

February 2021

Protecting and enhancing for

Clarksville Charter School

FORWARD-THINKING SERVICES TO HELP YOU WIN NOW AND ANTICIPATE TOMORROW





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February 10, 2021

Clarksville Charter School
4818 Golden Foothills Parkway #9
El Dorado Hills, CA 95762

Dear Board Members:

It has been a pleasure connecting with you to learn more about the organizational objectives of Clarksville Charter School (Clarksville). On behalf of the entire team, thank you for the opportunity to demonstrate why Baker Tilly is the right fit to provide professional audit and tax services and deliver the value you deserve.

As a not-for-profit education organization, you have unique organizational needs and financial reporting considerations. We are excited to demonstrate how we can help you address those needs and achieve your goals. We know that we can add value to your engagement in many ways. Some examples include:

- We bring a consistent and **dedicated not-for-profit team with specialists who are highly experienced in serving charter and independent schools**. Audit partner Jim Rotherham leads our charter and independent school practice on the west coast and deeply understands the compliance and regulatory requirements and operating challenges that charter schools face.
- We provide **hands-on partner and manager involvement** and communicate with our clients throughout the entire year.
- We offer the **responsiveness and year-round accessibility of a local firm**, with the vast resources of a top 15 national firm.
- As Value Architects™, we are committed to helping our clients improve their organizations through strategic advice, educational opportunities and other value-added services.

Clarksville will be a valued client and, to ensure your highest level of satisfaction, we will be available when you need us, where you need us, for as long as you need us. When your needs or goals change, we will serve as a central point of contact to introduce you to other Baker Tilly specialists across our firm.

The following pages detail our tailored service approach to working with you to accomplish your objectives. We look forward to continuing to build our relationship as your Value Architects.

Sincerely,

A handwritten signature in black ink that reads "James A. Rotherham".

James A. Rotherham, CPA, Partner
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Why Baker Tilly?

We encourage you to consider the following factors that differentiate us in the marketplace and where we believe we can bring value to Clarksville.

A firm dedicated to not-for-profit education entities

Baker Tilly goes to market based on industry specialization rather than service line. Our professionals offer clients a deep understanding of their respective industries. Your service team will be comprised of individuals with expertise in working with charter and independent schools similar in California. This means that your partners, managers and staff will possess the specialized knowledge to conduct efficient audit services, provide value-added comments and address your unique challenges.

As a firm, we work with over 1,800 not-for-profit clients, including 400+ educational institutions. This deep expertise provides your engagement team with an understanding of the complex issues that charter and independent schools face each day.

A tight-knit engagement team that is proactively involved

We have learned that the key to success includes a high degree of **collaboration, communication and responsiveness**. Clarksville will experience significant partner and manager involvement to ensure prompt resolution of any technical issues and that we are **always meeting your timeline**.

Large firm resources with local client service

Baker Tilly is the **right fit** for Clarksville. We have the size to offer all of the professional capabilities you need, yet we have a local firm focus that ensures you receive the responsive, personalized attention you expect. Your service team will maintain close communication with you to address issues before they become problems. At the same time, we can offer extensive firmwide resources to address any of your specialized needs.

We approach your relationship as Value Architects

At Baker Tilly, our mission is to **enhance and protect your value**. That's why our relationship with Clarksville will go well beyond the traditional once-a-year services, and why the value we provide you goes well beyond fees. We believe in ongoing, open communication so there are no surprises. We want to be your business advisor, offering insights into strategic planning, new accounting standards, internal controls, policies and procedures, accounting systems and methods, and taxation. We will also send industry newsletters and regularly invite you to attend forums and webinars so Clarksville can stay up to date with all new regulations and trends.

Firm experience and qualifications

Meet Baker Tilly

Baker Tilly US, LLP (Baker Tilly) is nationally recognized, full-service accounting and advisory firm founded in 1931 with one central objective: *use our industry specialization to help our clients improve their businesses*. As a leading global advisory, tax and assurance firm whose specialized professionals guide clients through an ever-changing business world, helping them succeed today and better anticipate the challenges of tomorrow. Key firm facts include:



Baker Tilly and Squar Milner join forces

As of November 1, 2020, Baker Tilly and Squar Milner, the 11th and 41st largest accounting firms, respectively combined. By combining we bring greater value to our clients and deepen our relationships. This new organization offers greater scale, coast-to-coast presence and a global advantage to our clients.

Together, Baker Tilly will be a Top 10 firm

With our combined revenue, we anticipate Baker Tilly to be named a top 10 firm in 2021. Further, this combination provides our clients with greater capabilities, capacity, resources and influence to better serve our clients and to provide more opportunities for our people.



Local, collaborative service from San Diego

Our expanded presence in California allows us to serve you locally from our San Diego office – the hub of our charter and independent school practice – and leverage our more than 550 professionals located throughout the Golden State, as needed.

Why clients choose Baker Tilly

Clients choose Baker Tilly because of our extensive national footprint (with offices and clients across the U.S.), depth of experience, comprehensive service offerings and strong state and local support to keep abreast of planning opportunities in various jurisdictions.

Our team members work together as a cohesive, collaborative team and will ensure **our relationship with you is proactive, helpful, responsive, knowledgeable, business and industry focused, and valuable.**

Commitment to serving as your Value Architect™

At Baker Tilly, we're Value Architects. It is a mindset – a set of skills and abilities and behaviors rather than a job description.

Like an architect, we develop the blueprint with our clients on the best way to enhance and protect their value. We plan and are deliberate with our clients, and then we see it all the way through. Our clients trust our judgment and rely on us to marshal the right resources to solve their most pressing problems and help them seize new opportunities.

Not-for-profit industry expertise

More than 85 years of industry experience and one of the largest not-for-profit teams in the country have made Baker Tilly nationally known for our expertise in serving this sector.

We provide audit, tax and advisory services to more than 1,800 not-for-profit clients throughout the U.S., from a core team that has been in place for over 20 years.



Serving
1,800+
not-for-profit organizations
for more than 85 years

Because the financial needs of not-for-profits are unique, we maintain a separate practice group of more than 280 professionals dedicated to serving this industry. As part of a firmwide group of practitioners, Clarksville's service team will have access to a powerful knowledge base of information from which they can draw to provide you with fresh ideas and advice. You will find value in working with individuals who understand your organization and the unique factors that impact your industry.

Education industry specialization, including independent schools

Baker Tilly has a long history of serving a variety of organizations, but more than 50 years ago, we developed a specialty in serving education institutions nationwide. Our education team spends their time with independent and charter schools, research institutions and colleges and universities and understands the nuances of working in education.

Baker Tilly provides audit, tax and advisory services to **more than 400 educational institutions** or related organizations, including many independent and charter schools. They choose Baker Tilly because of our depth of experience, industry-specific knowledge and commitment to their success. In addition, we have experience with charter schools that have contracts with public school districts and whose financial statements include a schedule of contract revenues and expenditures.

Our charter and independent school team based in California is led by your engagement partner Jim Rotherham and represents one of the largest audit and tax service providers to charter schools in the state. **We work closely with the State Controller's Office and the California Department of Education to ensure that audit issues are effectively and appropriately addressed.** We also confer with FASB to help charter schools handle emerging accounting issues.

Please see below for a select list of our charter and independent school clients.

- Academy of Alameda
- Acuitus, Inc.
- Amethod Public Schools
- Bay Area Educational Institute
- Berkwood Hedge School
- C5 Children's School
- Charles Armstrong School
- Discovery Charter School
- Epic Charter School
- Escuela Popular
- Global Education Collaborative
- Greenwood School
- KEY Academy
- Khan Lab School
- Leadership High School
- Leflore Legacy Academy
- Mission Vista Academy
- Montclair Community Play Center
- Plumas Charter School
- Plumas Charter School
- Presidio Preschool
- REACH Leadership Academy
- Ronald C. Wornick Jewish Day School
- Seven Hills School
- SLS Preschool
- Town School for Boys
- Vista Oaks Charter School

Deep not-for-profit resources

Industry involvement

At Baker Tilly, we have proven leaders involved in many industry and professional associations. They serve in high-profile leadership positions on various boards and committees and regularly present on industry and technical topics. Our involvement in the organizations below keeps us current with important industry, regulatory and consumer trends confronting independent and charter schools today.

- AICPA Governing Council
- AICPA Governmental Audit Quality Center
- AICPA Not-for-Profit Expert Panel
- FASB Not-for-Profit Resource Group

Tax capabilities

Clarksville needs to be certain that its tax-exempt status is protected. As our client, you can rest assured that we have the resources to help you comply with the ever-changing IRS, state and local regulations. Baker Tilly prepares or reviews more than 1,800 Form 990 tax returns each year. We have a dedicated team of not-for-profit tax specialists who serve the distinct needs of these organizations. Our services include:

- Acquisition consulting
- Analyzing new laws and regulations and communicating their impact to our clients
- California Forms 199/109 and RRF-1
- Comprehensive tax planning under the COVID-19 relief bills
- Intermediate sanctions consulting
- International tax compliance
- IRS risk assessment/uncertain tax position analysis
- Real estate and property tax exemption applications and assessments
- Representation before tax authorities
- Review of state and local taxes
- Sales and use tax exemption application and consulting
- Tax compliance: Forms 990, 990-T, 990-PF, 5500, state charitable tax and registration forms
- Unrelated business taxable income consulting

Consulting solutions

A major distinguishing factor of Baker Tilly is our depth. We have advised many not-for-profit organizations, including charter schools and higher education institutions, on various operational and strategic issues.

We are here to help Clarksville achieve your organizational goals by offering our full breadth of our professional expertise – resource and knowledge extending far beyond traditional audit and tax services, including:

- Board of Trustees and audit committee advisory services
- Construction project risk consulting
- Cost reduction
- Cybersecurity and IT risks
- Disaster recovery planning
- Enterprise risk assessment
- Fraud investigations, forensic accounting and data mining
- Governance, risk and compliance consulting
- Information privacy and security consulting
- Leadership and board development training
- Management consulting and reporting
- Merger and acquisition services
- Rate settling and reimbursement services
- Regulatory compliance reviews
- Robotic process automation (RPA)

Your engagement team

Clarksville will work with a team of professionals that specialize in serving education-focused not-for-profit organizations. Your team members work extensively with charter and independent schools in California and across the country – which helps us improve operational efficiencies, tighten processes, offer industry insight and address your unique needs.

At Baker Tilly, we believe in the power of great relationships, great conversations and great futures. They represent what we stand for and what we are working together to achieve. That all starts with an exceptional engagement team for Clarksville.

Your team brings the consistency, skills, experience and capabilities important to make Clarksville's engagement services a continuous success and focus on achieving long-term strategic goals. We will be dedicated to ensuring that we build a strong relationship with you founded on communication and listening to your needs.

Biographies of key team members follow. The **Appendix** includes additional information about each team member's experience, qualifications and industry involvement.

Intentionally selected team for Clarksville



Jim Rotherham, CPA, Audit Partner

Jim will serve as the single point of contact for assurance service delivery. He will develop expectations and a timeline with you, execute the services as agreed upon, and ensure a high level of satisfaction.



Brenda Bock, CPA, MBA, Audit Director

Brenda will coordinate audit services, oversee the work of staff/seniors and deliver seamless project management. She will also perform research on and implementation for complex accounting issues.



Kathy Schmidt, Tax Senior Manager

Kathy will work with your organization to streamline compliance and implement strategic tax initiatives that minimize tax liabilities with a focus on achieving your goals.

Staff continuity: A team to serve Clarksville for years to come

Like Clarksville, our people are our most important asset. One significant way our values align is through our commitment to hiring and nurturing dedicated employees – because fulfilled employees mean satisfied clients.

To attract and retain our employees, we promote a culture that encourages creativity, continuous learning, respect, employee appreciation and – above all – a positive attitude.

Evidence of our employee-focused culture includes:

- Dozens of “**Best Place to Work**” awards across our U.S. footprint; multiple awards for all of our major metropolitan offices
- Ranked among **Vault’s “50 Best Accounting Firms to Work For”** – one of the only firms to achieve recognition for 11 consecutive years
- Back-to-back recognition on **Fortune’s “Top Companies in Consulting and Professional Services”**
- Certified as a **Great Place to Work®** for the fourth consecutive year – the gold standard in workplace awards
- Recipient of **Corp! Magazine “Salute to Diversity”** awards
- Named a **Chief Learning Officer “LearningElite Organization”**



Hands-on service from partners and managers

We believe in strong personal relationships and this means a personal interest in Clarksville from some of the most experienced professionals we have to offer.

Unlike other large firms of our size, Baker Tilly commits to significant partner and manager involvement on every engagement. Our partners and managers also commit to responsiveness, accessibility and a “teaming” approach. Your Baker Tilly partners and managers will actively lead the planning, execution and delivery of Clarksville’s services to support responsiveness and build trust. We commit to this in the following ways:



Big-picture planning and insight

Key performance indicators and best practices

Technical expertise and quality assurance

Time focused on your unique risk areas

Answers to your questions year-round

Service approach

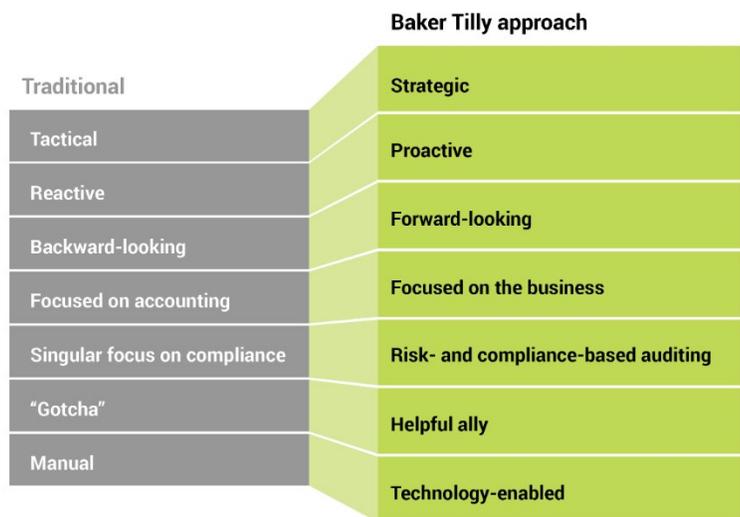
Experienced industry professionals will deliver a high-touch service model with regular access to senior team members, assuring Clarksville of responsiveness, reliability and a tailored engagement approach that evolves with your changing needs.

What's different about our audit approach?

What we do in terms of our audit approach is fairly standard. **How** we do it is what distinguishes Baker Tilly from other firms. We continuously review our procedures, the time we spend and where we spend it to identify ways to make our delivery more efficient.

Our audit approach is collaborative, industry-focused, advisory-based and considerate of your internal team every step of the way. Your Baker Tilly team members will employ a proactive, risk-based model that aligns with a specific understanding of Clarksville's organization, industry, size, ownership structure and internal controls.

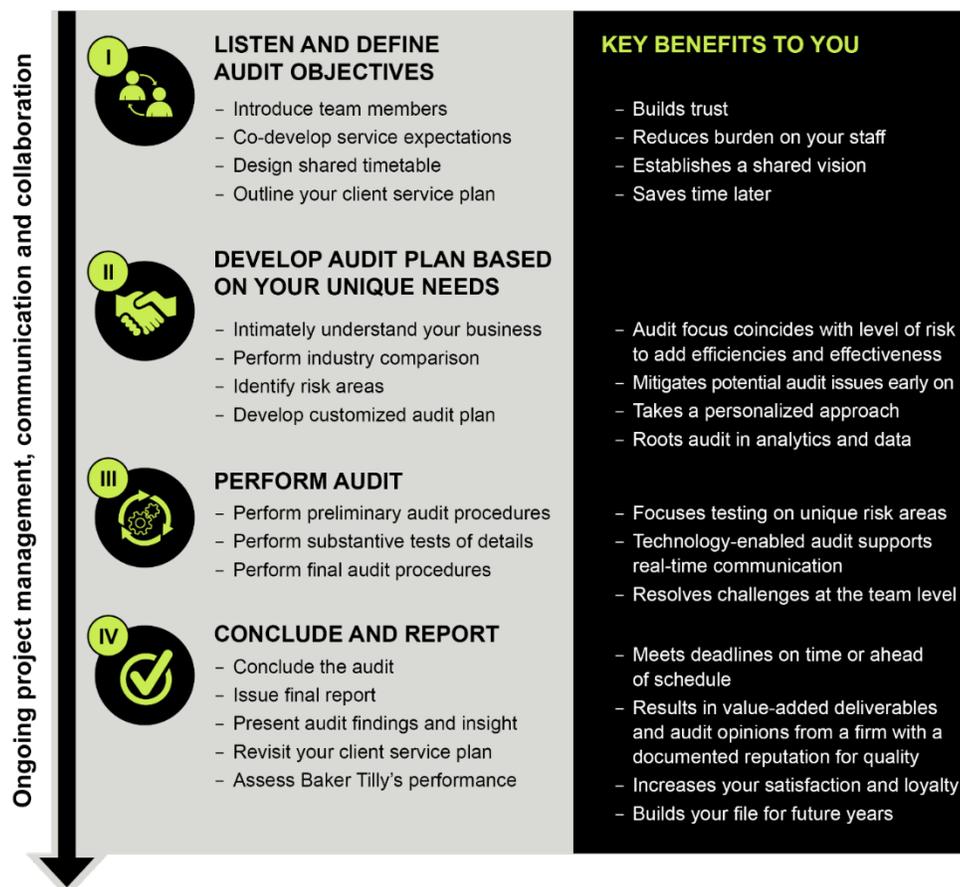
We spend time on the front end learning about Clarksville to design value-added analytics and predictive tests that provide sound evidence. This helps us share our observations and insights as part of our management letter and reporting process.



What else can you expect from a Baker Tilly audit?

- Up-front planning to gain an intimate understanding of your organization, allowing us to properly focus our efforts and add value added insights in our management letter
- Big-picture insights and creative and efficient problem-solving through high partner involvement
- Data analysis and insights for decision-making using technology tools
- Frequent communication and status updates with Clarksville's management to avoid surprises
- Collaboration with and reliance on Clarksville's internal team, leveraging the work of your team wherever possible to save time and cut costs
- Quality and candid professional advice, no matter what

Audit approach and key benefits



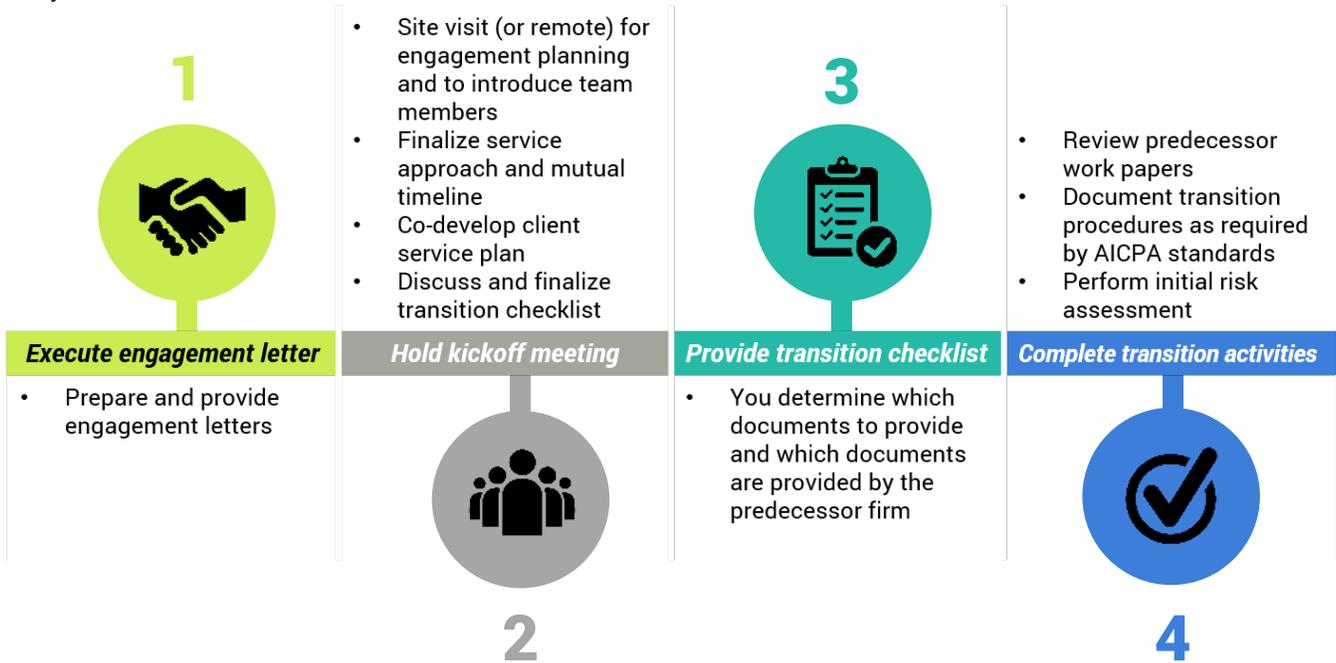
Engagement schedule

We make use of interim fieldwork to accelerate certain audit procedures to earlier periods, including tests of significant or unusual transactions, tests of compliance and evaluation of controls. We will work with you to ensure that all tasks are completed to meet the deadlines set forth in your timeline.

Engagement timeline	
August 2021	<ul style="list-style-type: none"> - Meeting with management to discuss audit plan - Pre-audit communications with the Audit Committee - Perform preliminary fieldwork
October 2021	<ul style="list-style-type: none"> - Perform year-end fieldwork - Exit meeting with management to discuss audit and draft reports
Mid November 2021	<ul style="list-style-type: none"> - Draft copies of financial statements delivered to management
Early December 2021	<ul style="list-style-type: none"> - Debrief with the Audit Committee - Delivery of finals reports
Communication	<ul style="list-style-type: none"> - Throughout the engagement

Supporting your smooth transition

Baker Tilly is prepared to deliver value from day one. We have experience transitioning organizations of a similar size and complexity, which enables us to build a process that makes the most efficient use of your management team’s time. **You will not need to spend time explaining your business to us because team members are already knowledgeable about the circumstances that impact your operations.** Below is an overview of our process to successfully onboard Clarksville as a client. If engaged, we will collaborate with management to set an agreed-upon timeline at a pace that fits all of your needs.



Value-added resources

The value of our service is based upon your assessments and expectations. Therefore, going beyond the review — beyond the necessary reports and opinions — to educate your staff and support your operations is the foundation of the relationship we would like to build with you. This value includes preparing your organization for changes in accounting standards through formal communications, webinars and hands-on training. Complimentary educational opportunities include:

- **Annual Board of Trustees and/or management education session** designed to meet the needs and expectations of your board. Topics of interest may include new accounting and financial requirements for not-for-profit organizations, COVID-19 advisory, clarified grants and contributions guidance, internal controls or other pertinent areas.
- **Regular webinars** on topics such as fraud, understanding financial reports, grant-related topics and cost reduction/revenue maximization; the webinars are free to our clients and qualify for continuing professional education (CPE). Prior webinars can be viewed from our website at any time.
- **Not-for-profit advisor quarterly newsletter** with guidance on industry, regulatory and resource optimization issues; our professionals also contribute articles to industry publications.
- Periodic **alerts** on laws, regulations or decisions with an immediate or near-future impact on not-for-profit organizations.



Visit bakertilly.com/industries/not-for-profit for articles webinars to prepare for changes in not-for-profit industry regulations and accounting standards.

References

We always are happy to provide references because we think it is important for you to speak with organizations we serve. Each may have a different perspective that Clarksville may find valuable as you think about your needs.

While we welcome you discussing the experiences of our references and their views on our services, we ask that you please contact us beforehand so that we can notify the parties and to ensure a prompt response to your inquiries.

Name	Taletha Washburn, Executive Director
Organization	Plumas Charter School
Contact information	+1 (530) 283 3851, taletha@plumascharterschool.org

Name	Paul MacGregor, Executive Director
Organization	Epic Charter School
Contact information	+1 (657) 220 1000, paul.macgregor@epiccharterschools.org

Name	Andrew Wang, Senior Director of Finance
Organization	Amethod Public Schools
Contact information	+1 (510) 434 7005, awang@amethodschools.org

Value for fees

We move far beyond simply checking boxes and meeting compliance requirements. To us, value means forward-thinking services to help you compete and adapt in a growing industry. Value means using compliance work as an engine for organizational transformation to make Clarksville more lean, more nimble and more impactful. Value means choosing to work with Baker Tilly.

We prepared fee estimates based on the needs you shared with us, as well as on our experience leading similar engagements with not-for-profit schools in the area. Our estimate allows for insightful advice and thorough services from experienced professionals without unnecessary add-on charges. We do not bill for overhead administrative charges and work hard to keep any out-of-pocket expenses to a minimum.

Services	2021	2022	2023
Audit of the financial statements for the year ended June 30	\$21,995	\$22,995	\$23,995
Preparation of Form 990	\$2,000	\$2,250	\$2,500

Assumptions

We based our fees on the assumptions below. If a unique issue arises, we will work with you to determine the level of assistance required and arrange an appropriate fee at that time. No surprise billing. Ever.

- Adequate support, preparedness and cooperation from management
- Organized books and timely response to inquiries or requests
- No major business or scope changes, including changes to accounting and tax standards or laws

An all-inclusive, transparent fee structure

Routine phone calls, emails and quick consultations are included in your fee estimate because we do not believe in billing for every question, comment or concern. We communicate with clients year-round and encourage clients to share any new and unusual transactions with us so we can determine how they will impact the engagement. We will always tell you if the assistance required is out of scope and never perform additional work without explicit approval.

Continued conversations and an open discussion around fees

We believe our fees are competitive based on our estimate of the professional time necessary to complete the requested services. However, should our fees (or anything else) not be in line with your expectations, we would appreciate the opportunity to have an open discussion with you.

Appendix: Resumes

James A. Rotherham, CPA

Jim is an audit partner based in our San Diego, California office and has over 30 years of public accounting experience.

**Baker Tilly US, LLP****Partner**

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Suite 300
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jim.rotheram@bakertilly.com

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Education

Bachelor of Science in finance and accounting
University of Pennsylvania (Philadelphia, Pennsylvania)

Jim offers our clients over 30 years of experience in public accounting and private industry. He leads numerous audit engagements for clients in the education industry. His specialties include audits of charter schools, school districts, local governments, Native American tribal governments and not-for-profit organizations.

Specific experience

- Serves clients in the education, not-for-profit, technology and life sciences industries
- Leads and manages financial statement audits
- Offers strong entrepreneurial professional skills in mergers and acquisitions, financing, revenue recognition, auditing and financial analysis
- Formerly co-founded and served as CFO of several privately owned and venture-backed technology companies, including one that he took public in 2003
- Licensed CPA in California, Florida and New York

Industry involvement

- Member, Financial Accounting Standards Board (FASB) Small Business Advisory Committee (SBAC)
- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)

Brenda Bock, CPA, MBA

Brenda Bock is an audit director in Baker Tilly's San Diego, California office.



Baker Tilly US, LLP

Director

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brenda.bock@bakertilly.com

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Education

Master of Business Administration in accounting
Montclair State University (Montclair, New Jersey)

Bachelor of Arts in economics and Spanish
Rutgers University (New Brunswick, New Jersey)

Brenda has more than a decade of experience in public accounting and private industry specialization. She has significant experience performing audits of charter schools, school districts, local governments, Native American tribal governments and casinos, and not-for-profit organizations.

Specific experience

- Manages several aspects of audit engagements including planning, assessment of internal controls, analytical reviews, budget preparations and audit execution
- Reviews and analyzes financial statements and related footnote disclosures to be in compliance with US GAAP
- Evaluates internal controls and develops recommendations to improve client processes, control structure and efficiency
- Communicates findings directly with senior management
- Licensed CPA in California and New Jersey

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)
- New Jersey Society of Certified Public Accountants (NJCPA)

Kathy Schmidt

Kathy is a tax senior manager with nearly 40 years of public accounting experience.



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Education

Bachelor of Science in accounting
San Diego State University (California)

Kathy is an established tax professional in our San Diego, California office. She focuses on delivering high quality tax and accounting solutions to clients. Kathy joined Baker Tilly in 2016.

Specific experience

- Specializes in tax and accounting services
- Provides compliance and consulting services to high-net-worth individuals, small businesses and not-for-profit organizations
- Highly diverse clientele throughout her career, but has spent the last 10 years focusing primarily on not-for-profit organizations, including charter and independent schools
- Prior to joining Baker Tilly, Kathy was responsible for growing the not-for-profit practice at a regional accounting firm