



# *A Proposal to Provide Professional Services*

*December 8, 2014*

## **Harbor Branch Oceanographic Institute Foundation**

**HARBOR BRANCH OCEANOGRAPHIC INSTITUTE**  
FOUNDATION

**CFR**  
CROSS, FERNANDEZ & RILEY, LLP  
Accountants & Consultants



December 8, 2014

Ms. Katha Kissman

Harbor Branch Oceanographic Institute Foundation

5600 US 1 North

Fort Pierce, FL 34946

**Dear Ms. Kissman:**

Thank you for the opportunity to present our qualifications to provide audit and tax services for the Harbor Branch Oceanographic Institute Foundation (HBOIF). Hiring an accounting firm is an important decision. You want to be sure that your needs are understood and have priority. With the nonprofit team at Cross, Fernandez & Riley, LLP (C/F/R), you will have the expertise and support you need to help achieve your goals and we will always be responsive to your needs and concerns. Our proactive group of professionals will bring the highest level of business acumen, tax consulting and financial accounting to your organization through a responsive, flexible and personalized approach to client service.

**What Sets Us Apart**

What sets C/F/R apart from other accounting firms is our team approach to client service and our specialization with Central Florida nonprofits, both big and small. At C/F/R, we look at the big picture with our nonprofit clients and try and support their mission as a partner and not just a service provider. Because our professionals play an active role in community leadership positions, we also have an ideal perspective of the internal operations of nonprofit organizations.

**A Powerful Network of Resources and Expertise**

Through our alliance with BDO USA, LLP (BDO), the world's 5<sup>th</sup> largest accounting firm, we have access to the vast resources of BDO's entire firm and their Institute for Nonprofit Excellence<sup>SM</sup> (the Institute) located in Washington D.C. C/F/R is able to share technical and other resources within the BDO Alliance USA and our clients have access to the more than 37 offices and 420 independent alliance firm locations nationwide. Additionally, the professionals at the Institute work exclusively in the nonprofit industry and are available to consult on leading edge issues impacting our nonprofit clients. The benefit to you is a national level of expertise delivered by experienced local professionals who will get to know you personally and provide you with reliable and timely service.

**Understanding Your Business**

The nonprofit team at C/F/R served Harbor Branch Oceanographic Institute Foundation from 2004 to 2010 and has many years' experience working with nonprofits that are similar to HBOIF. Attached is an assessment for your consideration in selecting C/F/R as the accounting firm for Harbor Branch Oceanographic Institute Foundation. Additionally, I have included an overview of our firm, our proposed fees and service team profiles.

All of us at C/F/R are very excited about the possibility of expanding our services to Harbor Branch Oceanographic Institute Foundation. Thank you again for this opportunity to present our qualifications. We look forward to establishing a long and successful relationship with you and your colleagues.

Sincerely,

A handwritten signature in black ink that reads 'Melanie Fernandez'.

Melanie Fernandez, CPA  
Partner, Director of Assurance Services

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# EXPERIENCE TO MEET YOUR NEEDS

## ABOUT C/F/R

Cross, Fernandez & Riley, LLP is one of the largest locally-owned public accounting firms in Central Florida with locations in Orlando, Tampa, Lakeland and Winter Haven. C/F/R is licensed as a certified public accounting firm in the State of Florida. We are a member of the BDO Alliance USA, which is comprised of independently owned accounting firms and current consists of over 420 locations nationwide. Through our alliance with BDO USA, LLP (BDO) we have the resources of BDO's entire firm and its alliance firms

## C/F/R SERVICES

In addition to serving nonprofit organizations, C/F/R provides assurance and corporate tax returns to privately and publicly-held middle market companies and owner managed businesses. We also provide individual tax services principally to the business owners of our corporate clients and selected high net worth individuals. We have a diverse client base with concentrations of clients in the areas of nonprofit, technology, simulation, government contracting, manufacturing, real estate, timeshare, hospitality and agriculture companies. We take a progressive approach to traditional services including accounting, auditing, tax planning and compliance and offer additional services in forensic accounting and litigation support, emerging business services, international tax and specialized tax credits and incentives.

## SPECIALIZED NONPROFIT EXPERIENCE

At C/F/R, we are knowledgeable about the accounting policies and practices for nonprofits and the related internal controls that need to be in place to ensure your organization remains financially healthy. We also provide consulting services related to the cash flow, operating and capital budgeting process, development of investment policies, corporate governance policies and guidance with forming and running effective audit committees that are Sarbanes-Oxley compliant.

## OUR TEAM

C/F/R has built its reputation for superior client satisfaction by responding promptly to our clients' needs and delivering intelligent, high-quality professional services. Our firm currently has 15 partners and a staff of 80. Our partners and managers have been providing audit and tax services their entire careers, many of which started at our firm.

The following table reflects the levels and disciplines of our staff:

	Audit	Tax	Consulting	Support Staff
Partners	6	8	1	-
Senior Managers	2	4	-	-
Managers	4	6	-	8
Seniors	8	10	1	-
Associates	9	16	-	-
Support Staff	-	-	-	12
<b>Total</b>	<b>29</b>	<b>44</b>	<b>2</b>	<b>20</b>

## SELECTED FOUNDATION CLIENTS

### CENTRAL FLORIDA FOUNDATION

**Central Florida Foundation (client for 20 years)** – was incorporated in 1993 to attract and administer charitable funds for the benefit of the Central Florida area. We provide audit and tax services for this client.



**Dr. Phillips Foundation (client for 10 years)** – makes grants to nonprofit organizations that focus on educational programs, children and youth services, social services, cultural programs and health or rehabilitative programs. The Foundation is a private/independent, nonprofit organization. Together with Dr. Phillips Inc., The Dr. Phillips Foundation has awarded grants in excess of \$23 million over the past three years. We provide audit and tax services for this client.



**Polk State College Foundation (PSCF) (client for 4 years)** – is a nonprofit organization that assists Polk State College students by providing scholarships and other college program support. The Foundation has assets totaling approximately \$34 million. We provide financial reporting assistance which includes preparing their annual financial statements and footnotes for management.



**Winter Park Health Foundation (client for 9 years)** – a private foundation providing healthcare related services for residents of Winter Park, Florida; manages total investments of over \$120 million. We provide audit and tax services to this client.



**Florida Bar Foundation (client for 2 years)** – is a non-profit, tax exempt corporation established in 1956 by Florida lawyers and the Supreme Court of Florida for the purpose of providing greater access to justice. The Foundation accomplishes this mission through funding of programs which expand and improve representation and advocacy on behalf of low-income persons civil legal matters, improve the fair and effective administration of justice and promote service to the public by members of the legal professional by making public service an integral component of the law school experience. We provide audit and tax services to this client.



**Valencia College Foundation (client for 4 years)** – mission is to enhance learning, workforce training and economic development in Central Florida through the support of scholarships, teaching chairs, programs and buildings for Valencia College. We provide audit and tax services to this client.

## NONPROFIT CLIENTS WE SERVE

Below is a complete list of C/F/R's nonprofit clients:

### Foundation Clients

- Adams Charitable Foundation, Inc.
- Carroll McKenney Foundation for Public Media, Inc.
- Cassidy Charitable Foundation, Inc.
- Central Florida Foundation
- City of Life Foundation, Inc.
- Florida Bar Foundation
- Florida Emergency Medicine Foundation
- Florida Real Estate Foundation
- Graham Family Foundation
- Lakeland Area Chamber Foundation
- Leonard & Marjorie Williams Family Foundation
- Matred Carlton Olliff Foundation
- Polk State College Foundation
- Root Family Foundation
- Samuel B. Young Foundation
- Sumar Foundation
- The Dr P. Phillips Foundation
- Track Shack Foundation
- Valencia Community College Foundation, Inc.
- William C. Demetree, Jr Foundation, Inc.
- Winter Park Health Foundation, Inc.

### Nonprofit Clients

- American Legion - Tag Agency
- American Legion Boys State
- AMIKids
- Bethune-Cookman University
- Big Brothers Big Sisters of Central Florida, Inc.
- Boggy Creek Gang, Inc.
- Boys & Girls Clubs of Central Florida, Inc.
- Chain of Lakes Achievers, Inc.
- Christmas for Children, Inc.
- Citrus Center Boys & Girls Clubs, Inc.
- Community Communications Inc. (WMFE)
- Dr. Phillips Center for the Performing Arts, Inc.
- Dr. Phillips Foundation
- Florida Aquatic Plan Management Society, Inc.
- Florida Poodle Rescue, Inc.
- Florida Tomato Committee
- Friends of the Winter Haven Public Library, Inc.
- Good Samaritan Fund, Inc.
- Habitat for Humanity of Greater Orlando Area
- Historical Society of Central Florida, Inc.
- Hotel Plaza Association, Inc.
- Humane Society of Polk County
- Lakeland Economic Development Council
- Magis Theatre Company
- Metro Orlando EDC
- National Coalition of 100 Black Women
- National Mango Board
- National Watermelon Promotion Board
- Orlando Repertory Theatre
- Orlando Regional Realtor Association
- Professional Opportunities Program for Students
- Second Chance Training Center, Inc.
- Specialty License Plate Association
- Support Our Troops, Inc.
- The American Legion Auxiliary, Inc.
- The Center for Affordable Housing
- The Humane Society of Polk County, Inc.
- The Jewish Federation of Greater Orlando
- United Arts of Central Florida Inc.
- Visit Orlando
- Wayne Densch Charities, Inc.
- Wings of Eagles International, Inc.
- Winter Haven Hospital Auxiliary, Inc.
- Youth for Christ of Polk County

## ACCESS TO BDO'S INSTITUTE OF NONPROFIT EXCELLENCE

BDO's Institute for Nonprofit Excellence<sup>SM</sup> (the Institute) specializes in meeting the needs of the nation's nonprofit sector. The Washington D.C. office is the home to the Institute and supports and collaborates with BDO offices around the country to develop innovative and practical accounting and operational solutions for the tax-exempt purposes they serve.

The Institute also serves as a resource, studying and disseminating information pertaining to nonprofit accounting and business management. Directed by William Eisig, the Institute is the headquarters for professionals who have dedicated their careers to nonprofit audit, taxation, compliance and consulting. Dick Larkin, nationally acclaimed author and speaker, has a significant role in the Institute and provides technical experience to our nonprofit client base. The Institute produces numerous publications, including a timely electronic newsletter, focused on the distinct needs of the nonprofit sector. It also sponsors educational seminars on issues such as new FASB and GASB implementation and compliance, tax planning, alternate revenue streams and management topics.

## INDEPENDENCE

We confirm to you that we are **independent** with respect to Harbor Branch Oceanographic Institute Foundation and Florida Atlantic University's Harbor Branch Oceanographic Institute as defined by Generally Accepted Auditing Standards.

## LOST CLIENTS SUMMARY

C/F/R has never lost a client due to unresolved auditing or accounting matters. C/F/R has lost three nonprofit clients in the past three years:

- YMCA of Central Florida decided to rotate auditors in 2014 after a 13 year relationship with C/F/R.
- Give Kids the World was a client for 11 years and changed their policy to rotate firms every 5 years.
- Workforce Central Florida changed auditors in 2011 as required by their state oversight agency which requires them to rotate audit firms every 5 years.

# YOUR SPECIALIZED TEAM

## A TEAM OF NONPROFIT EXPERTS

Our ability to keep clients updated on industry changes is done by sending our staff to the FICPA, AICPA and BDO's annual nonprofit and governmental conferences and other nonprofit seminars, allowing us to bring ideas and the competency to implement changes in accounting rules to all our clients. In addition, Melanie Fernandez has instructed courses for nonprofit organizations in association with the Rollins College Center for Philanthropy, UCF's Accounting Conference and the Florida Institute of CPAs. Past seminars taught by Melanie include Understanding Nonprofit Financial Statements, Financial Oversight for Nonprofit Boards, Annual Nonprofit Accounting and Auditing Update; and Accounting for Special Events and In-kind Donations. C/F/R's Nonprofit Seminar Series and newsletters and BDO's Nonprofit Standard newsletter also provide our clients with straightforward discussion.

The following is your proposed engagement team. **Exhibit A** contains complete resumes of these individuals.

Engagement Team	Name	Years of Experience
Audit Partner	Melanie Fernandez	27
Audit Senior Manager	Erick Kepfer	12
Tax Partner	Anne McHugh	27
Tax Senior Manager	Tara Miller	15

## PROFESSIONAL REGULATION AND DISCIPLINARY ACTION

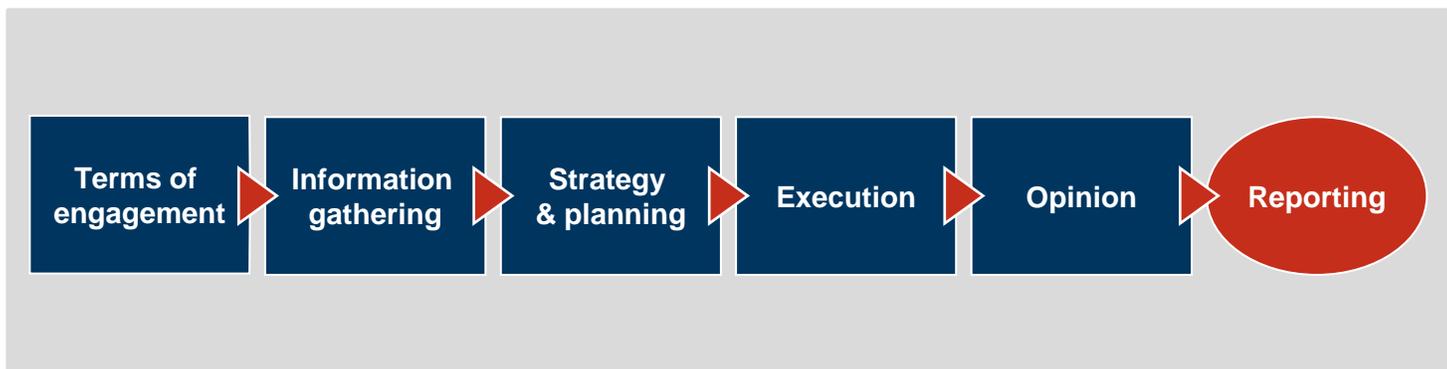
To our knowledge, none of our employees or partners have ever been the subject of any complaint made by any regulatory agency. Our firm has never been subject to any investigations of the Department of Professional Regulation of the Florida State Board of Public Accounting.

## TEAM CONTINUITY

Our **continuity policy** is to strive to maintain continuity on all engagements whenever possible. Continuity benefits us as well as our clients and it is our policy to retain key engagement personnel as long as you and the team members are satisfied with the work being performed. However, we also believe in partner rotation to keep the audit "fresh" and have four other partners at C/F/R that have nonprofit experience if the audit committee determines partner rotation is needed.

Our hiring philosophy is year round recruiting for experienced accounting professionals and college recruiting for internships and staff positions. Our overall staff turnover rate averaged 15% over the last three years, which is lower than the national average. This turnover is principally due to career changes outside of public accounting. According to *CFO Magazine*, the national average turnover rate for public accounting firms is 17%.

## AUDIT APPROACH



C/F/R's audit will be performed in accordance with auditing standards generally accepted in the United States of America. As part of C/F/R's quality control standards, each audit engagement is subject to a second partner review of the financial statements, who is independent of the engagement.

### AUDIT TECHNOLOGY AND RESOURCES

As part of C/F/R's commitment to audit quality, the firm invests heavily in the latest audit and tax technologies as a means of delivering timely and cost-effective service. All audits are performed in a paperless environment using Prosystem fx Engagement, the leading "paperless" audit software platform. This sophisticated software enables the audit team to conduct more efficient and cost-effective audits, as described below.

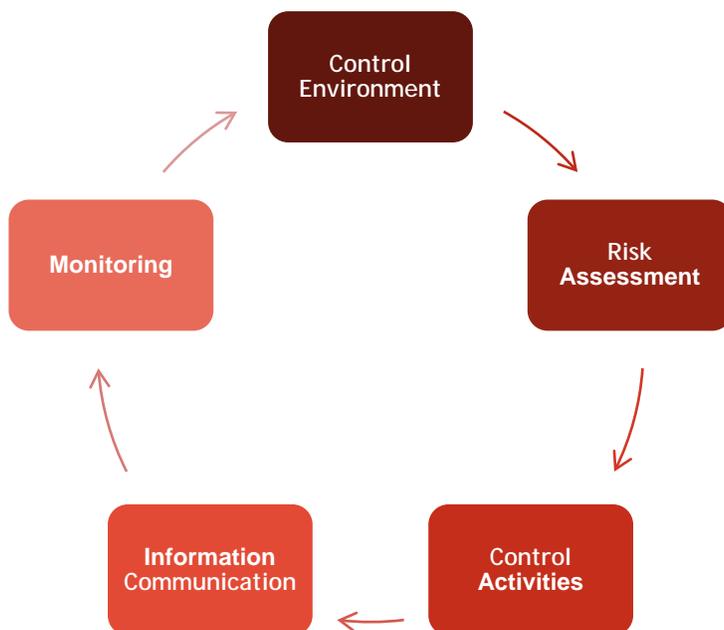
- The paperless engagement system allows auditors to manage all audit documentation electronically, which results in faster turnaround time for financial statements and other deliverables.
- The use of the paperless audit platform has enabled auditors to increase the speed of interaction and review among all levels of the engagement team.
- The software provides the engagement team with the ability to run analytical analysis reports that allow the auditors to identify unusual items or trends.

In addition, the firm uses IDEA® Data Analysis software designed to extend auditing capabilities, detect fraud and meet documentation standards. It allows the firm's auditors to quickly import, join, analyze, sample and extract data from almost any source, including reports printed to files such as PDFs. With IDEA®, the firm analyzes data efficiently, while increasing audit quality and meeting professional standards relating to fraud and internal control.

The firm also subscribes to a full range of online professional practice and accounting research services. Thus, the auditors have constant access to the latest accounting and auditing guidance even when they are on-site at client locations.

## RISK ASSESMENT AND COSO FRAMEWORK

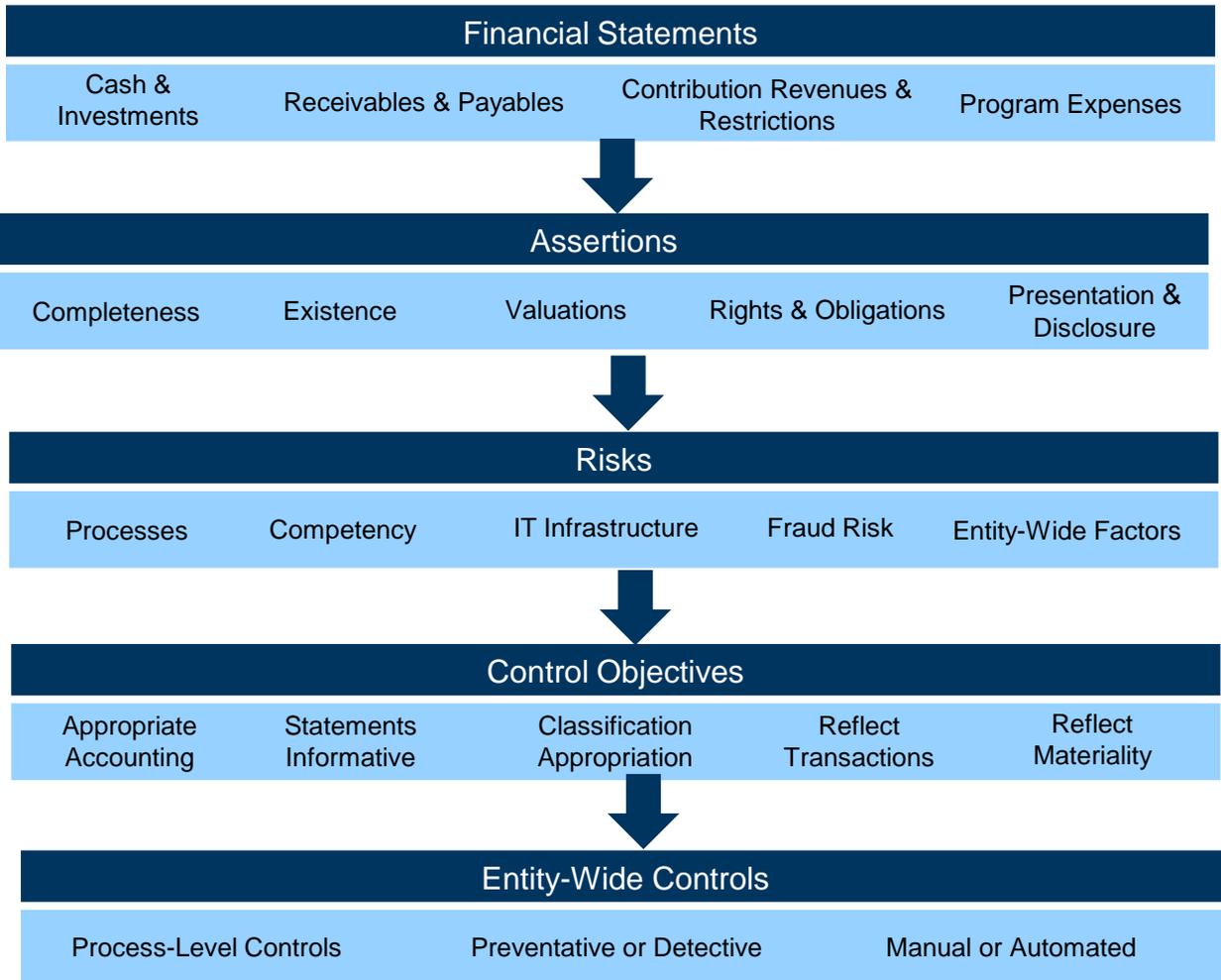
The AICPA's Risk Assessment Standards provide guidance concerning the auditor's assessments of the risks of material misstatement (whether caused by error or fraud) in financial statement audits. The nature, timing and extent of audit procedures respond to the firm's assessed risks. As a firm specializing in nonprofit organizations, C/F/R's auditors have an excellent understanding of clients and the unique environments in which they operate. The risk assessment standards present opportunities to enhance the audit process by focusing on the internal control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The C/F/R audit team utilizes COSO's internal control framework, enabling the audit team to gain a more holistic understanding of potential weaknesses in a client's internal control over financial reporting.



*Utilizing COSO's five components allows the firm to perform highly efficient audits by emphasizing the testing of relevant internal controls instead of spending time gaining an understanding of all internal controls used by the client.*

The C/F/R audit team explicitly focuses on risk during the pre-audit planning meetings. By employing the COSO Framework, the engagement team will have enhanced audit file documentation linking audit risks to the audit procedures used to address those risks. COSO's top-down approach provides a methodology for eliminating audit work on immaterial accounts and irrelevant controls and compliance requirements. This starts at the highest level of aggregation in the client's financial statements progressing through a series of detailed analyses culminating in the audit team's assessment of controls. C/F/R's risk-based audit approach improves audit quality and efficiency by focusing on a tightly controlled population of controls.

Unlike firms that build audit processes around standardized checklists, C/F/R uses firm-specific practice aids, allowing for considerable judgment based on a thorough understanding of the client, the nonprofit environment, and the applicable audit standards. This approach requires considerable involvement of the firm's experienced auditors who will make important judgments about the audit strategy using the following topdown approach:



## INFORMATION TECHNOLOGY CONTROLS

An essential element of any internal control structure is the information system utilized by an organization. Consideration of the Alzheimer's Association's information technology (IT) environment and controls is crucial to the financial statement audit. Audit procedures relating to IT controls are designed to allow the engagement team to assess the risk of financial statement misstatements resulting from errors or fraud in the IT environment. Based on this understanding, the audit team will adjust its audit procedures to address any perceived high-risk areas.

## **PREPARATION OF FORM 990**

As part of C/F/R's services, our firm can personally work with the Harbor Branch Oceanographic Institute Foundation's management via face-to-face meetings to not only implement the requirements of the Form 990, but also to assist you in "telling your story" to the outside community. We have found the Form 990 can be a very effective marketing tool for most not-for-profit organizations. Topics of discussion at such meetings may include the narrative disclosures relating to program activities, the answers to the governance policy questions, and the compensation and related party disclosures.

Typically, a member of the audit team assists the tax manager in preparing the Form 990 shortly after the conclusion of the audit fieldwork. We have found that our auditors are well equipped to prepare the Form 990 because they are the most familiar with the activities, chart of accounts, and governance policies of their audit clients. After a detailed review by the 990 senior manager and audit partner, a draft of the Form 990 will be provided to management well in advance of the filing deadline to allow for a careful review.

## **CLIENT COMMUNICATIONS**

Regular and candid communications with management are essential to a successful client service relationship. As a matter of practice, C/F/R works with clients on an ongoing basis throughout the year. Most importantly, the Firm prides itself on "always being there" for clients. Prompt, polite, professional service has been, and will continue to be, a hallmark of the Firm's culture. The engagement team included in this proposal embodies this spirit.

A spirit of open dialogue is the most effective means for ensuring satisfied clients and a smooth audit process. If conditions are discovered during the audit which lead to the belief that material errors, defalcation or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will communicate with appropriate individuals immediately.

Should difficulties or service issues arise during the engagement, active communication is the surest means for addressing potential problems in a prompt and effective manner. Likewise, the best way to ensure client satisfaction and open communication is by committing to meet the client's reporting deadlines. Setting firm dates for deliverables motivates both parties to conclude the audit in a timely fashion.

The Firm will provide the required communications and management letters to management concurrent with the delivery of the draft audit report.

## **PLANNING MEETING WITH HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION'S PERSONNEL**

We will meet with Harbor Branch Oceanographic Institute Foundation's accounting staff to discuss accounting issues, as well as schedules and workpapers to be prepared by your staff to assist us in the audit.

## **ASSISTANCE FROM ACCOUNTING**

After our planning meeting, we will provide an audit request list prior to the start of the audit which will include requests for corporate documents such as lease agreements, employment agreements and minutes of board meetings. This list will also request schedules we will need to support our audit procedures and typically includes bank reconciliations, accounts receivable aging, property and equipment roll-forward and related depreciation schedules, accounts payable aging, detail of accrued expenses, debt roll-forwards and interest calculations. We will also discuss the audit procedures to be performed during final fieldwork.

## CLIENT REFERENCES

COMPANY & CONTACT	PHONE NUMBER & EMAIL ADDRESS
<b>Central Florida Foundation (formerly the Community Foundation of Central Florida)</b> Ms. Meghan Warrick, CFO 1411 Edgewater Drive, Ste. 203 Orlando, Florida 32804	(407) 872-3050 x102 mwarrick@cffound.org
<b>Florida Bar Foundation</b> Ms. Lou Ann Powell, CFO 875 Concourse Parkway South, Suite 195 Maitland, Florida 32751	(407) 843-0045 ext. 112 lapowell@flabarfndn.org
<b>Winter Park Health Foundation</b> Mr. Ronald N. Lambert, CFO 220 Edinburgh Drive Winter Park, Florida 32792	(407) 644-2300 x223 rlambert@wphf.org

*"We selected C/F/R because of their long history with not-for-profit organizations. Over the years, their role has gone far beyond conducting our annual audits. Their ongoing involvement in our strategic planning and growth management has enabled us to be proactive rather than reactive in our finance and accounting practices. But what we really value is the relationship we have been able to develop over the past several years. We feel they are a large part of our team. We also have greatly benefited from C/F/R's alliance with the national BDO organization, calling on some of BDO's not-for-profit specialists and immense resources for several unique situations we faced."*

**Jim Ferber**  
**President & CEO**  
**Central Florida YMCA**  
**Orlando, FL**

*"The engagement team at Cross, Fernandez & Riley is a group of true professionals. Our team is always pleasant and accommodating to work with. They have the skills and knowledge to accomplish our tasks in a timely manner. Anytime we need assistance, their response is immediate. We know our engagement team will always be there for us, and we appreciate their guidance and support."*

*What impresses me about C/F/R is the methodology they use when providing tax advice and our yearly audit. They come in and work closely with us from start to finish. They provide the additional guidance that is hard to find with other advisors, which enhances our chances of success."*

**Ron Lambert**  
**Winter Park Health Foundation**  
**Chief Financial Officer**

## YOUR INVESTMENT

Our fees will be based upon hours incurred times regular hourly rates. Our proposed fees will not exceed the following:

REQUESTED SERVICE AND DELIVERABLES	ANNUAL FEES
Audit of financial statements for the year-ended June 30, 2015	\$ 23,500
Compliance Audit	10,000
Preparation of Form 990	2,500
<b>TOTAL ANNUAL FEES</b>	<b>\$ 36,000</b>

We pledge to you that you will never have an unpleasant surprise by a C/F/R billing.

If our actual hours for the above audit work exceed our estimates, we will not charge you additional fees unless the increase is due to circumstances and changes beyond our control. Examples include: (1) significant audit adjustments; (2) changes to the condition of the accounting records or schedules not prepared, as agreed to prior to the audit; (3) new accounting changes or regulatory changes that would require us to expand the scope of our work; (4) significant changes in the organization's operations or (5) a merger with another organization. If these circumstances or events occur, we will discuss the additional fees necessary and agree to them in advance before we begin our work.

The 2015 combined **audit fees** for Harbor Branch Oceanographic Institute Foundation was determined based on our standard hourly rates and estimated hours as follows:

PERSONNEL	ESTIMATED HOURS	HOURLY RATE	AUDIT FEES
Partner	17	\$ 255	\$ 4,335
Senior Manager	34	210	7,140
Senior	150	150	22,500
Associate	60	126	7,560
Administrative	<u>5</u>	85	<u>300</u>
	266		41,835
Less Discount (approximately 20%)			<u>(8,335)</u>
<b>Total</b>			<b>\$ <u>33,500</u></b>

## STANDARD BILLING RATES

C/F/R's standard billing rates for 2013 and 2014 are reflected in the above table. Our billing rates in 2012 were as follows:

PERSONNEL	HOURLY RATE
Partner	\$ 245
Senior Manager	200
Senior	140
Associate	120
Administrative	80

## PAYMENT TERMS

Invoices are prepared semimonthly and are due within 30 days of receipt. Any outstanding fees over 30 days must be paid prior to the release of our report. In addition, interest will accrue at 1 percent per month on all past due invoices, and payments will first be applied to interest, then to unpaid invoices.

## CONDITION OF ACCOUNTING RECORDS

You agree that prior to the start of our year-end fieldwork, the accounting records (including the general ledger and subsidiary ledgers) will be completely closed out, all accounts will have been properly reconciled, closing journal entries will have been made and a final trial balance will have been prepared, as well as our requested schedules. Before commencement of fieldwork, we will meet with you and discuss the condition of the records and the audit schedules requested. If the records and schedules are not in the condition discussed above and complete, we will discuss the necessary adjustments to the timing of our work and to the fee proposed in this letter.

## COMMUNICATION

Participation in audit/finance committee and board meetings and ongoing dialogue with partners and senior staff on technical accounting and tax issues of significance has been included in the above fee quote. As a matter of practice, C/F/R does not bill clients for questions that staff can answer in the course of a normal phone conversation or brief informal meetings. If a conversation results in a larger project, we will discuss any additional fees with you before performing the work.

## WHY CHOOSE C/F/R

At C/F/R we take great pride in our reputation as a leading provider of accounting services to nonprofit organizations. The Harbor Branch Oceanographic Institute Foundation would be an important client to C/F/R. Here are just a few reasons why you should select Cross, Fernandez & Riley, LLP:

### EXPERIENCE WORKING WITH AUDIT AND FINANCE COMMITTEES

We have experience working with the audit and finance committees of our clients which has provided us with the ability to interact effectively with this committee. We understand our role with management and the Board and our responsibilities to provide the required communications and appropriate reporting to the audit/finance committee.

### KEEPING CLIENTS CURRENT ON NONPROFIT INDUSTRY CHANGES

We meet with our clients regularly to update them on accounting, governance and tax changes impacting their organization. Our ability to keep clients updated on industry changes is accomplished by holding nonprofit seminars for our clients and issuing throughout the year newsletters which provide straightforward discussion on industry changes regarding accounting, financial reporting and tax matters as follows:



### NEWSLETTERS

We publish the **Nonprofit Edge** newsletter quarterly for our nonprofit clients which addresses current trends and changes impacting the nonprofit industry. BDO Publishes the **Nonprofit Standard** newsletter for our nonprofit clients which provides updates on recent accounting and tax regulations impacting the nonprofit industry. Some of the recent articles included:

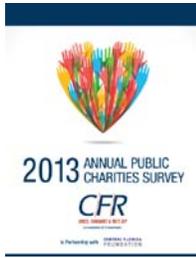
- #Nonprofits #SocialMedia and #Taxes: Is Your Organization Protected?
- Donate Now! Does This Link on Your Charity's Website Require You to Register and File Annually in Various States?
- The Leadership Quandary: Competition for Talent and Constraints on Executive Pay Will Challenge All Nonprofits
- Executive Pay Will Challenge All Nonprofits
- Charity Auctions: Reporting and Tax Rules
- Decision Process Regarding Office Space for Nonprofits
- America Gives More Act: Is Philanthropic Increase Enough by Itself?



### NONPROFIT GUIDES

BDO produces a **guide for Effective Audit Committees for Nonprofit Organizations**. This guide incorporates many specific recommendations, guidelines and rules of governmental and private sector bodies in order to help you and your nonprofit organization: 1) form and maintain an effective audit committee and 2) set an appropriate agenda for its ongoing activities





## NONPROFIT SURVEYS

We conduct an **Annual Survey for Central Florida Public Charities** which measures activities in the areas of operations, development, volunteerism, governance, strategic planning and human resources. Survey results are compiled into a booklet which includes summaries and graphical representation of the reported data and can be found on our website.



## NONPROFIT SEMINARS

We hold seminars on the latest issues facing the nonprofit community through our **Nonprofit Seminar Series**. Past topics include:

- **Florida's Charity Reform Law**– November 12, 2014. Keynote speaker was Jane Dunlap Callahan, shareholder at Dean Mead. The Seminar focused on changes that Florida nonprofits will face as a result of the new legislation that went into effect on July 1, 2014.
- **Annual C/F/R Nonprofit Accounting Seminar** – November 8, 2013. Speakers were partners and senior managers from C/F/R and topics included nonprofit accounting and auditing update, financial statement presentation and reporting best practices, communicating with those charged with governance and the importance of Form 990.
- **Mission Critical: Healthcare Reform, What Nonprofits Need to Know** – October 1, 2013. C/F/R partnered with Rollins Philanthropy & Nonprofit Leadership Center and Florida Blue on this breakfast, which included a panelist of experts discussing the Affordable Care Act and how nonprofit organizations can prepare.
- **How to Recruit, Retain and Retire Board Members** – November 13, 2012. Speaker was Marilyn Hattaway, Executive Director with Hospice of the Comforter Foundation. This Seminar focused on an number of important and relevant topics pertaining to nonprofit boards.

## COMMUNITY INVOLVEMENT

Not only is C/F/R committed to excellence in client service, but we are just as committed to excellence in community service as well. We encourage our personnel to become involved in community activities. We believe that, as part of the business community, we have an obligation to give our time and efforts to serve in organizations that improve our community. C/F/R supports numerous charitable and civic organizations in Central Florida including the following:

American Legion Youth Foundation  
 Association for Corporate Growth  
 ATHENA Women's Leadership Orlando  
 Boy Scouts of Central Florida  
 Central Florida Women's Resource Center, Inc.  
 Central Florida YMCA  
 Citrus Center Boys & Girls Club  
 Community Foundation of Greater Winter Haven  
 Friends of the Winter Haven Public Library  
 Girls', Inc. of Winter Haven  
 Financial Executives International  
 Foundation for Orange County Public Schools  
 Good Shepherd Hospice  
 Greater Winter Haven Chamber of Commerce  
 Habitat for Humanity of Orlando  
 Heart of Florida United Way  
 Junior Achievement of Central Florida  
 Metropolitan Ministries  
 Mid-Florida Medical Services  
 Metro Orlando Economic Development Commission  
 Harbor Branch Oceanographic Institute Foundation (YLS)  
 Orlando Regional Chamber of Commerce  
 Orlando Science Center  
 Pediatric Cancer Foundation - Tampa  
 Metropolitan Ministries  
 Mid-Florida Medical Services  
 Metro Orlando Economic Development Commission  
 Harbor Branch Oceanographic Institute Foundation (YLS)  
 Orlando Regional Chamber of Commerce  
 Orlando Science Center  
 Pediatric Cancer Foundation - Tampa  
 Quest, Inc.  
 Seminole County/Lake Mary Regional  
 Chamber of Commerce  
 Sertoma Camp Endeavor  
 The Spring of Tampa Bay  
 UCF Accounting Advisory Board  
 UCF Foundation  
 UCF Incubator  
 UCF Small Business Advisory Board  
 United Way of Central Florida  
 United Arts of Central Florida  
 Winter Park Health Foundation  
 Winter Haven Hospital  
 WMFE Channel 24

## C/F/R IS PROUD OF THE FOLLOWING COMMUNITY RECOGNITION THIS YEAR:

- 4th **Largest Accounting Firm** by the *Orlando Business Journal*
- 3rd **Best Companies to Work in Florida** by *Florida Trend*
- 10th **Top Philanthropic Company** in Central Florida by the *Orlando Business Journal*
- 19th **Largest Firm in Florida** by *Florida Trend*
- 17th **Largest Firm in the Gulf Coast** in *Accounting Today*
- 12th year in a row on the *Orlando Sentinel's* Top 100 Companies for Working Families
- 5th year in a row being named *Orlando Business Journal's* **Readers' Choice for Professional Services, Best Accounting Firm**
- 2nd year as **Employer of Distinction** from *Polk Works*, formerly 3 years as **Best Places to Work** from *Polk Works* and *WorkForce 2020*
- 2nd year as a Gold Level Recipient of the American Heart Association's **Fit-Friendly Worksites** Recognition program
- 1st year as one of the **Best CPAs in Florida** by Acquisition International



# PEER REVIEW REPORT

C/F/R undergoes a Peer Review every three years as an evaluation of our work by another certified public accounting firm of similar competence to our firm. It constitutes a form of self-regulation by qualified members of public accounting. Peer review methods are employed to maintain standards of quality, improve performance and provide credibility. Below is a copy of our most recent Peer Review Report:



2101 Highland Avenue South, Suite 500  
Birmingham, Alabama 35205  
205.802.7212 • Fax 205.212.9919

201 South Court Street, Suite 500  
Florence, Alabama 35630  
256.767.3555 • Fax 256.767.3556

[www.borlandcpa.com](http://www.borlandcpa.com)

## System Review Report

October 30, 2013

To the Shareholders of Cross, Fernandez & Riley, LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cross, Fernandez & Riley, LLP (the firm) in effect for the year ended June 30, 2013. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Cross, Fernandez & Riley, LLP in effect for the year ended June 30, 2013, 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*. Cross, Fernandez & Riley, LLP, has received a peer review rating of *pass*.

*Borland Benefield P.C.*

Borland Benefield, P.C.  
Birmingham, Alabama

# EXHIBIT A - PROFILES OF YOUR SERVICE TEAM

## MELANIE B. FERNANDEZ

**Partner, Director of Assurance Services**

Email: [mfernandez@cfrcpa.com](mailto:mfernandez@cfrcpa.com)



### Designations

- Certified Public Accountant (CPA) – Florida

### Education

- University of Central Florida
  - Master of Business Administration (1991)
  - Bachelor of Science in Business Administration, Accounting (1986)
- Specialized Training
  - Nonprofit, Governmental and OMB A-133 continued education

### Memberships and Board Involvement

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Foundation for Orange County Public Schools
  - Former Chair
- Association for Corporate Growth
  - Past President
- Quest, Inc.
  - Former Chair and Treasurer
- University of Central Florida Alumni Association
- Track Shack Foundation
  - Treasurer
- UCF Foundation
  - Treasurer
  - Audit and Finance Committees
- Florida Venture Forum
  - Board Member

### Melanie's Personal Mission Statement:

*"At C/F/R, our clients' needs and interests come first. I base my decisions on what is best for them, and always work to improve the service we provide as a firm. I am dedicated to maintaining close relationships with my clients throughout the year. This allows me to serve as a trusted advisor, helping my clients make decisions to fulfill their financial goals and overcome any challenges that may arise."*

### Background and Experience

In 2000, Melanie co-founded Cross, Fernandez and Riley, LLP (C/F/R). As a partner in the firm, she provides management and leadership to the members of the C/F/R team. In addition, Melanie serves as the Director of Assurance Services. In this role, she provides specialized services and oversees assurance engagements. Melanie works primarily with nonprofit organizations serving many different sectors. This includes trade associations, government-funded organizations and community and private foundations.

Working with BDO Seidman from 1987 to 2000, Melanie served as a partner until the closure of the Orlando office. She acquired the office along with her colleagues and formed what is now Cross, Fernandez and Riley, LLP (C/F/R). C/F/R maintains an alliance with BDO Seidman, allowing access to an extensive pool of national and international resources. Melanie's experience with BDO Seidman is an integral part of her career and has shaped her development as a professional. In addition, her understanding of what it takes to own and run a business is a great asset to her clients.

Melanie attributes her professional success to her drive and dedication to serving clients. As a testament to her professional accomplishments, she was selected for the prestigious Orlando Business Journal 40 under 40 Award. Melanie was also recognized for outstanding achievement by the Women's Executive Council. Active in several local community and academic organizations, she demonstrates her leadership both in and out of the office.

Melanie grew up in Central Florida with her family and currently resides in Apopka. In her spare time, she frequently participates in triathlons and road races. Melanie also enjoys running, biking, traveling and doing yoga and pilates while away from the office.

## ERICK KEPFER

### Senior Manager, Assurance Services

Email: ekpefer@cfrcpa.com



#### Designations

- Certified Public Accountant (CPA) – Florida

#### Education

- University of Central Florida
  - Master of Business Administration (2003)
  - Bachelor of Science, Accounting (1986)

#### Memberships and Board Involvement

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- University of Central Florida Alumni Association
- Leadership Orlando – Class 80
- Foundation for Orange County Public Schools
  - Board of Directors
  - Executive and Finance Committees
- University of Central Florida – Board of College of Business Alumni
  - Past Member
- Central Florida Partnership – Young Professionals Advisory Council
  - Past Member

#### Erick's Personal Mission Statement:

*"Providing outstanding quality service creates exceptional clients".*

#### Background and Experience

Erick joined Cross, Fernandez & Riley, LLP (C/F/R) in 2002. As an audit manager, he works primarily with nonprofit organizations serving many different sectors. This includes trade associations, government-funded organizations and community and private foundations. In addition to Erick's client service duties, he also supervises various employees in the audit department and chairs the recruiting committee at C/F/R.

Erick prides himself on his role as a problem solver for his clients. Previously, he identified a need for a forensic analysis related to fraud at a division of a nonprofit client.

Erick is well-respected within the accounting industry. Most recently, he presented at Rollins College for their Philanthropy and Nonprofit Leadership Center Workshop on what it takes to prepare for an audit and has instructed nonprofit seminars for C/F/R clients, prospects and internal staff.

Erick decided to begin a career in accounting because he enjoyed working with numbers. Today, he attributes his professional success to his hard work, dedication and commitment to quality service.

While not at the office, Erick enjoys going to the gym, playing basketball and racquetball, and watching football with friends.

## ANNE MCHUGH

### Partner, Tax Services

Email: amchugh@cfr CPA.com



#### Designations

- Certified Public Accountant (CPA) – Florida, North Carolina

#### Education

- University of South Florida
  - Post graduate work in Accounting (1986)
  - Bachelor of Business Administration, Accounting, cum laude (1984)

#### Memberships and Board Involvement

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- North Carolina Association of Certified Public Accountants (NCACPA)
  - Estate Tax Planning Group
- United Way Youth Motivator
- University of South Florida Alumni Association
- Beta Alpha Psi Alumni Association

#### Anne's Personal Mission Statement:

*"I am dedicated to providing excellent service to my clients. I try to always be available and responsive, and I put their needs first. By building trusting relationships with my clients, I am better able to help them achieve their business goals."*

#### Background and Experience

Anne joined BDO Seidman in 1999, which evolved into what is now Cross, Fernandez and Riley, LLP (C/F/R). Anne served as the Director of Tax Services from 2000-2010 and managed all aspects of the firm's tax practice, including compliance and quality control within the tax department. In 2010, Anne took on the role of Chief Financial Officer for the firm and oversees the day to day financial operations of C/F/R.

Anne has expertise in tax consulting and planning for mergers and acquisitions; overall entity structuring; net operating loss issues; tax transactions; partnership, trust, corporate and estate consulting; and deferred tax calculations. She primarily works with both private and publicly-held companies. She specializes in working with construction, real estate development and time-share, professional services, wholesale, retail and not-for-profit entities.

Anne began her career in public accounting in 1987 and worked with three public firms before joining C/F/R. In particular, Anne has developed expertise in maximizing the value of her clients' businesses through restructuring or changing ownership to achieve the greatest tax advantage. Her deep knowledge of tax law and industry-specific experience in compliance allows her the ability to help clients solve a variety of tax challenges.

With an ongoing desire to learn new things, Anne was greatly influenced by an upbringing focused on education. She considers her integrity, professionalism and competitiveness as factors in her success, and she takes pride in always doing her best.

Anne was born in Boston and raised in Webster Groves, Missouri, where much of her family still resides. She currently lives in Oviedo, Florida with her husband. In her free time, Anne enjoys exercising, playing sports, reading and traveling. She is also interested in horticulture, particularly orchids and African violets.

## TARA M. MILLER

### Senior Manager, Tax Services

Email: [tmiller@cfrcpa.com](mailto:tmiller@cfrcpa.com)



#### Designations

- Certified Public Accountant (CPA) – New York

#### Education

- St. Bonaventure University
  - Master of Business Administration (1998)
  - Bachelor of Science in Business Administration

#### Memberships and Board Involvement

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- New York State Society of Certified Public Accountants (NYSSCPA)
- Leadership Orlando

#### Tara's Personal Mission Statement:

*"My goal is to give individual attention to all of my clients on a timely basis, while providing them with the best advice and service possible"*

#### Background and Experience

Tara has been with Cross, Fernandez & Riley, LLP (C/F/R) from 2005 to 2009 and returned in 2012. As a Senior Manager, Tara supervises engagement teams in the performance of various assurance services and oversees our firms Form 990 reporting for tax-exempt organizations. Tara's client duties include overseeing and reviewing the progress of each client's audit and Form 990. Tara is heavily involved in the review of client financial statements dealing with technical issues as they arise. In addition, Tara is responsible for communicating with those charged with corporate governance on the results of the audit, including recommendations on strengthening internal controls and operations at her clients.

Tara left C/F/R for a two-year period (from 2009 to 2011) in which she joined a large firm in New York City and was a member of its Nonprofit & Government Services Group, where she strengthened her specialty in nonprofit organizations and Form 990 reporting. She worked with various types of nonprofits, including membership, contribution based and fee-for-service organizations. She has also provided services to private secondary schools and a private college. Tara has experience with preparation of Form 990s and performing audits in accordance with OMB Circular A-133.

In addition to client service responsibilities, Tara serves as a supervisor, mentor and plays an active role in recruiting strong candidates for hire. Tara is also a member of the Audit Training Committee and the Nonprofit Marketing Committee.

Tara's professional career began in 1998. Before joining C/F/R, she worked for six years at Mengel, Metzger, Barr & Co., LLP, a BDO Alliance firm in Rochester, New York. Throughout her time at that firm, Tara was gradually promoted from audit staff to manager. The diverse experience she has gained over the years has equipped her with the skills and knowledge necessary to meet the individual needs of her clients.