



A PROPOSAL TO PROVIDE PROFESSIONAL SERVICES FOR:

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION

OCTOBER 2018





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201 S. Orange Ave., Suite 800
Orlando, FL 32801

October 17, 2018

Ms. Katha Kissman
President & CEO
Harbor Branch Oceanographic Institute Foundation
5600 N US Highway 1
Fort Pierce FL 34946

Dear Katha:

Thank you for the opportunity to present our qualifications to continue to provide assurance services for Harbor Branch Oceanographic Institute Foundation ("HBOIF"). BDO has a unique culture rooted in core values that ensures continuous focus on our clients and professionals and a long-term commitment to quality service. As a client of BDO, you have experienced our culture through a service approach characterized by extensive involvement of partners and managers, direct access to top technical resources, and straightforward, proactive communications delivered through a centralized, responsive, knowledgeable client service team.

As one of the nation's leading accounting firms serving the nonprofit industry, BDO has the ability to continue to provide HBOIF with the breadth of industry experience you expect from a national firm, combined with a personalized approach to client service and a commitment to partner and manager involvement throughout the audit process and the year.

Why nonprofits choose BDO as their trusted advisor:

- ▶ We have significant nonprofit experience. The nonprofit industry is a key focus area of BDO's national practice. While other firms have continued to exit the market, we continue to make ongoing, significant investments within the industry. We will be your partner that will rise up and provide innovative solutions to help position your organization to obtain proper funding in an intensely competitive environment.
- ▶ Our dedication to the nonprofit industry is further supported by the BDO Institute for Nonprofit ExcellenceSM ("the Institute"). The Institute supports and collaborates with BDO offices and BDO Alliance USA ("the Alliance") member firms around the country to develop innovative and practical accounting and operational solutions for tax-exempt organizations. The Institute also serves as a continuing professional education resource, studying and disseminating information pertaining to nonprofit accounting and business management.
- ▶ Your proposed service team members are some of the most experienced professionals in the industry, at every level. Our Orlando office serves over 30 nonprofit sector clients and our Florida offices combined serve over 150 nonprofit sector clients. We will utilize our experience with nonprofits to ensure HBOIF continues to receive the highest level of service and responsiveness and that all services are handled in an efficient and timely manner. Your team serves mainly nonprofit clients year-round and understands your organization's operations and financial accounting and reporting structure.
- ▶ Value for Fees. We are sensitive to controlling costs in this current economic climate. We understand the importance of efficiencies and cost control and have specifically designed our audit methodology to provide our engagement teams with the tools they need to provide high quality audit services in a cost effective manner. Additionally, we have rigorous internal procedures to maintain our high professional standards while controlling the scope and cost of the engagement to provide value to our clients.

HBOIF will continue to be a priority client to BDO and the following table outlines the scope of services and related professional fees for the next five years. We are very confident that your needs continue to be well-matched with the services we offer, our proactive service delivery approach and open communication style. If you have any questions regarding our proposal, please feel free to call.

Sincerely,

A handwritten signature in black ink that reads "Melanie Fernandez". The signature is written in a cursive, flowing style.

Melanie Fernandez, Engagement Partner
Direct: 407-244-7150
mfernandez@bdo.com

Professional fees

We are committed to quality, value-added service.

We understand the importance of efficiencies and cost control, and have specifically designed our audit methodologies to provide your engagement team with the tools they need to perform high quality audit services in as cost effective a manner as possible.

In addition, you may contact us at any time without additional charges. A collaborative relationship is important and BDO is committed to investing the necessary time to discuss your changes, challenges, and potential issues which may impact you and your business.

We believe in complete transparency, which means:

- ▶ We quote services based on experience and realistic expectations to avoid unexpected fees.
- ▶ It is not our practice to bill for routine telephone consultations or questions unless they require significant research. If you request special services outside the scope of services outlined in this proposal, we will discuss those services and provide management with a fee estimate related to such assistance. **We will not allow concerns about fees to jeopardize a relationship based on mutual trust and respect.**

Our fee proposal:

| Professional Services | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Audit of financial statements | \$22,800 | \$23,500 | \$24,200 | \$24,900 | \$25,600 |
| Compliance audit | \$10,300 | \$10,600 | \$10,900 | \$11,200 | \$11,500 |
| Total audit fees | \$33,100 | \$34,100 | \$35,100 | \$36,200 | \$37,300 |
| Preparation of Form 990 | \$2,600 | \$2,700 | \$2,800 | \$2,900 | \$3,000 |
| Total audit and tax fees | \$35,700 | \$36,800 | \$37,900 | \$39,100 | \$40,300 |

We will bill for our out-of-pocket travel costs related to mileage, meal allowances and hotel which will not exceed \$1,800. We render bills on a monthly basis and payment is due upon presentation. The amount billed reflects the approximate progress on completion of the professional service provided.

We assess an internal support charge of \$8 per hour to cover internal expenses related to general office services such as computer usage, telephone charges, postage, and photocopying.

FEE ASSUMPTIONS

Our fee estimate is based on the following assumptions:

- ▶ Key documents are provided on the dates agreed and there are no significant delays outside of our control.
- ▶ Your personnel prepare schedules and analyses as requested and be available to assist us as needed.
- ▶ There are no significant audit adjustments or material weaknesses in internal control over financial reporting identified.
- ▶ Financial statements and supporting schedules for all entities are prepared in-house by management.
- ▶ No significant changes occur in the internal accounting controls, accounting systems, key personnel, or structure of the organization.
- ▶ There are no material acquisitions.



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