

May 13, 2016

Janelle Ruley, Esq.
The Law Offices of Young, Minney, & Corr, LLP
5200 Lankershim Blvd., Ste 370
North Hollywood, CA 91601

Re: Forensic Accounting – Financial Investigation – El Camino Real Charter High School

Dear Ms. Ruley:

Vicenti, Lloyd & Stutzman, LLP (“VLS”) is pleased to submit this proposal to El Camino Real Charter High School (“Client”) in connection with providing forensic accounting and financial investigative services.

SCOPE OF SERVICE

Pursuant to our discussion, the Client has requested a forensic accounting of certain credit card transactions and other potential financial irregularities.

You have advised us that you are Legal Counsel (Counsel) for Client and as a result, VLS will be reporting directly to you and all information and investigative work developed by VLS will be disseminated directly to you, as Counsel. VLS will be bound by all rules and laws applicable to the attorney-client privilege.

You have requested for VLS to conduct an independent fact finding forensic accounting and financial investigation. This may involve us performing appropriate computer forensic analysis and other applicable investigative procedures to ascertain the extent of any improper financial transaction(s) or possible misuse of funds. A more detailed scope of work is attached.

It is understood that VLS has been retained specifically for the services detailed in this agreement and VLS is not providing any audit or attestation services, and this is not an agreement to provide expert witness services.

Our work is an *independent forensic accounting and financial investigative project* and considered a consulting engagement. As such, this engagement will be performed in accordance with the American Institute of Certified Public Accountants (“AICPA”) *Statement on Standards for Consulting Services No. 1 (SSCS)*. In consulting engagements, the nature and scope of work is determined solely by the agreement between the practitioner (VLS) and the client.

ENGAGEMENT STAFFING AND FEES

Derrick DeBruyne, Partner, CPA, CFE will oversee and be responsible for this engagement. Other professional staff, as required, will be assigned to this project as necessary. All staff assigned to this engagement will possess the proper certifications and skills necessary to perform the professional services necessary in these circumstances. Our team is highly qualified to conduct this engagement and has extensive experience in working these type matters.

Our fees are based on the number of productive hours incurred by VLS multiplied by the appropriate hourly billing rates for staff. The hourly billing rates are noted below. In addition, we will also invoice you for any out of pocket travel costs and mileage, which will be billed at the approved IRS rates, plus any actual hard costs incurred related to computer forensic analysis, such as hardware and related computer imaging cost.

For our fees, VLS has prepared and attached a proposed scope and fee estimate that includes suggested services and fee estimates for the different levels of service. The proposed scope and fee estimate is intended to be a menu of potential services, with suggested options presented to provide the Client with an idea of total cost based on selected services. VLS suggests establishing a budget based on the desired services in the proposed scope and fee estimate. If additional hours are required to complete our services (including if we are requested to prepare a written report – in addition to briefing reports and schedules we will be providing you), we will communicate with you any additional work required and obtain your approval in advance of exceeding the predetermined budget. This estimate does not include applicable travel/mileage, lodging and related computer forensic costs noted above.

Our hourly rates are as follows:

Partner	\$ 375
Director	340
Sr. Manager	300
Computer Forensic Manager	240
Manager	205
Sr. Associates	165
Associates	140
Investigative Analyst/Accountant	150
Administrative	125

Please note that, in addition to our estimated fees, Client agrees that VLS will be compensated for any and all cost incurred by VLS for any work performed outside the scope of this agreement which results from any subsequent civil, criminal, administrative and/or other proceeding pertaining to this engagement. VLS will immediately inform Counsel prior to any such cost which may be incurred by VLS.

It is agreed that our fee is not contingent on the results of our work performed. No retainer is required from you for us to begin this engagement.

OTHER INFORMATION

VLS provided financial statement audit and informational tax return preparation services for Client for the year ended June 30, 2012. We are not aware of and do not anticipate any conflicts of interest arising from this prior engagement. Should we become aware of a conflict of interest, we will bring it to your attention before proceeding.

On occasion, we are requested by LAUSD to investigate financial matters involving schools within the district, including charter schools authorized by LAUSD. We are not aware of and do not anticipate any conflicts of interest relating to this. Should we be requested by LAUSD to provide investigation services relating to the Client and the matters addressed in this contract, we will decline in order to avoid any conflict of interest.

CONFIDENTIALITY AND WORK PRODUCT

This letter confirms our understanding of your retention of VLS to assist you in this matter. All work performed and materials and work product of any kind generated in furtherance of this engagement will be deemed confidential attorney-client work product and shall not be disclosed except at the direction of Client or pursuant to a court order.

If any person or entity requests by subpoena or court order any information or materials relating to this engagement which is within the custody or control of VLS (or the custody or control of agents or representative of VLS), VLS will inform Counsel of such request and cooperate with Counsel to the extent Counsel objects or moves to quash such request or subpoena.

Further, documents received by VLS pursuant to this engagement will be maintained by us as confidential material. In the event Client supplies VLS with information and materials or other matter protected by the attorney-client privilege, VLS agrees that such information and materials will remain privileged and that VLS will maintain the confidentiality of such information and materials (as well as any documents that incorporate such materials or information). It is the normal policy for VLS to retain such documents for five years from the date of completion.

Any reports generated by VLS are to be used only in connection with the matters discussed in this engagement and may not be published or used in any other manner without the written consent of VLS.

Finally, if these terms are acceptable to you, please sign and return one copy of this engagement letter to us. Return by email to Derrick DeBruyne at ddebruyne@vslslp.com is sufficient. No retainer is required for VLS to begin this matter.

Sincerely,



Derrick DeBruyne, CPA, CFE
Partner

We agree to the terms outlined in this proposal, and by signing this letter authorize Vicenti, Lloyd & Stutzman LLP to begin work on this engagement.

Janelle Ruley, Esq.

Date

El Camino Real Charter High School

Date

El Camino Real Charter High School
Proposed Scope and Fee Estimate

	Estimated			Suggestions		
	Hours	Rate	Fee	#1	#2	#3
Planning:						
Meetings with appropriate personnel to plan scope and timing	2	\$ 250	\$ 500	\$ 250	\$ 500	\$ 500
Requesting and obtaining initial necessary documentation	1	250	250	250	250	250
Related party search (background check) - David Fehte	2	250	500	250	500	
Perform interviews to identify other potential risk areas	3	250	750	250		
Review of credit card transactions:						
Review general ledger, trial balance, and bank statements to identify all credit cards	3	250	750	250	750	750
Review general ledger for other risk areas	3	250	750	250		
Review credit card statements and supporting documentation - David Fehte January 1, 2014 - December 31, 2015 - 24 statements Identify transactions that could be viewed as excessive/suspicious Review supporting documentation and business purpose of transactions	24	250	6,000	6,000	6,000	6,000
Review credit card statements and supporting documentation - Other employees Select a sample of statements between January 1, 2014 and December 31, 2015 (Hours and fee estimate is per statement reviewed) Statements for review to be selected by client and/or VLS through discussion based on level of activity and risk potential	0.5	250	125			
5 employees and 5 statements each for a total of 25 statements	12.5	250	3,125	3,125		
5 employees and 3 statements each for a total of 15 statements	7.5	250	1,875		1,875	
Review current fiscal policies and identify recommendations:						
Credit Cards	2	250	500	500	500	500
Travel	2	250	500	500	500	500
Meals and entertainment	2	250	500	500	500	500
Expense reimbursements	2	250	500	500	500	500
Other fiscal policies	2	250	500	500	500	
Summarize analysis and communicate results to Legal Counsel/Board of Directors	5	250	1,250	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>
Total estimated cost				<u>\$ 14,375</u>	<u>\$ 13,625</u>	<u>\$ 10,750</u>