



ProComp

Summary of Audit RFI Response: CliftonLarsonAllen, LLC

EXECUTIVE SUMMARY

Why Should the Trust Choose CLA?

At CLA, we develop honest, sincere relationships with our clients; expressing our genuine interest in their respective industries; Investing heavily in our personnel resources; and providing noticeably different client service. Through this approach, we have grown to become one of the top 10 accounting firms in the nation.

Understanding Your Needs

We respond to your stated needs in a thorough and easy-to-follow manner. We understand your most important and relevant needs are:

- A proposed team of professionals carefully-selected for compatibility with the Trust's needs and circumstances -**your** service team understands the strategic, operational, and regulatory issues impacting the Trust. These professionals dedicate a substantial percentage of their time assisting nonprofits and school districts with financial, regulatory, and information security matters.
- Efficiency-our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will minimize disruption to your staff and enable timely completion of all deliverables.
- Experience and continuity- each engagement team member has in-depth experience in nonprofit and government accounting and auditing matters. We will commit the necessary resources to provide quality client service and timely report delivery. We have an extensive local and national nonprofit and government practice from which to draw resources.
- Fresh perspective — by engaging CLA, the Trust will benefit from a "fresh look" at its business, systems, and processes. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will reveal new ideas, new approaches, and new opportunities.

We understand the specific needs of the Trust to be the following:

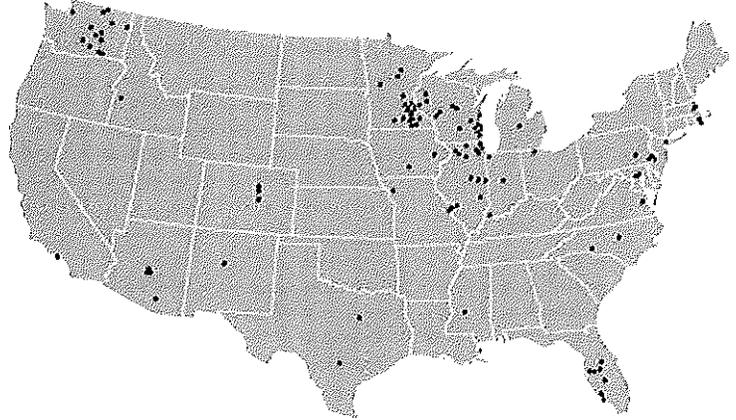
- An audit of the ProComp Trust Fund Annual Financial Statements for the period ending June 30, 2013.
- A yearly audit, independent from the District.

OVERVIEW OF THE FIRM

2. *A brief history of your firm's involvement in the auditing business, including the year of organization, current ownership, and affiliations. Discuss how many years your firm has provided auditing services to public entities.*

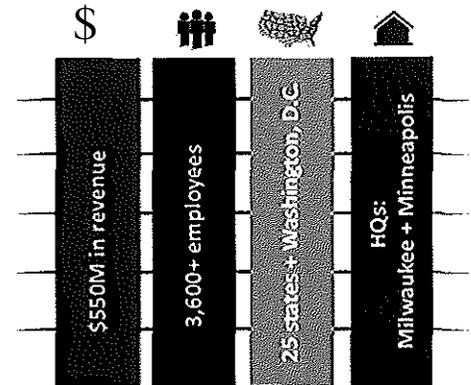
History and Profile

Established on January 2, 2012, as the nation's newest top 10 accounting firm, CliftonLarsonAllen (CLA) is well positioned to bring you knowledge, insight, and industry-specific accounting, tax, and consulting services. CLA is the result of a union between Clifton Gunderson and LarsonAllen, both established more than 50 years ago. Audits of public entities have been performed since the inceptions of both predecessor firms. Our focus is on privately held businesses, public sector organizations, and the people who own and manage them.



CLA offers unprecedented emphasis on serving public sector clients, including governmental entities and nonprofits, and privately held businesses and their owners.

We currently have 3,600 professionals, operating from more than 90 locations across the United States. The Trust's engagement would be performed solely from our Colorado office locations. Our company headquarters are in Minneapolis, MN and Milwaukee, WI. For more information about CLA, visit www.cliftonlarsonallen.com.



What makes us different?

- Private businesses, governments, nonprofits, and the people who own and lead them have generally been underserved by CPA firms until now. All of our services are focused on them and their success.
- All industries are different, so we specialize. Our people know our clients' industries as well as they do so we can adapt our services and give advice before they know they need it.
- When clients need more than consulting services, we can actually function as their financial team through outsourcing.
- Business owners in particular need assistance with personal investments up to and through retirement, so our private wealth advisory capabilities are integrated with our CPA services.
- Our ultimate goal is helping our clients get to the places they want to go and making it as easy for them to get there as possible.

The Trust will be served from our Broomfield and Greenwood Village offices.

Ownership

CLA is governed by a board of directors made up of general partners elected by the partners and managed by a management team based in Milwaukee, WI and Minneapolis, MN. CLA is a limited liability partnership and is duly licensed to practice public accountancy in the state of Colorado and other states in which it chooses to practice. All partners in the limited liability partnership, senior managers and appropriate professional staff providing auditing services are licensed certified public accountants in their respective states of practice.

We are a national professional services firm built around three entities—a public accounting and consulting firm, a wealth advisory firm and an outsourcing firm—highly integrated and seamless in the delivery of our services and capabilities to you.

The unique structure of CLA will provide the Trust with the resources and services of a large national firm and the hands-on, timely service of a local firm. Nationally, CLA currently serves more than 41,000 clients. We believe this depth of industry experience, along with our financial stability, is critical to the success of CLA's relationship with the Trust.

We take pride in the fact that we operate in a fiscally responsible manner. Through strategic planning and responsible fiscal actions in both good and bad economic times, we have built a solid fiscal foundation for CLA. We proactively plan for fiscal challenges and continuously monitor both revenues and costs to identify and effect adjustments needed to achieve the desired alignment and maintenance of appropriate financial reserves.

While recent turmoil in certain economic sectors has created challenging conditions for all businesses, CLA remains, and will continue to be, financially strong.

Our financial commitment to providing audit services is significant. With the number of clients in your industry that we currently perform audits for, along with the dedicated staff for this area of our practice, we are committed both financially and operationally to continuing this area of our practice.

QUALIFICATIONS AND EXPERIENCE WITH NONPROFIT AND EDUCATIONAL ENTITIES

3. Discussion regarding what you consider to be your firm's auditing specialties, strengths, and limitations. Include a listing of services, If any, your firm offers to clients in addition to auditing services.

Firm Experience and Qualifications

Nonprofit organizations are a dynamic, unique area of accounting, and require constant attention and monitoring. Our knowledge of your industry is crucial to offering actionable solutions. As a firm with over 50 years of experience, we possess an exhaustive understanding of your challenges and are able to respond promptly and effectively to help meet them. We are leaders in serving a large number of nonprofit organizations, including schools, social service agencies, religious organizations, cultural organizations, charities, foundations and museums. Today we provide audit and consulting services to more than 5,900 governmental and nonprofit organizations nationwide.

Our depth of specialized nonprofit consulting services includes, but is not limited to:

- Strategic, business, and capital planning
- Operational and financial systems consulting
- Organizational and financial health assessment
- Operations and performance improvement
- Internal audit, risk assessments, and evaluations
- Specialized consulting for foundations
- Training and educational seminars

We have the experience to help the Trust address your unique industry challenges and create new value for your stakeholders.

The services we provide our nonprofit clients include audit, tax, technology and consulting services. Our consulting services include performance auditing, governance best practices, donor restrictions, internal accounting controls, litigation support and other management consulting services.

Members of the proposed team, as well as additional local resources, have extensive experience in auditing Colorado school districts, including performing the audit for Denver Public Schools for the past eight years. Our experience also includes auditing five of the ten largest school districts in the state of Colorado. The Colorado offices currently provide auditing and consulting services to Jefferson County Public School District, Denver Public Schools, Poudre School District, Brighton 27j School District, Cherry Creek School District and Adams 12 Five Star Schools. In addition, we audit several Colorado charter schools.

Our commitment to school districts also extends outside the scope of the engagement. Our firm is invested in supporting local school districts through programs such as the Denver Public Schools Foundation Gala, other school districts' fundraising events and active participation in the Colorado Department of Education's Financial Policies and Procedures Committee. This ensures that our audit staff understands the complexities of the Trust's finances and related accounting standards, saving the Trust and staff valuable time with audit involvement.

Our nonprofit and government dedicated personnel have the experience and insight to address the specific issues facing the Trust and your industry. This ability will allow for more frequent communication of ideas and information, as well as a more efficient, successful engagement - saving the Trust time and money.

Monitoring the Nonprofit Industry

We have established an extensive online resource library that includes white papers and articles that represent some of our latest thinking on a variety of important topics relevant to the nonprofit industry. Please visit our online nonprofit resource library on our website at www.cliftonlarsonallen.com/Industries for more information.

Our clients hear from CLA throughout the year, not just at audit and tax time. We also send periodic bulletins to keep you informed of relevant industry updates, including the Not-for-Profit Insight, our quarterly publication for our nonprofit clients. This includes the latest information for nonprofit professionals, which is also available in an e-newsletter format.

Partner, Supervisory and Staff Qualifications and Experience

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources Necessary to provide top quality service throughout the engagement.

**The most important
resource any business has is
people- the right people.**

Continuity of Service

We recognize the importance of the Trust's mission, and CLA is committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. We are also flexible in exploring alternative solutions to rotation policies. In the unforeseen event of staff turnover, we have an adequate number of qualified staff to provide the Trust with a high level of service over the term of the engagement. We would provide the Trust with a list of qualifications for any proposed replacement.

CLA has consistently maintained high staff retention rates, which we contend is a strong indicator of service quality. Turnover inhibits continuity, due to the need for staffing changes and bringing new people up-to-speed. High retention rates suggest that our staff has the resources to perform their tasks and a positive work/life balance. For the Trust, this means exceptional staff continuity over the period of this engagement and more efficient services, as compared to other CPA firms with higher turnover rates.

Similar Engagements

The following is a list of a few current nonprofit clients served by the Southwest Region of our firm:

- Academy Charter School
Adams County BOCES
- Academy Charter School
- Albuquerque Academy
- Cherry Creek Schools Foundation
- Colorado College
- Colorado High School Activities Association
- Colorado Virtual Academy
- Compass Montessori Secondary School
- Cottonwood Classic School
- Denver Waldorf School Association
- Foundation for Educational Excellence
- Kayenta Community Schools
- Media Arts Charter School
- Nazlini Boarding School
- Pecos Independent Schools
- Shining Mountain Waldorf School
- Shonto Boarding School
- The Jefferson Foundation
- The Learning Source
- Vanguard Classical School
- Waldorf School Association of Denver

CONFLICT OF INTEREST

4. *Explain in detail, any possible conflict of interest or perceived conflict that might be created if your firm is chosen for this engagement.*

There exists no conflict of interest relative to performing the proposed audit between CLA and members of the engagement team, the Trust, and Denver Public Schools.

OUR COMPETITIVE EDGE

5. *Discuss how the firm's staff provides a competitive advantage over other firms in providing audit services.*

- **A dedicated team-**The Trust's proposed engagement team has depth and experience in addressing issues in the nonprofit and K-12 industries. As new auditors of the Trust, we will provide a "fresh perspective" as well as industry expertise. However, our familiarity with Denver Public Schools, which includes activity of the Trust, will provide a seamless transition.
- **Insight-**We will be proactive in meeting with management and the Trust's professional team, to discuss the Trust's goal setting, and provide advice to help enable the company to meet its goals.
- **A national firm with low turnover-**CIA has an annual turnover rate which is among the lowest of public accounting firms. You will see familiar faces on the team every year.
- **Resources-** As one of the largest firms in the country, CIA has the resources to provide strategic solutions and grow with you, unlike smaller firms which may be unable to provide the service and technical expertise you need today and in the future.
- **Low partner to staff ratio-**CIA has one of the lowest partner to staff ratios in the industry, which means the Trust will benefit from executive level involvement and experience, combined with exceptional customer service.
- **Innovative consulting services-**CLA will provide the Trust with recommendations and insight through our specialized consulting approach.
- **Collaborative team effort-** The professionals at CIA operate as a team. We have found that the best way to thoroughly meet the needs of our clients is to work together, utilizing each other's areas of expertise. Therefore, the Trust will have seamless and integrated solutions to address its business needs.

AUDIT APPROACH

6. Describe the approach your firm would follow in conducting the audit services of the ProComp Fund. Include a narrative on the strengths and limitations of your approach to audit services for public sector clients.

Our approach emphasizes three key components: 1) continual communication; 2) full utilization of technological tools for an efficient audit; and 3) commitment to deadlines. Continual communication will be conducted throughout the year as well as during the conduct of the engagement. As discussed further below, we expect to conduct formal weekly update meetings with appropriate management staff during interim and final fieldwork. We stress the importance of these meetings with management and our team to ensure your expectations are fully understood, timing and milestones are agreed upon, technical and unique audit issues are dealt with early during the audit process, and management is aware of audit progress. In addition, these meetings are critical in resolving potential audit differences and/or control deficiencies. Timely and substantive communication between the auditor and management is important in order to ensure there are no misunderstandings related to the fact pattern and to identify any possible compensating controls. In addition, this communication eliminates surprises at the end of the audit. Thus, continuous communication is a fundamental element in CLA's work plan as discussed in the work plan section below.

The audit will be conducted by using a variety of technological tools. Fully utilizing the benefits of these tools will create an efficient and effective audit. On page 20 you will find a description of the software we will use during the audit.

lastly, our work plan will emphasize the commitment to timelines. Project management plans, milestones, and timelines will be created to ensure the full team remains on task to complete procedures prior to the assigned deadlines. These milestones and timelines will be shared with management during the weekly status meetings to ensure management is aware of the status of audit issues and any pending items needed to meet milestones. Known audit issues will be addressed during the interim timeframe so that such issues do not cause unnecessary delays during final fieldwork.

Audit Approach

The CLA audit methodology utilizes a five phase approach.



Ongoing support and Communication

We understand the Trust values quick responsiveness from their CPA firm. CLA values open lines of communication with our clients especially when it comes to inquiries and presenting new ideas. We will be available to the Trust

throughout the entire contract period to answer questions or advise on various accounting and other business matters. We will strive to be immediate with our responses to your questions and concerns.

If we cannot give an immediate answer at the time of inquiry, we will discuss and set expectations with management about a reasonable timeline to respond to the issue.

The Trust will always have access to the managers and partner on the engagement, even when the audit team is not in the field. When not onsite, the partner and managers will be available to respond to the Trust and address questions and concerns. CLA will communicate engagement team absences with the Trust in order to arrange the point of contact should a question arise during the period of absence.

On-Site Assistance

CLA has three offices in Colorado located in Greenwood Village, Broomfield, and Colorado Springs, which provide for easy accessibility between our engagement team and the Trust personnel. We can be onsite when needed for troubleshooting and problem solving, or for meetings with the Trust staff and the Board upon their request.

Timely Completion

We stress the importance of good planning to help foster a quality audit. During our planning, we will work together to determine an agreed upon timeline for work papers to be prepared and other timing expectations. This will include a detailed list of work papers to be completed prior to the start of year-end fieldwork. We will use your staff whenever possible to increase audit efficiency. We will also work with you to determine a schedule that will meet any reporting deadlines. Lastly, fieldwork will occur based upon reporting requirements outlined in the request for information.

BUDGETARY PRICING INFORMATION

Proposed Fees

CLA's policy is to estimate fees that are competitive, yet still enable us to respond quickly to the Trust's needs and provide you with the quality of service you deserve. Management should not feel reluctant to contact us when a question arises.

We have estimated fees that are competitive with other regional and national firms and provide the Trust with a level of quality and commitment that will extend for years to come. We believe that the Trust and CLA are a great match for today's needs, but more importantly, for the increased requirements and complexities that will occur down the road. Assuming no changes in requested services, our fees will not exceed the amounts below. Should significant events occur (e.g., significant management turnover or change of service providers) or changes in regulatory requirements, we would address with you our fee estimates for these new matters affecting the scope of our work. We will bill you for our services as the work progresses.

Financial Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	18	315	200	\$3,600
QC Review	4	315	200	800
Senior Manager	20	225	150	3,000
Manager	25	170	115	2,875
Senior Associate	40	145	100	4,000
Associate	45	125	85	3,825
Total	152			<u>18,100</u>

Proposed all-inclusive maximum price for each of the next four fiscal years.

FY 2014 Audit	\$18,600
FY 2015 Audit	\$19,100
FY 2016 Audit	\$19,600
FY 2017 Audit	\$20,200