



# INSPIRED TO GROW AND PROSPER



March 12, 2021

**Proposal for Audit Services**

## **JUNIOR ACHIEVEMENT OF ARIZONA**

**Submitted By:**

Eide Bailly LLP

**Pam Eggert, CPA**  
Partner

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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 services for Junior Achievement of Arizona (“JAAZ”). We’ve served nonprofit clients for more than 100 years, so we recognize the ins and outs of your specific challenges, needs and goals. We’ve provided this proposal to address questions you may have and to highlight the additional value we feel differentiates us from other firms. We believe Eide Bailly has the qualifications to be the firm of choice for JAAZ for the following reasons:

### ▶▶▶ Extensive Nonprofit Industry Experience

Our extensive nonprofit experience and knowledge positions us to be the right firm for you. Eide Bailly currently serves over **3,000 nonprofit organizations, including more than 190 clients served by our Arizona nonprofit team.** The proposed engagement team that will serve JAAZ is comprised of people who spend the majority of their time working with nonprofit clients. Each team member has significant experience in the financial aspects of nonprofits and will bring this experience to all interactions with JAAZ. In addition, different from other firms, our service philosophy is to have the most experienced industry people—our partners and managers—work closely with clients so we can provide forward-thinking advice regarding the financial, operational and business issues they face.

### ▶▶▶ Personal, Customized Service

As a regional firm, Eide Bailly is large enough to provide clients with access to significant, industry-specific resources, yet small enough to provide personal and high level, technical assistance tailored to your needs. During your engagement, we will work closely with your management team to identify issues and provide responsive solutions that are tailored to your organization. At Eide Bailly, we make it a priority to be accessible to our clients, which includes returning phone calls and e-mails in a timely manner.

Because our service model does not view the audit and tax processes as annual “events,” we communicate with management on an ongoing basis and keep you apprised of accounting pronouncements, pending and approved IRS changes, changes in regulations and other issues that may impact JAAZ. Phone calls and emails aside, our communication efforts will include occasional webinars and seminars on topics of critical interest to nonprofits, in addition to our electronic nonprofit newsletters.

We realize other firms are knowledgeable as well; however, we believe what differentiates us is personal and attentive service from all members of our service team. We will 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.



### 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.

### ▶▶▶ 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 services, as outlined in your request, and will perform all work within the timeframes outlined.

### ▶▶▶ 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 organization.

### ▶▶▶ We Want to Work with You

We've developed the following proposal with Junior Achievement of Arizona in mind, and we'll provide timely, personalized audit 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 tag line 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 JAAZ. We would be proud to work with Junior Achievement of Arizona and build a trusting relationship with you and your team as our highly valued client. Please contact me if you would like to discuss any aspect of this proposal.

Sincerely,



**Pam Eggert, CPA**

Partner

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[peggert@eidebailly.com](mailto:peggert@eidebailly.com)

**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](http://www.eidebailly.com/covid19)



## A. Firm Qualifications

# WHAT INSPIRES YOU, INSPIRES US

Your experience will be different than working with other CPA firms because we offer experience backed by more than 100 years of service. Our professionals deliver industry and subject matter expertise resourcefully, ensuring that we're providing guidance that directly reflects the needs of JAAZ. 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 are guided by trusted advisors who care about your success.
- Appreciate our service style is hands-on, and that we proactively find new ways to solve your problems or help you embrace opportunities.

## Independence

Eide Bailly is independent of JAAZ as defined by the rules of the American Institute of Certified Public Accountants (AICPA).

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 in fact and in appearance, and no relationships, either personal or professional, exist that would cause our firm to not be impartial in dealing with JAAZ.

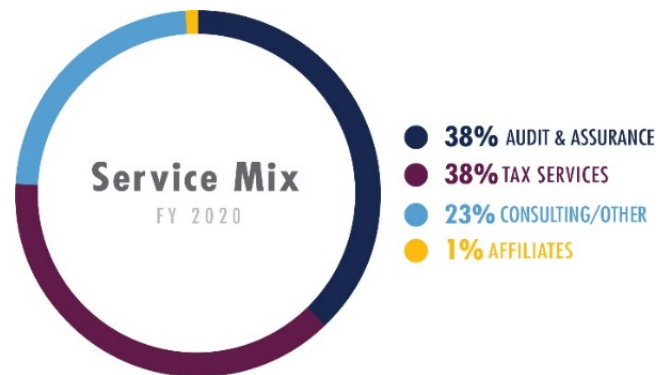
Should Eide Bailly engage in any professional relationships deemed relevant during the course of this engagement, we'll notify you in writing of such relationship.

## Local Office

The audit services for JAAZ will be from our Phoenix offices. 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, leading to numerous efficiencies.

## Audit and Assurance Experience

Since 1917, we've provided audit services to clients across all industries. These services account for 38 percent of our work, and include audits, compilations, reviews and financial statement forecasts and projections, as well as assistance in understanding financial statements, conducting internal audits and evaluation and testing of internal controls. Our clients experience regular contact with senior-level staff and work with a consistent team from year to year, with appropriate rotation.



At Eide Bailly we view an audit as a valuable management tool—the opportunity to help you improve profitability and strengthen your business and administrative practices. Our clients appreciate this viewpoint and the opportunity to work with auditors who share their vast knowledge throughout the process, as well as throughout the year.

Our audits are conducted under generally accepted auditing standards (GAAS) and include an examination of evidence supporting the amounts and disclosures in the financial statements. The objective of an audit is to provide a reasonable basis for expressing an opinion about whether the financial statements, taken as a whole, are presented in conformity with generally accepted accounting principles (GAAP).

## National Assurance Office

Eide Bailly has a National Assurance Office (NAO) that oversees the quality and compliance of the audit practice. Our NAO is a group of assurance partners and senior managers that performs a variety of quality control functions, including the following:

- Consultations with engagement teams, financial statement reviews and engagement quality control reviews.
- Monitors new accounting and auditing standards and assists in the development of related internal communications and training materials.

## JUNIOR ACHIEVEMENT OF ARIZONA

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- Develops and delivers internal continuing professional education.
- Assists with the performance of the firm's internal inspection processes and formal root cause and action plan development for both internal inspection and peer review findings.

Your Eide Bailly audit teams sit side by side with these leaders and have access to this group on an as needed basis to help research and consult on any unique auditing or compliance issues that may arise. Our philosophy is that NAO is a firm resource to support the audit team; therefore, we don't charge our clients for time spent by this group supporting the audit team.

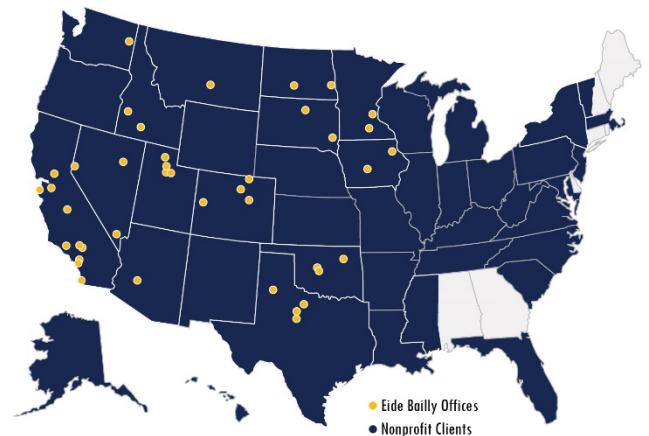


## B. Nonprofit Background and Experience

# INSPIRED TO SERVE NONPROFITS

Nonprofit organizations represent one of the top five industries we serve, both as a firm and in our Phoenix offices. Eide Bailly works with the entire spectrum of entities to address not only their financial issues, but also their business and operational issues as well. Throughout the firm, we serve over 3,000 nonprofits whose sizes range from \$20,000 in assets to more than \$100,000,000.

As with most other public accounting firms, the core services of tax and assurance form the foundation of amenities offered to our nonprofit clients. However, unlike many other firms, Eide Bailly offers a diverse set of specialized services, beyond audit and tax. We have highlighted those we believe JAAZ will find most valuable in the [Additional Resources](#) section of this document.



Eide Bailly's strong financial foundation, continued growth and commitment to the nonprofit industry ensures our clients that we will maintain a long-term relationship with them. Clients will work with a team of professionals who are highly qualified, experienced and who truly understand the nonprofit industry, as they serve a full spectrum of nonprofit organizations.

### Nonprofit Services Group

Our firm has set up industry groups to focus on the needs of each industry we serve—with one group dedicated to nonprofit organizations. Our nonprofit team members have made a career commitment to working with nonprofits and, therefore, they focus their training and education to align with this sector.

These staff members and partners understand the matters faced by nonprofits and are in a better position to provide solutions to any issues and needs that may affect your organization. This focus also ensures that our staff members stay abreast of current regulations and issues. Through our nonprofit industry group, we have established relationships within the community of nonprofit organizations—including attorneys, financial advisors and industry associations. Such relationships enable us to work together effectively as a team to our clients' benefit.



Firmwide, over 350 staff are part of the nonprofit audit and tax teams. This size and depth of resources ensures management and the Board of Directors that, as your organization grows and your needs change, we'll have the knowledge and resources to support your growth.

### **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 American Institute of Certified Public Accountants (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 JAAZ, we'll not only look at today's issues, but we also proactively address issues that may affect JAAZ in the future. We do this by developing deep relationships with our clients, other professionals that serve these clients and the trade organizations that provide a vital education component to nonprofits.

As leaders within the firm and active industry participants our nonprofit team members are regularly involved in speaking to groups on issues of importance to the nonprofit. Examples of recently presented topics include:

- Financial and governance concerns for board members.
- The impact of changing regulations.
- Enterprise risk management.
- Detecting and addressing fraud.
- Reporting of charitable contributions.
- Topics related to healthcare reform.
- Nonprofit overhead.
- Subjects specific to private foundations.
- Cybersecurity.
- COVID-19 Legislation.
- ASU 2016-14 implementation considerations.

# PASSING OUR EXPERIENCE ONTO YOU

## 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've 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.

Uniquely, our service model doesn't view the audit and tax processes as annual "events" and therefore, we communicate with management on an ongoing basis. We keep you apprised of accounting pronouncements, pending and approved IRS changes, changes in regulations and other issues that may impact JAAZ throughout the fiscal year.

In addition, as our client, you will have access to scores of additional education and firm events, most of which are offered electronically to allow you to participate remotely.



## BEING AN EFFECTIVE EMPLOYEE AND MANAGER WHILE WORKING REMOTELY

### Recorded Webinar

Many organizations have been forced to pivot, not only their programs, but also their workforce in light of the COVID-19 global pandemic. For some, the transition was easy, having already provided a remote work option for staff, but for others, there was—and still is—a lot to learn about how to successfully work in a remote environment. With that in mind, we invite you and your team to join us for a discussion on effectively working and managing in a remote environment. In addition, we'll take some time to look at how COVID-19 has impacted your HR practices.

As part of our upcoming nonprofit webinar series, the following topics will be discussed this spring. Registration links are available now. Check out our website for more information and to register to attend. <https://www.eidebailly.com/nonprofit-webinar-series>

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

We also have a number of articles and webinars available for viewing on our website including:

### **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.



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[www.eidebailly.com/insights](https://www.eidebailly.com/insights)



### **Going Beyond Accounting Services – Helping to Strengthen the Nonprofit Community**

In addition to our daily interaction with nonprofits through the services we provide and the organizations in which we are involved, Eide Bailly has committed to strengthening the nonprofit community through the Eide Bailly Resourcefulness Award. This award was created to provide recognition and support to 501(c)(3) organizations that have undertaken sustainable, creative, and impactful revenue generating initiatives. Following the issuance of the award, we provide a number of learning events which bring lessons learned through the process to the nonprofit community as a whole. These events spark conversations within and between organizations which strengthens their revenue-generating approaches. It is our hope that our award winners, coupled with these events, assist the nonprofit community in critically thinking about their operations and how they can better approach them.

In October 2020, we announced winners in all four markets where this award was given (Arizona, Colorado, Minnesota and North Dakota). Our Arizona grand prize winner was the Treasures4Teachers organization. They were awarded \$10,000 for their Repurpose and Recycle Initiatives project.

We'll continue celebrating and sharing the trends with our nonprofit community so that we can all learn and grow together. You can find more information and sign up to receive alerts regarding the Resourcefulness Award on our website using the link below. The links for applications for our 2021 award will open July 15th, 2021.

**<https://www.eidebailly.com/industries/nonprofit/insights/resourcefulness-award>**

### **Staff Involvement in Nonprofit Industry Associations**

Our commitment to serving the nonprofit industry goes beyond providing a full array of services; we're also committed to supporting the causes of nonprofits through the donation of time, talents and other resources. So that we can continuously deliver value and new ideas to our clients, Eide Bailly's professional staff is actively involved in industry-specific organizations and associations. Locally, Eide Bailly is an active participant and frequent sponsor of conferences through the Arizona Society of CPA's. We fully believe in supporting these organizations that are integral to the success of Arizona's nonprofit community. Through this involvement, we stay abreast of and have input into new issues involving the nonprofit industry, which translates directly into additional value for our clients.



## C. Understanding of Work

### Professional Services Requested

Based on the issued RFP and prior conversations with JAAZ, we understand your needs as outlined below:

- Annual audit of the consolidated financial statements of Junior Achievement of Arizona, Inc. and the Foundation for Junior Achievement of Arizona, Inc. for the fiscal year ending June 30, 2021, 2022 and 2023.
- Annual compilation report on the Statement of Revenue Subject of License Fee.

### Commitment to Junior League of Arizona

We welcome the opportunity to be your professional services firm and commit to providing the services listed above. In addition, we will:

- Provide ongoing help for questions, concerns and problems that arise whether they are anticipated or unexpected.
- Provide **Pam Eggert** as your specific client service contact who will coordinate your service team and provide managers and staff to assist management with informed and accurate solutions.
- Provide experienced professionals who possess the depth and expertise to handle significant or complicated issues.

When you work with Eide Bailly, your experience will be different than working with other CPA firms. Our professionals are thought leaders who strive to become your trusted business advisors by delivering insightful advice and industry knowledge.



**D. Engagement Timeline & Audit Plan**

We anticipate the audit services will be completed during June—September timeframe with the final report issued by the end of September. The table below outlines a preliminary schedule.

**➤➤➤ Audit Timing**

Activity	Timing
Planning	June
Fieldwork	First week of August
Reporting	End of September
<b>Ongoing Communication</b>	<b>Throughout the Year</b>

We will meet your deadlines. By engaging in thorough audit planning and communications with management, we begin each engagement with a strong understanding of the various deadlines for the financial audit and the steps involved along the way to meet these deadlines. An audit project plan will be developed between our team and JAAZ and then followed closely, and we'll work with JAAZ's management team to customize our auditing services and specific timelines to your needs. We believe in clear, up-front and open communication mitigating surprises.

**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; therefore, 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 and partnering 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 approach is one where communication 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 JAAZ to achieve optimal results. The approach consists of four major components: Planning and Pre-Work, Fieldwork, Reporting and Ongoing Communication. The objectives and timing of each component are described in the following:



#### Planning and Pre-Work

- Gain knowledge of JAAZ and environment.
- Review internal controls.
- Perform analytical procedures to identify audit risk areas.
- Consider fraud through inquiry and brainstorm.
- 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.

#### Fieldwork

- Audit areas based on risk assessment.
- Obtain and prepare schedule and analyses supporting the financial information.
- Review of tax information.
- 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 representatives.

## Ongoing Communication

- 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.

## 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 and 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 a host of other procedures that are 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. Because we're 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 on how to successfully navigate through 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 driven 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 we hope will provide a better and more cost-effective audit process for our clients. We are currently using these tools to analyze the general ledger and assist with journal entry testing that is 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 began 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 are 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 in that 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 services. Specifically, we have 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 gain a thorough understanding of JAAZ'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 that our findings represent the facts and that our recommended solutions are practical. We'll also work with the Board and its appropriate committees to address financial and operational issues that impact JAAZ.

While we are proactive in our communication, we encourage JAAZ's Board, management and staff to call us with any questions they may have, not just during audit and tax time, but throughout the year.

## E. Proposed Fee Structure

# COST PROPOSAL

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 JAAZ's staff:

### Engagement Services and Fees

Professional Services	2021	2022	2023	2024	2025
				Optional Year	Optional Year
Annual Audit of Financial Statements for the year ending June 30.	\$14,800	\$15,000	\$15,200	\$15,500	\$15,700
Annual Compilation Report on the Statement of Revenue Subject to License Fee.	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<b>Total Fees</b>	<b>\$15,800</b>	<b>\$16,000</b>	<b>\$16,200</b>	<b>\$16,500</b>	<b>\$16,700</b>

### 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.

### Future Year Pricing Guarantees

Our fee increases of approximately 3-5 percent for future years is consistent with inflationary increases in the industry. They are contingent upon no major changes to JAAZ, 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.

## F. Determination of Materiality Level

Typically, the firm's assessment of materiality will be performed during the planning phase of the engagement. The materiality calculation will be performed utilizing the Eide Bailly LLP approved materiality calculation form. The base amount to be used to drive the materiality calculation is determined based upon total revenue, total assets or a benchmark amount that is key to JAAZ.

As part of the engagement planning process, the engagement team will complete a risk analysis of JAAZ. This risk analysis was developed by Eide Bailly's National Assurance Office. Based upon the results of the risk analysis, a percentage factor will be applied to materiality to determine performance materiality.

## G. Technical Questions and Billing Rates

### Billing Policy Regarding Telephone Inquiries and Technical Questions

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 type of communication 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.

The following are examples non-billable vs. billable support we provide:

Non-Billable	Billable
Periodic phone calls or meetings with the primary audit team to address specific questions that can be answered without conducting further research.	Call requesting a meeting to discuss optional strategies, including contract review, for a new contract being negotiated.
Calls for assistance to answer a question regarding reimbursement or a tax issue that does not involve extensive research.	Assistance is needed in completing an operational assessment or debt capacity study related to opening a new department or changing a portion of your operations.
Calls asking how to book specific journal entries and other routine accounting questions.	Call requesting assistance on resolving billing issues and interpretation of specific rules and regulations that result in research and review of detailed information that takes several hours.

### Accounting Assistance, Consulting and Telephone Inquiries

Our fees assume you understand the applicable accounting principles and reporting requirements sufficiently to provide us the information necessary to perform these services. In our experience, many new organizations require some training in the unique accounting and reporting requirements for nonprofits. We are available to help to assist you understand and comply with these requirements. If needed, this additional work will be billed at our hourly rates.

### Billing Rates

Current billing rates for Eide Bailly personnel serving the nonprofit industry are as follows. Ranges have been provided according to the varying experience levels of the individuals in these positions.

#### Standard Hourly Billing Rates

Staff Level	2021
Partner	\$350 – 450 / hr.
Senior Manager/Manager	\$200 – 375 / hr.
Senior Associate/Associate	\$120 – 225 / hr.



## H. Key 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. All proposed team members have experience working in the nonprofit industry throughout their careers. **Pam Eggert** and **Jodi Kimmerle** have worked together for over 15 years, supporting and expanding Eide Bailly's nonprofit practice in Arizona and throughout the firm. This specific experience and knowledge allows us to serve our clients and train our internal staff, while offering valuable advice and guidance to the nonprofit community in Arizona.

**Pam Eggert** will lead the engagement team and serve as the Audit Engagement Partner and the Client Relationship Partner. **Jodi Kimmerle** will serve as the Senior Audit Manager. These professionals are licensed to practice public accounting and bring strong credentials and a desire to work with JAAZ. If awarded these engagements, these individuals will serve as your primary contacts. Additional resources will support the project team as necessary.

Because we are 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 not only our people, but also 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.

## YOUR SERVICE TEAM

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:



### **Pam Eggert, CPA**

#### **AUDIT PARTNER/CLIENT RELATIONSHIP EXECUTIVE**

Pam joined Eide Bailly in 2006 and her public accounting experience extends to a variety of clients, including nonprofit organizations of many shapes and sizes, healthcare, social clubs and affordable housing projects. Pam helps her clients implement new and upcoming standards that have an impact on their organizations. Throughout the audit, she helps oversee the process from beginning

to end and serves as a resource for clients. Pam works closely with her clients to understand their organizations and to ensure their organization is staying up to date with ever-changing requirements. She is the chair of the firm's Nonprofit Technical Issues Committee holds the Certified Public Accountant (CPA) designation and is located in our Phoenix office. With Pam, you can expect a hands-on approach and timely service, so you can focus on achieving your goals.



### **Jodi Kimmerle, CPA**

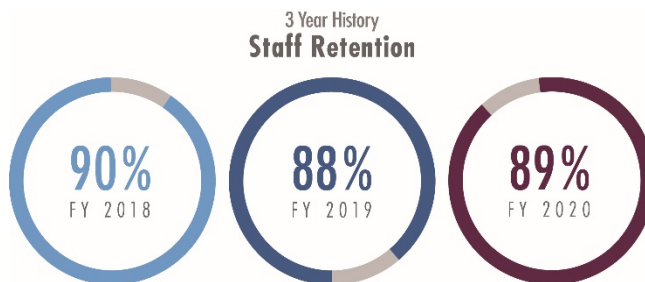
#### **AUDIT SENIOR MANAGER**

With more than 16 years in public accounting, Jodi has experience with a wide range of nonprofit clients. She leads teams from the start of an engagement through finalization of deliverables and acts as a main point of contact for clients. Jodi works with her clients to gain an understanding of their organizations and the specific needs they may have. She uses this knowledge to look for ways to efficiently complete

projects and tasks, to the betterment of the client. Jodi is also a member of our firm's Nonprofit Technical Issues Committee.

## 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, which provides 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 the industry and their 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 JAAZ benefit from strong collaboration and communication among the engagement teams in our more than 40 offices, ensuring we provide 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 that 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.



**CPE HOURS**

**Eide Bailly FY 2020**

INDUSTRY STANDARD: 40

## REFERENCES

## SIMILAR CLIENTS

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 work with members of your proposed engagement team. We encourage you to contact them to learn about their Eide Bailly experiences.

### ▶▶▶ Clients Served by the Proposed Engagement Team

**Boys and Girls Hope of Arizona, Inc.**

**Amy Pfeifer**

Executive Director

602.266.4873

[apfeifer@bhgh.org](mailto:apfeifer@bhgh.org)

**The Be Kind People Project Foundation**

**Marcia Meyer**

Chief Executive Officer

602.559.9399

[marcia@thebekindpeopleproject.org](mailto:marcia@thebekindpeopleproject.org)

**Illustrative Mathematics**

**Kristen Welch**

Chief Financial Officer

240-893-9876

[kwelch@illustrativemathematics.org](mailto:kwelch@illustrativemathematics.org)

## I. Peer Review

Eide Bailly is a member of the American Institute of Certified Public Accountants. Our membership with the AICPA requires a third-party peer review of our audit and accounting practice every three years. The quality review included several nonprofit engagements and received a rating of 'Pass'. No letter of comments was issued.



### 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](http://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





## 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 feel 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 will help you to 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 have provided educational sessions to many of our clients as they experience changes in their operations or governance structures. Specific ways we have 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.



## The Right Choice for Junior Achievement of Arizona

# BUILDING A SUCCESSFUL RELATIONSHIP

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

- Eide Bailly believes in and supports the mission of JAAZ to empower the youth in Arizona and enhance their futures by giving them the knowledge and skills they need to manage their money, plan for their future, and make smart academic, career and economic choices.
- When working with Eide Bailly you can be sure that 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 to the organization as we provide support and insight to your staff and Board.
- We have a deep understanding and analysis of industry trends and issues, as well as significant involvement in industry organizations, providing us with strong insights that help clients address the most significant issues impacting them. This information is regularly shared with management and the Board to aid in your decision-making while giving you the tools needed to be the best at what you do. We don’t just provide your board with financial numbers; we give JAAZ insight to help them meet their fiduciary responsibility.
- We’ll work closely with your management team to customize our audit to your needs to ensure we are 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 feel we're the best fit for this opportunity.

We can connect you with the knowledge, resources and solutions that help 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.



**Pam Eggert, CPA**

**Partner**

602.264.8629

[peggert@eidebailly.com](mailto:peggert@eidebailly.com)

### **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

# TEAM PROFILES

## PAM J. EGGERT, CPA

Partner

**INSPIRATION:** I am inspired by helping my clients and my coworkers at Eide Bailly. I feel great satisfaction when I can walk away from a client or coworker knowing I helped them solve their problem. It can come with challenges and hard work, but it provides the greatest sense of accomplishment.

602.264.8629 | [peggert@eidebailly.com](mailto:peggert@eidebailly.com)



Pam joined Eide Bailly in 2006 and her public accounting experience extends to a variety of clients, primarily including nonprofit organizations, social clubs, affordable housing projects and general commercial companies. Pam helps her clients implement new and upcoming standards that have an impact on their organizations. Throughout the audit, she helps oversee the process from beginning to end and serves as a resource for clients.

Pam works closely with her clients to understand their organizations and to ensure their company is staying up to date with ever-changing requirements. With Pam, you can expect a hands-on approach and timely service, so you can focus on achieving your goals.

Outside of providing audit work to her clients, Pam can be found spending her free time with her family. This mostly involves spending time outside, watching Disney movies and chasing her 2 little boys.

### Client Work

Serves as the partner and key client contact for a variety of engagements, including audits, reviews and compilations. Also performs audits in accordance with Uniform Guidance (single audits) and HUD requirements.

Reviews internal controls and assesses the risk of fraud for identified weaknesses. Recommends improvements to management and those charged with governance.

Communicates audit results through reports and presentations to management, audit committees and board of directors.

Chair of the firm's Nonprofit Technical Issues Committee. Responsibilities include leading the committee and addressing issues in the nonprofit industry as well as researching standards that will become effective for nonprofits in the coming years.

### Memberships

American Institute of Certified Public Accountants, Member

Arizona Society of Certified Public Accountants, Member

### Designation/Licensures

Certified Public Accountant

### Education

Bachelor of Accountancy – University of North Dakota, Grand Forks

Bachelor of Finance – University of North Dakota, Grand Forks

### Community

Arizona Animal Welfare League, Vice President

## JODI KIMMERLE, CPA, CFE

Senior Manager

**INSPIRATION:** I have always been inspired by the quote “Be the change you want to see in the world”.

602.264.8672 | [jkimmerle@eidebailly.com](mailto:jkimmerle@eidebailly.com)

With more than 16 years in public accounting, Jodi has experience with a wide range of clients, with a focus on the nonprofit industry. She leads teams from the start of an engagement through finalization of deliverables and acts as a main point of contact for clients

Jodi works with her clients to gain an understanding of their organizations and the specific needs they may have. She uses this knowledge to look for ways to efficiently complete projects and tasks, to the betterment of the client

Outside of work, Jodi enjoys a variety of activities including reading (although her busy schedule usually requires listening to audio books instead!), watching movies and television shows, and volunteering. Her favorite month of the year is April because that is when her and her husband attend the Phoenix Film Festival! Jodi also enjoys spending time with her toddler. It is amazing what you can learn when you view the world through a child’s eyes!

### Client Work

Provides public accounting services to a variety of clients with a focus on nonprofit organizations, including homeowners’ associations, HUD properties and foundations.

Conducts compliance audits under Uniform Guidance.



### Memberships

Arizona Society of Certified Public Accountants

Arizona Society of Certified Public Accountants – Non-Profit Committee

Association of Certified Fraud Examiners

### Designation/Licensures

Certified Public Accountant, Arizona

Certified Fraud Examiner

### Education

Bachelor of Science, Accounting – Montana State University, Billings

Bachelor of Science, Business Management – Montana State University, Billings

### Community

Board Member (Treasurer) – Arizona Center for Disability Law



# 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](http://eidebailly.com)