



HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION, INC.

Proposal for Professional Services

December 2014

Proposed by:

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

Certified Public Accountants

700 20th Street
Vero Beach, Florida 32960

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Contact Person

C. J. Kip Jacoby, C.P.A.

Date of Proposal

December 2014

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

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**Morgan • Jacoby • Thurn • Boyle
& Associates, P.A.**

Certified Public Accountants

December 8, 2014

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

Dear Ms. Kissman:

Morgan, Jacoby, Thurn, Boyle & Associates, P.A. (MJTB) is pleased to present our qualifications to provide audit and tax services as requested to the Harbor Branch Oceanographic Institute Foundation, Inc. (the "Foundation").

We believe our Firm is uniquely qualified to serve the Foundation. Our engagement team will ensure a timely and smooth transition while allowing for the "fresh look" that is realized from a change in the audit team.

We have significant experience in conducting audits for not-for-profit organizations, as indicated by the listing of clients included herein that we are currently serving. These represent a few of the organizations we've served over the years.

We pride ourselves on our ability to provide timely service. This is our pledge to you. Our plan is to perform the 2015 audit field work in August and September 2015 and provide our reports to the Board of Directors by October 14, 2015, as stipulated in the Request for Proposal.

We are anxious to address any questions you may have regarding this proposal and look forward to establishing a rewarding professional relationship. We would be happy to meet with you to discuss any questions regarding this proposal.

Very truly yours,

Morgan, Jacoby, Thurn, Boyle & Associates, P.A.

A handwritten signature in black ink, appearing to read 'C. J. Kip Jacoby', written in a cursive style.

C. J. Kip Jacoby, C.P.A.
Partner

History of the Firm

Morgan, Jacoby, Thurn, Boyle & Associates, P.A. began operations in July, 1997 and is the successor to KPMG Peat Marwick and W.O. Daley & Company, which maintained an office in Vero Beach for twenty-seven years prior to 1997. W.O. Daley & Company merged with KPMG in 1984. MJTB was offered an attractive opportunity in 1997 to acquire the majority of the client base served by KPMG from the Vero Beach office.

The current staffing of our Vero Beach office is as follows:

<u>Employees</u>	<u>Number</u>
Professional Staff:	
Partners	4
Senior Managers	2
Managers	3
Staff	4
Paraprofessionals	<u>4</u>
Total	17
Administrative	<u>2</u>
Total	<u>19</u>

Of the professional staff of seventeen, nine are certified public accountants and four are candidates in the processing of becoming certified public accountants. Our present staffing level allows us to accommodate, on a timely basis, this service opportunity.

Turnover in our staff has historically remained low, and this is true of the past three years where only two of our professional staff resigned from our firm to take positions out of our geographical area and one staff reduced their full-time role to a part-time role for maternity reasons. We make every effort to maintain continuity of staff for obvious efficiency and training reasons, and our clients benefit from our efforts. We will make every effort to maintain continuity of staff for the Foundation through the next three years.

We believe our clients are best served by a firm that can provide a timely, efficient audit along with other value-added services. This means that our clients receive timely business advice and are kept current on new issues affecting their business.

Attached to this statement of qualifications is a representative listing of our current Not-For-Profit clients. We serve a number of different not-for-profit entities, including large and small. Three of our clients in this industry that have similarities to the Foundation include Riverside Theatre, Inc. and Vero Beach Museum of Art, Inc., both of which have significant endowment funds, and Senior Resource Association, Inc., which has Federal and Florida single audit requirements.

History of the Firm

We have been very successful in serving our clients at a high level and accordingly, loss of clients occurs infrequently. During the past three years we have lost only two audit clients as follows (specific names are withheld for client confidentiality purposes):

- Citrus entity: this client was a wholly-owned consolidated entity in a larger parent entity. Our services were discontinued in 2014 in an effort to reduce professional fees and the parent entity's auditors assumed such services on a reduced basis. No auditing, accounting, or other service issues were identified as a cause.
- Retirement plan: this client was a retirement plan for a large international publicly held company currently audited by KPMG. Our firm was originally referred by KPMG for the services as an effort by the client to reduce such fees. Our services were performed remotely for the client's Chicago human services office and were discontinued in 2013 in an effort to bring such services local to Chicago. No auditing, accounting, or other service issues were identified as a cause.

Qualifications of Firm and Personnel

In serving our clients, we have identified certain characteristics which distinguish us from our competition. Three of these characteristics are as follows:

- ◆ A team spirit developed from years of working together which cannot be measured but is seen in everything we do, which leads to more responsive and effective service.
- ◆ Experienced senior professionals who will personally provide the majority of the service.
- ◆ A highly efficient service approach that leverages our experiences and expertise.

Our services cannot be separated from the people who deliver them - and we think our team is special. We pride ourselves on being a group of professionals who work well together and place client service as our top priority. Our ability to build competent service teams on a consistent, continuous basis, and our ability to attract top-flight talent with industry expertise has helped to build a team spirit that cannot be measured, but can be seen in the work we do and the way in which our people interact with each other and our clients.

Kip Jacoby will serve as overall engagement partner and will oversee all audit and tax services. He will personally provide a significant portion of the service and will be assisted by Emily Handley, senior manager, and Kelly Dawson, staff. The following provides an overview of Kip's, Emily's, and Kelly's qualifications and experience.

C. J. Kip Jacoby, Partner

Prior to the formation of Morgan, Jacoby, Thurn, Boyle & Associates, Kip served as a Senior Manager in KPMG Peat Marwick's Vero Beach office for approximately seven years. Kip was with KPMG for approximately 17 years, having served in three offices in addition to Vero Beach (Des Moines, Kansas City, and West Palm Beach).

Kip has served clients in the agribusiness, manufacturing, not-for-profit, real estate, financial institution, and government industries. Kip serves as audit partner for all of the firms not-for-profit clients.

Kip is a certified public accountant in Florida. He is a member of the Florida and American Institutes of Certified Public Accountants.

He is currently the past-chairman of the United Way of Florida, Inc., a past board member of United Way of Indian River County, Inc., having served as its chairman and treasurer, and is currently a board member of the United Way Foundation of Indian River County, Inc., serving as its treasurer. He is currently member of Indian River County's Children Services Advisory Network and is chairman of its Grant Review Subcommittee. He is a founding board member of the Executive Roundtable of Indian River County and is serving as its treasurer. He has served as a board member in officer positions in several other non-profit entities over the past 30 years of professional service. Kip is an Eagle Scout.

Qualifications of Firm and Personnel, Continued

Emily P. Handley, Senior Manager

Emily joined the firm in 2001 as a staff accountant working on a variety of audit and tax engagements after receiving a Bachelors in Business Administration degree from Rollins College. Emily was promoted to Manager in July 2006. Emily has experience in the real estate, government, not-for-profit, manufacturing, and agribusiness industries.

Emily is a certified public accountant in Florida and is a member of the American and Florida Institutes of Certified Public Accountants. Emily has previously served as a member of the board of directors and treasurer for the Healthy Start Coalition.

Emily has served as manager of a number of our not-for-profit clients to include Vero Beach Museum of Art, Inc., which has a significant endowment fund, and Senior Resource Association, Inc., which has a Federal and Florida single audit requirement.

Kelly Dawson, Senior Staff

Kelly joined the firm in 2007 as a staff accountant working on a variety of audit and tax engagements after receiving a Bachelors in Business Administration degree from the University of Central Florida. Kelly has experience in the real estate, government, not-for-profit, manufacturing, and agribusiness industries.

Kelly has served as staff in-charge of a number of our not-for-profit clients to include Vero Beach Museum of Art, Inc., which has a significant endowment fund, and Senior Resource Association, Inc., which has a Federal and Florida single audit requirement.

Professional Matters

None of our Firm's professionals, including those listed above, have any current or prior complaints before the Florida Board of Accountancy or any other Florida, Federal, or other State regulatory authority.

Technical Approach

General Methodology

Our audit approach is risk oriented. This approach allows us to concentrate our efforts in critical areas. Critical areas are those presenting the highest level of business and audit risk. We evaluate your data processing operations and employ computer audit techniques to access, test, and analyze key data and computer files.

To avoid surprises, we work with our clients' financial personnel to resolve important issues prior to year-end. And we are always on the lookout for opportunity to improve operations. The audit relationship provides a basis for developing a thorough and sophisticated understanding of the Foundation, its history, and current objectives. This knowledge enables us to serve as an advisor who can participate in key decisions with minimum additional time and resources.

Maintaining a long-term relationship with our clients is a primary objective. And, we are committed to delivering a high quality product at a competitive cost, and to add value to the audit for our clients.

Tentative Schedule for Key Phases of 2015 Audit

Our tentative schedule, which is outlined below, is based on what we believe is a reasonable schedule to provide for the timely delivery of your financial statements and reporting to the Foundation.

<u>Dates</u>	<u>Activity</u>
May – July 2015	Plan the audit of the June 30, 2015 financial statements. Includes planning and documentation of controls for significant financial cycles and testing under the Florida Single Audit Act.
August – September 2015	Perform the audit of the June 30, 2015 financial statements. Prepare draft financial statements and reports.
September 2015	Conference with Foundation personnel to review drafts of financial statements and other required communications.
September 2015	Deliver drafts of financial statements, Form 990, and other required communications.
Week of October 5, 2015	Meet with Audit Committee
October 14, 2015	Issue financial statements and other required communications.
November 12, 2015	Attend Foundation Audit Committee and Board of Directors meeting to deliver report on Foundation's financial statements and other matters.
October 15, 2015	Complete and issue all required Form 990 filings

Technical Approach

Working Papers

We will work closely with Foundation personnel by making our audit work papers, other than proprietary-type information, available and will prepare a list of schedules requested to be prepared by Foundation personnel. Such listing of schedules will be submitted in a concise manner with sufficient time for accumulating or completing these schedules before the audit work begins.

Our policy is to maintain working papers on file for a period of six years from the end of the period subject to audit.

Quality Control

We comply with all quality control standards established by the American Institute of Certified Public Accountants (AICPA), as identified in the *Statement on Quality Control Standards #8*.

A peer review of the firm is performed every three years and was most recently performed in 2012 resulting in an unqualified opinion. The review included a review of specific not-for-profit and governmental engagements audited in accordance with Government Auditing Standards. A copy of this report is included herein. A letter of comments was not issued as a result of the peer review.

Our next regularly scheduled peer review will be conducted in the Fall of 2015.

Conflicts of Interest / Independence

We are knowledgeable with the AICPA's rules relating to independence. With respect to the Foundation, we are independent as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's Government Auditing Standards.

Confidentiality

Our firm agrees to keep the information related to the Foundation in strict confidence. Other than reports submitted to the Foundation, we agree not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in our possession, to our employees who must have the information on a "need-to-know" basis. This is consistent with our professional standards.

Discussion of Professional Fees

Our policy is to price our services competitively at a level that will enable us to fulfill our professional responsibilities and respond fully to your needs while providing the highest quality service. Normally, the fees for our services are based on the actual hours expended by our professionals at rates that reflect their training and experience. Our standard hourly rates by classification have been as follows for the past three years:

Partner	\$	250
Manager		150
Staff		100

Based on our understanding of the services required, we will provide an estimate of fees for the year ending June 30, 2015 upon request.

Our fees for these services will be based on our understanding of the assistance expected to be provided by the Foundation's personnel. In addition, it is our understanding that the ending trial balance will be complete and supported by reconciled accounts.

Should the accounts not be complete and closed prior to the audit, or should circumstances arise that indicate that we will be unable to complete the audit within the fee estimates as to be provided, we will notify Foundation personnel immediately so that appropriate actions can be taken to minimize additional professional time necessary to complete the audit.

We understand that these services may be extended for additional periods upon the mutual determination of the Foundation and our firm. Fees will be negotiated at that time. Should the Foundation need any additional assistance for special projects or consultations, we will bill our fees at a blended hourly rate based on the level of professionals involved.

Representative Not-for-Profit Client Listing

- ◆ Childcare Resources of Indian River, Inc.
Ms. Shannon McGuire Bowman
567-3202
(client for 8 years)
- ◆ Dasie Bridgewater Hope Center, Inc.
Ms. Verna Wright
589-3535
(client for 10 years)
- ◆ Education Foundation of Indian River
County, Inc.
Ms. Cynthia Falardeau
564-0034
(client for 10 years)
- ◆ Environmental Learning Center, Inc.
Ms. Molly Steinwald
589-5050
(client for 8 years)
- ◆ Gifford Youth Activity Center, Inc.
Ms. Angelia Perry
794-1005
(client for 11 years)
- ◆ Homeless Family Center, Inc.
Ms. Mary Ellen McGuire
567-2766
(client for 16 years)
- ◆ Indian River Charter High School, Inc.
Mr. Gene Waddell
567-6600
(client for 16 years)
- ◆ The Learning Alliance
Ms. Barbara Hammond
473-0167
(client for 7 years)
- ◆ Riverside Theatre, Inc.
Ms. Patti Rooney
231-5860
(client for 16 years)
- ◆ Senior Resource Association, Inc.
Ms. Karen Deigl
569-0760
(client for 9 years)
- ◆ Substance Awareness Council, Inc.
Ms. Robin Dapp
770-4811
(client for 5 years)
- ◆ The John's Island Foundation, Inc.
Ms. Jennifer Jones
234-0992
(client for 16 years)
- ◆ Treasure Coast Homeless Services
Council, Inc.
Ms. Louise Hubbard
567-7790
(client for 12 years)
- ◆ Vero Beach Museum of Art, Inc.
Dr. Lucinda Gedeon
231-0707
(client for 7 years)

PRH, LLC

Certified Public Accountants and Consultants

SYSTEM REVIEW REPORT

November 8, 2012

To the Shareholders of Morgan, Jacoby, Thurn, Boyle & Associates, P. A.
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 Morgan, Jacoby, Thurn, Boyle & Associates, P. A. (the firm) in effect for the year ended June 30, 2012. 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.

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

In our opinion, the system of quality control for the accounting and auditing practice of Morgan, Jacoby, Thurn, Boyle & Associates, P. A. in effect for the year ended June 30, 2012, 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 deficiencies* or *fail*. Morgan, Jacoby, Thurn, Boyle & Associates, P. A. has received a peer review rating of *pass*.

PRH, LLC

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WWW.PRHCPA.COM



PEER REVIEW PROGRAM

is proud to present this

Certificate of Recognition

to

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

For having a system of quality control for its accounting and auditing practice in effect for the year ended June 30, 2012 which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

A handwritten signature in cursive script, reading "Rick Reeder". The signature is written in black ink and is positioned above a horizontal line that serves as a separator between the signature and the printed name below.

Rick Reeder, Chair
AICPA Peer Review Board
2012



FICPA Peer Review Program
Administered in Florida by the
Florida Institute of CPAs



AICPA Peer Review Program
Administered in Florida by the
Florida Institute of CPAs

March 26, 2013

Casper J. Jacoby IV, CPA
Morgan, Jacoby, Thurn, Boyle & Associates, P.A.
700 20th St.
Vero Beach, FL 32960

Dear Mr. Jacoby:

It is my pleasure to notify you that on March 26, 2013 the Florida Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is December 31, 2015. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Paul N. Brown
Director of Technical Services
brownp@ficpa.org

cc: Paul R. Heidbrink, CPA

Firm Number: 10141859

Review Number: 339988