, Partner. Amy will direct the overall tax preparation throughout the duration of the engagement. She has extensive experience preparing even the most complicated Form 990's. We do not anticipate the use of outside specialists or consultants.

Our firm and all assigned key professional staff are in compliance with the registration and permit requirements to engage in the practice of public accounting in Texas. No disciplinary action has been taken or is pending against the firm or any of our partners or staff with either the state board of accountancy or any other regulatory agency or professional organization.

The professional experience of Amy, Kim, Brett, Michelle, and Elizabeth includes an in-depth knowledge of the unique accounting aspects of not-for-profit organizations and specifically education institutions. We stay up-to-date on the latest regulations affecting not-for-profit entities by attending the annual AICPA not-for-profit industry conference and the annual Texas Society of Certified Public Accountants (TSCPA) not-for-profit conference, as well as other not-for-profit conferences and seminars. We also hold in-house CPE seminars for our staff, so that we can tailor the curriculum to fit our clients' industries.

Amy and Kim also teach board training seminars and instruct CPE courses related to not-for-profit audits and other issues surrounding not-for-profit organizations. Bios for team members are included on the following pages.

AMY MICHIE, CPA

PARTNER



EXPERIENCE

Amy has over 20 years of experience in public accounting and is one of the firm's designated not-for-profit partners. She has extensive experience in all phases of the audit process and is especially active in the not-for-profit and governmental sectors. In addition to financial and compliance audits, her experience includes reviewing Form 990 filings, tax research and consulting. Her industry experience includes not-for-profit organizations, governmental entities, healthcare, construction, manufacturing and information technology.

AREAS OF FOCUS

Accounting and Assurance services
Nonprofit Organizations
Single Audits
Tax Preparation and Research for Tax Exempt Entities
Consulting

ACADEMIC BACKGROUND

University of Texas at Arlington
Bachelors of Business Administration – Accounting

PROFESSIONAL ASSOCIATIONS

American Institute of CPA's
Texas Society of CPA's
Dallas and Fort Worth Chapter of CPA's

COMMUNITY INVOLVEMENT

North Texas Higher Educational Authority, Inc. (Treasurer)
United Way of Tarrant County (City of Arlington-Grant Review Committee)
Arlington Chamber of Commerce Women's Alliance
Leadership Arlington – Class of 2011 - 2012

LICENSED IN

Texas

CONTACT

817.649.8083
amy@sfcllp.com

KIM CRAWFORD, CPA

PARTNER



EXPERIENCE

Kim has been in public accounting since 1994, including several years in the Dallas office at an international firm. Her extensive and diverse experience includes, but is not limited to, audits of financial statements of privately owned companies, employee benefit plans and nonprofit organizations as well as consulting for insurance-related clients. Kim also assists clients with various tax and consulting services. Her responsibilities include being one of the firm's designated partners for audits of nonprofit entities.

AREAS OF FOCUS

Nonprofit Organizations
Employee Benefit Plans
Single Audits
Insurance Organizations
Manufacturing Companies

ACADEMIC BACKGROUND

University of Texas at Arlington
Bachelors of Business Administration – Accounting (Summa Cum Laude)
Masters of Science in Accounting

PROFESSIONAL ASSOCIATIONS

American Institute of CPA's
Texas Society of CPA's
Fort Worth Chapter of CPA's

COMMUNITY INVOLVEMENT

Rotary Club of Arlington—Treasurer 2003-2014 & Rotarian of the Year 2010
Lamar High School Cheer Booster Club (Treasurer) & Choir Booster Club Vice President
YMCA of Arlington (Board and Committee Member)
Leadership Arlington—Class of 2007-2008
Rotary District 5790 Foundation (Past Treasurer)
First United Methodist of Arlington Church Youth Volunteer
Arlington Chamber of Commerce Women's Alliance
Ladies' Auxiliary of the Boys and Girls Clubs of Arlington

LICENSED IN

Texas
Florida

CONTACT

817.649.8083
kim@sfcllp.com



BRETT GREGORY, CPA

SENIOR AUDIT MANAGER

EXPERIENCE

Brett has over 10 years of experience in public accounting. He has extensive experience in all phases of the audit process. His industry experience includes governmental entities, nonprofit organizations, manufacturing and employee benefit plans.



AREAS OF FOCUS

Municipalities
School Districts
Accounting and Assurance services
Nonprofit Organizations and Government Entities
Single Audits
Employee Benefit Plans
Manufacturing Companies

ACADEMIC BACKGROUND

University of Texas at Arlington
Bachelors of Business Administration – Accounting

PROFESSIONAL ASSOCIATIONS

American Institute of CPA's
Texas Society of CPA's
Dallas and Fort Worth Chapter of CPA's

COMMUNITY INVOLVEMENT

Rotary Club of Burleson

LICENSED IN

Texas

CONTACT

817.649.8083
brett@sfcllp.com



MICHELLE KENNEDY, CPA

AUDIT SENIOR



EXPERIENCE

Michelle has four years of experience in public accounting. She has experience in all phases of the audit process. Her industry experience includes nonprofit organizations, governmental entities, manufacturing, port authorities, charter schools and employee benefit plans. Her experience also includes preparation and review of Form 990 as well as consulting for insurance-related clients.

AREAS OF FOCUS

Nonprofit Organizations
Charter Schools
Employee Benefit Plans
Manufacturing Companies
Port Authorities

ACADEMIC BACKGROUND

Texas A&M University
Bachelors of Science - (Magna Cum Laude)
University of Texas at Arlington
Masters of Professional Accounting
Masters of Business Administration

PROFESSIONAL ASSOCIATIONS

American Institute of CPA's
Texas Society of CPA's

COMMUNITY INVOLVEMENT

Dallas Chamber of Commerce
Dallas Chamber of Young Professionals

LICENSED IN

Texas

CONTACT

817.649.8083
michelle@sfcllp.com



ELIZABETH ARNOTT, CPA

TAX ASSOCIATE



EXPERIENCE

Elizabeth began her public accounting career in 2016, but has over 10 years of experience in industry accounting and banking. This variety of her experience has allowed her to work with a wide range and diverse type of clientele. Her extensive and diverse experience includes all aspects of tax compliance and consulting services for clients for nonprofit and private foundations.

AREAS OF FOCUS

Audit, Tax Compliance and Consulting for the following industries:

Private Foundations
Construction Companies
Real Estate
Services Companies
Employee Benefit Plans
Nonprofit Organizations

ACADEMIC

University of Texas at Austin

BACKGROUND

Bachelors of Business Administration—Accounting

PROFESSIONAL

American Institute of CPA's

ASSOCIATIONS

Texas Society of CPA's
Fort Worth Chapter of CPA's

COMMUNITY INVOLVEMENT

Ladies Auxiliary to the Boys and Girls Club
Various PTA Boards
Lamar High School Volleyball Booster Club - Treasurer

LICENSED IN

Texas

CONTACT

817.649.8083
elizabeth@sfcllp.com



WHY SFC?

We believe that SFC is the best choice for ILTexas due to the reasons explained below. ILTexas will benefit by choosing SFC, as they will gain a long-term partner for success.

- Responsiveness
- Commitment to Not-For-Profit Organizations
- Significant Experience with Charter Schools
- Low Turnover
- An Independent Member of the BDO Alliance USA

One trait of successful organizations is responsiveness. That is why we place an emphasis on responding to all messages within 24 hours. We also make ourselves available to our clients throughout the year to answer questions as needed. We work closely with our staff to ensure they understand the importance of being responsive.

Not-for-profit organizations have unique characteristics and challenges. Our extensive experience working with not-for-profit organizations has allowed us to create a niche within our firm to provide timely answers to your questions. Our experience allows us to gain an understanding of your organization and design an efficient audit.

We have experienced very little staff turnover in our audit department over the past few years, and we believe this is due to our commitment to a work-life balance and to staff development. Because of this, we have staff continuity on most of our engagements.

We are an independent member of the BDO Alliance USA, a nationwide association of independently owned local and regional accounting, consulting and service firms with similar client service goals. The BDO Alliance USA presents an opportunity for firms to expand services to clients without jeopardizing our existing relationships or our autonomy by accessing the resources of BDO USA, LLP and other Alliance members.



AUDIT APPROACH

SFC is pleased to confirm our understanding of the scope of work required by ILTexas. It is our understanding that ILTexas is seeking a certified public accounting firm to perform an annual audit of the financial statements and a compliance audit of International Leadership of Texas for the year ending August 31, 2018 and prepare the related Form 990 for IL Texas and ILTexas Global. We will also prepare the financial statements, supplemental schedules and footnotes from information provided by management. Management will be responsible for reviewing, approving and accepting responsibility for these non-audit services.

We approach each engagement as a collaborative effort and combine our years of experience working on similar projects with a finely-tuned process to provide quality services with personalized attention.

Once we are selected as auditors, we will schedule a planning meeting and confirm timing of interim and final fieldwork. The planning meeting with ILTexas personnel typically occurs approximately two months before the start of fieldwork. We will prepare a detailed document request list and send it to ILTexas, along with a risk assessment questionnaire. We will also request copies of ILTexas's policies and procedures and other permanent file documents. We will use ILTexas's preliminary internal financials, policies and procedures manual and responses obtained from the risk assessment questionnaire to plan the audit. We will prepare audit work programs accordingly.

AUDIT APPROACH (CONTINUED)

We will perform fieldwork with the most uninterrupted days as is possible and leave an open items list with ILTexas personnel after fieldwork is complete. We will work with ILTexas's personnel to wrap up the audit as quickly as possible. We have budgeted 320 hours for the audit and tax engagement, and this is segmented by section as follows:

| Section | Hours |
|---|-------|
| Planning & Interim | 80 |
| Fieldwork | 158 |
| Report Preparation, Client Meetings & Wrap-up | 60 |
| Form 990's | 22 |
| Total Hours | 320 |

We expect that staff of ILTexas will provide us with working trial balances, internal financial statements, detailed general ledger reports and other workpapers, as requested. We also expect that we will have access to staff for inquiries, as needed, and original source documents, as requested. We will require your assistance to provide us with as many workpapers and other documents in electronic format, as possible.



AUDIT APPROACH (CONTINUED)

SFC has a quality control system in place that includes a detailed review of audit work papers, review of all reports and letters by at least two partners, an annual internal inspection process and a triennial peer review performed by an outside CPA firm. We continuously emphasize to all our staff the need to perform quality work.

SFC's methodology for implementing the fraud standards primarily occurs through the risk assessment process. Once we have gained a thorough understanding of internal controls, we will identify any areas we consider to have fraud risks and plan audit procedures for those areas. Procedures may include inquiries of management, employees and officers and reviews of reconciliations, canceled checks and original source documents. The evaluation of fraud risks occurs continuously throughout the audit.



AUDIT APPROACH (CONTINUED)

We believe we can perform these services in a timely and efficient manner through our use of client questionnaires and workpaper templates that we carry from audit to audit. In addition, we feel that the level of partner involvement on this audit will aid in efficiency.

In order to train our staff on the financial system of ILTexas, we will start with the internal controls policies and procedures documentation provided by ILTexas. We will review this as a team, along with a review of the trial balance and chart of accounts to gain an understanding of systems and processes. We will also perform walk throughs of certain transactions to ensure we have an accurate understanding of the processes. Throughout the engagement, we will be in constant communication as a team as to how the various sections of the audit interface. We do not feel this process will require much time from ILTexas staff, but we will request documentation of internal control policies and procedures and support for 8-10 transactions. We will also make inquiries of certain ILTexas staff members.

During the engagement, we strive to be in constant communication with client staff regarding the progress of the work and what steps are needed for completion. We also strive to wrap up the services as quickly as possible.

Our process for resolving auditing and accounting issues, should any arise, is to discuss these issues with management and allow adequate time for research. Discussion will be with the audit partner, management and if necessary, the audit committee to bring these issues to resolution.

SINGLE AUDIT APPROACH

The Single Audit is an audit of an entity's financial statements and the reporting on the schedule of expenditures of federal awards and a compliance audit of its major federal programs expended during the fiscal year. The Single Audit process is a key factor in the achievement of the following accountability objectives:

- The receipts and uses of all funds are transparent to the public, and the public benefits of these funds are reporting clearly, accurately and in a timely manner.
- Funds are used for authorized purpose and instances of fraud, waste, error, and abuse are mitigated.

Under the Uniform Guidance, the auditor has additional testing and reporting responsibilities for compliance, as well as internal control over compliance, beyond a financial statement audit performed in accordance with Government Auditing Standards and Generally Accepted Auditing Standards.

The Uniform Guidance specifically states that the auditor should determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct material effect on each major program.

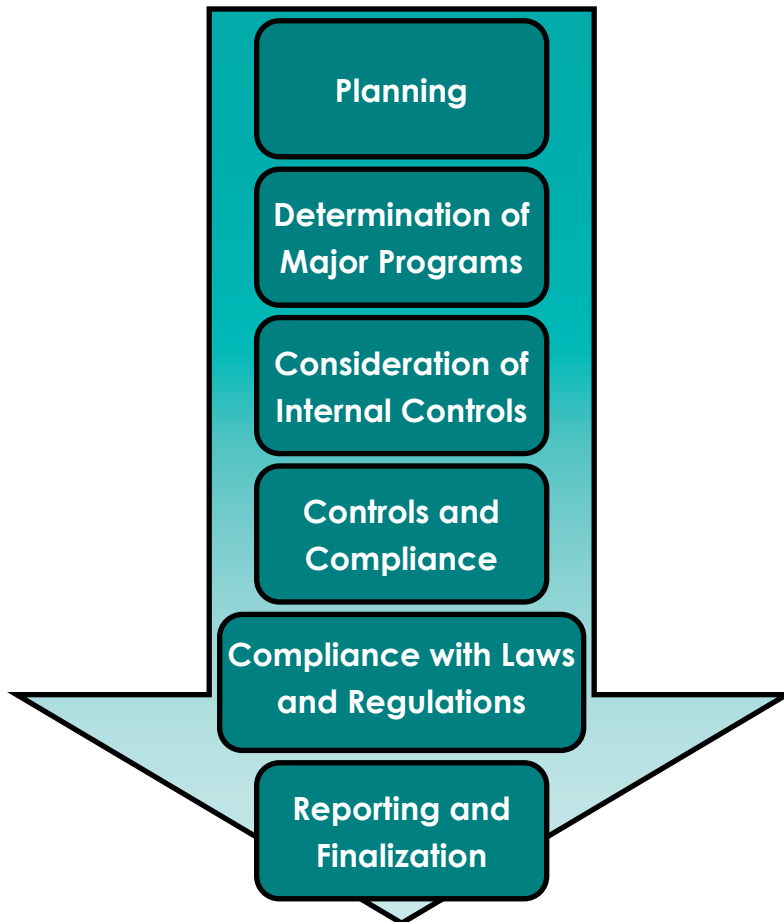
The principal tool for this purpose is the Office of Management and Budgets (OMB) Single Audit Compliance Supplement. This document serves to identify existing important compliance requirements that the Federal Government expects to be considered as part of a Single Audit. This tool allows federal agencies to effectively communicate items that they believe are important to the successful management of the respective programs and the related legislative intent.

SINGLE AUDIT APPROACH (CONTINUED)

In addition to the actual Uniform Guidance and the related Compliance Supplement, we will utilize, but not be limited to, the following types of available guidance throughout our audit process:

- AICPA Audit Guide
- Uniform Grant Management Standards
- Texas Education Agency Financial Accountability System Resource Guide

Our technical and management approach for the performance of the Single Audit will be performed in the following phases:



TIMELINE

We are committed to collaborative planning and adherence to timelines and mileposts we establish with ILTexas. We have created the following schedule based upon the requirements communicated to us. The first step in any engagement is to develop a mutually agreeable schedule, including confirming fieldwork timing and deliverable dates, which will serve as both a communications and monitoring tool as the engagement progresses. We take our commitment to your deadlines seriously and will work diligently to meet the scheduled milestones. We expect our audit timing to be as follows:

SUGGESTED TIMELINES

| | JUNE 30 YEAR-END | AUGUST 31 YEAR-END |
|---|---------------------|-----------------------|
| Planning: <ul style="list-style-type: none">• SFC review prior CPA work & interim financials• Develop and send PBC list• Planning Meeting | April | May |
| Interim fieldwork | May | July |
| Final fieldwork | September | October |
| Report Issuance & Board Meetings | October | November |

FEES

We will perform an audit of your financial statements as of and for the year ending August 31, 2018, perform a Single Audit in accordance with the Uniform Guidance and prepare the related federal information return (Form 990). Our fee for the financial statement audit and Single Audit will be \$55,000. Our fee for the federal information returns (Form 990) will be \$4,000. The audit fee is based on the assumption that we will test two major federal programs. We also included 6 hours of research and meetings directly related to ILTexas Global's affiliation with international agencies. Fees for years beyond 2018 will be based on changes within ILTexas and changes in market rates , which may result in a 2% to 3% increase annually.

These fees include all direct and indirect costs, including out-of-pocket expenses.

Our proposed fees are based on the following assumptions:

- The fee estimate does not include any audit procedures related to an international affiliate.
- The overall condition of your financial and account records is satisfactory.
- We will receive support from your accounting personnel necessary for the preparation of requested schedules and other supporting documentation before we commence fieldwork.
- There will not be a need for substantial research for any unforeseen technical issues or new accounting or auditing pronouncements in order for us to complete our audit.

Our fee estimate is a "not to exceed" commitment. Should any additional work be required or requested that exceeds our fee estimate, this work will only be performed if agreed-to by both our firm and ILTexas.

FEES (CONTINUED)

We recognize that it is our responsibility to maintain competitive fees that allow you to benefit from our experience while we continue to provide the high-quality, responsive service to which we are committed.

You may request that we perform additional services not addressed in this proposal. If this occurs, we will discuss with you the scope and fee structure of the additional services before commencing the additional services.

Our engagement fees will cover questions that you might have throughout the year that do not involve extensive research. If you have a question that requires extensive research, we will give you an estimated fee for the services up front.

We strive to keep our fees reasonable from year to year. We want our relationship with the International Leadership of Texas to be long-term and mutually beneficial.

LOST CLIENTS

We lose clients in the normal course of business but have not experienced any losses due to unresolved auditing or accounting matters. The following are some of our nonprofit clients lost in the past year:

- Austin Learning Academy - Federal funding fell below single audit threshold and board of directors and current funders no longer require an audit. Please contact Toni Williams, Executive Director (512) 657-9287.
- Lifenet Community Behavioral Health - The agency merged into Metrocare Dallas. We continue to provide tax services. Please contact Elizabeth Goodwin at egoodwin@ntbha.org or Kyle Munsen at kmusen@ntbha.org.

We have not lost any charter schools or education institutions in the last year.

CLIENT REFERENCES

SFC performs a single audit and provides tax services for all client references listed below. We encourage you to contact any or all of the following to discuss our ability to provide the highest quality services in a timely manner.

Mike Spurlock, Superintendent

UME PREPARATORY ACADEMY

3838 Spur 408

Dallas, TX 75236

(214) 445-6243

mike.spurlock@umeprep.org

James Dworkin, CFO

TRINITY BASIN PREPARTORY

400 S Zang Blvd

Dallas, TX 75208

(972) 318-9846

jworkin@trinitybasin.net

Brenton White, Superintendent

A+ CHARTER SCHOOLS, INC.

8501 Bruton Road

Dallas, TX 75217

(214) 381-3226

brenton.white@aplus-cs.org

Glenn Baldwin, CFO

BIG THOUGHT

1409 S. Lamar Street, Suite 1015

Dallas, TX 75215

(214) 520-0023

glenn.baldwin@bigthought.org

Ginger Moeller, Director of Business Operations

ARLINGTON CLASSICS ACADEMY

5206. S. Bowen Road

Arlington, Texas 76017

(817) 987-1819 EXT 3004

gmoeller@acaedu.net

Judith Allen-Bazemore, CEO

COMMUNITIES IN SCHOOLS DALLAS REGION

1341 W. Mockingbird Lane, Suite 1000E

Dallas, TX 75247

(214) 827-0955

juditha@cisdallas.org

Paul Smith, Director of Accounting

SOUTHWESTERN ASSEMBLIES OF GOD UNIVERSITY

1200 Sycamore Street

Waxahachie, TX 75165

(972) 825-4663

psmith@sagu.edu

Paul Mignini, Director of Finance

The Selwyn School

2270 Cooper Canyon Road

Argyle, TX 76226

(940) 382-6771

pmignini@selwynschool.com

PROFESSIONAL EXPERIENCE

SFC has experience implementing all accounting standards. We also have experience consulting with clients regarding sponsorship revenue issues, advertising and other potentially unrelated business income, intermediate sanctions, and Internal Revenue Service (IRS) and Employee Retirement Income Security Act (ERISA) pension regulations.

Some of our not-for-profit clients include

- Dallas Arboretum
- Safehaven of Tarrant County
- Hatton Sumners Foundation
- Big Thought
- Southwestern Assemblies of God University
- Communities in Schools Dallas Region
- Boys & Girls Clubs of Arlington
- Housing Channel
- Harold Simmons Foundation
- Mission Metroplex
- Refugee Services of Texas
- National Breast Cancer Foundation
- City House
- Texas Society of CPA's
- Big Brothers Big Sisters Lone Star
- Network of Community Ministries, Inc.
- Clayton Childcare

OTHER SERVICES WE PROVIDE

Our extensive experience working with not-for-profit organizations has given us the ability to provide a wide variety of services to them. In addition to performing audit and tax services, we have extensive experience performing the following services for the not-for-profit sector:

- Single audits
- 403(b) and 401(k) audits
- Compilations
- Reviews
- Best practices consulting
- Board training and governance consulting
- Application for exempt status
- Internal control system consulting
- Unrelated business income tax consulting
- Chart of accounts set-up consulting
- Indirect cost allocation consulting
- Cost Reports

OTHER INFORMATION

Affiliations & Community Involvement

We believe in being good citizens both inside and outside the office. We participate in and volunteer our time to local causes, with the goal of giving back to our community and our profession.

Our firm is a member of the following professional organizations:

- An Independent Member of the BDO Alliance USA
- American Institute of Certified Public Accountants (AICPA)
- AICPA Governmental Audit Quality Center
- AICPA Employee Benefit Plan Audit Quality Center
- SEC Practice Section (SECPS) of the AICPA Division for Firms
- Private Companies Practice Section of the AICPA Division for Firms
- Dallas and Fort Worth Chapters of the Texas Society of Certified Public Accountants

In addition, our firm or its partners and staff are active in the following organizations:

- Arlington Chamber of Commerce (30 years)
- Dental Health for Arlington, Inc.
- Young Men for Arlington
- Leadership Arlington
- UTA Accounting Alumni Association
- The Rotary Club of Arlington
- YMCA of Arlington (Chairman's Roundtable Member)
- The Margarita Society of Arlington
- Arlington Chamber of Commerce Women's Alliance
- Rotary District 5790
- United Way of Tarrant County
- Levitt Pavilion Arlington
- Various Youth Sports, Fine Arts and Booster Club

AWARDS & RECOGNITION

SFC takes great pride in the quality of our work product. Our firm and its employees have been recognized by several independent organizations.

