



ProComp

Summary of Audit RFI Response: JDS Professionals

Affirmation That We Are Independent For This Audit Engagement

JDS Professional Group is independent of the Denver Public Schools (District), ProComp Trust and the Denver Classroom Teachers Association. Accordingly, we can perform the audit on the financial statements.

Acknowledgment That We Are Properly Licensed Certified Public Accounting Firm Authorized To Practice in The State Of Colorado

JDS Professional Group acknowledges that we are a properly licensed certified public accounting firm authorized to practice in the State of Colorado.

Acknowledgment That We Have Prior Trust And/Or Non-Profit Audit Experience

JDS Professional Group serves more than 200 non-profit and governmental organizations on an annual basis. Nonprofit and governmental organizations are the focus of our practice. We work very hard to maintain the best in nonprofit expertise available in a CPA profession. We have focused our practice in serving this sector. All individual members of the engagement team who would be assigned to your engagement focus more that 90% of their annual professional fees to associations and nonprofit organizations. Additionally, we have been the auditors of the ProComp for the last six years and accordingly, have experience and knowledge of the entities activities and accounting systems.

Acknowledgment That The Firm Personnel And Resources Available To Commence Work Immediately Upon Award

JDS Professional Group acknowledges that we have the personnel and resources available to commence work immediately upon award.

Acknowledgment That The Does Not Employ Anyone In A Significant Position In The Firm Who Is An Immediate Family Member Of The Trust, DCTA or District Board Member, District Administrator or District Finance Department Employee.

JDS Professional Group acknowledges that we do not employ anyone in a significant position in our firm who is an immediate family member of the Trust, DCTA or District Board Member, District Administrator or District Finance Department Employee.

Responses To Requested Questions:

1. Provide your firm's full name and address of the main office as well as the name, address and phone number of the professional within the office that will be assigned specific responsibility for auditing the ProComp Financial Statements.

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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.

JDS Professional Group was founded in 1983 as one of the first "boutique" firms in the Western United States which focused its practice on the nonprofit and governmental sector. We are structured with five core professional levels - partners, principals, managers, seniors and professional staff. JDS Professional Group has three equity partners and six revenue sharing principals. JDS Professional Group has been Recognized in the Denver Business Journal list of Denver CPA firms since 2005. Since conception, we have provided auditing, accounting, tax and management consulting services to the nonprofit and governmental sector. Additionally, we have developed an integrated service partnership with our sister company, OnePoint Business Solutions, which allows us to inject a high level of expertise in technology, organizational management and other disciplines into our process of helping our clients formulate and implement solutions to today's market challenges.

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

Effective selection of an accounting firm can be difficult. There are many highly professional and capable accounting firms. What sets JDS Professional Group apart is its combination of high-caliber professionals, established reputation and service history, and its forward-looking drive to continue to bring new and innovative solutions to our nonprofit clients.

JDS Professional Group serves more than 200 non-profit and governmental organizations on an annual basis. Nonprofit and governmental organizations are a major focus of our practice. We work very hard to maintain the best in nonprofit and governmental expertise available in a CPA profession. We have focused our practice in serving these sectors. All individual members of the engagement team who would be assigned to your engagement focus more than 90% of their annual professional fees to associations, foundations, governmental and other nonprofit organizations.

Additionally, we bring to ProComp a combination of nonprofit and governmental expertise, nonprofit and governmental service experience and value that can help ProComp continue to do its best in accomplishment of its mission. On a combined basis, the partners and manager assigned to your engagement have more than 65 years of experience serving non-profit organizations.

Because we work extensively with nonprofit and governmental organizations, we believe we have a unique understanding of a nonprofit and governmental organization's functions, capabilities and overall operations. Since our firm concentrates so heavily in the nonprofit and governmental area, we keep abreast of changes in the industry and spend "quality" time with your staff. We believe we could quickly assess any issues since our knowledge of similar organizations is so extensive. Additionally, our audits are conducted on complete paperless environment which assists with streamlining the audit process.

A significant portion of our practice consists of entities with structures and operations similar to ProComp. Additionally, we are a focused, locally controlled firm which can effectively direct our audit approach in order to adequately consider the unique aspects of each client organization. We can deliver consistency in engagement staffing and long-term relationships with the professionals in our firm.

We are of a size and resource capability to provide our clients with access to Denver based professionals with expertise in nonprofit auditing and accounting, exempt organization tax issues and related matters. Our clients have consistent staff and the opportunity to maintain a long-term service relationship with partners in the firm that have local control and ownership.

One of the principal advantages to being a focused boutique firm is that we can be very specific about the kind of professionals we recruit and the kind of firm we are. It allows our firm to have an "ownership culture" which is people who truly care about their firm, their profession and above all, the needs of their clients. We recruit and retain high quality professionals and provide them with the work environment, structure and resources necessary to provide value-based services (expertise and client service) to the nonprofit sector. The engagement team which will be assigned to the Organizations engagement average more than ten years of applicable nonprofit sector professional service experience.

Examples of other services we provide are as follows:

- *Bench marking Report* which provides Bench marking comparison to other organizations nationwide.
- Business valuation services
- Best Practices services
- Restructuring of an organization's operations to minimize unrelated business taxable income, including advertising income, sales, manufacturing and other revenue sources.
- Lobbying and political activity restrictions and reporting.
- For-profit subsidiary strategies to minimize the impact of unrelated business income.
- State property tax exemptions and tax impact of facilities leasing.
- Sales and local tax issues regarding sale of materials.
- Private foundation status, taxation and reporting requirements.
- Retirement and employee benefit plans for exempt organizations.
- Assistance with selecting accounting and other software.

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

JDS Professional Group is not aware of any possible conflict of interest or perceived conflict that might be created if we are chosen for this engagement.

5. 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 Engagement Process

Summary:

It is not practical to fully develop an engagement plan prior to more detail reviews and interviews of client personnel. However, in advance of that process, we have provided a proposed engagement time-line. Our objective is to provide a summary of our proposed engagement approach, outline the involvement of our professionals and highlight some key points about our audit process.

Time-line\Date	Engagement Process and the Commission Needs	Detail Summary of Functions and Om·Solutions or the Commission Benefits
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<p>After audit selection process is completed</p>	<p>Audit fieldwork planning</p>	<p>Audit planning meeting:</p> <ul style="list-style-type: none"> - Initial planning meeting. - Set final engagement time-lines. - Outline and finalize client audit preparation process. Final fieldwork planning. - Our focus will be on making good planning decisions in order to promote audit engagement efficiency and limit client preparation time to the fullest extent practical.
<p>Early September, 2013</p>	<p>Final audit fieldwork</p>	<p>Performance of final audit fieldwork:</p> <ul style="list-style-type: none"> - Implementation of new Clarity Standards. <p>SAS 99 interviews. Internal control review.</p> <p>Review proof of actual licenses, degrees, and certificates of In-services for professional development units earned to ensure proper compensation of employees.</p> <p>Review official transcripts and tuition reimbursement forms to ensure additional credits were earned and properly reimbursed.</p> <p>Review employee classification of hard to staff, hard to serve, to ensure position/school qualified for ProComp reimbursement.</p> <p>Review professional evaluation forms to ensure employees are accurately compensated for performance based salary components.</p> <p>Review qualifying employees for CSAP, Student Growth, Top Performing Schools, and High Growth Schools payment incentives to ensure qualifying employees were accurately compensated.</p> <p>Review opt-in checklist for completion including proper signatures for applicable employees. Agree actual payroll amount paid to the employee to the amount reimbursed to DPS by the Trust.</p> <p>Recalculate amount reimbursed to the Trust based on the Trust's FTE amounts.</p>

		<ul style="list-style-type: none"> - Analytical procedures - Expense testing - Investment and earnings procedures - Use of computer aided audit approaches including access/download from client system - Emphasis on traditional balance sheet audit areas and more specialized issues. - Consider other possible best practice considerations/reviews which might benefit the organization - Summarize recommendations and observations for reporting to management
Late September, 2013	Draft reporting	<p>Review financial statement drafts and recommendations with management</p> <p>Attend Audit Committee Meeting</p>
October, 2013	Finalize reports	<p>Issue final opinion on financial statements and recommendations to management</p> <p>Attend Board of Trustees meeting</p>
Throughout the year	Provide updates on accounting, tax and technology developments	<ul style="list-style-type: none"> - Provide easy access to our professionals for limited consultations without additional costs - Technical NPO accounting and tax updates through our e-mail distribution system

Summary of Fees and Estimates

Fee Structure and Estimate

Fees And Billing Arrangements

We determine fees in an effort to provide our clients with the most value possible while allowing us to maintain a quality firm made up of experienced, strong professionals. In regard to billing arrangements:

We maintain a billing structure that minimizes professional fee charges for limited phone consultations on accounting, tax and other matters.

We reflect our professional fees for audit engagements on a fair and equitable basis. Our hourly professional rates are significantly below those of other national firms that provide specialized services to the not-for-profit sector. Fees for professional services for the last three years other than audit and tax preparation services outlined below are as follows:

Partner/Principal	\$135-200/hour
Manager	\$90 - \$115/hour
Staff	\$45-85/hour

Fee Estimate

Description of Services

Audit of the financial statements for the year ended June 30, 2013, draft of the financial statements, meeting with Board of Trustees, plus out-of-pocket costs. Such fee includes implementation of the new Clarity Standards. **\$18,845**

Above fees include accessibility throughout the fiscal year to answer any questions that may arise.

****** Out-of-pocket expenses would consist of nominal charges customary in the performance of professional services, including allowances for mileage reimbursement, courier services, travel and report printing (if more than 20 copies of each report is requested).

Future year engagements are not expected to increase more than a CPI adjustment. We make every effort to avoid cost overruns and changes to fee estimates through effective engagement planning, consistent staffing and engagement involvement by the partners. Of course, our commitment would have to be revised in the event of circumstances that change the engagement substantially (loss of records; significant changes in accounting personnel; significant growth in operations; significant changes in methods or occurrences; substandard record keeping practices, significant changes in accounting standards and/or legislation effecting non-profit organizations; etc.). In the event that we become aware of circumstances that may indicate that our original time estimate would be impacted, we will discuss those matters with the client representatives as soon as practical.