

**Proposal to provide Audit Services**  
**To**  
***Harbor Branch Oceanographic Institute***  
***Foundation Inc.***

**December 15, 2014**

**Submitted By:**

**DiBartolomeo, McBee, Hartley & Barnes, P.A.**  
**Certified Public Accountants**

**2222 Colonial Road Ste. 200**  
**Fort Pierce, Florida 34950**  
**(772) 461-8833**

**Contacts:**  
**Mark Barnes CPA, Principal**  
**Jim Hartley CPA, Principal**

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December 15, 2014

Ms. Katha Kissman, President and CEO  
Harbor Branch Oceanographic  
Institute Foundation  
5600 U.S. 1 North  
Fort Pierce, Florida 34946

Dear Ms. Kissman;

We are pleased to have this opportunity to submit our credentials to serve as the independent auditors for the Harbor Branch Oceanographic Institute Foundation(HBOIF). We have assembled a team with unmatched experience ready to serve you. Our non-profit and governmental industry leadership, outstanding local presence, and commitment to total quality will ensure that the Foundation receives the highest level of professional service from DiBartolomeo, McBee, Hartley & Barnes (DMHB). We look forward to helping you meet the challenges you face now and in the future.

In the following pages we have made every effort to be thorough in our response to your Request for Proposal. We believe our leadership and technical excellence is well documented. The Foundation has our commitment to provide high-quality service built on a foundation of:

### **Stability, Longevity & Capability in Serving Non-profit Entities**

DMHB has a history of providing quality professional services to an impressive list of non-profit and nongovernmental and clients on the Treasure Coast. DMHB currently serves a multiple of non-profit and governmental entities. In addition, our senior management team members each have between 25 and 38 years experience in serving non-profit and governmental entities. Combining our extensive experience auditing non-profit and governmental entities, diversity of our consulting capabilities and specialized services make us uniquely qualified to meet the current and future needs of the Foundation.

### **Local Presence and Personal Service**

We care about what happens in our local community and support non-profits. Our partners currently serve on several boards for non-profit organizations in St. Lucie County and State-Wide. Because of our local presence and involvement we understand the challenges of operating an organization such as yours and feel we can better serve you as both your auditor and business advisor. As the partner in charge of this engagement, I can assure you that I will not be a stranger. I am actively involved in all my engagements and participate in each phase of the audit including fieldwork.

## Proven Track Record

Our clients know our people and the quality of our work. We have always been responsive, met deadlines, and been willing to go the extra mile with the objective of providing significant value to mitigate the cost of the audit.

We are convinced that DMHB is the best team available to serve HBOIF. The information that follows describes in greater detail the benefit you will receive by engaging our team of auditors and business advisors. The overriding benefit, however, is that you will be served by a strong team of accessible professionals who have the experience and focus to provide responsive, cost-effective services and bring additional value to offset the cost of the audit.

Thank you again for the opportunity to present our Qualifications. In the accompanying proposal, you will find additional information upon which you can evaluate DMHB's qualifications to serve HBOIF. Jim Hartley and I are available for any questions and can be reached at 772-461-8833 or 2222 Colonial Road, Ft. Pierce, FL 34950. We look forward to further discussing how our team can work together with you to help HBOIF continue to grow and flourish.

Very truly yours,



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Mark Barnes, CPA  
Principal

## PROFILE OF THE PROPOSER

### *1. Detail of DMHB's experience in providing audit services in the not-for-profit sector*

DiBartolomeo, McBee, Hartley & Barnes, P.A., through its principals and members, has provided continuous in-depth professional accounting, auditing, and consulting services to non-profit organizations, local government units, , and commercial clients since 1974. Our professionals have developed considerable expertise in performing non-profit audits and single audits. We currently perform 7 Federal and State single audits in compliance with OMB Circular A-133 and under the Florida Single Audit Act.

DMHB is a leader on the Treasure Coast in providing accounting, auditing and consulting services to a wide range of organizations. We have significant nonprofit and public sector audit experience as indicated by the number of audits of nonprofit organizations and governmental agencies we perform.

#### **Nonprofit Sector**

DMHB has extensive experience in auditing nonprofit organizations which often require the application of the Rules of the Florida Auditor General and the Government Auditing Standards issued by the Comptroller General of the United States (Yellow Book).

Some of the nonprofit organizations that we currently audit:

- Council on Aging of St. Lucie, Inc.
- Early Learning Coalition of St. Lucie County, Inc.
- Early Learning Coalition of Indian River, Martin, and Okeechobee Counties, Inc
- Save the Chimps, Inc.
- Ocean Research and Conservation Association, Inc. (ORCA)
- Big Brothers/Big Sisters of St. Lucie, Indian River and Okeechobee County
- Realtors Association of St. Lucie County
- Liberty Baptist Church
- Avenue D Boys Choir Inc.
- Realtors Association of St Lucie County Foundation
- Multiple Property Owners Associations
- Multiple Condominium Associations
- Counseling and Recovery Center, Inc.
- Christ Church of Vero Beach
- Pelican Yacht Club

## ***2. Information on services provided to related industry associations or groups***

DMHB currently provides auditing services to a number of related industry associations including Ocean Research and Conservation Association (ORCA). DMHB is well known on the Treasure Coast for our work and involvement with non-profit organizations and foundations. Our partners and staff are trained in the various areas of non-profit accounting and reporting, your engagement team will meet or exceed the level of continued education required to perform these engagements including state and federal single audits.

## ***3. DMHB's independence as it relates to HBOIF***

Independence is a hallmark of our profession. We encourage our staff to use professional judgment in situations where our independence could be impaired or the perception of a conflict of interest might exist.

DMHB is independent of HBOIF and FAU's Harbor Branch Oceanographic Institute under each of the following:

- Au Section 220 – Statements on Auditing Standards issued by the American Institute of Certified Public Accountants
- ET Sections 101 and 102 – Code of Professional Conduct of the American Institute of Certified Public Accountants
- Chapter 21A-21, Florida Administrative Code
- Section 473.315, Florida Statutes
- Government Auditing Standards, issued by the Comptroller General of the United States

## ***4. DMHB's commitment to staff continuity, including three year turnover***

DMHB has low turnover. The names you see in our proposal will match the faces you will see on this engagement throughout the contract. We are committed to staff retention, and as a result, have only replaced one accountant in the past three years. Our supervisors and seniors have been with our firm for multiple years ranging from 5 – 16 years.

## ***5. List of five largest clients lost in the past three years***

DMHB has lost 3 audit clients in the past three years are:

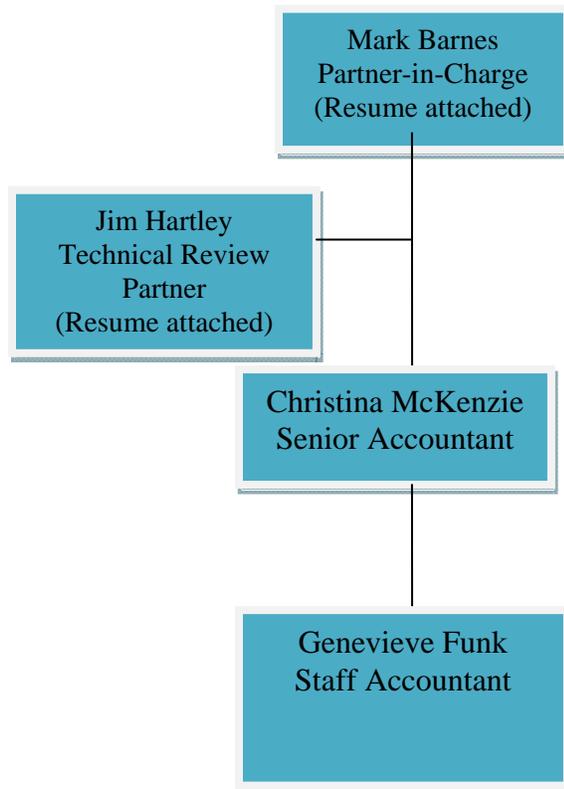
- City of Port St. Lucie—28 year client, changed through formal RFP-National firm selected by the new finance director
- Portofino Shores Property Owners Association—One year engagement
- Martha's House Inc. —Agency no longer receiving an audit

In the past three years, DMHB has not lost any clients due to unresolved accounting or auditing issues.

**6. *DMHB staff assigned to this engagement***

DMHB strives to maintain a high level of continuity on our jobs. This is done primarily by having “working partners”. Our partners do not just show up at the start of an audit, and then return to present to the board. We participate in all levels of the engagement. We have two partners available on this job and a senior with over 5 years of public accounting experience teamed with a staff accountant with at least 3 years of public accounting experience.

***Audit Team***



**Mark T. Barnes**

*Partner - DiBartolomeo, McBee, Hartley & Barnes*

<b>Role</b>	<ul style="list-style-type: none"> <li>• Will serve as the engagement partner.</li> </ul>
<b>Formal Education</b>	<ul style="list-style-type: none"> <li>• Bachelor of Science in Accounting – Clarion University of Pennsylvania.</li> </ul>
<b>CPE</b>	<ul style="list-style-type: none"> <li>• 125 hours of relevant CPE credits over the past 3 years.</li> </ul>
<b>Governmental and Non Profit Experience</b>	<ul style="list-style-type: none"> <li>• 25 years of governmental and non-profit experience.</li> <li>• Extensive experience with audits of non-profits</li> <li>• Extensive experience with both federal and state single audits and the various audit requirements of each</li> <li>• Has assisted non-profit clients in obtaining charitable status with the IRS</li> <li>• Provides advisory services on a regular basis related to cost accounting, allowable cost issues and general accounting issues which affect non-profits</li> <li>• Knowledge of the State and Federal Grants</li> <li>• Preparation of and advisory services related to the annual form 990, 990T, and 990-PF</li> </ul>
<b>Governmental and Non Profit Experience</b>	<ul style="list-style-type: none"> <li>• Currently serves as partner on the City of Ft. Pierce, Council on Aging of St. Lucie County, Early Learning Coalition of St. Lucie County, Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Save the Chimps, Inc., Big Brothers Big Sisters of St. Lucie, Indian River, and Okeechobee Counties, and The Avenue D Boys Choir.</li> </ul>
<b>Volunteer Service</b>	<ul style="list-style-type: none"> <li>• Currently serves as</li> <li>• Treasurer on the State Board of Trustees for PACE Center for Girls Inc.</li> <li>• Treasurer for Healthy Start Coalition of St. Lucie County</li> <li>• Treasurer for Port St. Lucie Botanical Gardens Foundation</li> </ul>
<b>Memberships in National &amp; State Government Accounting Boards</b>	<ul style="list-style-type: none"> <li>• Member of the American Institute of Certified Public Accountants</li> <li>• Member of the Florida Institute of Certified Public Accountants</li> <li>• Member of Florida Government Finance Association</li> </ul>
<b>Professional Recognition</b>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> </ul>

**Jim Hartley**  
*Partner - DiBartolomeo, McBee, Hartley & Barnes*

<b>Role</b>	<ul style="list-style-type: none"> <li>• Will serve as the technical review partner.</li> </ul>
<b>Formal Education</b>	<ul style="list-style-type: none"> <li>• Bachelor of Science in Accounting – Sterling College.</li> </ul>
<b>Non Profit and Governmental CPE</b>	<ul style="list-style-type: none"> <li>• 120 hours of relevant CPE credits over the past 3 years.</li> </ul>
<b>Non Profit and Governmental Experience</b>	<ul style="list-style-type: none"> <li>• 25 years of non- profit and government experience.</li> <li>• Specializing in serving local government entities and non-profit entities.</li> <li>• Has performed audits and advisory services for a variety of public sector entities including counties, cities, and special districts.</li> <li>• Has extensive experience performing audits of federal grant recipients in accordance with the Single Audit Act and the related Office of Management and Budget (OMB) guidelines, including Circular A-133 and the Rules of the Auditor General.</li> <li>• Experienced in maintaining the GFOA Certificate of Achievement.</li> </ul>
<b>Non Profit and Governmental Audit Experience</b>	<ul style="list-style-type: none"> <li>• Has provided audited services on senior governmental entities including towns, villages, cities, counties, special districts and community development districts. Jim has assisted with financial preparation, system implementation, as a variety of governmental services to a wide range of governmental entities.</li> </ul>
<b>Volunteer Service</b>	<ul style="list-style-type: none"> <li>• Treasurer &amp; Executive Board - St. Lucie County Chamber of Commerce</li> <li>• Budget Advisory Board-St Lucie County School District</li> <li>• Past Treasurer- Exchange Club for Prevention of Child Abuse</li> <li>• Past Treasurer- Exchange Foundation Board</li> <li>• Board of Director- State Division of Juvenile Justice</li> </ul>
<b>Memberships in National &amp; State Government Accounting Boards</b>	<ul style="list-style-type: none"> <li>• Member of the American Institute of Certified Public Accountants</li> <li>• Member of the Florida Institute of Certified Public Accountants</li> <li>• Member of the Florida Government Finance Officers Association</li> </ul>
<b>Professional Recognition</b>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> </ul>

## ***7. DMHB's Audit approach***

**Our partners are not strangers who show up for an entrance conference and an exit conference.** We have developed an audit plan that allows the partners to directly supervise our staff in the field. By assigning two partners to the audit, we will have a partner on-site for a significant portion of the fieldwork. This also gives HBOIF an additional contact individual for questions or problems that may arise during the audit.

The scope of our services will include a financial, as well as, a state single audit. Our audit will be conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit will be conducted in accordance with the provisions of Chapter 10.650, Rules of the Auditor General, which govern the conduct of the Florida Single Audit Act of Non-Profit and For-Profit organizations audits performed in the State of Florida.

Our audit approach places emphasis on the accounting information system and how the data is recorded, rather than solely on the verification of numbers on a financial statement. This approach enables us to:

- Maximize our understanding of HBOIF's operating environment
- Minimize time required conducting the audit since we start with broad considerations and narrow to specific audit objectives in critical areas

Our audit approach consists of four phases encompassing our audit process:

- Planning Phase
- Detailed Audit Phase
- Closing Phase
- Reporting

### **Planning Phase**

#### **Meetings and Expectations:**

Our first step in this phase will be to set up a planning meeting with the financial and operating management. **Our goal here is to eliminate "surprises."** By meeting with responsible officials early on we can discuss significant accounting policies, closing procedures and timetables, planned timing of our audit procedures and expectations of our work. This will also be the starting point for our discussions with management related to *SAS No. 99-Consideration of Fraud in a Financial Statement Audit*. Inquiries will be made regarding managements knowledge of fraud and on management's views regarding the risk of fraud.

We will also meet with the predecessor auditor to review working papers and gain an initial understanding of your accounting policies and procedures.

### **Review Operations and Develop Engagement Plan**

It is critical that we understand HBOIF's operating environment. To do this we will obtain and review such items as, organizational charts, recent financial statements, budget information, major contracts and lease agreements. We will also gather other information necessary to increase our understanding of operations, organization, and internal control.

### **Study and Evaluate Internal Control**

As part of general planning, we will obtain an understanding and assessment of HBOIF's control environment. This assessment involves a review of management's operating style, written internal control procedures, and HBOIF's accounting system. The assessment is necessary to determine if we can rely of control procedures and thus reduce the extent of substantive testing.

### **Conduct Preliminary Analytical Review**

Also during the planning stage, we undertake analytical procedures that aid us in focusing our energies in the right direction. We call these analytical reviews.

A properly designed analytical review can be a very effective audit procedure in audits of not-for-profit entities. Analytical reviews consist of more than just a comparison of current-year actual results to prior-year actual results. Very effective analytical review techniques include trend analysis covering a number of years and comparisons of information not maintained totally within the financial accounting system.

Conclusions reached enable us to determine the nature, timing and extent of other substantive procedures.

## **Detailed Audit Phase**

### **Conduct Final Risk Assessment and Prepare Audit Programs**

Risk assessment requires evaluating the likelihood of errors occurring that could have a material effect on the financial statements being audited. The conclusions we reach are based on our evaluation of internal control, systems, accounts, and transactions that occur throughout the audit. After evaluating the results of our tests of control and our final risk assessment we can develop detailed audit programs.

### **Perform Substantive Tests of Account Balances**

These tests are designed to provide reasonable assurance as to the validity of the information produced by the accounting system. Substantive tests involve such things as examining invoices supporting payments, confirmation of balances with independent parties, analytical review procedures, and physical inspection of assets. All significant accounts will be subjected to substantive procedures. Substantive tests provide direct evidence of the completeness, accuracy, and validity of data.

## **Perform Single Audit Procedures**

During the planning phase of the audit we will request and review a schedule of expenditures of state financial assistance.

In documenting our understanding of the internal control system for the financial statement audit, we will identify control activities that impact major state programs as well. This will allow us to test certain controls for the financial audit and the single audit concurrently. We will then perform additional tests of controls for the state program selected for testing. We will then evaluate the results of the test of controls to determine the nature, timing and extent of substantive testing necessary to determine compliance with major program requirements.

## **Closing Phase**

During the closing phase we perform detail workpaper reviews, request legal letters, review subsequent events and proposed audit adjustments. Communication with the client is critical in this phase to ensure that the information necessary to prepare financial statements in conformity with accounting principles generally accepted in the United States has been obtained.

## **Reporting Phase**

### **Financial Statement Preparation**

As a local firm, we spend a considerable amount of time on financial statement preparation and support. With this in mind, we are more than happy to assist in the preparation of financial statements or simply review a draft of financials prepared by your staff. We let you determine our level of involvement.

### **Management Letters**

*We want to help you solve problems before they become major.*

Our management letters go beyond citing possible deficiencies in the organizations internal control structures. They identify opportunities for increasing revenues, decreasing costs, improving management information, protecting assets and improving operational efficiency. We will **not** wait until the end of fieldwork to discuss any potential comments we may have. Management will be notified promptly of any potential comments.

### **Exit Conferences and Delivery of Reports**

We anticipate meeting with appropriate personnel and the Audit Committee in September and issuing the final required reports by October 1st of each year.

## **Firms Use of Technology in the Audit**

DMHB's audits are paperless and rely heavily on technology. All of our audit programs, checklists, and trial balance software are automated and require the use of computers in the field. Client documents are scanned and incorporated into the electronic audit file. Our Auditors generally have access to our network in the field which allows for research, access to superiors for questions and access to workpaper examples that can be tailored to the current engagement.

### **8. *Fee proposal***

DiBartolomeo, McBee, Hartley & Barnes P.A. will perform the annual audit of HBOIF for the three years as follows:

June 30, 2015	\$ 18,500
June 30, 2016	\$ 19,000
June 30, 2017	\$ 19,000

The above fee schedule is subject to negotiation.

### **9. *Standard Billing rates for the past three years***

<b><i>Position</i></b>	<b><i>2014 rates</i></b>	<b><i>2013rates</i></b>	<b><i>2012 rates</i></b>
<b><i>Partner</i></b>	<b><i>135/hr</i></b>	<b><i>130/hr</i></b>	<b><i>130/hr</i></b>
<b><i>Manager</i></b>	<b><i>100/hr</i></b>	<b><i>100/hr</i></b>	<b><i>95/hr</i></b>
<b><i>Senior</i></b>	<b><i>85/hr</i></b>	<b><i>85/hr</i></b>	<b><i>80/hr</i></b>
<b><i>Staff</i></b>	<b><i>75/hr</i></b>	<b><i>75/hr</i></b>	<b><i>65/hr</i></b>

## ***10. Names and contact information of similar sized clients***

Please feel free to contact any of the individuals listed below:

Council on Aging of St. Lucie, Inc  
Darrell Drummond, President, CEO  
(772) 336-8607

Save the Chimps, Inc  
Robert Camis, Director of Finance  
(772) 429-0403

Early Learning Coalition of St. Lucie  
County, Inc.  
Anthony Loupe, Executive Director  
(772) 595-6424

City of Fort Pierce, Florida  
Gloria Johnson, Director of Finance  
(772) 468-5000

The Arts Council  
Nanci Turrell, Executive Director  
(772) 287-6676

Economic Development  
Council of St. Lucie  
Pete Tesch, President  
(772) 879-4144

Big Brothers/Big Sisters of St. Lucie County  
Indian River County & Okeechobee County  
Judi Miller, Executive Director  
(772) 466-8535

Pelican Yacht Club  
Judi Newell, CFO  
(772) 464-4411

Avenue D Boys Choir  
Mary Hendricks, Executive Director  
(772) 342-6317

Ocean Research and Conservation  
Association, Inc  
Warren Falls, Managing Director  
(772) 467-1600

## ***11. Why DMHB***

The auditing firm you select is only as good as the people who serve you. We are extremely proud of the outstanding team we have assembled for your engagement. Our team brings many years of relevant experience coupled with the technical skill, knowledge, authority, dedication, and most of all, the commitment you need to meet your reporting obligations and the challenges that will result from the changing accounting standards.

DMHB does not have a marketing department. This proposal was prepared by the individuals who will perform the audit. Many firms do not spend time with their clients. You are just a number. By contracting with DMHB, you will receive personal attention with skilled professionals, technical assistance if necessary at reasonable rates, a firm with a vast knowledge of the not-for-profit industry, and  
**All this right in your back yard!!**

# Michael C. Becker & Co.

Certified Public Accountants

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Boca Raton (561) 391-0945  
Miami (305) 266-6691  
Fax (561) 697-4359

## System Review Report

March 1, 2012

To the shareholders of DiBartolomeo, McBee, Hartley & Barnes, PA  
and the Peer Review Committee of the Florida Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of DiBartolomeo, McBee, Hartley & Barnes, PA (the firm) in effect for the year ended June 30, 2011. 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. 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 DiBartolomeo, McBee, Hartley & Barnes, PA in effect for the year ended June 30, 2011 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*. DiBartolomeo, McBee, Hartley & Barnes, PA has received a peer review rating of *pass*.

*Michael C. Becker & Co.*

Michael C. Becker & Co.