



Yolo County Housing

Lisa A. Baker, Executive Director

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BOARD OF COMMISSIONERS

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DATE: September 16, 2010
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
PREPARED BY: Mark Stern, Finance Director
SUBJECT: **Acceptance of Proposal to Provide Audit Services and Authorization for the Executive Director to negotiate and execute an agreement with Reznick Group, P.C.**

RECOMMENDED ACTIONS:

That the Board of Commissioners:

1. Accept the proposal to provide Audit Services as submitted by the Reznick Group, P.C.; and
2. Authorize the Executive Director to negotiate and execute an agreement with Reznick Group, P.C.

BACKGROUND / DISCUSSION:

In accordance with Office of Management and Budget protocols, professional services agreements are generally no longer than three (3) years. At the end of the three (3) year period, agencies should re-procure services in order to determine that they are still receiving good value for those services. The agreement for audit services with Harn & Dolan was for a period of three (3) years that concluded with the audit of our 2008-2009 fiscal year. Accordingly, staff prepared a Request for Proposal (RFP) for the next three years and distributed it to fourteen (14) accounting firms that were maintained in the YCH interest list. Two (2) firms replied that they would not submit a proposal, five (5) firms did not reply or acknowledge the RFP and seven (7) firms submitted proposals. The firms and proposed fees are as follows:

	Estimated Fees			
	2010-2011	2011-2012	2012-2013	Average
Collins Accountancy Co. (Sacramento)	24,152	24,847	26,847	25,282
G. C. Uhlenberg LLP (Redwood City)	59,950	59,950	59,950	59,950
Harn & Dolan (Walnut Creek)	60,000	60,000	60,000	60,000
Mayer Hoffman McCann P.C. (Irvine)	63,800	65,080	66,380	65,087
Public Accounting Solutions (Pasadena)	50,325	51,835	53,390	51,850
Reznick Group, P.C. (Sacramento)	55,000	58,000	63,000	58,667
Robertson & Associates (Lakeport)	60,800	63,850	67,050	63,900

These proposals are for professional services. Price is only one of the scoring criteria. Criteria for consideration included additional factors, including:

1. Audit Firm's Quality Control Program
2. Recent Peer Reviews
3. Experience of Assigned Personnel
4. Clear and Concise Work Plan
5. Budgeted time for fieldwork
6. Other HUD – PHA experience

Proposals were reviewed by three qualified reviewers who independently reviewed and scored the proposals independent of the cost component, which was removed from consideration by the scoring panel. The scoring panel included review by a Finance Director in a neighboring PHA as well as in-house staff – one from the Finance Department and one from Housing Assistance. The cost component was added back as the last criterion for consideration. The reviewer panel gave the Reznick Group, P.C. proposal the most favorable score to provide YCH with audit services for the next three years. In addition, the Reznick Group, P.C. was the third lowest price proposer firm among all firms and the lowest cost firm of those with prior independent HUD-PHA experience.

The two lowest price proposers are new firms with no independent experience in auditing PHAs. The lowest scoring firms have not been in business long enough to have received an independent peer review.

The Reznick Group offered the most comprehensive package to meet the Agency's needs including experienced personnel, well regarded national firm (IPA "Best of the Best" five of the last six years) with the ability to provide resources unavailable to us with most of the proposers and was the second lowest proposer after excluding the lowest proposer.

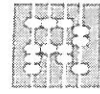
FISCAL IMPACT:

Under the Harn & Dolan Agreement, agency wide audit cost was \$70,000 per year. This new agreement will result in a savings of \$34,000 over the next three years.

CONCLUSION:

Staff recommends acceptance of the Reznick Group, P.C. proposal and that the Board authorize the Executive Director to negotiate and execute an agreement for audit services.

Attachment: Proposal, Reznick Group, PC



**Reznick
Group**

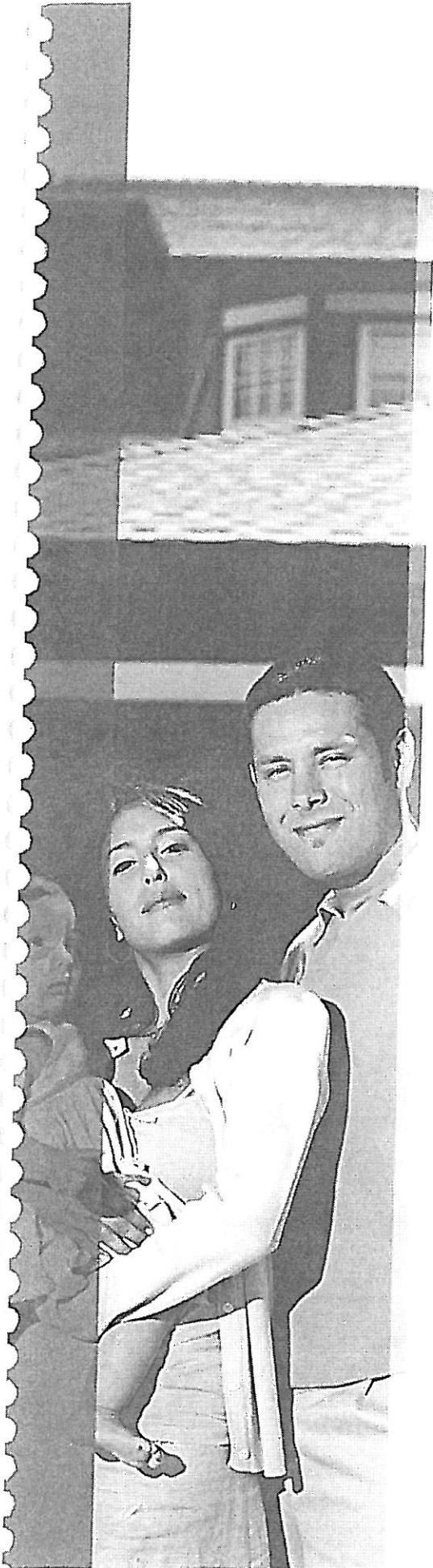
ACCOUNTING · TAX · BUSINESS ADVISORY

**Proposal to Provide Professional
Auditing Services to:**

Yolo County Housing

Submitted by: Reznick Group, PC
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Sacramento, CA 95814
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Federal I.D. #52-1088612
State Board of Accountancy License Number 5333

August 23, 2010





Reznick Group, P.C.
400 Capitol Mall
Suite 900
Sacramento, CA 95814-4424
Tel: (916) 442-9100

August 23, 2010

Mr. Mark Stern
Finance Director
Yolo County Housing
147 W. Main Street
Woodland, CA 95695

Dear Mr. Stern:

On behalf of Reznick Group I'd like to thank the Yolo County Housing (YCH) for this opportunity to present our proposal to provide professional auditing services for YCH. Because of our in-depth knowledge of Housing Authorities, GASB and HUD programs, we are confident that we are the right fit for YCH as your professional services provider. We have assembled a strong team of our governmental and HUD professionals for the engagement, selected for their ability to provide you with the industry knowledge, responsiveness, expertise and quality of work you deserve.

We believe in your mission to provide affordable housing opportunities to residents of Yolo County and Reznick Group has made a substantial investment in building its professional service capabilities to serve clients and real estate developers interested in affordable housing, environmental preservation and low-income housing tax credits. Since the firm was founded in 1977, Reznick Group has served a wide variety of housing authorities, development agencies, real estate companies and nonprofit organizations throughout the United States and worldwide including federal, state, city and county agencies; pension funds and advisors; property owners and investors.

We understand the specific issues intrinsic to your organization and we will consistently utilize our best practices and the latest technologies gained through our extensive experience. The clear and distinctive differentiating factors that set the Reznick Group team apart from other service providers are:

- Technical Excellence – Our professionals specialize in serving governmental organizations like the YCH. Our housing authority audit team is experienced, not only in audit procedures, but also in Asset Management and Project Based Accounting. As a result, we are proactive in offering up-to-date advice to keep you informed of current trends and best practices.
- Commitment to Service - Our professionals work diligently to demonstrate initiative, anticipate problems, and communicate with you throughout the year.
- Ability to Deliver on Time - We dedicate the resources to ensure that we meet your deadlines and deliver all reports in a timely manner.

Our proposal provides, among other things, an in depth analysis of our team's experience and qualifications, our commitment to maintaining Reznick Group's position of leadership within the real estate and affordable housing industry sectors as well as how and when we plan to perform and communicate the results of our work to management. In addition, we will provide the YCH with the following professional services:

- We will perform a financial statement and compliance audit of YCH for the fiscal years ending June 30, 2010, June 30, 2011 and June 30, 2012. The audit will be conducted in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller of the United States. The audit and financial statements will meet the requirements of federal single audit regulations as prescribed by OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations, OMB Circular A-128, Audit for State and Local Governments, GASB 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and the U.S. Department of Housing and Urban Development's Public and Indian Housing Compliance Supplement. The financial statements will be prepared by the auditor in accordance with Generally Accepted Accounting Principles (GAAP) and HUD's timetable for submission. We will provide assistance with electronically submitting Financial Data Schedules (FDS) via the internet as required by the Real Estate Assessment Center (REAC) and submission of final audit to the Federal Clearinghouse. Our statement will include the following:
 - Statement of Net Assets
 - Statement of Revenues, Expenses and Changes in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements
 - Combining Schedule of Program Net Assets by fund/program
 - Combining Schedule of Program Revenues, Expenses and Changes in Net Assets
 - Schedule of Expenditures of Federal Awards
 - Statement of Certification of Actual Capital Fund Grants
 - Pension Plan Required Supplemental Information
- We will report on compliance with Applicable Laws, Regulations, and Grant Agreements for:
 - Housing Choice Voucher Program
 - Low Income Public Housing Program
 - Capital Fund Program
 - Housing Moderate Rehabilitation, New Construction, Shelter Plus Care and Single Resident Occupancy Programs
 - Locally owned units, locally managed units and local funds
- The above procedures will be performed in accordance with OMB Circular A-133 and the Public and Indian Housing Compliance Supplement;



- We will report on the internal control structure of YCH as part of our planning and performing of the audit. We shall report and express an opinion on the effectiveness of these internal controls in accordance with OMB Circular A-133;
- We will provide electronic attestation to HUD Real Estate Assessment Center (REAC) on the Financial Data Schedule (FDS) data as to its fair presentation in relation to audited financial statements, in accordance with Governmental Auditing standards.
- We will also issue an audit report for the New Hope Community Development Corporation for submission to the State Department of Housing and Community Development in accordance with their requirements;
- We will prepare and file Form 990 for New Hope Community Development Corporation including extension requests as necessary;
- If there is a need for additional audit services concerning the fiscal year under audit, we will negotiate with YCH to provide the additional services needed.

We look forward to the possibility of working with you, and we thank you again for giving us this opportunity to submit our proposal and qualifications for this important engagement. If you have any questions or concerns about this proposal, please feel free to contact me at (916) 930-5722 or ahamadou.bocar@reznickgroup.com. Our proposal and fees are irrevocable for a period of 90 days.

Sincerely,

A handwritten signature in black ink that reads "Ahamadou Alainchar Bocar". The signature is written in a cursive, flowing style.

Ahamadou Alainchar Bocar, CPA
Principal

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Minimum Qualifications

1. Reznick Group, P.C. has offices in Sacramento and Los Angeles, California.
2. Reznick Group, P.C. is licensed in the state of California (License No. C1963879 and No. 5333).
3. Reznick Group, P.C. has practiced as a professional certified public accounting firm for over 33 years.
4. Reznick Group, P.C. has performed audits within the past five years of many Housing Authorities and State Governmental Agencies.
5. Reznick Group, P.C. has a staff of 55 personnel in its Sacramento Office, which are available to provide audit services to YCH. We confirm that the quality and availability of personnel assigned to this engagement will be maintained over the term of the engagement. In addition, if any changes in personnel must be made, replacement personnel will have at least the same level of experience and expertise as those they replace.

Profile of Reznick Group, P.C.

Reznick Group, P.C. (Reznick) is a full-service CPA firm with more than 33 years of experience providing accounting and business advisory services to clients nationwide. In 2009, Inside Public Accounting (IPA) ranked Reznick as the 13th largest accounting firm in the U.S, and we have been included on IPA's list of "Best of the Best Firms" for five of the last six years.

Reznick Group is a national public accounting and business advisory firm. Founded in 1977 in Washington, D.C., the firm has grown rapidly to be ranked among the 20 largest accounting and business advisory firms in the United States. Reznick Group and/or its principals are licensed in all 50 states and jurisdictions in which we practice, including the District of Columbia. We maintain offices in Atlanta, Georgia; Austin, Texas; Baltimore and Bethesda, Maryland; Charlotte, North Carolina; Chicago, Illinois; Los Angeles and Sacramento, California; and Tysons Corner, Virginia. In 2004, Reznick Group established a local presence in Sacramento, California. Since that time, our Sacramento office has 55 professionals and staff, with 7 principals and 9 managers. Our Sacramento office has maintained steady growth focusing our practice primarily in the governmental, real estate, and nonprofit sectors, providing services to the affordable housing, commercial, construction, homebuilder, and public housing industries.

Reznick Group continues to grow nationally, expanding our services, and building upon our industry experience. After three decades of involvement and leadership in affordable housing, Reznick Group has built a reputation as a national leader in affordable housing, continually meeting the needs of real estate developers, owners, investors, lenders, syndicators, public housing authorities and nonprofit organizations. Our national reputation allows us to attract and retain the best and brightest in the industry, which means our clients benefit from industry best practices resulting in outstanding client service.

Reznick Group is a charter member of the International Group of Accounting Firms (IGAF). We are registered with the Securities and Exchange Commission and the Public Company Accounting Oversight Board (PCAOB) to perform assurance services for publicly traded and reporting companies. Additionally Reznick Group is a member of the Center for Public Company Audit Firms (CPCAF) of the American Institute of CPAs (AICPA), the AICPA's Governmental Audit Quality Center, and the AICPA's Employee Benefit Plan Audit Quality Center.

Over the years, our employees have written articles that have appeared in a variety of publications. These articles covered such topics as affordable housing, Low-Income Housing Tax Credits, and other tax enhanced financing strategies.

Reznick Group prides itself on the fact that we perform over 1,000 audits annually in accordance with Government Auditing Standards. In addition, we audit over \$1.7 billion of federal funds reported with the federal Single Audit Clearinghouse.

Proposed Staffing and Qualifications

Our principals do not just sell an engagement and walk away; they actively engage themselves in planning, resolving accounting issues, and developing recommendations to improve processes within the organization. In comparison to other audit firms, we have found that the most effective way to staff an engagement is with teams. Our engagement plan includes a high concentration of principal and manager time, allowing us to add value to the engagement by identifying opportunities to improve internal controls and potential operating inefficiencies. YCH's engagement team will be staffed primarily from our Sacramento office. The engagement team Principal will be Ahamadou Alainchar Bocar.

Our engagement team is selected based on your requirements, their experience, and a proven record of accomplishment. Our team will feature:

- An engagement principal who has managed major large-to-medium-sized engagements and possess the highest audit, consulting, and technical skills, as well as business operation comprehension, including previous experience conducting PHA audits;
- Senior professionals who possess combined audit and consulting experience for clients in various industries including PHAs; and
- Other necessary personnel to augment the core team who have been fully trained for the specific assignment.

Organization of Engagement Team

Using our team approach, we create a non-disruptive and efficient audit environment by staffing engagements with the highest possible level of professionals. Our staffing methodology and engagement team approach result in committed client service, an effective and efficient audit process, and long-term staffing continuity. Each team member is actively involved in performing the services outlined in your engagement, building a valuable relationship with you.

Our approach to turnover, if it occurs on a particular engagement team, is to have each member of the team "step down" and function at a lower level to ensure that the client is not affected by the turnover. Over the past three years, our turnover has ranged from 15-19%. Our turnover rate has historically been significantly less than the Big Four firms because of the opportunities our professionals are provided.

All levels of our professional staff have received a great deal of exposure to and have performed a wide range of services for clients. This depth of personnel with relevant expertise will allow us the flexibility to quickly schedule, plan and perform the services required by the YCH.

We offer a team of highly experienced and skilled professionals who are enthusiastic, self-starting, and committed to their assignments. The key members of your engagement team will be Ahamadou Alainchar Bocar, Mark Rodebaugh, Allan Kitchen, Beth Mullen, Jeanne Peterson, Lyn DellaPenna and Laura Wilder. These key members are all experienced in performing audits

and preparing Form 990 of organizations that appear to have control environments similar to that of YCH in risk and exposure.

Engagement Team Principal

The Engagement Team Principal is responsible for ensuring that the needs of YCH are satisfied with regard to the objectives of the audit. His responsibilities include signing engagement letters, management letters, and final reports; coordinating the technical aspects of the engagement; and managing the billing process. He will also be responsible for the overall coordination, supervision, and management of the engagement, as well as assuring the quality of the engagement. He will assume full responsibility for identifying and resolving the technical issues of the engagement. Ahamadou Alainchar Bocar will serve as Engagement Team Principal for the YCH audit engagement.

Quality Control Review Principal

The Quality Control Review Principal will be responsible for providing a quality control review of the audit reports and financial statements. As a requirement of our quality control procedures, the Quality Control Review helps to insure the quality of the final products delivered. Mark Rodebaugh will serve as Quality Control Review Principal for the YCH audit engagement.

Concurring Review Principal

The Concurring Review Principal will be responsible for providing a technical review of the audit workpapers and financial statements from an uninvolved perspective with an emphasis on the "big picture" issues. As a requirement of our quality control procedures, the technical review helps to insure that the details do not obscure any underlying issues. Allan Kitchen will serve as Concurring Review Principal for YCH's audit engagement.

Engagement Tax Principal

The Engagement Tax Principal will be responsible as a resource to provide expertise on tax returns preparation, tax issues in connection with tax compliance, financial projections and strategic tax planning. Beth Mullen will serve as the Tax Principal for the YCH's engagement.

Consulting Principal

The Consulting Principal will be available as a resource to provide expertise on affordable housing issues, HUD programs and regulations, and housing authorities' operational and financing issues. Jeanne Peterson will serve as Consulting Principal for the YCH's engagement.

Engagement Managers

The Engagement Manager will be responsible for the overall coordination, supervision, and management of the engagement. Lyn DellaPenna will serve as Engagement Manager for the YCH's engagement.

Proposal to serve
Yolo County Housing



The Tax Senior Manager will be responsible for the overall coordination, supervision, and preparation of Form 990. Laura Wilder will serve as the Tax Senior Manager for the YCH's engagement.

Engagement Team Resumes

Ahamadou Alainchar Bocar, CPA - Engagement Principal

Ahamadou Alainchar Bocar is a Principal in the firm's Audit and Accounting Practice. He has more than 15 years of audit, finance, tax and accounting experience in public accounting and investment banking organizations. Ahamadou has extensive experience with housing authorities, non-profit organizations, commercial and residential real estate owners and developers, including low-income housing tax credit (LIHTC), NMTC projects and historic tax credit projects. Ahamadou provides a variety of services to his clients including financial statements audits, consulting and analysis of client transactions, assessing organizational structures and making recommendations to strengthen internal control and revenue recognition procedures, and compliance with government contracts and regulations. Ahamadou is a licensed certified public accountant in the State of California, a Chartered accountant in France and a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Ahamadou has taken 221 hours of continuing professional education in the past two years, 107 of which were in government.

Education

M.S. in Taxation - San Jose State University

M.S. in Audit of Financial Information Systems - University of Nancy (France)

M.S. in Accounting and Finance - Commercial Institute of Nancy (France)

Related Experience

San Diego Housing Commission

Cook Inlet Housing Authority

Oakland Housing Authority

National Community Renaissance Corporation

Mark Rodebaugh, CPA - Quality Control Review Principal

Mark has practiced public accounting in the Sacramento metropolitan region for the past 35 years. Mark most recently served as the Office Managing Partner for a Big Four public accounting firm, as well as serving on the Board of Directors and Audit Committee, as the designated financial expert, for a publicly traded bank holding company. Mark has served as the lead client service partner for audit and tax engagements that span a wide variety of industries, organizations and systems.

Mark is a licensed certified public accountant in the State of California and is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Mark has taken 108 hours of continuing professional education in the past two years, 24 of which were in government.

Education:

University of California, Berkeley
Certified Director Program - California Bankers Association
Columbia Business School - Executive Program

Related Experience

California Public Employee's Retirement System
Sacramento Housing and Redevelopment Agency

Allan C. Kitchen, CPA - Concurring Review Principal

Allan is a Principal in the Audit and Accounting Department of the Reznick Group Charlotte office and heads Reznick Group's PHA Services Practice. He has over 20 years of public accounting experience encompassing audit, accounting, and tax services. Allan's industry experience includes governmental clients, clients in the government assisted housing industry, tax credit housing industry, residential real estate, construction contractors, mortgage companies, small business, and the nonprofit sector. He provides these clients with a variety of services which includes evaluating their internal control structure, keeping them current on government required standards, financial statement audits, and tax return preparation.

Allan's responsibilities at Reznick Group include planning and performing audit and tax engagements in the areas of public housing authorities, multi-family residential real estate, construction, and nonprofit organizations, including audits in accordance with GAGAS, HUD audit guidelines, and OMB A-133. These duties involve client communication including analyzing client transactions, making constructive suggestions to improve client operations, compliance auditing of federal assistance programs, recognizing and resolving potential or existing problems, and working with audit associates in the areas of training, supervising, and reviewing their work. Allan has also worked extensively on due diligence engagements for an SEC client, which is acquiring contractors across the country.

Prior to joining Reznick Group in 1997, Allan was the audit and accounting/quality control partner for a CPA firm in Virginia Beach, Virginia. His experience at that firm, and at McGladrey & Pullen before that, included planning, supervising, and conducting audits of the City of Virginia Beach, the City of Chesapeake, Tidewater Transportation District Commission, James City County, the Portsmouth Redevelopment and Housing Authority, and the Chesapeake Redevelopment and Housing Authority. Allan has taken 109 hours of continuing professional education in the past two years, 44 of which were in government.

Education

B.B.A. in Accounting - The College of William and Mary, Williamsburg, Virginia

Related Experience

Housing Authority of the City of Houston
Housing Authority of New Orleans
Housing Authority of the City of Charlotte
San Diego Housing Commission
Charleston (WV) Housing Authority
Charleston County Housing and Redevelopment Authority
Durham Housing Authority
Houma-Terrebonne Housing Authority
Charlotte-Mecklenburg Housing Partnership
Crosland, Inc.

Beth A. Mullen, CPA
Tax Principal

Beth Mullen is a Principal in the firm's Tax and Real Estate Consulting Practice and a member of the firm's National Tax Committee with over 20 years of experience at Reznick Group providing consulting, tax, and accounting services to real estate limited partnerships. A significant portion of Beth's time is devoted to syndicated partnerships and LLCs which own property eligible for low income, historic rehabilitation or new markets tax credits.

Beth teaches internal and external courses on the low-income and historic tax credits and has published articles on low-income tax credits and new markets tax credits in trade magazines. Beth's extensive knowledge of partnership tax law has been invaluable in resolving allocation, at-risk, exit tax and other common partnership problems. Beth assists clients with debt restructuring to minimize adverse tax consequences.

Beth assists her clients during the development stages of their properties bringing the foresight necessary in dealing with the competing interests of the developer, lenders, investors and regulatory authorities. Beth is involved on an on-going basis in upgrading the firm's state of the art financial analysis model that is used to structure transactions. Additionally, during the partnership's development stage, Beth provides strategic consulting to meet 10% carryover requirements, maximize capitalization of assets or construction period tax deductions, select placed in service dates and other development stage concerns.

Education:

Beth graduated cum laude from Harvard University and is a Certified Public Accountant licensed in the states of California and Maryland. She is a member of the American Institute of Certified Public Accountants and California Society of Certified Public Accountants.

Related Experience

Sacramento Housing and Redevelopment Agency
National Community Renaissance Corporation

Jeanne Peterson, JD
Consulting Principal

Jeanne is the managing principal of Reznick Group's National Affordable Housing Consulting Group. In this capacity, she supervises a team of professionals who provide consulting services including assistance with the preparation of tax credit and tax-exempt bond applications, deal structuring, public policy issues, and strategic business planning for organizations involved in affordable housing. Her unique experience in having created or been involved in the creation of many state and federal programs is helpful to clients seeking to access those programs and their funding sources.

Jeanne served as the Executive Director of the California Tax Credit Allocation Committee, which allocates federal and state housing tax credit (and is the state's Commercial Revitalization Deduction Agency) from 1999 through July, 2004, and while there made substantial changes to the methodology for allocation of credit in California. While at TCAC, she allocated both "9%" and "4%" credit resulting in the creation or preservation of over 100,000 affordable apartments throughout the state. While at TCAC, she worked closely with the directors of sister state agencies (HCD, CDLAC, CalHFA) to more closely integrate programs and to develop a universal application for various programs' funding. She also sat on the Board of CalHFA for Treasurer Angelides during this time.

Jeanne has more than 25 years of experience in affordable housing that includes deal structuring, policy making, and program creation at the state and national levels. She has been involved with the housing tax credit program since its inception, has experience with HUD programs and regulations, as well as with local housing and community development programs.

Prior to moving to California to assume the role of Executive Director of TCAC, Jeanne spent eighteen years at the Michigan State Housing Development Authority (MSHDA) where she began as a staff attorney and was for several years, General Counsel/Director of Legal Affairs. In that capacity she oversaw a staff of attorneys in bond and multifamily closings and was involved in creating multiple MSHDA policies and programs. She also had oversight of the Low Income Tax Credit program from its inception and was instrumental in the creation of the state (now regional) equity fund.

Jeanne is a frequent speaker at national conferences such as National Council of State Housing Finance Agencies, National Leased Housing Association and National Housing and Rehabilitation Association and to many state and local groups, including the California Redevelopment Association, the California Association of Local Housing Finance Agencies, California Council on Affordable Housing, the Association of Housing Management Agents, Utah Housing Coalition, the Michigan Housing Council, and the Great Lakes Capital Fund.

Education:

Jeanne holds degrees from Kalamazoo College, Edinburgh University, and Thomas Cooley Law School. She also sits on the board of the California Housing Consortium.

**Lyn DellaPenna, CPA, CFE
Engagement Manager**

Lyn is a Manager in the Audit and Accounting Practice. She has more than 13 years of private and public accounting experience. She will serve as the engagement manager with responsibility for planning, performing, and supervising all aspects of the engagement.

Lyn's industry experience includes providing audit, reviews, compilations and tax preparation services to nonprofit organizations, housing authorities, construction contractors, commercial and residential real estate, multifamily properties including low-income and historic tax credit projects, petroleum and personal service corporations. Lyn has concentrated on real estate clients since she has been with Reznick Group, focusing on housing authorities, low-income housing and for profit entities.

Lyn is a licensed certified public accountant in the State of California. She is a certified fraud examiner and a member of the American Institute of Certified Public Accountants, California Society of Certified Public Accountants and Association of Certified Fraud Examiners. Lyn has taken 178 hours of continuing professional education in the past two years, 24 of which were in government.

Education

Lyn holds a bachelor's degree in Business Management with a concentration in Accounting from California State University, Sacramento.

Related Experience

San Diego Housing Commission
Cook Inlet Housing Authority

**Laura Wilder, CPA
Tax Senior Manager**

Laura is a Manager in the Tax Services Practice. She has ten years of experience, 4 of which were with a Big Four accounting firm. Laura's experience includes providing clients with tax compliance services. Laura has served clients in retail, real estate and non-profit industries. Laura has concentrated on real estate clients since she has been with Reznick Group, focusing on low income housing, non-profits and for profit entities. Laura is also a member of the firm's National Non-Profit Group and has served as an instrumental part of the firm's communication team regarding the newly adopted form 990.

Laura is licensed certified public accountant in the State of California and is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. She is also a Board Member of Sol Aureus School.

Education

B.S in Accounting, Washington State University
Masters in Taxation, Washington State University

Related Experience:

National Community Renaissance of California
National Community Renaissance Development Corporation

Quality Control Measures and Procedures

The primary goal of Reznick Group is to provide quality service to our clients, in accordance with the standards of the profession. To accomplish this, we have adopted various policies and procedures that ensure a quality practice. Included in these policies is a requirement that audits be reviewed by a concurring review audit principal with appropriate training and experience. These policies and procedures are monitored through an inspection program. We also use a peer review and a standards maintenance program to assure a high level audit.

Reznick Group conducts an inspection program of its multiple offices regarding its quality control policies and procedures.

- Each year a principal, senior manager or manager's engagements are selected from each office for review.
- The team captain is responsible for selecting a sample of engagements for review, which includes a cross-section of principals in the respective offices; audit, review and compilation engagements; SEC engagements; and agreed-upon procedures engagements.
- The inspection team reviews the permanent file, working papers and financial statements of the engagements selected for compliance with applicable quality control policies and procedures and professional standards, including auditing standards generally accepted in the United States of America, Government Auditing Standards, the requirements of the Single Audit Act, and any regulatory agency requirements, as applicable.
- At the conclusion of the inspection, the findings and proposed corrective actions are communicated to the appropriate level of management in the respective offices.

Procedures are provided for maintaining the firm's standards of quality for the work performed. Depending upon each individual's background in relationship to his/her assignment, varying degrees of supervision are provided by proper engagement staffing. Staff members have the procedure manual made available to them on the firm's network. Periodic updates to the procedure manual are made available to all professional staff through the network.

Peer Review

As a member of the PCPS and AICPA Center for Audit Quality, Reznick Group undergoes a peer review every three years. Our National Director of Audit and Accounting is responsible for scheduling the review and ensuring that all principals and managers participate in the knowledge gained by the review. Please find our most current Peer Review report in the Appendix.

HUD QASS PIH Review

HUD's Quality Assurance Subsystem (QASS) performed a quality control review of Reznick Group's HUD auditing practice, including audits of public housing authorities. The results indicated no findings that HUD felt sufficient enough to warrant follow-up actions.

Requirements for Continuing Professional Education

As a firm requirement, all of our professionals are expected to obtain 40 hours of CPE every year. The firm's requirement for Yellowbook education is 12 hours per year. According to the Yellowbook rules, all employees that perform GAGAS/Yellowbook work or sign-off/review this work are expected to have 24 hours of Yellowbook, out of 80 total hours, at the end of the two-year period. The firm has chosen to exceed this requirement. Therefore, employees are expected to complete 12 hours each year. Per the Center for Public Company Audit Firms Peer Review Program (formerly the SEC Peer Review Program), all professionals who devote at least 25% of their time to attestation work, or who have manager/principal level responsibility, must take 8 hours of CPE in subjects related to audit and accounting, amounting to 48 hours every three years. All professionals are expected to meet the AICPA National CPE standard, which is 120 hours every three years.

Procedures to Assure Independence

Policies and procedures relating to independence, integrity, and objectivity are communicated to all personnel.

Our personnel manual informs personnel of the firm's policies and procedures with respect to independence, integrity, and objectivity and advises them that they are expected to be familiar with these policies and procedures. Rulings and interpretations of the American Institute of Certified Public Accountants, Government Auditing Standards, appropriate state boards of public accountancy, state statutes, the Securities and Exchange Commission and other regulatory agencies are referred to in the personnel manual.

Independence precludes relationships that may appear to impair a member's objectivity in rendering attestation services. Integrity is the quality from which the public's trust is derived and the benchmark against which all decisions are tested. Objectivity imposes an obligation to be impartial, intellectually honest, and free of conflicts of interest. Independence, integrity, and objectivity are emphasized during training sessions and in the supervision and review of engagements.

Our client list is updated on a regular basis and, on a periodic basis a listing of new clients is reported in marketing notes on the firm's Intranet for review by all professional staff in order to identify any independence conflicts. We confirm that we are independent with respect to the YCH.

The firm's network contains professional, regulatory, and firm literature relating to independence, integrity, and objectivity matters.

Debarment Statement

Reznick Group and its principals are not debarred, suspended, or otherwise prohibited from doing business with any federal, state, or local agency.

Firm's Past Performance

Annually, Reznick Group performs in excess of 11,000 audits. We are currently engaged as the auditors of the following public housing authorities:

- San Diego Housing Commission
- Cook Inlet Housing Authority
- Housing Authority of the City of Houston
- Housing Authority of the City of Austin
- Housing Authority of New Orleans
- Houma-Terrebonne Housing Authority
- Charleston County Housing and Redevelopment Authority
- Miami Beach Housing Authority
- Housing Authority of the City of Fort Worth
- Charleston-Kanawha Housing Authority
- Charlotte Housing Authority
- Chattanooga Housing Authority

PHA Audit and REAC Success Rate

Reznick Group has completed 30 audits of 12 different public housing authorities over the last four years. These audits have included some smaller PHAs and many large PHAs. The time incurred on these audits has ranged from approximately 220 hours to 2,300 hours. During that time, HUD has rejected five FDS submissions for varying reasons, though all reports were accepted upon resubmission. As you are aware, a rejection can occur for relatively minor items, or even when there are no deficiencies with the initial submission.

San Diego Housing Commission (SDHC)

Contact: John A. Pfeiffer
CFO/Director of Finance
1122 Broadway, Suite 300
San Diego, CA 92101
(619) 578-7711

We are currently engaged as SDHC's audit firm. Our total audit fieldwork hours were 1,000. Our services to SDHC include the following:

- Audit of SDHC's basic financial statements;
- Single Audit Report on compliance and on internal control over financial reporting based upon an audit performed in accordance with Government Auditing Standards and applicable to each major federal award program and on the Schedule of Federal Awards;
- Programs include: HOME Investment Partnership Program CFDA No. 14.239, Housing Choice Voucher Program CFDA No. 14.871, HUD Low Rent Public Housing CFDA No. 14.850, HUD Community Development Block Grant CFDA No. 14.218, Low-Income Housing Assistance Section 8 Moderate Rehabilitation CFDA No. 14.856, HOPE VI – Urban Revitalization Program CFDA No. 14.866, Capital Fund Grant CFDA No. 14.872, Lead-Base Paint CFDA 14.900 and other programs;
- Audit of Schedules of Actual Modernization Cost Certificate for grant under the Capital Fund Program;
- Agreed Upon Procedures regarding the Assertions in the Finance Adjustment Factor (FAF) Savings generated in certain financing;
- Issuance of a management letter to the Board of Commissioners;
- Issuance of Data Collection Form and REAC filing;
- Agreed-Upon Procedures; and
- Accounting, tax and consulting services on an as needed basis.

Cook Inlet Housing Authority

Contact: **Marcie Sherer, CFO**
3510 Spenard Road, Suite 201
Anchorage, Alaska 99503
(907) 793-4034

We are engaged as the Authority's professional service firm for the audits of its low-income housing tax credit partnerships during the past five years. We have been awarded the audit contract for an additional 5 years through December 31, 2012. Our total audit fieldwork hours were 568. The services we performed include:

- Audit of the stand-alone financial statements of each of the Authority's low-income housing tax credit partnerships.
- Audit of cost certifications.
- Performance of agreed upon procedures for 10% Test, breakeven analysis and debt service coverage analysis, and tax credit certifications based upon the tax credit investor' specific requirements.
- All tax services for the partnerships since the development stage through stabilization of each project.

Dallas Housing Authority (DHA)

Contact: **Ms. Mary Ann Russ**
President
3939 North Hampton Road
Dallas, Texas 75212
((214) 951-8300

We currently are engaged as DHA's audit firm. Our total audit fieldwork hours were approximately 1,150. Our services to DHA include the following:

- Audit of DHA's basic financial statements;
- Single Audit Report on compliance and on internal control over financial reporting based upon the audit performed in accordance with Government Auditing Standards and applicable to each major federal award program and on the Schedule of Federal Awards;
- Programs include: HUD Low Rent Public Housing CFDA No. 14.850, Housing Choice Voucher Program CFDA No. 14.871, HOPE VI – Urban Revitalization Program CFDA No. 14.866, Capital Fund Grant CFDA No. 14.872, Disaster Voucher Program CFDA No. 14.DVP, Disaster Housing Assistance Program CFDA No. 97.049, and other programs;
- Issuance of a management letter to the Board of Commissioners; and
- Issuance of Data Collection Form and REAC filing.

**National Community Renaissance of California, formerly Southern California
Housing Development Corporation (SCHDC)**

Contact: Tracy Thomas, Chief Operating Officer
9065 Haven Avenue, Suite 100
Rancho Cucamonga, California 91730
(909) 483-2444

We are engaged as National Community Renaissance of California's audit firm beginning with the June 30, 2001 audit under an annual contract award. National Community Renaissance of California, a nonprofit housing development corporation, develops and manages affordable housing and promotes neighborhood revitalization and stabilization throughout the region. National Community Renaissance of California owns and manages 5,000 residential units. Our services to National Community Renaissance of California include the following:

- Audit of National Community Renaissance of California's basic financial statements;
- Single audit report on compliance and on internal control over financial reporting based upon the audit performed in accordance with Government Auditing Standards and applicable to each major federal award program and on the schedule of federal awards;
- Issuance of a Management Letter to the Audit Committee;
- Issuance of Data Collection Form;
- Audit of Voluntary 401(k) Retirement Plan; and
- Preparation of annual Partnership tax returns and Form 990.

Monitoring Changes of Laws and Regulations

We will determine the laws and regulations that are applicable to YCH through training in Government Auditing Standards, the Single Audit Act, and auditing of public housing authorities. We will monitor information posted to HUD's website, and the California State Controller's website. Reznick Group has a national audit and accounting group that is also responsible for monitoring changes in professional standards and audit requirements, and providing the professional staff with the required information.

Firm's Approach and Methodology

Reznick Group has developed an approach for maximizing audit effectiveness and efficiency that focuses on understanding the entity's operations. In addition to understanding the accounting system and records of the entity, we focus on the objectives of YCH's management and the techniques used by YCH management to evaluate operations in designing our audits. By using all of our assets, as well as those of our client's staff, we will perform efficient audits and provide effective strategies and recommendations to improve the operations of YCH. Our approach demonstrates our depth of experience and understanding of development and management activities, as well as federal and state agency, audit and reporting requirements.

Among the benefits you can expect from our audit approach are:

- A well-planned, well-controlled audit that employs communication and cooperation with our client's staff to produce a high-quality, efficient product.
- An insightful management letter that focuses on significant issues with reasonable recommendations. Typically, the management letter will include minor compliance or controls issues that do not rise to a level requiring a formal finding. Other matters that are not related to compliance or controls may also be included in a management letter, for example, suggestions for improved efficiencies.
- An innovative style in which our partners, managers and staff will be involved year-round, actively seeking and communicating ways to help enhance the development and management of operations.

Work Plan

Our audit approach is typically divided into four phases: planning, interim fieldwork, year-end fieldwork, and report preparation. Workpapers related to the audits will be retained by Reznick Group for three years after the report dates and will be made available upon appropriate request.

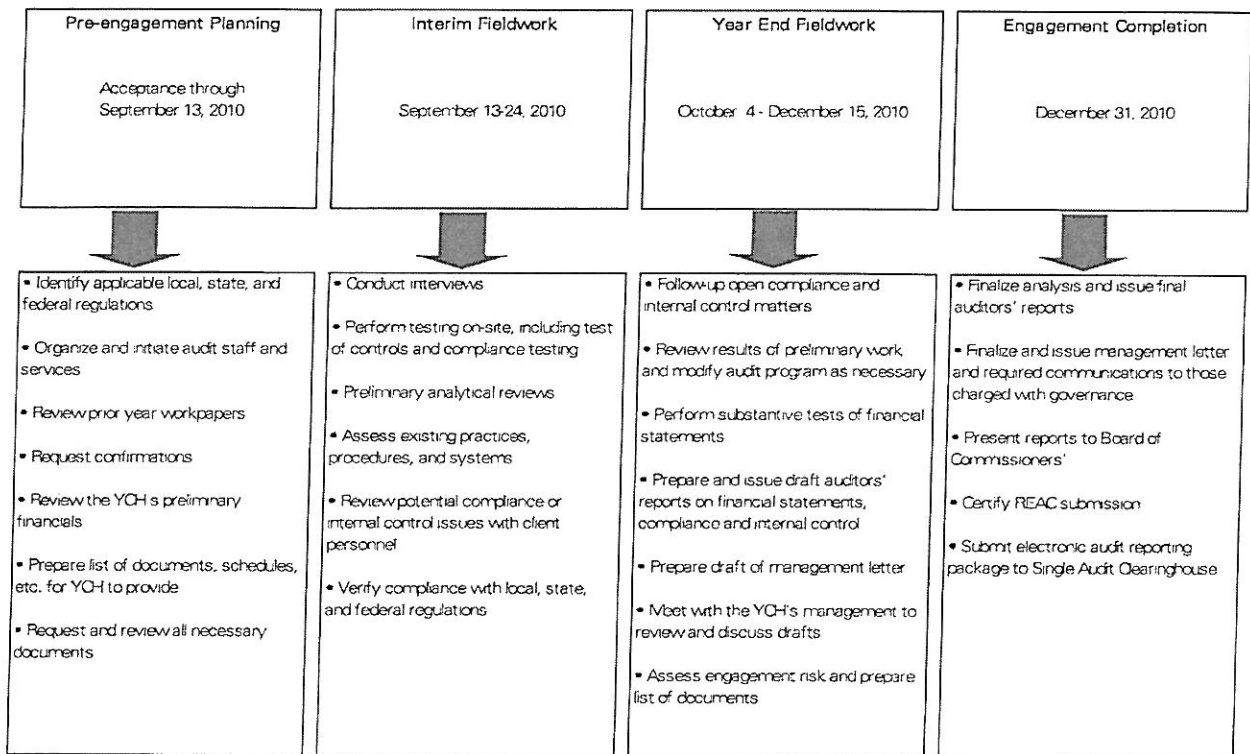
Planning – In many regards, the planning phase is a continuous process stretching from the initial planning and scheduling to the final preparation of the report, as the exact nature, timing and extent of our testing is constantly refined based on results from our testing and additional information we learn.

Interim fieldwork – We prefer to do our interim testing months prior to year end. During this phase, we perform most of our major program compliance testing, document and test the accounting system and internal controls, and perform some substantive testing of accounts where appropriate (for example, vouch fixed asset additions to supporting invoices).

Year-end fieldwork – This phase entails the bulk of our testing of financial statement account balances. Also, any open items from the interim fieldwork are addressed. Major federal programs are determined in accordance with the risk-based approach outlined in the Single Audit Act.

Report preparation – The financial statements, auditors’ reports and management letter are drafted and reviewed with management. Upon approval by management, final versions of the reports are issued, the final FDS submission to REAC will be certified, and the electronic Data Collection Form will be reviewed and approved for submission to the Single Audit Clearinghouse.

Proposed Timetable



Audit Approach

Reznick Group’s planned methods for selecting transactions for sampling and anticipated sample sizes are as follows:

- Accounts payable disbursements – we will select a random sample of checks paid during the year and vouch to the supporting documents – invoices, purchase orders, etc. This sample will be made from all checks written during the year except for payroll and YCH checks.
- Payroll – we will select a random sample of payroll checks written during the year and vouch the payments to personnel files and timesheets or other appropriate documentation of hours worked.
- Public Housing lease files – we will select a random sample of lease files to select based on an interim period rent roll.

- YCH client files – we will select a random sample of YCH checks written during the year to make selections of YCH client files to examine. If the YCH check is to a landlord for more than one program participant, we will select one of the participants to test. If the YCH check is to the participant for a utility allowance, we will select that participant to test.
- Perform program compliance testing under A-133 not addressed above, including testing of the Operating Fund Calculation of Operating Subsidy, Davis-Bacon, cash management, procurement, etc.
- An understanding of YCH’s internal control structure will be obtained through a combination of interviews with YCH personnel, questionnaires, and walk-through procedures to confirm that the understanding is accurate. We have IT specialists available to assist the audit team in performing these procedures.
- We will determine the laws and regulations that are applicable to YCH through training in Government Auditing Standards, the Single Audit Act, and auditing of public housing authorities. We will monitor information posted to HUD’s website. Reznick Group has a national audit and accounting group that is also responsible for monitoring changes in professional standards and audit requirements, and providing the professional staff with the required information.
- Based on our risk assessments, we will perform tests of financial statement account balances. This will include testing of source documents and confirmation of various information with vendors and other third parties.
- Additionally, we will use various analytical procedures to identify potential errors in the accounting records to test. Among these procedures are comparing account balances to the prior year and to budgets, and scanning the general ledger for large or unusual items.
- Concluding the audit includes review of legal letters, workpaper review, report preparation and review of draft reports with YCH management.

Reports and Delivery

We will provide YCH with the following audit reports and findings:

- One (1) unbound and twenty-five (25) bound copies of each audit opinion, financial statements and compliance report will be submitted to the Executive Director within 180 days of the close of the YCH’s fiscal year.
- Preparation of the Data Collection Form for submission to the Federal audit Clearinghouse
- We will provide YCH with an adjusted Working Trial Balance at the conclusion of the audit.
- We will issue other reports requested by YCH and as required by the HUD’s uniform Financial Reporting Standards (UFRS) for Public Housing Authority.

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- We will provide a letter to the Executive Director on the non-reportable conditions and immaterial instances of noncompliance. This letter will include general recommendations on observations made during the audit that could be helpful to the management of YCH.
 - We will be available to make a presentations to the Board of Commissioners if requested.
 - We will provide a breakdown of audit cost by housing program.

Fee Proposal

We believe our rates are very competitive; however, if your decision comes down to a question of fees, we welcome the opportunity to discuss the issue with you. In addition, it is our policy to provide responsive service to our clients at no charge. Therefore, we encourage questions from management and do not bill for telephone calls, meetings or travel expenses.

We propose the following fully loaded fees for audit services. Our estimate is intended to be a maximum quote and should you request or require services outside the scope of this proposal, you will be provided a written cost estimate. No work will commence until the cost estimate is approved. Appearances before government organizations, such as the Internal Revenue Service or other regulatory bodies, arising from this engagement will be billed separately.

Please see the following pages for a breakdown of hours and fees.

Year ending June 30, 2010

Staff Classification	Estimated	Hourly	Totals
	Hours		
	Assigned	Rate	
Principal	50	\$ 350	\$ 17,500
Manager	80	235	18,800
Senior	130	190	24,700
Staff	150	120	18,000
	<u>410</u>		
REAC attestation procedures			1,500
Travel and out of pocket costs			500
Voluntary Discount			<u>(25,500)</u>
Total estimated fee for professional services			<u>\$ 55,000</u>

Year Ending June 30, 2011

Staff Classification	Estimated	Hourly	Totals
	Hours		
	Assigned	Rate	
Principal	44	\$ 350	\$ 15,400
Manager	75	235	17,625
Senior	120	190	22,800
Staff	140	120	16,800
	<u>379</u>		
REAC attestation procedures			1,500
Travel and out of pocket costs			500
Discount			<u>(16,125)</u>
Total estimated fee for professional services			<u>\$ 58,000</u>

Year Ending June 30, 2012

<u>Staff Classification</u>	<u>Estimated Hours Assigned</u>	<u>Hourly Rate</u>	<u>Totals</u>
Principal	42	\$ 350	\$ 14,700
Manager	73	235	17,155
Senior	120	190	22,800
Staff	140	120	16,800
	<u>375</u>		
REAC attestation procedures			1,500
Travel and out of pocket costs			500
Discount			<u>(9,955)</u>
Total estimated fee for professional services			<u>\$ 63,000</u>

Communication and Cooperation

Reznick Group is committed to:

- Working closely with management during each phase of the engagement to identify, discuss, and resolve financial systems and reporting issues.
- Identifying issues throughout the engagement to provide the greatest opportunity for thorough and complete research, and the determination of sound solutions.
- Coordinating and cooperating fully with the staff of YCH to complete all aspects of the engagement in an effective manner, which meets the timetable outlined in this proposal.
- Providing a complete list of the necessary documents and schedules needed for the engagement prior to our year-end fieldwork. We will coordinate a mutually agreeable timeframe for requesting and receiving information to complete the engagement.

Use of YCH's Staff and Computer Resources

YCH will be responsible for:

- Providing all required documents and financial information needed to complete the engagement in a timely manner
- Assisting the audit team in the resolution of accounting and audit issues in a timely manner
- Anticipated schedules and other assistance we will need YCH personnel to prepare or provide include:
 - Bank reconciliations
 - Receivables listings and aging reports
 - Notes receivable schedule
 - Payables listings
 - Federal receipts by program which reconciles collections, beginning and ending receivables, and beginning and ending deferred revenue or HUD payables
 - Fixed asset additions
 - Prepaid expenses
 - Accrued compensated absences
 - Accrued liabilities and supporting documentation
 - Minutes of board meetings
 - Budget
 - Copies of any required HUD filings
 - Correspondence with HUD
 - Description of any litigation or administrative sanctions involving YCH, including management's evaluation of the claim and expected plan of action

- Descriptions of financial and other management information systems
- Access to accounting manuals
- Copies of audit reports for any component units that have been separately audited
- Organizational charts
- Other schedules or assistance as deemed necessary

Management's Responsibilities

The financial statements are the representation of management who is primarily responsible for the data and information set forth therein, as well as for the evaluation of the capability and integrity of the organization's personnel and the maintenance of adequate accounting records and internal controls, and for the safeguarding of the organization's assets. Accordingly, our completion of the audit will require management's cooperation. YCH is responsible for identifying covenant compliance requirements for which the auditor is to report. In addition, as required by auditing standards generally accepted in the United States, our procedures will include obtaining written confirmation from management concerning important representations upon which we will rely and YCH will indemnify and hold us harmless from any liability, damages, and legal or other costs we might sustain in the event such representations are false.

YCH will be responsible for providing the initial unaudited Financial Data Schedule (FDS). YCH will provide all information for the preparation of the financial statements. YCH will also be responsible for preparing the Management's Discussion and Analysis that will be included in the financial statements. YCH will perform the necessary data input for the final audited submission to REAC.

Additionally, our proposal has been prepared under the assumption that your records will require few adjustments, and that your staff will prepare routine audit schedules and workpapers for us. We also anticipate that your staff will locate and provide us with all requested supporting documents.

Auditor's Responsibilities

As also required by auditing standards generally accepted in the United States, we will plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, and our audit will be performed on a test basis as described. Accordingly, an audit is not a special examination to detect fraud, nor is any such audit a guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors, irregularities (or other illegal acts), if they exist, might not be detected. If we become aware of any such matters during the course of our audit, we will promptly bring them to the attention of management. Should management then wish us to expand our normal auditing procedures, we would be pleased to develop a separate engagement for that purpose.

Other Available Assistance

As YCH's auditors, we will be available to answer routine accounting and tax questions at no additional charge. Requests, which require more in-depth research, would be billed based upon the rates included in our fee proposal.

Other Contract Terms and Conditions

We reviewed the proposed contract for audit services included in the RFP and we concluded that we will agree to the terms of Infringement and Indemnification provided such indemnification is consistent with the firm's duties and obligations under the American Institute of Certified Public Accountants Code of Professional Conduct. Additionally, we will only make audit work papers available to clients provided they do not contain proprietary information and their disclosure does not impair independence.

Attachments

Peer Review

Reznick Group underwent its latest peer review in October 2008 by Clifton Gunderson LLP, which included a review of audits of governmental agencies subject to Government Auditing Standards and The Single Audit Act. Please see a copy of our last peer review letter below:



October 13, 2008

To the Shareholders of Reznick Group, P.C.
and the Center for Public Company
Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Reznick Group, P.C. (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2008. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review:

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Reznick Group, P.C. in effect for the year ended March 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

Clifton Gunderson LLP