



**Fechter & Company**  
**Certified Public Accountants**

3445 American River Drive, Suite A  
Sacramento, California 95864  
(T) 916.333.5360 (F) 916.333-5370

**Company Representative:**  
Lamar Edwards  
LEdwards@FechterCPA.com  
www.FechterCPA.com

**Redbud Health  
Care District  
April 2, 2024**

**Proposal for  
Financial Audit  
Services**

For the Fiscal Year Ending  
June 30, 2024

Statement of Confidentiality

This proposal and supporting materials contain confidential and proprietary business information of Fechter & Company. These materials may be printed or photocopied for use in evaluating the proposed project but are not to be shared with other parties.

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April 2, 2024

Conrad Colbrandt  
General Manager

Redbud Health Care  
District  
P.O. Box 4667  
Clearlake, California  
95422

(707) 995-1716

redbudhealth@att.net

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Dear Mr. Colbrandt,

Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide audit and tax preparation services to the Redbud Health Care District (the District). The Statement of Firm Qualifications and the credentials listed in the resumes of our team will demonstrate our qualifications, competence, and capacity to perform the audit services requested within the time frame required by the District.

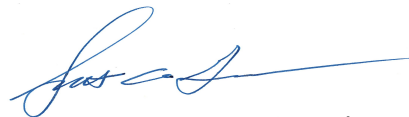
We believe we are best qualified to perform this engagement because we have gained efficiencies and an understanding of the District's operations, and maintain a small dedicated staff of experienced auditors and accountants familiar with your file. We are able to promise the staff on your engagement will have experience that is directly applicable to your entity.

We commit to completing your audit within the time frame required, the phases of which are described on page 14.

This proposal is an irrevocable offer valid for 90 days after the date of the proposal. I am authorized to represent and to obligate the firm contractually to District. I am located 3445 American River Drive, Suite A, Sacramento, California 95864, and you can contact me by telephone at (916) 333-5360.

Thank you for considering our proposal. We look forward to a long and successful working relationship with you and your team.

Very Truly Yours,



Scott German, CPA, President  
Fechter & Company,  
Certified Public Accountants  
3445 American River Drive, Suite A  
Sacramento, California 95864  
(T) 916.333.5360 (F) 916.333.5370  
SGerman@FechterCPA.com

## Firm Qualifications and Experience



Fechter & Company, Certified Public Accountants is a professional corporation based in Sacramento, California. All resources dedicated to the audit and tax services will be based from this location. Since April 2005, we have built a practice providing audit, tax, and business consulting to government agencies, non-profit organizations, and small businesses with annual budgets of less than \$25 million.

3445 American River Drive, Suite A, Sacramento, California 95864



### EXPERIENCED AUDITORS

From our staff of 10 CPA's and seasoned staff, 3-4 will be assigned to perform all audit procedures. From initial planning through fieldwork to financial statement preparation, our depth of experience will be evident.



### PERSONAL SERVICE

You receive a high level of personal service with easy access to professionals who can answer your questions and facilitate the audit process.



### EFFICIENT PROCESSES

Our staff turnover is very low. As a result, you will have the same staff from year to year, resulting in a more efficient and effective use of your staff.

# Firm Qualifications and Experience, Continued

## Quality Control Review



Our peer review, including a review of a specific governmental engagement, is provided below. Fechter & Company has never failed a peer review and has fully implemented all required quality control procedures. Our next peer review is due in 2023.

**Grant Bennett Associates**  
A PROFESSIONAL CORPORATION

Proud Member of  
**AlliottGlobalAlliance**

**Report on the Firm's System of Quality Control**

September 8, 2021

To the Owner of *Fechter & Company, CPAs* and the Peer Review Committee of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of *Fechter & Company, CPAs* (the firm) in effect for the year ended March 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 an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

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.



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Princeville, IL  
888/763-7321

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**Deficiencies Identified in the Firm's System of Quality Control**

We noted the following deficiencies during our review:

- Compliance with the firm's quality control policies and procedures in reference to leadership responsibilities for quality were not sufficient to provide reasonable assurance that the engagements are performed in accordance with professional standards. The firm did not appear to adequately document the risk of material noncompliance with each major program's compliance requirements occurring due to fraud; audit working papers contained many audit programs, forms, checklists, and memos that were either only partially completed or not completed at all; and did not document a significant risk to the firm's independence, nor require that suitable sufficient safeguards are in place when performing non-attest services for an audit client under Generally Accepted Government Auditing Standards. In our opinion, these contributed to a single audit engagement under the Office of Management and Budget "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" that did not conform to professional standards in all material respects.

**Opinion**

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of *Fechter & Company, CPAs* in effect for the year ended March 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*. *Fechter & Company, CPAs* has received a peer review rating of *pass with deficiencies*.

*Grant Bennett Associates*  
GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants



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# Firm Qualification and Experience, Continued

## Licensing, Independence, and Insurance



### LICENSE TO PRACTICE IN CALIFORNIA AND FIRM STANDING

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- Since 2005, our firm has been licensed as a certified public accounting firm by the California State Board of Accountancy.
- All key professional staff are properly licensed in California.
- Our firm has had no disciplinary action taken or pending since its inception in 2005.
- We have no prior substandard audit work or unsatisfactory performance pending with the State Board of Accountancy or other related professional organizations.

### INDEPENDENCE

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- Our firm is independent of the District as defined by generally accepted auditing standards and the US General Accounting Office's Government Auditing Standards.
- Our firm has no history or professional relationships with the District or its personnel that would compromise our independence.

### INSURANCE

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- We carry the requisite insurance coverage.
- A copy of our current Liability Insurance Certificate is included as Attachment A.

### CONTINUING EDUCATION

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All of our staff are required to maintain their continuing education at levels necessary to provide services to not-for-profit clients.

## Firm Qualifications and Experience, Continued

### TECHNOLOGY AND SECURITY

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- Microsoft Office Suite: Since most of our clients use Microsoft applications, we likewise use the programs, which enable us to collaborate on projects.
- Engagement Processing: We use Thomson Reuter's AdvanceFlow paperless auditing software and UltraTax CS to provide for efficient audit and tax filing processes. Your staff will not be required to provide significant amounts of hardcopies, only access to the document and can scan or upload what we need.
- All laptop computers are secured with password manager and our secure Portal, along with advanced cyber security software.
- Our firm subscribes to Thomson Reuters research tools and other newsletters to help us proactively inform our clients about potential changes in accounting legislation and standards.

### OTHER AFFIRMATIONS

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- We know of no conflicts of interest with the District or any of its personnel.
- We will notify you with any changes that occur with our peer review or license status.

### ENGAGEMENT PARTNER AND STAFF FOR THIS ASSIGNMENT

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Lamar Edwards will lead the audit while Mr. Scott German, CPA will conduct the final review. Complete resumes are attached to this proposal.

We have recognized the District's need for staff consistency. You will deal with the same personnel each year.

Scott German, CPA is authorized to answer questions and to bind our firm.

Scott German, CPA, President  
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# Supervisory and Staff Qualifications and Experience



## Lamar Edwards

Classification: Audit Manager

Years of Experience: 18

BS California State University, Sacramento

### RELEVANT EXPERIENCE

Mr. Edwards started his career with Bartig, Basler & Ray CPAs, which was absorbed by Gallina, LLP. During his tenure with the firm he performed financial statement, single audit, and compliance audits of local governments/regional center vendors, and childcare development programs throughout California. He brought that experience to Fechter and Company in 2011.

Lamar continues to work toward certification as a CPA and maintains his continuing education at a level required for that certification in the state of California. Because of his speciality in Single Audits, he focuses his continuing education in that area.

**FINANCIAL STATEMENT AUDITS: Mr. Edwards has performed audits under OMB Circular A 133 in the capacity of lead auditor in the following Counties:**

<b>Alpine County</b>
<b>Colusa County</b>
<b>El Dorado County</b>
<b>Glenn County</b>
<b>Los Angeles County</b>

<b>Napa County</b>
<b>Placer County</b>
<b>Sacramento County</b>
<b>Santa Cruz County</b>
<b>Tehama County</b>



## Supervisory and Staff Qualifications and Experience, Continued



### Scott German, CPA

Classification: President; Independent Reviewer

Years of Experience: 36

BS California State University, Sacramento

#### RELEVANT EXPERIENCE

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Following his graduation from California State University, Sacramento, Mr. German began his career at Main Hurdman, a predecessor firm of KPMG. While there he was responsible for providing audit to large not-for-profit organizations, construction, auto dealers, and healthcare.

Following KPMG, he moved into the private sector with a large trade association in Sacramento where he served as the Director of Finance for 5 years. He was responsible for managing the entities investment in a for profit subsidiary, information systems and budgeting.

Mr. German continued his career with the California subsidiary of the international drilling company, Major Drilling, Inc. In his capacity as controller, he was responsible for cash management, insurance, bonding, and financial reporting.

In 2022, Mr. German was appointed as acting President following the death of the Firm's Founder, Craig R. Fechter, CPA. In this position, he is responsible for all engagement scheduling, quality control and staffing. Mr. German developed and oversees the Firm's Quality Control program acting as the Independent Review "Partner" on all engagement he does not manage. His extensive experience in the private sector is a great resource for our clients and allows us to focus appropriately on audit risk.

# Supervisory and Staff Qualifications and Experience, Continued



**Scott German, CPA**

Classification: President; Engagement Partner

Years of Experience: 36

BS California State University, Sacramento

**FINANCIAL STATEMENT AUDITS: Fechter & Company**

Carpinteria Sanitary District
Ojai Sanitary District
Sylvan Cemetery District
Fair Oaks Cemetery District
Syngen

Marys Gone Crackers
Creative Solutions 4 Autism
North Coast County Water District
Sunrise Recreation & Park District
Olivehurst Public Utility District

**FINANCIAL STATEMENT AUDITS: With former firms**

California Dental Association
California Manufacturers Association
United Way Sacramento

Teichert Construction
American Red Cross, Sacramento
The Dentists Company, Insurance Services

**INDUSTRY EXPERIENCE**

California Optometric Association Director of Finance
PC Exploration, Inc. Controller

# Supervisory and Staff Qualifications and Experience, Continued



**Joshua Jackson, CPA**

Classification: Senior Auditor

Years of Experience: 3

Masters of Accountancy, William Jessup University, Rocklin, CA

BA in Business Administration, William Jessup University, Rocklin, CA

**RELEVANT EXPERIENCE**

- Mr. Jackson is a recent graduate of the Master of Accountancy program at William Jessup University. During the program, he interned at a Fortune 500 company in the area of international tax compliance and he was involved in the analysis of large financial datasets checking for both GAAP and tax compliance. In this position, he also prepared monthly tax workpapers for thirteen entities in five countries across two continents, along with any related tax filings.
- Mr. Jackson joined our firm in 2021 as an auditor. His experience in examining financial data has proven relevant and useful to clients in wide variety of industries. He is responsible for compiling financial statements and performing substantive testing.

Mr. Jackson received his CPA license in 2022. He has conducted a variety of audits and helps keep our staff educated in recent accounting pronouncements affecting not-for-profit organizations.

**FINANCIAL STATEMENT AUDITS:**

**Fechter & Company**

Arroyo Developmental Services
Boys and Girls Club of El Dorado County
Choices R Us, Inc.
Footsteps Child Care, Inc.
New Beginnings SLS, LLC
Redbud Health Care District
UCSC Early Education Services
YWCA of the Harbor Area

# Supervisory and Staff Qualifications and Experience, Continued



## Aprill Watson

Classification: Staff Auditor

Years of Experience: 15

Masters in Global Management, University of Phoenix, Phoenix, AZ

BA in Business Administration, Golden Gate University, San Francisco, CA

### RELEVANT EXPERIENCE

Ms. Watson has performed financial statement and compliance audits of various entities specializing in child development centers, Child and Adult Food Programs (CACFP), non-profits, and vendors who provide residential and day programs serving the developmentally disabled.

Ms. Watson has over ten years' experience working with these types of providers. Prior to joining Fechter & Company, she was the manager of the Compliance Department for a large insurance company. There, she was responsible for the oversight and execution of regional compliance, regulatory requirements, and procedural processes. Her various duties required her to ensure that all projects were completed on time and that all reporting was completed without errors. She has brought that project management and compliance knowledge to our Company, as well as her strong work ethic and auditing skills. These traits have made her a positive addition to the Fechter & Company team.

Ms. Watson joined the firm as an auditor specializing in audits of not-for-profit organizations, regional center vendors, child development centers who receive CDE funding, and other audits of federal and state grant programs.

### FINANCIAL STATEMENT AUDITS:

#### Fechter & Company

Bauer Residential, Inc.
Center for Applied Research Solutions, Inc.
COVE ADC, Inc.
Food Bank of El Dorado County, Inc.
Kern County Autism Center
Neighborhood House of Calexico, Inc.
Training and Research Foundation
Young Interventions, Inc.

## Similar Engagements with Other Not-for-Profit Organizations



This is a comprehensive list representing California governmental agencies our firm has served by conducting audits over the last three (3) years. Contacts and email addresses will promptly be provided upon request. Approximately 50% of our audit clients are non-profit entities.

### 501(c)(3) Organizations

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- Agape International Missions
- Aim Living Services
- California Society of Health-System Pharmacists
- Center for Applied Research Solutions
- Sacramento Ballet
- Ability Now Bay Area, Inc.
- Twin Cities Church
- Blue Oak School
- California Community Action Partnership Association
- Health Access Foundation
- California Coalition Against Sexual Assault
- Koinonia Family Services
- Placer Land Trust
- Progressive Employment Concepts
- ODC and ODC Theater
- California Airport Council
- ValorUS
- E. Claire Raley Studios for the Performing Arts

# Similar Engagements with Other Government Entities, Continued - References



**Neighborhood House of Calexico, Inc.**  
 Calexico, CA

Contact information:  
 Richardo Ortega,  
 Special Projects  
 Manager  
 506 East Fourth Street  
 Calexico, CA 92231  
 (760) 357-6875

**Scope of audit work:**  
 Annual audit of the financial statements, CDE supplemental schedules and Single Audit.  
 Hours Annually: 175  
 Manager: Lamar Edwards  
 2018-2023



**Footsteps Child Care, Inc.**  
 Belmont, CA

Contact information:  
 Karen Haas-Foletta,  
 Executive Director  
 650-610-0715  
 Karen.haas-foletta@foostepschildcare.org

**Scope of audit work:**  
 Annual audit of the financial statements.  
 Hours Annually: 100  
 Manager: Lamar Edwards  
 2017-2022



**Connections For Life**  
 Fairfield, CA

Contact information:  
 Edith Thomas,  
 Executive Director  
 530-533-0740  
 Ethomas@connections4life.org

**Scope of audit work:**  
 Annual audit of the financial statements.  
 Hours Annually: 150  
 Manager: Lamar Edwards  
 2016-2022

# Total All-Inclusive Maximum Price

## Proposed Fee Schedule

**PROPOSED FEE SCHEDULE**

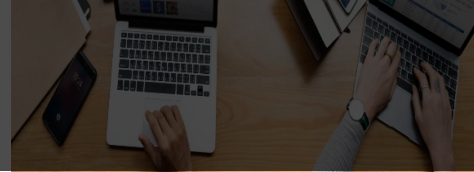
	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fiscal Year 2024</u>
Partner	8	\$ 225	\$ 1,800
Manager	35	150	5,250
Professional Staff	50	75	3,750
Clerical/Support Staff	4	50	200
	<u>97</u>		<u>\$ 11,000</u>

The above fee quote is a fixed price to be charged for all services rendered in connection with the audit. Our best understanding is that the following must be performed – performing auditing standards under GAAP standard and preparing the financial statements. Direct out-of-pocket expenses will be minimized and billed as incurred, which may include travel and parking fees to perform other in-person tasks as needed.

The fee for preparing the State Controller's report will be an additional \$2,000.

STANDARD BILLING RATES FOR CLASSES OF PROFESSIONAL PERSONNEL EXPECTED TO WORK ON THE ENGAGEMENT:	Hourly Rate	
	Partner	\$225
	Manager	150
	Professional Staff	75
	Clerical/Support Staff	50

# Specific Audit Approach



We will perform an onsite interim and fieldwork audit as necessary, using electronic paperless audit software, and will facilitate the collection of source documents through an electronic portal.

The District requests that the auditor express an opinion on the District’s presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America. We propose that the engagement be divided into the following segments:

PHASE I
Initial planning and preparation
Preliminary analysis, report preparation, cash and other confirmations
Information gathering
Evaluating internal controls
PHASE II
Fieldwork
Post-field-work activities (e.g., follow-up on pending items, collection of confirmation letters, etc.)
PHASE III
Report finalization and final analysis
Report delivery and Board of Directors presentation

\*Except under circumstances resulting in unexpected delays from the District’s staff or additional work performed outside the scope of a standard financial audit, we will plan the above audit phases to allow for issuance of the final reports by December 15<sup>th</sup> of each year.

ESTIMATED STAFF HOURS BY PHASE	Phase I	Phase II	Phase III	Total
	Hours	Hours	Hours	Hours
Partners	2	2	4	8
Managers	15	10	10	35
Professional Staff	10	30	10	50
Clerical/Support Staff	2	1	1	4
<b>Total</b>	<b>29</b>	<b>43</b>	<b>25</b>	<b>97</b>



# Specific Audit Approach, Continued

## Phase 1

### INITIAL PLANNING AND PREPARATION

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As the first step in our planning and preparation phase, we will meet with the staff of your company to establish a working relationship. We expect this meeting will involve the District's General Manager.

We will deliver a Prepared-by-Client list (PBC), which details the items we will need to perform the audit. We will resolve any ambiguities or questions we or the District might have about the services we are to perform.

We will gather contact information for the District's bankers, attorneys, and other relevant parties, and make inquiries as required by auditing standards generally accepted in the United States of America.

We will examine prior year's financial statements to develop audit plans for each significant balance sheet and income statement account.

### PRELIMINARY ANALYSIS

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The primary focus of an audit is to develop expectations and compare actual financial results against those expectations. We will compare the current year's results with budgetary expectations to identify any areas of material misstatement.

### REPORT PREPARATION

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Unlike other firms, we begin preparing financial statements prior to fieldwork. Doing so allows us to focus on the overall financial position of the District and limits our testing of clearly insignificant areas.

### CASH AND OTHER CONFIRMATIONS

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We will confirm cash with banks or other institutions holding cash on behalf of the District, any material year-end accounts or grants receivable, grants or donations received during the year, debt outstanding at the end of the year, and any other financial transaction that we consider material to the financial statements as a whole. The decision to confirm a statement item depends on the materiality of the item, the susceptibility of the item to misstatement, or the likelihood of fraud.

# Specific Audit Approach, Continued

## Phase 1

**INFORMATION GATHERING: We will obtain the information requested in the PBC along with any associated report required.**

### 1. Sample sizes and statistical sampling techniques

Depending on the type of testing being performed, we utilize both statistical and non-statistical sampling techniques as described in the AICPA's Audit Sampling Guide. Internal control, substantive, and compliance testing samples are generally selected using nonstatistical techniques. During sample selection, we consider three questions: (1) purpose of the test—attribute or balance testing, (2) susceptibility of the population or process to fraud or misstatement, and (3) size of transactions—small and numerous, or large and infrequent.

### 2. Testing revenues and disbursements

In testing revenues and disbursements, we determine that the attribute being tested is applied to the transaction as approved by the District's Management and Board. We randomly select an appropriate number of items based on the results of our sample size calculations after gaining an understanding of the controls, risk of error, and determining our objectives. For smaller agencies, we have found our calculations result is an overall sample of 40 to 60 transactions to confirm compliance with board-approved procedures. The sample size also depends on the size of the population and whether or not we will be able to properly stratify populations into individually significant and individually insignificant items.

### 3. Type and extent of analytical procedures

We will use analytical procedures in all areas of the audit. Initially, we will perform analytical procedures to assist us in identifying areas of risk for which substantive procedures will be performed. For certain areas, especially revenues and expenses, we will also utilize analytical procedures as part of our substantive testing. In the final stages of the audit, we will use analytical procedures as part of our final review of the audit.

# Specific Audit Approach, Continued

## Phase 1

**INFORMATION GATHERING:** We will obtain the information requested in the PBC along with any associated report required.

### 4. Examining the District's internal control structure

Among the items included in the PBC is a series of questionnaires requesting information on the District's internal control systems. We will review the completed questionnaires and compare them with procedures the District has established for actions such as purchasing, cash and check collections, inventorying fixed assets, billing, payroll disbursement, and budgeting. We will then audit each area of internal control that will materially affect the audit.

### 5. Determining pertinent laws and regulations

We will examine items such as grant agreements to determine their effect on the District, and audit them if necessary. We will also examine pertinent ordinances to determine whether the District is complying.

### 6. Assessing risk

Generally accepted auditing standards require that we assess the risks of material misstatement and fraud. After analyzing internal controls and evaluating potential weaknesses, we will determine which areas of the audit carry the risk of material misstatement and apply appropriate audit procedures to mitigate that risk.

### 7. Samples for compliance testing

Compliance testing samples are generally selected using non-statistical techniques. Sample sizes are determined by risk assessment and nature of the population. For the single audit compliance testing, we will follow the sampling techniques in accordance with those consistent with OMB's Uniform Guidance.

# Specific Audit Approach, Continued

## Phase 2

### FIELDWORK

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We anticipate a hybrid model for completing fieldwork where we complete as much as we can remotely and visit the District's offices for approximately One day to observe capital assets and inventory, test cash receipts and expenses, and meet with staff. With the assistance of the District's personnel, we will perform tests in the following areas:

- Cash deposits
- Internal control of disbursements
- Revenues
- Capital Assets
- Property tax receivables
- Unrecorded liabilities

We will also discuss with the Board any specific concerns to address with specific procedures they want performed.

### POST-FIELDWORK ACTIVITIES

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Once we complete our fieldwork, we will resolve any pending items and ensure that all requested third-party confirmations have been received. After the District's management has reviewed the financial statements and any proposed adjusting journal entries, we will obtain signed representation letters from management and from its counsel that confirm or explain any pending litigation against the District and its effect on the audited financial statements, as applicable.

## Phase 3

### REPORT FINALIZATION AND FINAL ANALYSIS

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Prior to finalizing the financial statements, we will perform a second comparison of current year results with prior year results, and budgetary expectations to actual results. Performing these tests subsequent to the audit work provides additional assurance that the financial statements are free of material misstatement.

### REPORT DELIVERY AND BOARD OF DIRECTORS PRESENTATION

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We will deliver our report in person, via video conference systems, to the Board of Directors. We will also attend a board meeting as requested to answer questions that the Board may have. Our aim is to create an open line of communication between our firm and your organization so the Board feels comfortable asking for help with any questions or issues that may arise during the year.

# Specific Audit Approach, Continued

## Identification of Anticipated Potential Audit Problems



### IDENTIFICATION OF POTENTIAL PROBLEMS

At the present moment, we do not anticipate any major audit problems that will cause delays in issuance of the audit report as evidenced by the District's timely audits in the past few years. We recognize that timeliness is important to the District and we commit to issuing the audits in a timely manner. We will commit to issuing our final reports by December 15<sup>th</sup>, provided we can successfully navigate potential difficulties summarized below:

Based on prior experiences, the following difficulties may cause delays:

- New accounting or FASB standards.
- Confirmations that we repeatedly send to confirmation sources, such as long-term debt, cash, or revenue confirmations.

### STEPS TO ADDRESS ANTICIPATED ISSUES

In order to address these issues, the below are steps that we attempt to take with each client:

- Proactively inform you of major FASB standard changes that will take place in future years – a prime example of a FASB standard that will impact every not-for-profit agency is that of ASC 842, which require capitalization of leases and should be effective for the fiscal year ended June 30, 2024.
- We attempt to tackle confirmations as early as we can in the audit process. Confirmations are an integral part of every audit and must be pro-actively managed. We attempt to start this process early on and then we automatically follow up with each confirmation source every couple of weeks. If we do not hear back from a source after a couple of attempts, we will follow up with you.
- We understand that nearly every audit results in a set of open items. We also understand that client staff can get busy with their important day-to-day jobs. We attempt to follow up on open items every couple of weeks to make sure requests are fulfilled, and will work to alleviate any unnecessary requests.

## Specific Audit Approach, Continued

### Remote Work Capabilities

We have the capability of performing your audit 100% remotely. However, we believe that there is value in seeing our client's staff and facilities to place the numbers we audit in context.


Since 2018, our firm has been working to improve our ability to work on audits in a remote environment. Not only has this process been a benefit to our staff by providing them with more flexibility and work/life balance, it has allowed us to be more efficient in how we work with our clients.

- Our audit software, AdvanceFlow is securely accessed through services provided by Thomson Reuters. Staff has access to your file from wherever they are.
- Thomson Reuters GoFileRoom allows us to securely accept files from clients through the ClientFlow portal, place documents directly in our audit file and provide access to documents to all that need them.
- Emphasis on Data Security. All of the systems are protected by strong enforced passwords which follow federal security standards. This is supported by the following security systems:
  - o Strong Password manager – All staff are required to use our password manager for all Firm and Client passwords. This manager allows for random passwords up to 100 characters in length protected in a “vault” that locks each individual entry with a 256-bit encryption key supported by multifactor authentication procedures.
  - o Passwords are changed routinely and changes are monitored by management.
  - o Phishing security prevention and training. All staff are required to take monthly micro-trainings on phishing and other security risks.

# Attachment A: Certificate of Liability Coverage

<b>ACORD</b>	<b>FECHT-1</b>	<b>OP ID: RG</b>
<b>CERTIFICATE OF LIABILITY INSURANCE</b>		DATE (MM/DD/YYYY) <b>11/14/2022</b>
<p>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p><b>IMPORTANT:</b> If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).</p>		
PRODUCER <b>916-436-2600</b> Coastal Valley Insurance Serv. Lic. OB84546 2941 Sunrise Blvd Ste 140 Rancho Cordova, CA 95742 Anthony R. Telford	CONTACT NAME: <b>Anthony R. Telford</b> PHONE (A/C, No, Ext): <b>916-436-2600</b> FAX (A/C, No): <b>916-436-2610</b> E-MAIL ADDRESS:	
INSURED <b>Fechter &amp; Company</b> Certified Public Accountants Craig Fechter 3445 American River Dr #A Sacramento, CA 95864		INSURER(S) AFFORDING COVERAGE INSURER A: <b>Travelers Property Casualty</b> NAIC # <b>25674</b> INSURER B: <b>Amco Insurance Company</b> NAIC # <b>19100</b> INSURER C: INSURER D: INSURER E: INSURER F:

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
<b>B X</b>	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO:JECT <input type="checkbox"/> LOC OTHER:		ACP7824583667	07/06/2022	07/06/2023	EACH OCCURRENCE \$ <b>1,000,000</b> DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>300,000</b> MED EXP (Any one person) \$ <b>1,000</b> PERSONAL & ADV INJURY \$ <b>1,000,000</b> GENERAL AGGREGATE \$ <b>2,000,000</b> PRODUCTS - COM/POP AGG \$ <b>2,000,000</b> \$
<b>B</b>	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		ACP7824583667	07/06/2022	07/06/2023	COMBINED SINGLE LIMIT (Ea accident) \$ <b>Included</b> BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
<b>A</b>	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N/A If yes, describe under DESCRIPTION OF OPERATIONS below		UB3J0730802242G	07/10/2022	07/10/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ <b>1,000,000</b> E.L. DISEASE - EA EMPLOYEE \$ <b>1,000,000</b> E.L. DISEASE - POLICY LIMIT \$ <b>1,000,000</b>
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) <b>30 days notice of cancellation. Cancellation exception: 10 days notice of cancellation for non payment of premiums.</b>						

<b>CERTIFICATE HOLDER</b>  FORVE-1  For Verification Purposes Only	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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