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June 17, 2021

Proposal for Audit and Tax Services

UNIVERSITY PREPARATION CHARTER SCHOOL

Submitted By:

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What inspires you, inspires us.
eidebailly.com

Cover Letter

WE WANT TO WORK WITH YOU

Thank you for giving Eide Bailly the opportunity to propose on audit and tax for University Preparation Charter School (“the School”). We applaud your mission of building a collaborative community of innovative learners and want to partner with you as you help students thrive. We’re excited and ready to meet you where you are and work with your team to achieve this vision. Because we provide services to more than 400 school districts and 100+ charter schools, your audit and tax services will be smoother than with other firms. We’ve provided this proposal to address questions you may have and highlight the additional value that differentiates us from other firms. Eide Bailly has the qualifications to be the firm of choice for the School for the following reasons:

▶▶▶ **Extensive Charter School Experience.** We understand schools face a myriad of challenges, especially in these difficult economic times. School districts and charter schools of all sizes face increasing demands for accountability, while coping with decreasing revenue sources. School districts and charter schools in many areas are struggling to maintain quality programs and services while becoming increasingly vulnerable to state spending reductions. Others are continually planning and restructuring as student demographics fluctuate.

Whatever challenges the School faces, our team will listen to your needs in order to gain a better understanding. This, in turn, will help you respond, adapt and operate more efficiently. We provide auditing services to several school districts, charter schools and other government and nonprofit entities throughout the State of California.

▶▶▶ **Depth of Resources.** Our size enables us to be responsive to our clients’ needs and unique entity challenges while also providing the necessary breadth and depth of services required in today’s complex and ever-changing business environment. We’re excited about the benefits we offer:

- **Local Office Presence** – While you’ll be served by professionals in our Rancho Cucamonga, you’ll also have access to national resources, including more than 2,500 professionals with diverse skill sets and experiences across the firm.
- **Proactive Communication** – You can expect your Eide Bailly service team to keep you informed of changes affecting your organization.
- **Partner Involvement** – You can expect partner and senior staff involvement not only during the audit engagement, but also throughout the year as issues, questions and opportunities arise.

▶▶▶ **Timeliness.** We’ll meet your deadlines. Our professionals are trained to anticipate, identify and respond to your needs in a timely manner. We’ll work closely with your management team to customize our services to your needs. We believe in clear, up-front and open communication with no surprises. We understand and will comply with the schedules and scope for the audit and tax preparation, as outlined in your request for proposal, and we’ll perform all work within the timeframes outlined.

**EXPERIENCE**

Our experienced professionals are committed to the industries we serve. We focus on training, and we like to think of ourselves as thought leaders.

PEOPLE

We’re a team of collaborators and innovators. Our culture is the heart of our firm, and we’re always working together to do things differently and better.

COMMUNICATIONS

Open, honest, frequent communication ensures that you’re not in for any surprises. We’ll stay in touch throughout the year so you feel understood, connected and confident.

CORPORATE RESPONSIBILITY

We consider ourselves good corporate citizens—caring for our people, giving back to our communities, and taking care of our environment.

▶▶▶ **Unmatched client service is our passion.** Our history of high staff continuity—significantly higher than most firms—means you’ll work consistently with the same team, all of whom have been chosen because of their experience serving and advising nonprofit entities similar to the School. Working with Eide Bailly means all your service needs will be addressed within a single, core team, resulting in greater efficiency and scale.

▶▶▶ **Thought Leadership.** We pride ourselves on being leaders in the nonprofit industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We’re business advisors who want to help guide the strategy and operations of your organization, and we’ll make sure you feel connected and understand the process. Our professionals work closely together so you receive valuable service from people who understand your needs and know your business.

We Want to Work with You

We’ve developed the following proposal with University Preparation Charter School in mind, and we’ll provide timely, personalized audit and tax services for you. We’ll also get to know you and your staff and take the time to understand your specific challenges and opportunities. We pride ourselves on delivering honest and insightful advice beyond what is normally experienced in the public accounting industry. If you’re still wondering “Why Eide Bailly,” our tagline sums it up—what inspires you, inspires us. Your success is our success.

The following pages highlight our firm’s strengths and demonstrate why Eide Bailly merits serious consideration at this important and critical time of change for the School. We would be proud to work with University Preparation Charter School and build a trusting relationship with you and your team as our highly valued client. Please contact me if you’d like to discuss any aspect of this proposal or any issues standing in the way of our desired partnership with you.

Sincerely,



Scott Gustafsson, CPA, CFE

Partner

sgustafsson@eidebailly.com

909.755.2831

COVID-19: Organizational and Individual Impacts. As the COVID-19 situation continues to evolve, so too does our response at Eide Bailly. The effects on all organizations, as well as individual financial planning and resources, can’t be overstated. To help our clients and communities make sense of this unprecedented time, we’ve compiled resources on the impact of COVID-19 and what you need to know moving forward. www.eidebailly.com/covid19



About Us

WHAT INSPIRES YOU, INSPIRES US

Your experience will be different than working with other CPA firms because we offer knowledge and skills backed by more than 100 years of service. Our professionals deliver industry and subject matter expertise resourcefully, ensuring we're providing guidance that directly reflects the needs of the School. Clients like you benefit from local, personal service and, at the same time, enjoy access to more than 2,500 professionals with diverse skill sets and experiences.

Navigating a Path to Success Together

By embracing change and focusing on innovative ideas, we've grown along with our clients to become one of the top 25 accounting firms in the nation. Accounting is about numbers, but our business is about relationships.



We'll be there for you every step of the way. Talented, down-to-earth people are our team, and we're inspired to deliver outstanding expertise and care. We're driven to help you take on the now and the next with inspired ideas, solutions and results.

Our work with clients is more than an engagement. It's a relationship, built on values and trust—and results. When working with Eide Bailly, you'll:

- Work with professionals who truly care about your business and will take the time to get to know you and your organization.
- Gain insight from our industry and service specialists to accomplish your objectives, address challenges and leverage new opportunities.
- Make better business decisions knowing you're guided by advisors who care about your success.
- Appreciate our hands-on service style; we proactively find new ways to solve your problems or help you embrace opportunities.

Independence

Eide Bailly is independent of University Preparation Charter School as defined by the generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards* and as defined by the rules of the American Institute of Certified Public Accountants (AICPA). None of the members of our firm have a direct or indirect interest in University Preparation Charter School. Within the past five years, the firm has not had any relationships involving University Preparation Charter School.

The second general standard for auditing requires the audit organization and the auditors be free from personal and external impairments to independence. As defined by these standards, Eide Bailly is independent, and no relationships, either personal or professional, exist that would cause our firm to not be impartial in dealing with the School.

Should Eide Bailly engage in any professional relationships deemed relevant during the course of this engagement, we'll notify you in writing of such relationship.

Licensed to Practice

Eide Bailly and each of the professional staff assigned to the School are properly registered and licensed to practice in California.

Firm Registrations:

California Secretary of State Registration Number – 20 2020 121 001

California State Board of Accountancy Permit Number – 5973

Local Office

The audit and tax services for the School will be from our Rancho Cucamonga office. Additional assistance may be provided from other offices, if needed. All service team members are full-time employees assigned to your engagement. Our proposed timeline allows us to assign a team with prior experience working with similar nonprofit clients and benefit plans, leading to numerous efficiencies.

Upon award, together we'll determine what your preferences are and what works best for you, ensuring our plan meets your needs and expectations.

Peer Review

A copy of our firm's most recent peer review is included in **Appendix B** of this proposal. The quality review included several nonprofit engagements.

AT A GLANCE



top 25 CPA firm in the nation



offices in 14 states



330+ partners



2,500+ staff



one Eide Bailly



Industry Experience

WE UNDERSTAND CHARTER SCHOOLS

Our professionals have the experience, talent and skill sets to meet the School's needs.

Nonprofit and Charter School Experience

Throughout the firm, we serve over 3,000 nonprofits whose size ranges from \$20,000 in assets to more than \$100,000,000. Eide Bailly's strong financial foundation, continued growth and commitment to the nonprofit and charter school industry ensures our clients that we can maintain a long-term relationship with them. Clients will work with a team of highly qualified and experienced professionals who truly understand the nonprofit and charter school industry.



Our firm has set up industry groups to focus on the needs of each industry we serve—with one group dedicated to nonprofit and charter schools. Our nonprofit and charter school team members have made a career commitment to working with nonprofits and charter schools and, therefore, they focus their training and education around these sectors. These staff members and partners understand the issues faced by nonprofits and charter schools and are in a better position to provide solutions to the issues and needs that may affect your organization. This focus also ensures that our staff members stay abreast of current regulations and changes. Through our nonprofit and charter school industry group, we have established relationships within the community of service providers for similar organizations—including attorneys, financial advisors and industry associations. Such relationships enable us to work together effectively as a team to our clients' benefit.

Eide Bailly's nonprofit and charter school professional staff members are actively involved in industry-specific organizations and associations, so we can continuously deliver value and new ideas to our clients. Our staff members have served on numerous AICPA nonprofit committees, including the nonprofit tax committee. Through this involvement, we stay on top of and have input into new issues involving the nonprofit sector; this translates directly into additional value for our clients.

Nonprofit Industry Involvement

To further their expertise and knowledge within the nonprofit industry, members of Eide Bailly's nonprofit team are regularly involved with the national standard-setting organizations which set the tone for nonprofit regulations.

An example of our national involvement is Eide Bailly partner, Ksenia Popke, who was named to the AICPA Not-for-Profit Advisory Council, which launched the AICPA's Not-for-Profit Section. The mission of the Not-for-Profit section is to deliver information, tools and resources to professionals helping them facilitate timely compliance with standards and regulations, promote the excellence of members as leaders in the sector and serve as a connector for peer-to-peer learning and information sharing. Membership in the section is inexpensive, however many of the aids available on the site are accessible without membership. Eide Bailly's nonprofit team prepared the model financial statements and footnotes template appearing in the tools and resources on the Section's website. Created for a fictional entity, Save Our Charities, this comprehensive template is the only model chosen by the AICPA for distribution on the membership section of the website.

Our involvement in key nonprofit organizations means your engagement team will have access to important regulation changes and issues facing the nonprofit industry. When working with ACS, we'll not only look at today's issues, but we also proactively address issues that may affect you in the future.

Thought Leadership, Communication and Value-Added Service

As we work with clients and better understand their organizations, we've provided recommendations that address specific financial, operational or business concerns. We'll continue to have the knowledge and resources to support your growth and unique business issues. Examples of ways we have worked with clients include the following:

- Development and/or improvement of budgeting processes.
- Board education in areas such as fiduciary responsibility, effective meetings and governance best practices.
- Documentation of financial policies and procedures.
- Recommendations for improved internal controls and financial reporting, including controls specifically related to federal programs.
- Determination of what qualifies/does not qualify as unrelated business income and the implications for the organization.
- Completion of information technology needs assessments.
- Assistance in the screening and hiring of financial personnel.
- Strategic planning.
- Reporting effectively to granters.
- Fraud prevention, detection, and investigation services.
- Implementation assistance when new accounting standards require adoption.

One of our strengths is our ability to answer operational and advisory questions. Our clients feel comfortable calling us for input and advice on their ideas. Consulting with Eide Bailly can help a nonprofit organization "look before they leap" into projects and fundraisers and allows us to be proactive in helping the organization structure the events or projects to their best advantage. In addition, we'll provide recommendations for potential modifications that can be made to strengthen your internal controls to help mitigate risk.

Because our service model doesn't view the audit and tax processes as annual "events," we communicate with management on an ongoing basis. We keep you apprised of accounting announcements, pending IRS changes, changes in regulations and other issues impacting the School throughout the fiscal year. As our client, you'll also have access to additional education and firm events, most of which are offered electronically to allow you to conveniently participate from any location.

▶▶▶ NONPROFIT HR TRENDS

Recorded Webinar

Staying up to date with the myriad of employment-related regulations, tactics and best practices can cause a finance professional to focus their attention outside of their area of expertise. Are you compliant with current federal, state and county requirements for pay, paid time off and benefit offerings? Do you know what HR topics are being discussed by law makers? Are you confident that your organization would pass an I-9 or personnel file review? If HR issues are keeping you awake at night, join us for a session to learn about the current trends that should be on your radar.

▶▶▶ TAX RISKS FOR NONPROFIT ORGANIZATIONS

Recorded Webinar

Many nonprofit organizations may be tax-exempt under IRC 501(c)(3), but this doesn't mean they're immune from tax risks and regulations. Continued governmental scrutiny of the exempt status of nonprofits coupled with the general exemption requirements mean that organizations need to understand the potential risk areas. In addition, tax exposures can occur in other areas that can catch organizations unaware, especially if they have for-profit subsidiaries. In this session we'll cover general tax exemption requirements, specific areas of current IRS review and focus and what nonprofit organizations can and should do to monitor tax risk.

As part of our Nonprofit Webinar series, the following topics were discussed this spring. Check our website for information: <https://www.eidebailly.com/nonprofit-webinar-series>

- March 30th | 11:30 AM CST – **FINANCIAL CYCLE: BUDGETING**
- April 20th | 12:00 PM CST – **FINANCIAL CYCLE: AN INTERNAL LOOK AT FINANCIALS**
- May 19th | 11:00 AM CST – **FINANCIAL CYCLE: PRESENTING FINANCIALS EXTERNALLY**

New Accounting Standards and Regulations

Eide Bailly will be able to work with the School on any new accounting standards and regulations, including ASC 842. We've held numerous client trainings, meetings, and conversations with nonprofit entities to assist them with FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. We encourage our clients to view us as their trusted business advisors, not just their accountant.

We've also worked closely with our clients over the past few months regarding the 2020 CARES Act and commit to keep you apprised of new updates as they emerge. We use these opportunities to better understand our clients and to assist with all facets of implementation of new standards.



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OUR NEWSLETTERS, E-BLASTS AND WEBINARS:**

www.eidebailly.com/insights



Services

AUDIT METHODOLOGY

At Eide Bailly, we promise you a better overall experience. We're unique because we appreciate the fact that every situation and every organization is different. We tailor our approach based on the needs of each client.

Eide Bailly values its business relationships and demonstrates this through our partner and manager involvement. Our senior level professionals are involved with our clients and accessible throughout the year. They do not delegate all tasks to staff, but rather stay involved on-site during fieldwork and stay connected throughout the year. Our client testimonials specifically highlight this approach, believing they benefit from our ability to stay abreast of changes in and updates to their operating environment as we partner with them to achieve optimal results.

Our clients experience a communication approach that stands apart in both style and frequency. Because we recognize that effective communication is critical throughout the entire audit process, our service and communication approach begins with planning and continues throughout the year. Additionally, we take a collaborative communication approach with our clients and include them in the process as our peers. Our clients offer a wealth of knowledge and information about their organization, and communicating with them as a business partner ultimately produces the best outcome.

Prior to beginning the engagement, we'll discuss with management:

- The engagement timeline.
- The audit approach and process.
- Additional considerations that may affect scope, schedules and work papers to be prepared by your personnel.

Upon appointment as your auditor, we'll discuss the audit schedules and work with you to ensure the timeline meets your needs and makes the most effective use of your staff members' time.

AUDIT APPROACH

At Eide Bailly, we tailor our approach based on the needs of each client. Our audit approach is designed to collaborate with the School to achieve optimal results. The approach consists of five major components: Planning and Pre-Work, Interim Work, Fieldwork, Reporting and Ongoing Communication. The objectives and timing of each component are described in the following:



PLANNING



- Gain knowledge of the School and environment.
- Perform analytical procedures to identify audit risk areas.
- Consider fraud through inquiry and brainstorming.
- Develop audit budget by individual areas.
- Determine audit procedures by area, based on results of audit planning.
- Determine confirmation needs.
- Prepare listing of audit information requested from organization.

INTERIM WORK



- Review internal controls.
- Review minutes and resolutions.
- Review any legal matters.

FIELDWORK



- Audit areas based on risk assessment.
- Obtain and prepare schedule and analyses supporting the financial information.
- Review of tax positions.
- Discuss findings with management, if applicable.
- Discuss proposed journal entries with management, if applicable.

REPORTING



- Prepare draft of financial report and management letter.
- Provide report to management for review and comment.
- Present final report to designated governance representatives.

ONGOING COMMUNICATION



- Obtain interim financial statements throughout the year for review.
- Analyze significant changes and identify areas to further tailor our audit plans and to keep us up to date with continuing changes.
- Compare the interim results to year-end results for the past few years to identify potential issues in the financial reporting process.
- Participate periodically at your Board meetings, and any other meetings, at the Board's request.

Engagement Timeline

The table below outlines our preliminary schedule:

➤➤➤ Audit Timing

Activity	Timing											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Planning & Pre-Work		█										
Interim Work			█									
Final Fieldwork							█					
Reporting												█
Ongoing Communication	█											



Tax Approach

TAX PROCESS

When preparing and reviewing the Form 990 for our clients, we're aware these records are available to the public—including the media. We provide value in the preparation of the tax return in several areas. We review the information accumulated and the theory behind how the information is included in the tax return. We work closely with the audit team to use the information they've collected in the audit process in our preparation of the tax returns. We also include a member of the tax team in our audit planning meeting when starting the engagement to share information related to changes in your organization or environment.

As part of our information-gathering process, we'll conduct an interview with the School's staff, management and appropriate Board members to accumulate the majority of the information needed for the tax return and discuss the questions on the return. We believe this will result in less time needed from you in gathering information and interpreting the questions on the Form.

In addition, we'll provide management and the Board with insight on IRS best practices and help develop responses to information required on the Form 990 based on the IRS's increased scrutiny. We're available to present the Form 990 to the Board to review any significant areas prior to filing.

Engagement Timeline

The tax timeline is based on when you want to file the Federal Form 990. Some clients prefer to use all extensions available, and others prefer to file within four and a half months of year-end. We're prepared to work on the return when convenient to the School, and we'll develop a timeline for delivery that includes time for management and the Board/Committee to review the tax return prior to filing.

We will meet your deadlines. By thoroughly planning and communicating with management, we begin each engagement understanding the various deadlines for each of the financial audits and tax services and the steps involved to meet deadlines. A project plan will be developed between us and the School and followed closely, and we'll work with the School's management team to customize our audit and tax services and specific timelines to your needs. We believe in clear, up-front and open communication, mitigating any surprises.

Use of Technology

Eide Bailly staff utilizes progressive and effective software to streamline processes and make them as efficient as possible. These technologies include:

My Eide Bailly (Web-Based Client Site)

My Eide Bailly is an online client site that gives clients the ability to transfer files securely and connect digitally with Eide Bailly. Email is not a secure way to exchange documents, but My Eide Bailly can handle large file uploads in a safe, secure manner.



In addition, My Eide Bailly offers clients visibility into their projects with us, control over who can access and see files related to those projects (including third parties) and an easy way to browse invoices, articles and upcoming webinars and other events. My Eide Bailly has an Apple and Android app as well.

My Eide Bailly makes it easy to share and stay connected with Eide Bailly, creating efficiencies for both our clients and our staff during engagements. We'll continue to add additional features to My Eide Bailly as we build our digital strategy to empower our clients to work with us digitally, if they choose.

Data Extraction Software

Eide Bailly designs our approach to incorporate the use of TeamMate Analytics to maximize efficiency while conducting a very effective audit. Through TeamMate, we can extract information from related databases and create databases that check for duplicate payments, summarize payments, extract journal entries from specific accounts, develop expectations for analytical procedures and recalculate system calculations, among other procedures developed by our audit team.

CCH ProSystem fx Engagement by Wolters Kluwer

This software is used to perform the audit, retains the electronic workpapers and supporting documentation, performs project tracking and facilitates quality engagement review.

COVID-19: Adapting to Change

Many of our clients are wondering about the impact of COVID-19 on their audits. Eide Bailly performs all engagements in a paperless environment. As a technology-driven firm, we've experienced no issues in performing audit procedures off-site from our clients during this unprecedented time. Our customized client engagement platform, My Eide Bailly, enables our clients to exchange documents securely and safely. Additionally, we use Skype and Microsoft Teams, which allows us to communicate with our clients face to face, share screens, and most importantly, make the process as seamless as possible. We're utilizing Zoom to host webinars and town hall meetings to educate and assist our clients on the rapidly changing circumstances and how to successfully navigate those changes. As a result, we expect to complete your audit remotely in the future should the need arise.

Innovative Audit Technologies

As part of its innovation initiatives, Eide Bailly has been conducting various pilot projects and is incorporating certain artificial intelligence techniques into its audit processes. Eide Bailly is currently working with two artificial intelligence vendors to determine which audit areas and processes can be positively impacted by driving improved efficiency, better risk identification and automated analytics, which in turn will provide a better and more cost-effective audit process for our clients. We're currently using these tools to analyze the general ledger and assist with journal entry testing required by audit standards. This area has typically required significant manual process and time for our audit teams. Initial efforts have proven efficient and effective in reducing our hours in this audit area and being able to pass these savings along to clients by keeping our professional fees down.

Eide Bailly has also begun incorporating Robotic Process Automation into its audit process. This area has provided improved efficiency and accuracy and increased testing scope in areas such as investment testing, benefit plan auditing and certain other areas. By utilizing paperless and innovative processes, we're able to bring experts from across our firm into every engagement. What this means to you—better service, timely reporting and cost-effective solutions.

Communication Process

Our service philosophy is one of working *for* the Board and *with* management. This approach has proven beneficial as it assures the proper communication channels exist while also avoiding last minute surprises that can be frustrating to the Board and management. We view all parties as an important part of the overall process of providing audit and tax services. Specifically, we've found the following communication protocols to be effective:

Management: We base our relationship with management on strong, two-way communication. The auditors and management must work together to ensure a timely and effective audit is performed, as well as to collaboratively address any issues that arise. We'll meet with management during audit planning to thoroughly understand the School's expectations and any changes to the organization. At the conclusion of the work, we'll jointly evaluate the effectiveness of the audit and any recommendations for changes in the future.

Board of Directors: We'll meet with appropriate members of the Board in the planning phase of the engagement to explain our approach and to ask for input on their areas of concern. At the conclusion of the audit, we'll meet with the Board and share the results, including the management letter, to ensure our findings represent the facts and our recommended solutions are practical. We'll also work with the Board and its appropriate committees to address financial and operational issues that impact the School.

While we're proactive in our communication, we encourage the School's Board, management and staff to call us with any questions they may have during audit and tax time, and throughout the year.

Cost Proposal

EXPECTED FEES

Our fees are based on the complexity of the issue and the experience level of the staff members necessary to address it. If you request additional services, we'll obtain your agreement on fees before commencing work, so there are no surprises or hidden fees.

We propose the following fees based on our understanding of the scope of work and the level of involvement of the School's staff:

Engagement Services and Fees

Professional Services	2022	2023	2024
Annual audit for the year ending June 30 th .	\$12,500	\$13,500	\$14,500
Preparation of annual tax return for the year ending June 30 th .	\$1,250	\$1,500	\$1,750
Total Fees	\$13,750	\$15,000	\$16,250

Out-of-Pocket Fees

In addition to the professional fees listed above, you'll be billed for actual out-of-pocket expenses such as travel time, mileage, lodging and meals.

Billing Policy Regarding Telephone Inquiries

We know clients appreciate access to all their service team members. We embrace this opportunity for constant communication and will ensure our team members are available when you have questions and issues. This service is included in the scope of the engagement. If a particular issue surfaces that falls outside the scope of this engagement, we'll bring it to your attention and obtain approval before proceeding.

Future Year Pricing Guarantees

Our fee increases of approximately 3-5% for future years is consistent with inflationary increases in the industry. They are contingent upon no major changes to the School, and that significant accounting and auditing rule changes and procedures remain consistent with current requirements. Fees do not include additional time that could be incurred due to changes to the scope of the engagement.



Team Qualifications

AN EXPERIENCED SERVICE TEAM

We're passionate about our work—and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the nonprofit industry.

Scott Gustafsson will lead the engagement team and serve as the Audit Engagement and Client Relationship Partner. **Shilo Gorospe** will serve as the Reviewing Partner and **Patty Hayashida** will serve as the Senior Associate. These professionals are licensed to practice public accounting and bring strong credentials and a desire to work with the School. If awarded these engagements, these individuals will serve as your primary contacts. Additional resources will support the project team as necessary.

Because we're committed to the nonprofit industry, we provide our professionals, as well as our clients, with specific, ongoing training related to new and common issues. This investment ensures our people and the public sector in general stays current on the unique challenges and opportunities present so that as many people as possible are in the best position to address these issues.

Senior and Staff Associates

Once we determine the timing that works best for you, we'll assign a senior and staff associates to your engagement.

Many of our seniors have more than two years of experience in public accounting, with several who specialize in the nonprofit industry. All members of our staff are required to comply with necessary continuing professional education (CPE) requirements, and most members of our staff significantly exceed their required amount.

We know the importance of a strong business relationship, so we keep staffing changes to a minimum year-to-year. Eide Bailly has a high retention rate, allowing us to provide stability. You'll find profiles for each team member in [Appendix A](#). The following information will provide an overview of your service team:



Scott Gustafsson, CPA, CFE
ENGAGEMENT PARTNER

Scott will serve as the engagement partner and will be responsible for reviewing the draft financial statements, collaborating on technical issues that may arise, and reviewing the work performed by the team. He has more than 15 years in public accounting with experience in the government and nonprofit industries and has gained specific experience working with charter schools throughout his career. He has worked with LA Promise Fund, Magnolia Educational & Research Foundation, Adelante Charter School, Lucia Mar Unified School District and Guadalupe School District. Scott holds the following designations: Certified Public Accountant (CPA), Certified Fraud Examiner (CFE) and Certified Information Technology Professional (CITP). He is located in our Rancho Cucamonga, CA office.



Shilo Gorospe, CPA
PARTNER

Shilo will be responsible for reviewing the draft financial statements, collaborating on technical issues that may arise and reviewing the work performed by the engagement partner. She has more than 19 years in providing audit, accounting and advisory services to the California school districts throughout her career. Shilo works with K-12 school districts, charter schools and county offices of education, as well as joint powers authorities.



Patty Hayashida
SENIOR ASSOCIATE

Patty will serve as the Senior Associate and will be responsible for completing audit work, including supervising staff in the field to ensure the audit is completed timely. She provides audit services to charter schools and nonprofit organizations throughout California. Patty performs compliance audits of federal awards in accordance with Uniform Guidance and is located in our Rancho Cucamonga office.

Affirmative Action

Eide Bailly adheres to the principles of affirmative action through our daily human resources and business operations practices. All members of Eide Bailly operate within the affirmative action guidelines and value its objectives.

Staff Continuity

As indicated in this graphic, Eide Bailly enjoys a high staff retention rate, especially in contrast to the national average in the accounting industry. This ensures strong business relationships with our clients. To minimize disruptions, we keep staffing changes on your team to a minimum, providing our clients with consistent service teams and increased quality of work.



Should the need arise to change any of the key engagement personnel, we'll notify you in writing and provide the qualifications of the proposed replacement. Upon your approval, new engagement personnel will join your service team.

Continuing Education

Because we're committed to the nonprofit industry, we provide our professionals with ongoing training specifically related to this industry and its issues. This investment ensures our people stay current on the unique challenges and opportunities within their industries so they're in the best position to help clients address these issues.

The firm places a strong emphasis on lifelong learning and recognizes the importance of developing our professionals to best serve our clients. This past year we provided our client service professionals with an average of 43 hours of professional education. In addition, clients like the School benefit from strong collaboration and communication among the engagement teams in our more than 40 offices, ensuring we're providing you with the latest thinking and best possible solutions.



All members of the engagement team will meet or exceed the CPE requirements. Eide Bailly uses a combination of in-house developed programs and external CPE to ensure all professional staff maintain the highest level of professional education. All professionals participate in formal CPE programs that meet or exceed the minimum mandatory standards of 120 hours of CPE over a three-year period.



Additional Resources

LET US HELP YOU WITH MORE

We pride ourselves on being leaders in the nonprofit industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're business advisors who want to help guide the strategy and operations of your organization, and we'll make sure you feel connected and understand the process. Our professionals work closely together so you receive valuable service from people who understand your needs and know your business.

When you work with us, you'll have access to the knowledge and talents of more than 2,500 professionals across our firm. This includes specialized tax knowledge, a full spectrum of audit/assurance services and our many specialized services, such as:

Cybersecurity

Our professionals have deep IT backgrounds, specializing in a broad range of security services and allowing us to tailor solutions to your needs. We work with every level of your organization—your boards and executives, technical IT admins and general users—to provide insight and guidance so you can be confident your data is protected.

Discover Your Organization's Potential

Regulatory requirements, finances and growing pains can make it difficult to understand your organization's value, and knowing value is crucial for dispute resolutions, acquisitions, exit-planning strategies and wealth management. Our valuation professionals understand compliance, and they'll identify operational inefficiencies to create a stronger cash flow.

The right tools and the right team make a difference. That's why we combine our financial expertise and deep understanding of the marketplace with the most effective data and resources to deliver results. Our big-firm resources and small-firm feel ensure you have the best of both worlds—the best tools and the best people.

Business Analytics

In today's data-rich world, it's vitally important to analyze your financial metrics in real-time to stay at the top of your industry. Our business analytics professionals can help you with:

- Performing ratio and trend analyses.
- Creating a customized narrative report converting math to English for your management team.
- Estimating your company's value using an (informal) valuation tool.
- Benchmarking your KPIs against the industry.
- Financial modeling.

We'll work together through your results, talk about your goals and help you make sense of your options because that's how we do business. Our goal is to be your trusted advisor and help you reach success as you define it.

Technology Consulting

Our technology consultants are committed to helping organizations with their technology to enhance productivity and profitability. They'll help you prioritize technology project initiatives to maximize your available resources. They offer a variety of services including IT value assessments, technology planning, technology systems selection, project management and IT resource identification.

Board Education and Training

We offer educational sessions to many of our clients as they experience changes in their operations or governance structures. Specific ways we've worked with clients include providing background and education on understanding financial statements and the Form 990, understanding the Board's fiduciary responsibility, developing Board committees and other Board governance issues. These educational meetings reflect our commitment to helping clients achieve their mission and objectives.



References

CLIENT REFERENCES

As a top 25 CPA firm, we've built our business on relationships and believe our clients to be the best critics of our service.

The clients below have similarities to your organization, and we encourage you to contact them to learn about their Eide Bailly experiences.

▶▶▶ Similar Clients

Peabody Charter School

Nancy Dow

Fiscal Director

nancy.dow@peabodycharter.net

805.563.1172

Orange County Educational Arts Academy

Janine McFarlin

Interim Controller

janine@oceaa.org

714.558.2787

ISANA Academies

John Vargas

Chief Operations Officer

jvargas@isanaacademies.org

323.291.1211



The Right Choice for University Preparation Charter School

BUILDING A SUCCESSFUL PARTNERSHIP

In the final analysis of the auditor review process, management and members of the Board must determine which of the firms they'd like to work with and will provide the greatest value to the organization at the fairest fee. Eide Bailly will add value to a relationship with you in the following ways:

- Eide Bailly believes in and supports the guiding principles of the School as you develop students, curriculum, the professional community and the cooperating community.
- When working with Eide Bailly, our fees are as stated and encompass value beyond just the audit and tax return preparation.
- The leaders of our nonprofit team are fully engaged in the nonprofit sector, including serving on nonprofit boards, advocacy for specific parts of the sector and a commitment to furthering the causes of nonprofits through participation in industry groups. These deep personal connections with and commitment to the sector means our clients work with people who truly understand and care about the nonprofit sector. These people view their work as more than just “a job.” We look forward to being a valued resource as we provide support and insight to your staff and Board.
- We have a deep understanding and analysis of industry trends and issues and significant involvement in industry organizations, providing us with strong insights that help clients address their most significant issues. This information is regularly shared with management and the Board to aid in your decision-making while giving you the tools to help your organization excel. We don't just provide your board with financial numbers; we give the School insight to help you meet their fiduciary responsibility.
- We'll work closely with your management team to customize our audit to your needs to ensure we're timely and efficient. We'll present drafts of your financial statements at the same time to provide insight on the differences and ensure your board understands the importance of both documents. We believe in clear, up-front and open communication with no surprises.

To us, work isn't just work; we see it as a chance to help you solve problems, achieve goals and pursue passions. After thoughtfully reviewing your needs and taking the time to understand your business, we think we're the best fit for this opportunity.

We can connect you with the knowledge, resources and solutions that bring confidence to your business decisions. We want to work with you!

If you have questions or would like additional information, don't hesitate to contact us. We want to make sure you have everything you need to make your decision.



Scott Gustafsson, CPA, CFE

Partner

sgustafsson@eidebailly.com

909.755.2831

We Want to Work with You

We're driven to help clients take on the now and the next with inspired ideas, solutions and results. We look forward to working with you.

Appendix A – Team Profiles

SCOTT GUSTAFSSON, CPA, CFE

Partner

INSPIRATION: I enjoy helping others and solving challenging problems while being able to meet new people all the time.

909.755.2831 | sgustafsson@eidebailly.com

Scott primarily serves K-12 school districts, charter schools, nonprofits and county offices of education. He guides and advises assurance teams and works with governmental entities to identify and test critical points of inherent risk in order to protect the integrity of external and internal financial reporting.

Scott performs additional services ranging from agreed upon procedures engagements for Proposition 39 and Proposition 51 bonds to assisting clients with fraud-related matters. He also assists clients with risk assessments, including reviews related to student body accounts, cash collections, internal controls, and misappropriation of assets. As a trainer, he provides staff and clients with the most up-to-date information on changes in the regulatory environment and the procedural knowledge to implement the required standards as well as fraud risk assessment and detection. Additionally, Scott has extensive knowledge related to the constantly changing state compliance requirements associated with educational entities. He obtained the Advanced Single Audit Certificate through the AICPA and provides in-depth knowledge of the Federal requirements for audits under the Uniform Guidance as they have continued to change. Since he is always looking ahead towards the future of technology, Scott has become a Certified Information Technology Professional (CITP) and completed the Blockchain for Accounting and Finance Professionals Certificate Program.

Outside of work, Scott enjoys spending time with family, outdoor adventures, woodworking and working out.

Client Work

Provides practical solutions and new ideas for organizations working through their business and technology initiatives, organizational design assessments and implementation projects.



Memberships

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Association of Certified Fraud Examiners

Designation/Licensures

Certified Public Accountant

Certified Fraud Examiner

Certified Information Technology Professional

Education

Bachelor of Science, Business Administration, Accounting Emphasis – California State University, San Bernardino

SHILO GOROSPE, CPA

Partner

INSPIRATION: I'm most inspired when collaborating with our clients to solve problems and achieve success. My goal is to always be there for our clients by providing exceptional service to meet their needs.

909.755.2832 | sgorospe@eidebailly.com



Shilo provides audit and accounting services to a broad range of entities, including local governments, nonprofit organizations and various business entities. Her current practice is focused on K-12 school districts, charter schools, joint powers authorities and county offices of education throughout California. Shilo has an in-depth knowledge of the federal and state compliance requirements associated with educational entities receiving federal and state funding.

As the requirements for single audits under Uniform Guidance (formerly A-133) and the State Audit Guide continue to change, Shilo has been a leader in training our staff and assisting our clients to ensure continuing compliance with regulations. She has been a featured speaker at the CalCPA Education Foundation's annual School District Conference providing updates and guidance to firms that provide audit services to K-12 school districts. Her expertise in this area has been recognized by her peers throughout the industry.

When you work with Shilo, you can expect her to take the time to understand your needs and provide thoughtful feedback.

Outside of work, Shilo enjoys spending time with her family, going to Disneyland and exercising.

Client Work

Provides practical solutions for organizations to improve processes, problem solve and implement new technologies.

Memberships

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Designation/Licensures

Certified Public Accountant

Education

Bachelor of Science, Business Administration, Accounting – California State Polytechnic University

Associate of Arts, Business Administration and Accounting – Mt. San Antonio Community College

PATTY HAYASHIDA

Senior Associate

909.755.2779 | phayashida@eidebailly.com

Patty provides audit services to charter schools and nonprofit organizations throughout California. She performs compliance audits of federal awards in accordance with Uniform Guidance.

When you work with Patty, you can expect her to take the time to sit down with you and listen to understand your needs and expectations.

Outside of work, Patty enjoys spending time with her family, fishing and hiking.

Client Work

Provides audit services to charter schools and nonprofit organizations.



Education

Bachelor of Science, Accounting -
University of Phoenix

Appendix B — Peer Review

PEER REVIEW



Report on the Firm's System of Quality Control

January 20, 2021

To the Partners of Eide Bailly LLP and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020, 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*. Eide Bailly LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Cherry Bekaert LLP".

Cherry Bekaert LLP

CULTURE

THE FOUNDATION OF SUCCESS



Caring for our external and internal clients with a passion to go the extra mile.

Respecting our peers and their individual contributions.

Conducting ourselves with the highest level of integrity at all times.

Trusting and supporting one another.

Being accountable for the overall success of the firm,
not just individual or office success.

Stretching ourselves to be innovative and creative, while managing the related risks.

Recognizing the importance of maintaining a balance between work and home life.

Promoting positive working relationships.

And, most of all, enjoying our jobs ... and having fun!



What inspires you, inspires us.

eidebailly.com