



SingletonAuman PC

Certified Public Accountants and Consultants

Shanel Valley Academy

**Proposal to Provide Auditing Services for
the years ending June 30, 2022-2024**

1740 Main Street

Susanville, CA 96130

(530) 257-1040

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Contact:

Clay Singleton, CPA

csingleton@sa-cpas.com

Shareholder in Charge of

Audits

Submitted February 21, 2022

Shanel Valley Academy
JUNE 30, 2022-2024
AUDIT PROPOSAL

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Transmittal Letter

February 21, 2022

The Board of Directors of:
Shanel Valley Academy

Dear Board of Directors:

We appreciate this opportunity to highlight our qualifications and introduce you to our firm. In response to your request, we submit the following proposal to audit Shanel Valley Academy for the periods ending June 30, 2022-2024.

We believe the selection of a Certified Public Accounting firm is a very important decision. We know that the experience and qualifications of our firm can meet the needs of your organization for the following reasons:

- ❖ We specialize in auditing governmental and non-profit organizations. Because we are experienced in these areas, we have the expertise in dealing with governmental and non-profit organization's unique accounting and auditing situations.
- ❖ We have performed numerous governmental and non-profit audits involving both financial and compliance work meeting the requirements of:
 - Governmental Auditing Standards issued by the U.S. General Accounting Office.
 - Office of Management and Budget Uniform Guidance for Single Audits
- ❖ Specific for you, we have many years of experience with Charter Schools, School Districts, and County Offices of Education. Our Charter School experience includes classroom-based and non-classroom based programs.
- ❖ We perform our audit fieldwork at your site. We believe that audit fieldwork is not efficient or effective when performed remotely or virtually.
- ❖ Due to the size and nature of our firm, the majority of the work is performed by Certified Public Accountants with a combined audit experience of over 60 years.

- ❖ **SingletonAuman PC's** firm philosophy is to provide the highest quality personalized service available. We welcome questions from our clients and are available to provide assistance at any time. We like to maintain a close working relationship throughout the year and resolve problems as they occur in order to save our clients time when we perform the audit.

To make the audit process better for our clients; we have listed below some of the extra benefits of working with our firm.

- ❖ We provide an open, honest work atmosphere for our clients that centers on the absolute respect for our relationship.
- ❖ We encourage flexible fieldwork scheduling so that our clients can concentrate on important tasks.
- ❖ As we are a CPA firm that is based in a rural area, we understand rural schools. We are available throughout the year to assist in researching new accounting and compliance issues that affect our clients.
- ❖ Our skilled workforce doesn't need to inquire on subjects that are common to governments and governmental accounting. Our firm brings a team of experienced professionals having specialized skills you need and want. We are familiar with a variety of systems and can focus our auditing on issues specific to you. Our approach is a cohesive one and we will work with you and your personnel to reduce disruptions and distractions.

SingletonAuman PC has recognized the need for specialization in Governmental and Non-profit auditing and has made a significant investment in continuing education, training and technology to insure our continuing ability to provide the best quality service to our clients.

Our commitment to keeping current on governmental accounting and auditing matters is demonstrated not only by the completion of the AICPA Governmental Accounting and Auditing Educational Achievement Program by several principals of the firm, but by the attendance of our staff at numerous California Society of CPA and governmental/Not-for-profit accounting and auditing classes. We feel that our training allows us to provide our clients with meaningful feedback on current developments, as well as preventing wasted efforts.

The single most important factor in our firm's success has been our commitment to the highest standards of quality and professionalism. Providing outstanding service to our clients is our primary objective, and we have developed review and communication procedures to ensure the highest standards of performance.

Should our firm be selected we have enclosed an engagement letter to act as our contract for the audit of Shanel Valley Academy for the years ending June 30, 2022-2024. If selected, our firm will send a list of information that we will need to begin our audit.

Our professional fees are based on the time spent on an engagement at our standard hourly rates. We believe that our services, approach and technique provide the capability to achieve cost savings while maintaining the highest quality standards. Our proposed fee includes all audit-related expenses including travel costs and printed copies of the audit report. **We will not charge for out-of-pocket expenses such as travel, mileage, or per diem associated with this engagement.**

The proposed maximum fees for the audit of the Shanel Valley Academy for the years ending June 30, 2022-2024 are listed below. **A single audit fee would add \$5,000 to the fee for the applicable audit below.**

	June 30, 2022	June 30, 2023	June 30, 2024
Shanel Valley Academy	\$ 10,500	\$ 10,800	\$ 11,100
Total Fee:	<u>\$ 10,500</u>	<u>\$ 10,800</u>	<u>\$ 11,100</u>

Supplemental Schedule of Hours for each Phase of the Audit:

	Planning & Risk Assessment	Audit Fieldwork	Concluding Fieldwork & Drafting Report
Shanel Valley Academy	15	41	7
Total Hours:	<u>15</u>	<u>41</u>	<u>7</u>

Schedule of Professional Fees

Our professional fees are based on the time spent on an engagement at our standard hourly rates related to the level of experience of the individual assigned to the audit. We believe that our services, approach and technique provide the capability to achieve cost savings while maintaining the highest quality standards.

These are the hourly rates for each level of staff:

<u>Level of Staff:</u>	<u>Hourly Rate:</u>
Firm Partner	\$ 225
Managing Accountant	\$ 175
Supervising Accountant	\$ 150
Junior Accountant	\$ 120
Administrative	\$ 60

We will also provide these services at no additional cost to Shanel Valley Academy:

- ❖ Drafting your financial statements, including required disclosures for GASB 68 & GASB 75.
- ❖ Providing personalized assistance.
- ❖ Drafting the MD&A for the school.
- ❖ Completion of annual Form 990 for all Charter Schools.

Thank you again for this opportunity. We want your business and are making a personal and professional commitment to provide you with the highest quality service available. Please call Clay E. Singleton at (530) 257-1040 or e-mail him at csingleton@sa-cpas.com if you have any questions.

Very Truly Yours,

SingletonAuman, PC

SingletonAuman PC
Certified Public Accountants

Firm Profile

Structure

SingletonAuman PC is a regional firm, has been performing audits for over 35 years and is located at 1740 Main Street, Susanville, California, and 328 Main Street, Chester, California. Our audit team leaders consist of four individuals:

- ❖ **Clay E. Singleton, CPA**
- ❖ **John E. Auman, CPA**
- ❖ **Tom Bower, CPA**
- ❖ **Rita Antram, CPA**

Professional Associations

We are members of the American Institute of Certified Public Accountants, the AICPA Private Companies Practice Section, and California Society of Certified Public Accountants. In addition, our firm is a member of the AICPA's Governmental Audit Quality Center.

Range of Services

The firm provides a full range of services including accounting, auditing, tax and management advisory services. We are committed to excellence in all areas of service. Every engagement we undertake is under the personal direction of one of the principals. Each principal has received specific training in their particular area of expertise and regularly attends continuing education courses to maintain the highest level of quality service for our clients. We have performed numerous financial and compliance audits of governmental and non-profit entities.

Independence

SingletonAuman PC is independent of Shanel Valley Academy and its component units as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's *Governmental Auditing Standards*.

Information Technology Capabilities

All auditors are skilled in Information Technology (IT) auditing and perform IT audit work regularly. Additionally, we are familiar with many forms of document publication technology, including the ESCAPE accounting system.

Quality Review

As you are aware, firms performing audits of governmental and non-profit organizations have a "Quality Review" or an "Audit" of the quality of an audit firm's work. In March of 2018, **SingletonAuman PC** had a quality review performed by the Firm of Grant Bennett Associates of Sacramento, California. Their report, a copy of which is enclosed, expressed an unqualified opinion on our system of quality controls. Our Firm is currently in the process of completing the Peer Review for 2021, which is expected to express an unqualified opinion.

Other Requirements

Licensing

SingletonAuman PC is a properly licensed Certified Public Accounting Firm, California State Board of Accountancy License Number COR5923.

Record of Excellence

Our firm meets all qualifications and requirements imposed by the State of California and Federal Government to perform financial and compliance audits of state and federal programs and non-profit organizations.

Affirmative Action

Specifically, the firm affirms that:

- We have no record of substandard work.
- We have not been debarred or suspended.
- We are not under review for debarment or suspension.

It is the policy of SingletonAuman PC to give equal opportunity to all qualified persons without regard to race, color, religion, sex, marital status, handicap, or national origin.

Workers Compensation

We are aware of the provisions of Section 3700 of the Labor Code which require every major employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and we will comply with such provisions before commencing the performance of the work of the contract.

Engagement Plan

Our audit approach is divided into four sections. Clay Singleton, our audit partner will work together with Shanel Valley Academy to coordinate the fieldwork to ensure that we work towards the timely delivery of all reports.

The four phases consist of:

- ❖ Audit Planning
- ❖ Assessing Risk and Designing Audit Procedures
- ❖ General Fieldwork and State Compliance
- ❖ Concluding the Audit and Reporting

Audit Planning

A thorough understanding of your organization and its operating environment is essential for the development of a responsive audit plan which produces results. We will meet with the appropriate personal to update our understanding of your operations and at the same time, give you the opportunity to express your expectations with respect to

the services that we will provide. We will discuss the timing and scope of the work to be performed and our estimated time of completion.

We will also obtain information necessary to do a preliminary evaluation of your system of internal accounting and administrative controls in order to determine the exact nature and scope of the procedures to be performed during your audit. Our objective in evaluating internal control is to calculate the effectiveness of the design and operation of internal controls policies, procedures, and records to determine if control risk can be assessed below the maximum. The process incorporates the understanding and documentation of the five internal control components from the COSO Internal Control-Integrated Framework model.

Although the risk assessment process is not complete at this stage, we will anticipate the needs of the audit by preparing a comprehensive list of schedules and documents. Every document listed is organized based on its priority to the audit process. By completing these schedules several weeks before the start of fieldwork, we will have time to review them in advance. In that way, we are well prepared, can organize our work efficiently and your staff will only be involved in areas that need additional explanation or information.

Assessing Risk and Designing Audit Procedures

Using our understanding from the information we have gathered, we will identify all potential risks of material misstatements at the Organization-wide level where the risk of material misstatement is pervasive to the financial statements as a whole and at the relevant assertion level, where the risk of material misstatement is related to a specific class of transactions, account balance or disclosure.

These risks are populated in a database integrated with our audit software. For each risk, we will:

- ❖ Identify the relevant control affecting the risk.
- ❖ Determine what errors could occur.
- ❖ Determined the magnitude of the potential misstatement that could result from the risk.
- ❖ Determine the likelihood that the risk could result in a material misstatement in Shanel Valley Academy's financial statements.

This approach will focus our efforts in the important, high risk areas and minimize our time in the low risk areas ensuring you of a cost effective and efficient audit. Our experience is that this process requires significant professional judgment and experience auditing governmental agencies and we have trained staff that can do this without using up Shanel Valley Academy's limited staffing resources. As a result of our risk assessment, we will be able to determine an overall response to address the risk of material misstatement, and design audit programs which are specific to Shanel Valley Academy and its components, and responsive to the risk assessment.

General Fieldwork and State Compliance

The audit process can be disruptive to the normal daily operations. To mitigate this, we bring several auditors at the same time to conduct the audit and therefore can conduct the audit in a short block of time. By including a project manager on site, project management tools and communication tools combined with experienced team of professionals, we have designed our audit methodology to eliminate the interruption caused when utilizing a team of outside consultants. Past experience has proven that this approach delivers excellent results for our clients.

Our audit team will be led by an experienced project manager who is responsible with reporting to Shanel Valley Academy's project manager, reviewing engagement working papers on-site and supervising the audit staff.

During this, we will perform substantive tests to determine if the financial statement account balances are fairly stated in all material respects. We will determine the level of materiality for planning purposes which will determine what amount would cause the statements to be materially misstated and the level of materiality for each individual significant item for testing purposes. In addition, we will perform tests of specific state legal compliance requirements.

It is important for you to understand that an audit does not entail a detailed examination of all transactions, there is a risk that material misstatements may exist and may not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violation of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Concluding the Audit and Reporting

At the conclusion of our audit we will discuss all adjustments proposed to be made to your financial statements, and go over all proposed internal control recommendations, management improvement recommendations and compliance findings in an exit interview. We will also request a written representation from you about the financial statements and related matters.

Proposed Audit Schedule

For all Fiscal Years we plan to begin our audit by June 1st and complete the interim fieldwork by August. We expect to complete our year end fieldwork by October. We expect the draft audit report to be completed by December 10th and the final audit report issued no later than December 15th .

Qualifications and Experience

Principal in Charge of Audits

Clay Singleton, CPA, MSAcc, Shareholder in Charge of Audits:

California State Board of Accountancy Number 85523. Mr. Singleton joined SingletonAuman PC in 2000 after graduating from California State University at Chico with a Master of Science degree in Accountancy and a Bachelor of Science degree in Business Administration. Mr. Singleton is a member of “American Institute of Certified Public Accountants,” the “California Society of Certified Public Accountants.”

Other Audit Team Leaders

John E. Auman, CPA, Shareholder:

California State Board of Accountancy Number 30406E. Mr. Auman obtained his Bachelor of Science degree from California State University Fresno, magna cum laude. Mr. Auman is a member of “American Institute of Certified Public Accountants,” the “California Society of Certified Public Accountants” and the California Association of School Business Officials. In 1991 Mr. Auman received the American Institute of Certified Public Accounts Certificate of Educational Achievement in Governmental Accounting and Auditing.

Thomas R. Bower, CPA:

California State Board of Accountancy Number 59104R. Mr. Bower obtained his Bachelor of Science and Master of Business Administration degrees from Northern Illinois University. He is a member of the “California Society of Certified Public Accountants”. Besides practicing as a CPA for over 30 years, Mr. Bower has extensive experience working in the private sector and as an accounting educator. Mr. Bower joined *SingletonAuman PC* in 2005 when they acquired his public accounting practice.

Rita Antram, CPA:

Mrs. Antram obtained her Bachelor of Science degree from Cal Baptist University. Mrs. Antram is a member of the “American Institute of Certified Public Accountants” and the “California Society of Certified Public Accountants”. Mrs. Antram has been an auditor with SingletonAuman PC for over 10 years.

Our audit team also consists of several full-time auditors who are college graduates or interns in the process of obtaining their CPA licenses.

Audit Team Members

- ❖ **Ashley Gorbet**
- ❖ **Caryn Doyle**

Audit Experience

- ❖ Lassen County Office of Education, Single Audit: Denise Lee-530-257-2196
- ❖ Modoc County Office of Education, Single Audit: Leslie Corder-530-233-7101
- ❖ Enterprise Rancheria, Single Audit: Shari Ghalayini-530-532-9214
- ❖ Kwahn Corporation: Bernice Childers-530-941-5100
- ❖ Hard Rock Hotel & Casino, Sacramento: Glenda Nelson-530-532-9214
- ❖ Modoc Transit Agency: Niki Lemke-530-233-6410
- ❖ Modoc County Transportation Commission: Niki Lemke-530-233-6410
- ❖ **3 School Districts in Modoc County**
- ❖ Modoc Joint Unified School District, Single Audit: Niki Guzman-530-233-7201
- ❖ Surprise Valley Joint Unified School District: BillieJo Young-530-233-7101
- ❖ Tulelake Basin Joint Unified School District: Monica Thompson-530-667-2096
- ❖ **7 School Districts in Lassen County**
- ❖ Fort Sage Unified School District: Heather VonIns-530-827-2129
- ❖ Johnstonville School District: Gwen Pacheco-530-257-2119
- ❖ Ravendale School District: Michelle Brown-530-257-8200
- ❖ Janesville Union School District: Andrea Kellogg-530-253-3660
- ❖ Shaffer School District: Dianne Parady-530-254-6577
- ❖ Westwood School District: Krissy House-530-256-3235
- ❖ Big Valley Joint Unified School District: Dianne Parady-530-254-6577
- ❖ **1 School District in Butte County**
- ❖ Pioneer School District: Nicole Cardwell-530-589-1633
- ❖ **2 County Children & Families Commissions**
- ❖ Lassen County Children & Family Commission: Laura Roberts-530-257-9600
- ❖ Sierra County Children & Family Commission: Kelly Champion-530-993-4884
- ❖ **4 Utility Districts in Modoc, Lassen, and Plumas Counties**
- ❖ Burney Water District: Willie Rodriguez-530-335-3582
- ❖ Lake Oroville Area Public Utility District: Scott McCutcheon-530-533-2000
- ❖ Northern Sierra Air Quality Mgmt. District: Gretchen Bennitt-530-274-9360
- ❖ Sierra Institute for Community & Environment: Jonathan Kusel-530-284-1022
- ❖ **3 Community Services Districts in Lassen, Plumas, & Shasta Counties**
- ❖ Fall River Valley Community Services District: Amber Beck-530-336-5263
- ❖ American Valley Community Services District: Katie Nunn-530-283-0836
- ❖ Indian Valley Community Services District: Jeff Titcomb-530-284-7224
- ❖ **2 Fire Districts in Lassen and Plumas Counties**
- ❖ Peninsula Fire Protection District: Andrew Courtright-530-259-2306
- ❖ Hamilton Branch Fire Protection District: Andrew Courtright-530-259-2306
- ❖ **8 Nonprofit Organizations**
- ❖ River Oak Charter School: Kristi McCullough-707-467-1855
- ❖ Mt. Lassen Charter School: Hillary Magarrell-530-252-4313
- ❖ Tri-County Community Network: Ashley Nelson-530-335-4600
- ❖ California FFA, Single Audit: Maria Maberto-209-744-1600
- ❖ California FCCLA: Maria Maberto-209-744-1600
- ❖ California Cattlemen's Association: Lisa Brendlen-916-444-0845
- ❖ Sierra Cascade Family Opportunities: Cindy Hogg-530-257-1206
- ❖ Plumas Corporation: James Wilcox-530-283-3739
- ❖ **1 Park & Recreation District**
- ❖ Central Plumas Rec. & Parks District: James Shipp-530-283-3278

References

- ❖ **Denise Lee**, General Manager
Lassen County Office of Education
472-013 Johnstonville Road
Susanville, CA 96130
Phone Number: (530) 257-2196

- ❖ **Leslie Corder**, Director of Business Services
Modoc County Office of Education
139 Henderson Street
Alturas, CA 96101
Phone Number: (530) 233-7101

- ❖ **Elizabeth Guzman**, CBO
Modoc Joint Unified School District
906 West Fourth Street
Alturas, CA 96101
Phone Number: (530) 233-7201

- ❖ **Kristi McCullough**, Superintendent
River Oak Charter School
555 Leslie Street
Ukiah, CA 95482
Phone Number: (707) 467-1855

Engagement Letter

February 21, 2022

The Board of Directors of:
Shanel Valley Academy
2240 Old River Road
Ukiah, CA 95482-6156

Dear Board of Directors:

We are pleased to confirm our understanding of the services we are to provide for the year ended June 30, 2022-2024 to the above Shanel Valley Academy.

As required by federal and state legal requirements we are a Certified Public Accounting Firm, duly authorized to practice, and licensed by the California State Board of Accountancy, License Number COR5923.

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements, of Shanel Valley Academy as of and for the year ended June 30, 2022-2024. As part of our engagement, we will apply certain limited procedures to Shanel Valley Academy required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries, the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by general accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Required supplementary information under GASB 34.
2. Supplementary schedules required by the California State Comptroller.

The document will also include the following additional information that will not be subject to the auditing procedures applied in our audit of the financial statements, and for which our accountant's report will disclaim an opinion:

1. Management's Discussion and Analysis
2. Other supplementary information.

We will comply with the insurance requirements of Shanel Valley Academy and submit a W-9.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles in relation to the financial statements taken as a whole and to report on the school's compliance with laws and regulations and the provisions of contracts and grant agreements and its internal accounting controls. Our audit will be made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, will include tests of the accounting records of Shanel Valley Academy and other procedures we consider necessary to enable us to express such an opinion and to render the required reports.

If our opinion is less than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to express an opinion, we may decline to express an opinion or may not issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors are limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

In planning and performing our audits, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on Shanel Valley Academy's general-purpose financial statements and on its compliance with requirements applicable to major programs.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the general-purpose financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the general-purpose financial statements. (Tests of controls are required only if control risk is assessed below the maximum level.) Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants. Significant deficiencies involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements. We will also inform you of any non-significant deficiencies or other matters involving internal control, if any, as required by *Government Auditing Standards*.

Audit Procedures – Compliance

Identifying and ensuring Shanel Valley Academy complies with the provisions of laws, regulations, contracts, agreements, and grants are the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Shanel Valley Academy's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes, the Management's Discussion and Analysis (MD&A), and depreciation schedule for Shanel Valley Academy in conformity with U.S. generally accepted accounting principles based on information provided by you. Where applicable, we will also prepare the Forms 990 for each Nonprofit organization. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

The management of Shanel Valley Academy is responsible for establishing and maintaining internal control and for compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the

effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill,

knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Administration

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes the maintenance of adequate records and related controls, the selection and application of accounting principles, and the safeguarding of assets.

It is recognized that time is of the essence, and the Management of Shanel Valley Academy is responsible for ensuring timely information to SingletonAuman PC in order for the audit to be performed within the required timelines. SingletonAuman PC shall report progress and issues that may affect timely completion directly to the Audit committee and County Administration.

The work papers for this engagement are the property of SingletonAuman PC and constitute confidential information. However, we may be requested to make certain work papers available to the cognizant agency, the State Controller's Office, or the General Accounting Office pursuant to authority given to it by law or regulation. If requested, access to such work papers will be provided under the supervision of SingletonAuman PC's personnel. Furthermore, upon request, we may provide photocopies of selected work papers to the cognizant agency, the State Controller's Office, or the General Accounting Office. The cognizant agency, the State Controller's Office, or the General Accounting Office may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven year after the report release or for any additional period requested by the cognizant agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

Clay Singleton is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our professional fees are based on the time spent on an engagement at our standard hourly rates. Our hourly rates are established in relation to the level of experience of the individual assigned to the audit. We believe that our services, approach and technique provide the capability to achieve cost savings while maintaining the highest quality standards. Our proposed fee includes all audit-related expenses including travel costs necessary copies of the audit report. We will not charge for out-of-pocket expenses such as travel, mileage, or per diem associated with this engagement. Our fees for progress billing on the audit are due and payable upon receipt.

The proposed fee for the audit of Shanel Valley Academy for the years ending June 30, 2022-2024 is as follows:

	June 30, 2022	June 30, 2023	June 30, 2024
Shanel Valley Academy	\$ 10,500	\$ 10,800	\$ 11,100
Total	\$ 10,500	\$ 10,800	\$ 11,100

***Single Audit Fee if required (If Federal Expenditures Exceed \$750,000)-**

A Single Audit would add an additional \$5,000 per year to any of the above applicable fees.

Our audit proposal is based on the expectation that your books will be closed, balanced and in auditable condition for the audit period. If during the course of the project the nature or scope of our work should change, we would discuss such matter with you and any effects of our fee estimates. The estimated fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement.

In accordance with the California Education Code:

- Shanel Valley Academy shall withhold 10% of the audit fee until the State Controller certifies that the audit report conforms to the reporting provisions of the audit guide.
- 50% of subsequent year fees shall be withheld if the prior year audit was not certified.
- The State Controller shall have access to audit working papers of the audit. Additionally, the California State Board of Accountancy may be notified of any substandard work performed.

Government Auditing Standards require that we provide you with a copy of our most recent quality control review report. Our 2018 peer review report accompanies this letter.

Termination of Audit Engagement

The parties mutually agree that termination of our relationship shall be rendered with 30 days written notice. Any termination of the audit engagement initiated by the SingletonAuman PC prior to completion of final financial statements for an annual audit period in which work has commenced by SingletonAuman PC will be subject to reduction in the fee amount due.

We appreciate the opportunity to be of service to Shanel Valley Academy and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

The individual signing below affirms he/she possesses the authority to bind the firm to the terms of the request for proposal.

Very truly yours,

Clay Singleton

Clay Singleton, Principal
SINGLETONAUMAN PC

RESPONSE:

This letter correctly sets forth the understanding of Shanel Valley Academy.

By: _____

Title: _____

Date: _____