



August Audit Committee Meeting

To be held via Webinar Located:

https://webinar.ringcentral.com/webinar/register/WN_qjZtdrpIQHguXrmwIjOIKg

Dial-in number: +1 (888) 391-5458

Webinar ID: 148 705 2645

Participant ID: Receive Upon Registration

Wednesday, August 12, 2020

9:30 a.m.

**AUDIT COMMITTEE MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION**

The Governing Board of the Texas State Affordable Housing Corporation (TSAHC) will meet ONLINE:

**August 12, 2020
9:30 A.M.**

MEETING LOCATION:

Considering the March 13, 2020, disaster declaration by the Office of the Governor, and the subsequent waivers of portions of Tex. Gov't Code, Ch. 551*, this meeting of the TSAHC governing Board will be accessible to the public via the telephone and web link information, below. In order to engage in two-way communication during the meeting, persons must first register (at no cost) to attend the webinar via the link provided. Anyone who calls into the meeting without registering online will not be able to ask questions or provide comments, but the meeting will still be audible. A recording of the meeting will be made available to the public as soon as possible following the meeting.

GOVERNING BOARD WEBINAR REGISTRATION:

Location: https://webinar.ringcentral.com/webinar/register/WN_qjZtdrpIOHquXrmwIjOIKg

Dial-in number: +1(888) 391-5458, **Webinar ID:** 148 705 2645; **Participant ID:** Received upon registration. (Persons who use the dial-in number and access code without registering online will only be able to hear the Board Meeting and will not be able to ask questions or provide comments). Note, this meeting will be proceeding as a teleconference under Tex. Gov't Code §551.125, as modified by waiver, and video will not be available.

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

**Valerie Cardenas
Committee Chair**

The Audit Committee of the Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

PUBLIC COMMENT

ACTION ITEMS IN OPEN MEETING:

- | | |
|-------|---|
| Tab 1 | Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting held on December 13, 2019. |
| Tab 2 | Presentation, Discussion and Possible Approval of the Audit Committee Guidelines. |
| Tab 3 | Presentation, Discussion and Possible Approval of the Fiscal Year 2021 Operating Budget. |
| Tab 4 | Presentation, Discussion and Possible Approval of Financial Auditors for Fiscal Years 2020, 2021 and 2022. |

CLOSED MEETING:

Consultation with legal counsel on legal matters – Texas Government Code § 551.071

Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072

Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073

Personnel Matters – Texas Government Code § 551.074

Implementation of security personnel or devices – Texas Government Code § 551.076

Other matters authorized under the Texas Government Code

OPEN MEETING:

Action in Open Meeting on Items Discussed in Closed Meeting

³
ADJOURN:

Individuals who require auxiliary aids or services for this meeting should contact Rebecca DeLeon, ADA Responsible Employee, at 512-220-1174 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Section 46.035 of the Texas Penal Code prohibits handgun licensees from carrying their handguns at government meetings such as this one. This prohibition applies to both concealed carry and open carry by handgun licensees. Handgun licensees are required by law to refrain from carrying their handguns at this meeting.

Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

Tab 1

**AUDIT COMMITTEE MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION**

To be held at the offices of
Texas State Affordable Housing Corporation
2200 East Martin Luther King Jr. Blvd
Austin, Texas 78702
December 18, 2019 at 9:30 am

Summary of Minutes

**CALL TO ORDER ROLL CALL
CERTIFICATION OF QUORUM**

The Audit Committee of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Valerie Cardenas, Audit Committee Chair, at 9:34 am on December 18, 2019, at the offices of Texas State Affordable Housing Corporation, 2200 E. Martin Luther King Jr. Blvd., Austin TX 78702. Roll Call was taken, and four members were present.

Committee Members Present

Valerie Cardenas, (Board Member), Vice Chair
Courtney Johnson-Rose, (Board Member), Member
David Long, (President), Ad Hoc Member
Melinda Smith, (Chief Financial Officer), Ad Hoc Member

Staff Present

Betsy Aldrich, Senior Accounting Manager
Janie Taylor, Executive Vice President
Nick Lawrence, Controller
Rebecca DeLeon, Corporate Secretary

Special Guests

Jimmy Romell, Maxwell Locke Ritter LLP
Veronica Lomas Day, Maxwell Locke Ritter LLP

Public Comment

None was given.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting held on August 14, 2019.

Mr. Long made a motion to approve the minutes of the Audit Committee Meeting held on August 14, 2019. Ms. Rose seconded the motion. A vote was taken, and the motion passed unanimously.

See page 3 in the official transcript.

Tab 2 Presentation, Discussion and Possible Approval of the Annual Independent Financial Audit for the Fiscal Year Ending August 31, 2019.

Presented by Melinda Smith, Chief Financial Officer, Jimmy Romell, Maxwell Locke Ritter LLP, & Veronica Lomas Day, Maxwell Locke Ritter LLP

Ms. Rose made a motion to recommend approval of the Annual Independent Financial Audit for the Fiscal Year Ending August 31, 2019. Ms. Smith seconded the motion. A vote was taken, and the motion passed unanimously.

See page 4 in the official transcript.

Adjournment

Ms. Cardenas adjourned the meeting at 9:53am.

Respectfully submitted by _____
Rebecca DeLeon, Corporate Secretary

Tab 2

TEXAS STATE AFFORDABLE HOUSING CORPORATION AUDIT COMMITTEE GUIDELINES

These guidelines are intended to define the purposes, membership and responsibilities of the Audit Committee of the Texas State Affordable Housing Corporation (“the Corporation”).

I. PURPOSES

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee’s primary duties and responsibilities are to:

1. Monitor the integrity of the Corporation’s budgeting process, financial reporting process and systems of internal controls regarding finance, accounting, legal and ethics compliance.
2. Monitor the independence and performance of the Corporation’s independent financial auditors who shall report directly to the Audit Committee.
3. Facilitate communication among the independent auditors, management, the CFO and the Board of Directors.
4. Monitor compliance by the Corporation and its directors, officers and employees with applicable laws, regulations, contracts, agreements, and grants and the Corporation’s code of ethics and conflict of interest policies.
5. Establish procedures for the receipt, retention and treatment of financial matters complaints and the confidential anonymous submission by employees regarding questionable accounting, fraud or abuse.
6. Report on its activities to the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the independent auditors as well as anyone at the Corporation. The Audit Committee has the ability to retain, at the Corporation’s expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. However, it is not the duty or responsibility of the Audit Committee or its members to conduct auditing or accounting review procedures, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which it receives information and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations.

II. COMPOSITON AND MEETINGS

The Audit Committee shall be comprised of four members, as determined by the Board of Directors, two of whom shall be directors of the Corporation. Any other board member will be eligible to serve as an alternate member of the Audit Committee and will serve if one of the other member Board directors is absent from the meeting. The Corporation's President and Chief Financial Officer will serve as Ad Hoc members of the Committee. The two-member board directors shall be free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Audit Committee shall have accounting or related financial management expertise.

Audit Committee members shall be appointed on recommendation by the full Board of Directors. If a Chair of the Audit Committee is not designated or present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee.

A quorum for a meeting of the Audit Committee shall consist of at least three committee members, two of which must be Board members.

Audit Committee members will be reimbursed for travel and other actual and reasonable expenses incurred in the conduct of official Audit Committee business. No member of the Audit Committee may accept any additional consulting, advisory or other compensatory fee from the Corporation or other organization.

The Audit Committee shall meet a minimum of two times annually or more frequently if circumstances dictate.

III. RESPONSIBILITIES AND DUTIES

To carry out its purposes, the Audit Committee shall have the following duties and responsibilities:

Review Procedures

1. Review and assess the adequacy of these guidelines at least annually and submit any proposed changes to the Board of Directors for approval.
2. Review and approve the Corporation's proposed fiscal year operating budget and any amendments thereto for submission to the Board of Directors for approval.
3. Review and approve the audited financial statements and any amendments thereto for submission to the Board of Directors for approval. The review

should include discussion with management and independent auditors of significant issues regarding accounting and auditing principles, practices and judgments.

4. In consultation with management, the CFO and independent auditors, consider the integrity of the company's financial reporting processes and controls. Discuss significant financial and non-financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.
5. Consider and approve, if appropriate, major changes to the Corporation's accounting principles as suggested by the independent auditors, management or CFO and any items required to be communicated by the independent auditors in accordance with Statement on Auditing Standards No. 115.

Independent Auditors

1. The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee shall approve the appointment of auditors, review their independence, qualifications and performance and approve any discharge of auditors when circumstances warrant.
2. On an annual basis, the Audit Committee should review and discuss with the independent auditors all significant relationships they have with the Corporation that could impair the auditors' independence.
3. Prior to releasing the audit report, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to the Audit Committee in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States and any other standards required by applicable federal or state law or regulation.
4. Review with the independent auditor any management letter provided by the auditor and the Corporation's response to that letter.

While the Audit Committee has the responsibilities and powers set forth in these guidelines, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.

Tab 3

Texas State Affordable Housing Corporation
Operating Budget
Fiscal Year 2021

		2020 Budget	2020 Actual	2021 Budget
Revenues				
Servicing Revenue, Net of Subservicer Fees	\$	126,000	116,904	116,000
Single Family Program Revenue		6,179,000	7,717,895	7,759,000
Multifamily Program Revenue		749,000	1,586,193	695,000
Texas Housing Impact Fund - Lending Revenue		666,000	1,151,098	1,951,000
Affordable Communities of Texas Program Revenue		150,000	599,318	185,000
Grants, Donations & Other Awards		1,115,000	1,118,695	550,000
Federal & State Grants		5,787,000	3,811,049	2,549,000
Tenant Rental Income		561,000	572,753	618,000
Investment Revenue		2,260,000	858,292	750,000
	\$	<u>17,593,000</u>	<u>17,532,197</u>	<u>15,173,000</u>
Expenditures				
Salaries & Payroll Related Expenditures	\$	3,059,000	3,010,844	3,500,000
Program and Corporate Expenditures		12,506,000	10,233,244	10,085,000
Professional Services		517,000	444,905	530,000
Principal & Interest on Notes Payable		649,000	637,328	155,000
Marketing		162,000	137,767	149,000
Insurance		156,000	176,741	186,000
Travel & Meals		140,000	66,364	113,000
Furniture, Equipment, & Software		83,000	88,532	77,000
Building Maintenance		68,000	44,016	101,000
Professional Dues, Conferences & Training		41,000	18,540	46,000
Bank Fees & Charges		15,000	14,763	15,000
Sponsorships		20,000	15,022	20,000
Communication		15,000	14,836	22,000
Printing & Office Supplies		9,000	3,295	9,000
Publications, Subscriptions & Other Office Expenditures		24,000	21,164	30,000
Freight, Delivery & Postage		10,000	10,972	12,000
	\$	<u>17,474,000</u>	<u>14,938,333</u>	<u>15,050,000</u>
	\$	<u>119,000</u>	<u>2,593,864</u>	<u>123,000</u>

Tab 4

PRESENTED TO



Sutton Frost Cary LLP
Certified Public Accountants

600 Six Flags Drive Suite 600
 Arlington, Texas 76011

201 N. Hampton Street
 Fort Worth, Texas 76102

PARTNER CONTACT

Drew Madsen, CPA
drew@sfc llp.com
 817.649.8083



TABLE OF CONTENTS

OUR APPRECIATION	3
UNDERSTANDING OF ENGAGEMENT	3
ABOUT SUTTON FROST CARY LLP	4
FIRM LICENSING	4
SINGLE AUDIT EXPERIENCE	4
AUDIT TEAM	5
AUDIT TEAM BIOS	6
ASSISTANCE FROM THE ORGANIZATION	6
PEER REVIEW	6
CLIENT REFERENCES	7
AUDIT TIMELINE	8
AFFIRMATIVE ACTION POLICY	8
COST SECTION	9
APPENDIX	10
ENGAGEMENT TEAMS BIO	11

OUR APPRECIATION

We would like to thank you for considering Sutton Frost Cary LLP (SFC) to provide audit, review, and tax services for Texas State Affordable Housing Corporation (TSAHC). The TSAHC will be a highly valued client, and we want to provide a proactive accounting partnership with the TSAHC. SFC prides itself on being a responsive business partner focused on meeting your needs.

2. UNDERSTANDING OF THE ENGAGEMENT

We are pleased to confirm our understanding for the services TSAHC is requesting for the years ended August 31, 2020, 2021 and 2022.

It is our understanding that the Organization is seeking a certified public accounting firm to perform an audit of the financial statements, perform a Single Audit, prepare the Form 990 for the years ending August 31, 2020, 2021 and 2022 and perform a compliance review for the Texas Public Funds Investment Act for the year ending August 31, 2021, including meeting with the Finance Committee and/or Board of Directors, and being available throughout the year to provide advice and guidance on financial accounting and reporting issues. We will also prepare a management letter. SFC is committed to quality services and adherence to timelines and mileposts established with the Organization.



3.ABOUT SUTTON FROST CARY LLP

SFC is a full-service regional accounting firm with locations in Arlington and Fort Worth, Texas that has been serving the DFW metroplex for over 25 years. We offer national-firm quality with local-firm friendliness and are dedicated to serving our clients through a responsive relationship, personalized services, objective leadership, and outstanding technical skills. The partners of SFC are Paul Cary, Kim Crawford, Bill Greene, Paula Hiett, Amy Michie, Drew Madsen, Denise Holmes, Brian Razloznik and Craig Ruggeberg.

With over 150 not-for-profit clients, we are committed to serving this important sector. The size and scope of our not-for-profit clients vary greatly and includes organizations that rely on private funding and state and federal funding. Our partners and staff have gained extensive knowledge of the complexities surrounding these organizations, and we perform services for small organizations and organizations with up to \$100,000,000 in annual revenues. Our current not-for-profit clients include social service organizations, trade and professional associations, private foundations, charter schools, religious organizations, museums and cultural organizations.

FIRM LICENSING

Our firm is in compliance with the registration and permit requirements to engage in the practice of public accounting in Texas. SFC's licenses number is P04883. No disciplinary action has been taken or is pending against the firm or any of our partners or staff with either the state board of accountancy or any other regulatory agency or professional organization.

SINGLE AUDIT EXPERIENCE

Our team members also have extensive experience performing Single Audits and work on approximately 30 of these types of engagements each year.

4. AUDIT TEAM

Our engagement team members have been carefully selected to match the needs of the Organization and these team members routinely work with not-for-profit organizations. Drew Madsen, Partner, will be responsible for all services provided to you. Drew will be assisted by Deanna Frisby, Audit Manager and several staff auditors. Brian Razloznik, Partner, will serve as the concurring review partner. Brian will be available in the absence of the engagement partner.

The engagement team's experience includes an in-depth knowledge of the unique accounting aspects of not-for-profit organizations. We stay up-to-date on the latest regulations affecting these entities by attending annual AICPA, TSCPA and BDO not-for-profit conferences. Drew and Brian also teach board training seminars and instruct CPE courses related to not-for-profit audits and other issues surrounding tax exempt entities. All audit staff of SFC are required to receive a minimum of 40 hours of CPE every year.

Our firm is structured to provide you with the most qualified, experienced professionals for your engagement. None of the following team members have had complaints against them by the state board of accountancy or other regulatory authority. Furthermore, no corrective action has been taken by the firm with respect to these people.



DREW MADSEN, CPA
ENGAGEMENT PARTNER

Years of Experience: 12 Years
drew@sfc llp.com

Engagement Role: Drew will be responsible for the overall engagement. He will assess risk and audit procedures, manage preparation of financial statements, offer quality management advice, advise the Organization on accounting policies and technical issues and oversee all non-audit work assignments and projects.



BRIAN RAZLOZNIK, CPA
CONCURRING PARTNER

Years of Experience: 12 Years
brian@sfc llp.com

Engagement Role: Brian will perform a secondary review of the engagement, ensuring that all firm and professional standards are in adherence.



DEANNA FRISBY, CPA
AUDIT MANAGER

Years of Experience: 6 Years
deanna@sfc llp.com

Engagement Role: Deanna will coordinate the planning and implementation of audit process, ensuring that day-to-day functions are performed in an efficient manner.

5. AUDIT TEAM BIOS

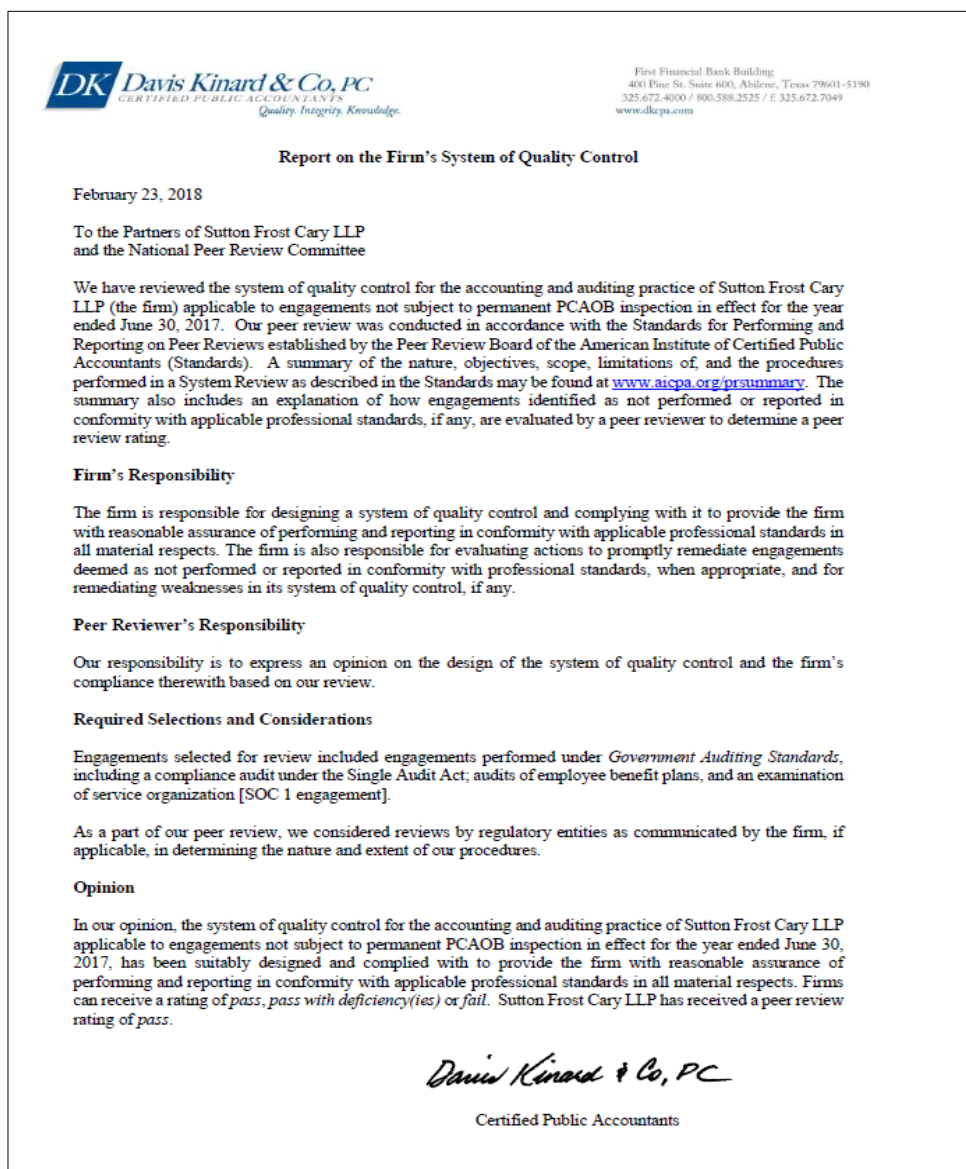
The audit team's bios are located in the appendix of this proposal.

6. ASSISTANCE FROM THE ORGANIZATION

We expect that staff of the Organization will provide us with working trial balances, internal financial statements, detailed general ledger reports and other workpapers, as requested. We also expect that we will have access to staff for inquiries, as needed, and original source documents, as requested. We will require your assistance to provide us with as many workpapers and other documents in electronic format, as possible.

7. PEER REVIEW

The American Institute of Certified Public Accountants (AICPA) sponsors a peer review program. The program helps to monitor a CPA firm's accounting and auditing practice and promotes quality in accounting and auditing services provided by CPA firms. The program requires firms to undergo a peer review once every three years. All of our peer review reports have expressed unmodified opinions/pass ratings. We have completed our 2017 peer review performed by Davis Kinard & Co., PC and we received an unmodified opinion/pass with no findings. SFC did not receive a letter of comments related to the 2017 peer review.



8. CLIENT REFERENCES

SFC performs audit and tax services for all client references listed below. We encourage you to contact any or all of the following to discuss our ability to provide the highest quality services in a timely manner.

Donna VanNess, President
HOUSING CHANNEL
 4200 S Freeway Tower Ste 307
 Fort Worth, Texas 76115
 (817) 924-5091
 donna@housingchannel.org

Kontrena Evans, CFO
VOLUNTEERS OF AMERICA TEXAS
 300 E. Midway
 Euless, Texas 76039
 (817) 529-7350
 kbest@voatx.com

Mindy Cochran, Executive Director
ARLINGTON HOUSING AUTHORITY
 501 W Sanford St Ste 20
 Arlington, Texas 76011
 (817) 275-3351
 mindy.cochran@arlingtontx.gov

Ellen Magnis, CEO
FAMILY GATEWAY
 711 South St. Paul Street
 Dallas, Texas 75201
 (214) 823-4500
 emagnis@familygateway.org

Danielle Gantt, Director of Finance
REFUGEE SERVICES OF TEXAS
 9241 LBJ Freeway Ste 210
 Dallas, Texas 75243
 (827) 413-3772
 dgantt@rstx.org

Jennifer Williams, CFO
BIG BROTHERS BIG SISTERS LONE STAR
 450 E. John Carpenter Fwy, Ste 300
 Irving, Texas 75062
 (972) 573-2330
 jwilliams@bbbstx.org



9. AUDIT TIMELINE

We are committed to collaborative planning and adherence to timelines and mileposts we establish with the Organization. We have created the following schedule based upon the requirements communicated to us. The first step in any engagement is to develop a mutually agreeable schedule, including confirming fieldwork timing and deliverable dates, which will serve as both a communications and monitoring tool as the engagement progresses. We take our commitment to your deadlines seriously and will work diligently to meet the scheduled milestones. We expect our audit timing to be as follows:

AUGUST	PLANNING MEETING WITH THE ORGANIZATION SEND AUDIT PREP DOCUMENTS TO ORGANIZATION
OCTOBER	SFC TO COMPLETE FINANCIAL STATEMENT AND SINGLE AUDIT PLANNING THE WEEK OF OCTOBER 26, 2020
NOVEMBER	SFC TO COMPLETE FINANCIAL STATEMENT AND SINGLE AUDIT FIELDWORK THE WEEK OF NOVEMBER 9, 2020
DECEMBER	SFC TO DRAFT AUDIT BY DECEMBER 31, 2020
JANUARY	SFC TO DRAFT 990 BY JANUARY 31, 2020 SFC TO SUBMIT FINAL REPORT TO THE ORGANIZATION ON OR BEFORE JANUARY 15, 2020

10. AFFIRMATIVE ACTION POLICY

SFC is an affirmative action/equal opportunity employer. It is the continuing policy of the Firm to promote equal employment opportunities through a positive program of specific practices. It is the policy of the Firm to recruit, hire, promote, compensate and administer all employment practices and benefit programs without regard to race, color, sex, sexual orientation, religion, national origin, citizenship status, age, marital status, veteran status, actual or perceived disability or handicap, or any protected category under federal, state or local law or known association or relationship with a person within any of the aforementioned protected categories. The Firm's affirmative action/equal opportunity policy shall include, but not be limited to recruitment, hiring, placement, compensation, training, promotion, demotion, transfer, leaves of absence, layoff and termination, and all other terms and conditions of employment.

11. COST SECTION

We will perform an audit of your financial statements as of and for the years ended August 31, 2020, 2021 and 2022. and prepare the related federal information return (Form 990). We will also perform a compliance review for the Texas Public Funds Investment Act for the year ending August 31, 2021. Our proposed for these services are as follows:

ACTIVITY		Year 1	Year 2	Year 3
FINANCIAL AND UNIFORM GUIDANCE AUDIT	Cost:	\$35,000	\$37,000	\$39,000
	Hours:	235	230	225
FYE 2021 COMPLIANCE REVIEW	Cost:	-	\$10,000	-
	Hours:	-	66	-
Form 990	Cost:	\$2,500	\$2,600	\$2,700
	Hours:	20	20	20

The hours of professionals vary according to the degree of responsibility involved and the skill required. Our standard billing rates, by staff level, are as follows:

STAFF LEVELS	PARTNER	SENIOR MANAGER, MANAGER	SENIOR ASSOCIATE, ASSOCIATE
HOURLY RATES	\$380	\$200 to \$300	\$115 to \$175

Our fees are based on the amount of time required to complete the engagement at our standard hourly rates, related to the level of experience of the individuals assigned to your engagement.

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fee will be in addition to any travel cost associated with the annual audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation.

You may request that we perform additional services not addressed in this proposal. If this occurs, we will discuss with you the scope and fee structure of the additional services before commencing the additional services.

Our engagement fees will cover questions that you might have throughout the year that do not involve extensive research. If you have a question that requires extensive research, we will give you an estimated fee for the services up front. In addition, we will strive to keep you aware of changes in accounting standards and regulatory policies which might affect the Organization.

We strive to keep our fees reasonable from year to year. We want our relationship with the Texas State Affordable Housing Corporation to be long-term and mutually beneficial.

APPENDIX

DREW MADSEN, CPA PARTNER

817.649.8083
drew@sfcilp.com



EXPERIENCE

Drew has been in public accounting since 2006. His industry experience includes nonprofit organizations, governmental entities, charter schools, port authorities, manufacturing, construction and employee benefit plans. His experience also includes preparation of income tax returns for individuals corporations and partnerships.

AREAS OF FOCUS

Nonprofit Organizations
Manufacturing Companies
Governmental Entities
Charter Schools
Construction
Employee Benefit plans

ACADEMIC BACKGROUND

University of Texas at Arlington
Bachelors of Business Administration—Accounting
University of Phoenix Masters of Business Administration

PROFESSIONAL ASSOCIATIONS

American Institute of CPA's
Texas Society of CPA's
Fort Worth Chapter of CPA's

COMMUNITY INVOLVEMENT

Various youth sports and neighborhood organizations
Dental Health Arlington—Past Treasurer
Leadership Arlington 2012-2013
Fort Worth Chapter of CPA's—Under Forty Professional Committee Member

LICENSED IN

Texas

BRIAN RAZLOZNIK, CPA PARTNER

817.649.8083
brian@sfc llp.com



EXPERIENCE

Brian has over 10 years of experience in public accounting. He has experience in all phases of the audit process. His industry experience includes nonprofit organizations, governmental entities, manufacturing, financial institutions and employee benefit plans. His experience also includes preparation of income tax returns for individuals.

AREAS OF FOCUS

Nonprofit Organizations
Charter Schools
Financial Institutions
Employee Benefit Plans
Manufacturing Companies

ACADEMIC BACKGROUND

Texas Tech University
Bachelors of Business Administration—Accounting

PROFESSIONAL ASSOCIATIONS

American Institute of CPA's
Texas Society of CPA's Dallas Chapter
Fort Worth Chapter of CPA's
Arlington Chamber of Commerce

COMMUNITY INVOLVEMENT

Dental Health Arlington - Former Treasurer
Arlington Chamber of Young Professionals—Advisory Board
Leadership Arlington 2015—2016
Vistage

LICENSED IN

Texas

**DEANNA FRISBY, CPA
AUDIT MANAGER**

817.649.8083
deanna@sfc llp.com

EXPERIENCE

Deanna is an audit manager at Sutton Frost Cary LLP and has over six years of public accounting experience. Her experience includes, but is not limited to, audits of financial statements of privately owned companies, nonprofit organizations, and governmental entities. Deanna currently specializes in nonprofit and single audit assurance services. Additionally, she has experience developing internal guidelines and training staff on Uniform Guidance compliance engagements.

AREAS OF FOCUS

Nonprofit Organizations
Privately Owned For Profit Corporations
Uniform Guidance Compliance
Government Contracts

**ACADEMIC
BACKGROUND**

BBA in Accounting from Lamar University (Summa Cum Laude)
MS in Accounting from Lamar University

**PROFESSIONAL
ASSOCIATIONS**

American Institute of CPA's
Texas Society of CPA's
Fort Worth Chapter of CPA's

LICENSED IN

Texas



Proposal to Provide
Professional Services to:

The Texas State Affordable Housing Corporation

April 15, 2020

Maxwell Locke & Ritter
Jimmy Romell

(512) 370-3245
jromell@mlrpc.com



AUSTIN
401 Congress Avenue
Suite 1100
Austin, TX 78701

WWW.MLRPC.COM



ROUND ROCK
411 West Main Street
Suite 300
Round Rock, TX 78664



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

tel (512) 370 3200 fax (512) 370 3250
www.mlrpc.com

Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300
Round Rock, TX 78664

April 15, 2020

Melinda Smith
Texas State Affordable Housing Corporation
2200 East Martin Luther King Jr. Boulevard
Austin, TX 78705

Dear Melinda:

Maxwell Locke & Ritter welcomes the opportunity to present our credentials to continue to serve as independent auditors and tax advisors for Texas State Affordable Housing Corporation (TSAHC). You will remain an important client to our firm and will continue to receive the highest level of quality service from our team.

We want to help you achieve your goals and believe our ability to deliver the scope of work outlined in this proposal is exceptional and characterized by the following qualifications:

- **We want our engagement and your business to succeed.** We have a holistic approach to client service, where our connections and industry expertise provide an understanding of your business that is key to a successful, collaborative relationship. It is our desire to offer recommendations for possible business improvements.
- **Our experienced engagement team will serve as your Trusted Advisors, offering proactive solutions to your issues as they arise.** We only hire experienced professionals who can deliver on our services. Our engagement team members are caring people who keep your financial goals and business success top of mind. We think broadly about your business and will proactively help you achieve your goals.
- **Our unique culture is fundamental to our lasting client relationships.** Our theory is simple: happy, rewarded and valued professionals provide quality services, which leads to highly satisfied clients. We work every day to make Maxwell Locke & Ritter the best place to work in Central Texas, where people do not have to choose between a successful career, a healthy home life and meaningful community involvement.

Should you have any questions about our proposal or desire additional information, please contact me at:

Jimmy Romell
Maxwell Locke & Ritter
401 Congress Avenue, Suite 1100
Austin, TX 78701
Ph: (512) 370-3245

Sincerely,

A handwritten signature in black ink, appearing to read "JR", representing Jimmy Romell.

Jimmy Romell
Partner

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"
This firm is not a CPA firm*

Table of Contents

Description of Work to be Completed.....	3
Evidence of the Firm's Ability to Provide Services.....	3
License to Practice in Texas	4
Evidence of the Firm's Experience	5
Engagement Team.....	9
Assistance from TSAHC	9
Peer Review	10
References	10
Projected Timeline	11
Affirmative Action Policy	11
Proprietary Information.....	11
Proposed Fee Schedule.....	12
Attachment I: Resumes	14
Attachment II: Peer Review.....	19

Description of Work to be Completed

We understand the scope of work includes the following services as of and for the years ending August 31, 2020, 2021 and 2022:

- Performance of the annual financial audit for the three (3) fiscal years ending August 31, 2020; August 31, 2021 and August 31, 2022. The audits should be conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Consolidated Audit Guide for Audits of HUD Programs*; and if necessary, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All audit field work must be completed, and the final audit report issued no later than November 20th of each year.
- Performance of a review for compliance with the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) using the guidelines provided by the Texas State Auditor's Office for the fiscal year ending August 31, 2021.
- Preparation of the Corporation's annual Form 990 tax return for the three (3) fiscal years ending August 31, 2020; August 31, 2021 and August 31, 2022.
- Provision of consultation and technical assistance on general accounting and tax issues.

Evidence of the Firm's Ability to Provide Services

About Us

Deeply rooted in Central Texas, Maxwell Locke & Ritter is the largest locally owned and managed accounting firm with offices in downtown Austin and Round Rock. This gives us the unique advantage of being large enough to provide sound, timely, and proactive services while maintaining the personal touch from a team of highly experienced and qualified people. We will align the right service to your needs and provide you a wide range of accounting and advisory services, including:

- | | |
|--------------------|-----------------------|
| • Audit | • Consulting |
| • Tax | • Retirement * |
| • Due Diligence | • Wealth Management * |
| • SOC Examinations | |

Culture

Our vision is to be a great place to work where our people reach their potential and provide exceptional service to our clients and the community. It is our mission to help our people and clients achieve their goals, and we are dedicated to:

- Operating as one firm, collectively working toward common goals
- Encouraging open communication
- Creating an environment where people are motivated by empowerment
- Serving our clients with the highest regard for competency, compassion and courtesy
- Committing ourselves and living up to our commitments
- Treating everyone with honesty, dignity and respect
- Participating actively in the community
- Understanding that no success at work is worth failure at home

Through these efforts, we have been awarded:

- Accounting Today's #1 Best Mid-Sized Firm to Work for
- Accounting Today's Best Firms to Work For Women
- Ethics in Business Award by the Samaritan Center
- Accounting Today's Top 100 Regional Firms
- INSIDE Public Accounting's Best of the Best Firms
- INSIDE Public Accounting's Top 200 Firms



* These services are provided by our affiliate firm, ML&R Wealth Management.

We aspire to be your preferred contact for all business and individual financial endeavors and we genuinely care about your success. We are responsive to the needs of our clients and are dedicated to creating an environment based on our core values. We believe these traits, along with the distinguishing characteristics listed below, differentiate our firm:

1991	Year founded
120+	Exceptional professionals
40+	Awards and recognition since 2012
290+	Nonprofit organizations supported by our team in the Greater Austin Area

Network Affiliations

We are a member of CPAmerica, Inc., one of the largest associations of CPA firms in the United States. As a member, our firm has instant access to more than 4,000 professionals across America and allows us to offer our clients unique access to national and international markets and serve companies with multi-state or international operations. We serve the international needs of clients through CPAmerica's membership in Crowe Global. With over \$3.8 billion in revenue, Crowe Global offer us:



- Expertise and resources of over 35,000 professionals worldwide
- Rank among the top 8 global accounting networks
- Access to a global network of more than 130 countries around the world

Each member firm is well established as a leader in its respective business community and is staffed by nationals, thereby providing knowledge of local laws and customs which is important to clients doing business in that country, undertaking new ventures, or expanding into other countries. Crowe Global member firms are known for their personal service to privately and publicly-held businesses in all industry sectors, enabling us to bring powerful solutions to meet all of your unique financial management challenges, no matter how complex. We bring you a global reach within arm's reach.

Since 2005, our tax department has partnered with our third-party service provider Vitae International (Vitae) to assist in the preparation of tax returns. Vitae's office is in Coimbatore, India, and Maxwell Locke & Ritter is an investor in the business. This is an important piece of our overall business strategy, enhancing our ability to deliver during peak times and allowing us to hire and retain highly experienced local staff to serve you. We have a dedicated team of staff at Vitae whom we regularly train via onsite and remote training, and we review and are responsible for all work prepared by them. Our Vitae team accesses the Maxwell Locke & Ritter data and network via a secure remote desktop infrastructure, and we diligently follow the adequate data protection safeguards required under U.S. Treasury Regulations to protect tax return information from misuse, unauthorized access, or disclosure. All data remains in secure data centers in the U.S.



License to Practice in Texas

Maxwell Locke & Ritter and all assigned key professional staff are properly licensed to practice in Texas. We are well qualified to perform audits of nonprofit organizations and to provide any special services such organizations require. The firm's identification number for the Texas State Board of Public Accountancy is P04869 (V09153), form number 20005302.

Evidence of the Firm's Experience

Our audit of the TSAHC will be conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Consolidated Audit Guide for Audits of HUD Programs*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable.

Once you join the Maxwell Locke & Ritter community, you will be linked to an exclusive group of companies and organizations that span across many industries and locations. Our connections and industry focused teams offer an understanding of your business that is key to a successful, collaborative relationship. In addition to TSAHC, our firm currently serves the following nonprofit clients:

Client	Audit	Tax	Served Since
1. AIDS Services of Austin, Inc.	X	X	2005
2. American Youthworks, Inc.	X	X	2014
3. The Andrew S. Roddick Foundation, Inc.	X	X	2013
4. Austin Convention and Visitors Bureau (dba Visit Austin)	X	X	2005
5. Austin Humane Society	X	X	2011
6. Austin Presbyterian Theological Seminary	X	X	2005
7. Austin Speech Labs	X		2011
8. The Austin Symphony Orchestra Society	X	X	2018
9. Austin Theatre Alliance	X	X	1999
10. Ballet Austin, Inc.	X	X	1991
11. Better Business Bureau, Inc. of Austin	X	X	2010
12. Champions Off the Field	X		2018
13. Chive Charities	X	X	2014
14. College Forward	X	X	2015
15. Common Threads	X	X	2015
16. Community Care Collaborative	X	X	2013
17. CommUnityCare	X	X	2009
18. The Contemporary Austin Museum	X	X	2019
19. E3 Alliance	X	X	2008
20. The Ex-Students' Association of The University of Texas	X	X	1991
21. FieldComm Group	X		1998
22. Foundation Communities, Inc.	X		2004
23. Georgetown Healthcare System, Inc.	X	X	2013
24. Girl Scouts of Central Texas	X	X	2015
25. Give Inlieu Foundation		X	2019
26. Greater Round Rock Community Foundation	X	X	2014
27. The Headliners Club of Austin	X	X	2013
28. Hill Country Christian School of Austin	X		2018
29. Hill Country Conservancy	X	X	2018
30. Independent Insurance Agents of Texas	X	X	2018
31. Insurance Council of Texas	X		2002
32. The Junior League of Austin	X	X	2006
33. KLRU – Capital of Texas Public Telecommunications Council, Inc.	X	X	2007
34. Lime Association of Texas, Inc.		X	2000
35. The LIVESTRONG Foundation	X	X	2009
36. Lonestar Education and Research Network	X		2007

37. Lutheran Foundation of Texas	X	*	1996
38. Lutheran Foundation of the Southwest	X	*	1998
39. Marbridge Foundation, Inc.	X	X	2017
40. MPower Foundation		X	2011
41. Pecan Street, Inc.	X	X	2010
42. Research Bridge Partners	X	X	2017
43. Rodeo Austin	X	X	2015
44. Round Rock Chamber of Commerce	X	X	2011
45. Round Rock Christian Academy	X	X	2011
46. St. Michael's Catholic Academy	X		2016
47. Texas Association of School Business Officials	X	X	2011
48. Texas CASA, Inc.	X	X	2012
49. Texas Center for the Judiciary	X	X	2010
50. Texas Congress of Parents and Teachers	X	X	2018
51. Texas Dental Association	X		2010
52. Texas Department of Public Safety Foundation	X	X	2013
53. Texas Health Institute	X		2010
54. Texas Health Services Authority	X	X	2011
55. Texas Higher Education Foundation	X	X	2008
56. Texas Methodist Foundation	X	*	1991
57. Texas State History Museum Foundation	X		2001
58. Texas Tribune	X		2011
59. The United Methodist Development Fund	X	*	2017
60. United Way for Greater Austin	X	X	2011
61. The University of Texas Foundation, Inc.	X	X	2003
62. The University of Texas Law School Foundation	X	X	2016
63. Whole Cities Foundation	X		2015
64. Whole Kids Foundation	X		2012
65. Whole Planet Foundation	X	X	2007
66. YMCA of Austin	X	X	2004
67. YMCA of Greater Williamson County	X	X	2018
68. Young Presidents' Organization Austin		X	2017
* No tax work is required for these organizations due to their religious affiliations			

Our firm currently serves the following government related clients:

Client	Served Since
1. Bastrop County Water Control & Improvement District No.3	2012
2. Central Health f.k.a. Travis County Healthcare District	2005
3. Chisholm Trail Special Utility District	2013
4. Del Valle Independent School District	2002
5. Eanes Independent School District	1993
6. Elgin Independent School District	2013
7. Georgetown Independent School District	2011
8. Greenhawe Water Control & Improvement District No. 2	2008
9. Hays Consolidated Independent School District	2018
10. Hays County Municipal Utility District No. 4	2008
11. Hays County Water Control & Improvement District No. 1	2003
12. Hays County Water Control & Improvement District No. 2	2005

13. Johnson Ranch Municipal Utility District	2014
14. Lakepointe Municipal Utility District	2018
15. Lake Travis Independent School District	2006
16. Lakeside Municipal Utility District No. 3	2008
17. Lakeway Municipal Utility District	2019
18. Lost Creek Limited District	2018
19. Lower Brushy Creek Water Control & Improvement District	2018
20. Meadows at Chandler Creek Municipal Utility District	2011
21. Moore's Crossing Municipal Utility District	2009
22. North Hays County Municipal Utility District No.1	2006
23. Northeast Travis County Utility District	2005
24. Presidential Glen Municipal Utility District	2014
25. Reunion Ranch Water Control & Improvement District	2013
26. River Place Municipal Utility District	2008
27. Round Rock Independent School District	2004
28. Seguin Independent School District	2015
29. Shady Hollow Municipal Utility District	2009
30. South Buda Water Control & Improvement District No. 1	2006
31. Stonewall Ranch Municipal Utility District	2007
32. Tanglewood Forest Limited District	2016
33. Texas State Affordable Housing Corporation	2014
34. Travis County Emergency Services District No. 2	2019
35. Travis County Emergency Services District No. 3	2016
36. Travis County Emergency Services District No. 5	2014
37. Travis County Emergency Services District No. 6	2007
38. Travis County Emergency Services District No. 11	2013
39. Travis County Emergency Services District No. 14	2009
40. Travis County Emergency Services District No. 15	2018
41. Travis County Municipal Utility District No. 3	2008
42. Travis County Municipal Utility District No. 14	2008
43. Travis County Municipal Utility District No. 17	2014
44. Travis County Water Control & Improvement District No. 10	1991
45. Travis County Water Control & Improvement District No. 20	1995
46. Travis County Water Control & Improvement District No. 17	2017
47. Travis County Water Control & Improvement District – Point Venture	2018
48. The University of Texas at Austin Department of Intercollegiate Athletics	1996
49. Upper Brushy Creek Water Control & Improvement District	2002
50. Watch Hill Municipal Utility District	2015
51. West Travis County Public Utility Agency	2012
52. West Williamson County Municipal Utility District No. 1	2014
53. Williamson County & Cities Health District	2015
54. Williamson County Municipal Utility District No. 12	2008
55. Williamson County Municipal Utility District No. 13	2006
56. Williamson County Municipal Utility District No. 22	2014
57. Williamson County Water, Sewer, Irrigation and Drainage District No. 3	2002
58. Williamson-Travis Counties Municipal Utility District No. 1	2009

We also serve the following Single Audit clients (some of which are included in the list of nonprofit clients above):

Client	Audit	Tax	Served Since
1. AIDS Services of Austin, Inc.	X	X	2005
2. American Youthworks	X	X	2014
3. Asuragen, Inc.	X		2019
4. College Forward	X	X	2015
5. CommUnityCare	X	X	2009
6. Del Valle Independent School District	X		2002
7. Eanes Independent School District	X		1993
8. Elgin Independent School District	X		2013
9. Foundation Communities, Inc.	X		2004
10. Georgetown Independent School District	X		2011
11. Hays Consolidated Independent School District	X		2018
12. Lake Travis Independent School District	X		2006
13. Pecan Street, Inc.	X	X	2010
14. Round Rock Independent School District	X		2004
15. Seguin Independent School District	X		2015
16. Texas CASA, Inc.	X	X	2012
17. Texas Center for the Judiciary	X	X	2010
18. United Way of Greater Austin	X	X	2011
19. Williamson County & Cities Health District	X	X	2015

Maxwell Locke & Ritter is also a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center (the Center). The Center is a voluntary membership center for CPA firms that perform governmental audits, including all audits and attestation engagements performed under Government Auditing Standards, the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, the State of Texas Uniform Grant Management Standards for State or local awards; nonprofit organizations (NPO); and certain for-profit organizations that receive federal and state assistance. The AICPA established the Center to help CPAs perform quality audits by providing resources and guidance to help them navigate the increased complexity of the federal rules and regulations underlying governmental auditing.



As a member of the Center, we have made a commitment to adhere to Center membership requirements that are designed to introduce additional quality control features to our practice. As a Center member, we receive comprehensive resources to assist us in performing governmental audits. We receive up-to-date information on a variety of technical, legislative and regulatory subjects that we then apply to your audit to help ensure that you are in compliance with the appropriate standards and changes in regulation. These resources help us respond nimbly to new standards and requirements to ensure the efficiency of your audit engagement.

Engagement Team

Our firm is structured with three levels of highly-experienced staff: Partners, Managers and Associates. We cultivate our commitment to a unique culture through the development of and investment in talent, and leadership succession throughout the firm. This enables us to attract, select and retain highly-qualified industry experts, primarily from regional and national firms. Your proposed engagement team follows:

Name	Role	Years of Experience
Jimmy Romell, CPA	Audit Partner responsible for audit services	20
A.J. Zimmerhanzel, CPA	Concurring Partner on audit services	31
Veronica Day, CPA	Audit Manager responsible for audit fieldwork	16
Sean Holcomb, CPA	Tax Partner responsible for tax services	26
Heather Beliveau, CPA	Tax Manager managing tax work	22

Throughout the engagement there will be multiple professionals that understand your business and are available to assist you. One of the advantages of working with a locally owned firm is continuity of service. Members of your service team will not be transferred to another branch office. Because of the extensive training and experience of your service team, we do not anticipate any need to bring in outside specialists or consultants. Resumes of your engagement team, including educational background, are shown in **Attachment I**.

Assistance from TSAHC

Communication during an audit engagement is very important, for both the audit firm and TSAHC. Periodically, we will schedule meetings with key management to stay abreast of your activities, philosophy and objectives, as well as to discuss overall audit progress and coordination. We will participate in the pre-audit meeting with TSAHC's key staff and audit committee. During the course of the audit, we will contact a member of the audit committee if any issues arise that we feel the board should be immediately aware of. If no such issues arise, our next meeting with the audit committee will be the post-audit conference where we will present the audit results including any control deficiencies or recommendations for improvement that are identified. We will also present these results at the Board meeting.

Upon acceptance of our proposal, we will provide a PBC audit questionnaire, which will list items to prepare for us in advance of the audit fieldwork date. We understand that your employees will be available during fieldwork to prepare trial balances and selected account analyses, prepare confirmations requested and locate invoices selected by us for testing. We will need space in your office and internet accessibility for one to two auditors for approximately four to five weeks for audit fieldwork. We will also provide a PBC tax questionnaire for completion prior to the end of audit fieldwork.

Peer Review

During the history of our firm that was established in 1991, Maxwell Locke & Ritter has not been the subject of disciplinary actions taken as a result of any Federal or State desk or field reviews, or any other regulatory bodies or professional organizations. We have the following internal and external quality control standards:

- **Internal** - Maxwell Locke & Ritter has an annual inspection program to review the quality of audit work and compliance with standards.
- **External** - Within the public accounting profession, members of our firm have taken a leading role in the quality control “peer review” program that was established by the AICPA in 1976. We have had a review of our auditing practice quality control system in accordance with the standards for peer reviews promulgated by the peer review committee of the AICPA Division for CPA Firms. Maxwell Locke & Ritter has never been under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and/or licensing boards of other states. We have been a member of the AICPA Division for CPA Firms since 1991. As indicated by the report outlined in **Attachment II** of this proposal, our system of quality control was found to meet the objectives of quality control standards established by the AICPA. Our required frequency of peer reviews is every three years.

Of paramount importance in contracting for an audit is the independence of the auditors. While you are, of course, interested in hiring professionals who will work effectively with TSAHC and in its best interest, the credentials and independence of those professionals must be beyond question. We have determined that our firm and all individuals included in this proposal are independent of TSAHC under the provisions of Rule 101 of the professional standards of the AICPA.

References

We believe the best indicator of services you can expect from us comes from those with whom we have previously worked. We urge you to contact the following references:

1. Foundation Communities, Inc.
Ms. Ann Clift
Chief Financial Officer
Phone: (512) 447-2026
2. Texas Health Services Authority
Mr. George Gooch
Chief Executive Officer
Phone: (512) 329-2730
3. CommUnityCare
Ms. Joy Sloan
Chief Financial Officer
Phone: (512) 978-9811

Projected Timeline

We are committed to performing and completing our services within a pre-determined timeline that meets your business requirements. We anticipate the following timetable for audit services provided to TSAHC:

Timing	Action Steps
Upon Acceptance of Proposal	Provide the Board with an engagement letter and provide management with a Prepared By Client (PBC) questionnaire.
July 2020; October – November 2020	Meet with management to discuss audit planning and current audit and accounting issues. Prepare all planning documentation and test internal control systems. Perform detailed testing of general ledger accounts and analytically review account balances.
November 2020	Provide drafts of the financial statements, independent auditors' reports and management letter to management.
December 2020	Present final reports to management and the Board.

The above timetable is based on your timing requests included in the request for proposal. Our ability to meet these deadlines is contingent upon TSAHC being able to provide the completed PBC questionnaire and respond to audit inquiries within the agreed upon fieldwork dates. If any delays are experienced, we would meet with management to agree upon updated deadlines.

We anticipate the following timetable for tax services provided to TSAHC:

Timing	Action Steps
After Acceptance of Proposal and Prior to November 2020	Provide the Board with an engagement letter and provide management with a PBC questionnaire.
December 1, 2020	Request that we receive completed PBC questionnaire by this date.
December 1 – January 15, 2021	Utilize the audited financial statements and information provided by TSAHC to prepare the requested tax returns.
On or Before January 31, 2021	Provide completed tax return.

If the above timetable for tax services is not agreeable, we will gladly work with you in arriving at a more suitable timetable. However, due to the volume of tax compliance work we provide to our calendar year clients during our spring busy season (February 15 - April 15), we are unable to commit to a timetable during those months and would instead suggest an alternative during the April 15 - June 30 timeframe.

Affirmative Action Policy

It is the policy of Maxwell Locke & Ritter to ensure equal employment opportunity without discrimination on the basis of race, color, religion, sex, age, national origin, disability, military service, genetic information or any other characteristic protected by law. Maxwell Locke & Ritter prohibits and will not tolerate any such discrimination. This commitment applies to all aspects of the employment relationship, including hiring, transfers, promotions, training, terminations, working conditions, compensation, and benefits.

Proprietary Information

We consider all information included in this proposal to be proprietary information.

Proposed Fee Schedule

Our objective is to deliver valuable, high-quality professional services at a fair price. Based on our understanding of your current operations, our estimated fees are as follows:

Audit Services ¹									
Audit and preparation of the financial statements as of and for the year ending August 31:									
	2020			2021			2022		
Role	Hours	Rate	Fees	Hours	Rate	Fees	Hours	Rate	Fees
Audit Partner	20	\$495	\$ 9,900	20	\$510	\$ 10,200	20	\$525	\$ 10,500
Concurring Partner	2	\$495	\$ 990	2	\$510	\$ 1,020	2	\$ 525	\$ 1,050
Audit Manager	80	\$325	\$ 26,000	80	\$335	\$ 26,800	80	\$ 345	\$ 27,600
Audit Associate	140	\$255	\$ 35,700	140	\$265	\$ 37,100	140	\$275	\$ 38,500
Support	8	\$145	\$ 1,160	8	\$150	\$ 1,200	8	\$155	\$ 1,240
Subtotal	-	-	\$ 73,750	-	-	\$ 76,320	-	-	\$ 78,890
(Discount)	-	-	\$ (5,750)	-	-	\$ (6,320)	-	-	\$ (6,890)
Total	250	-	\$ 68,000	250	-	\$ 70,000	250	-	\$ 72,000

Tax Services									
Preparation of Federal Form 990 for the year ending August 31:									
	2020			2021			2022		
Role	Hours	Rate	Fees	Hours	Rate	Fees	Hours	Rate	Fees
Tax Partner	2	\$495	\$ 990	2	\$510	\$ 1,020	2	\$525	\$ 1,050
Tax Manager	10	\$365	\$ 3,650	10	\$375	\$ 3,750	10	\$390	\$ 3,900
Tax Associate	20	\$190	\$ 3,800	20	\$195	\$ 3,900	20	\$200	\$ 4,000
Subtotal	-	-	\$ 8,440	-	-	\$ 8,670	-	-	\$ 8,950
(Discount)	-	-	\$ (1,190)	-	-	\$ (1,070)	-	-	\$ (1,000)
Total	32	-	\$ 7,250	32	-	\$ 7,600	32	-	\$ 7,950

Hourly Billing Rate Pricing Proposal – Nonrecurring Work	2020	2021	2022
Audit Partner	\$495	\$510	\$525
Audit Manager	\$325	\$335	\$345
Audit Associate	\$255	\$265	\$275
Support	\$145	\$150	\$155
Tax Partner	\$495	\$510	\$525
Tax Manager	\$365	\$375	\$390
Tax Associate	\$190	\$195	\$200

If you have any questions about our proposed fees, we encourage you to contact us for further discussion.

¹ This fee estimate is based on the assumption that there will not be a single audit required under Uniform Guidance. If one is required to be performed during the fiscal years 2020, 2021 or 2022 audit, approximately 20-30 hours will be incurred for testing each major program. The fee per major program is approximately \$5,000 per program. Each year, we will discuss if a single audit is required, determine number of major programs and fees prior to engagement.

This fee estimate is based on anticipated cooperation from your personnel, including providing us information as requested in our standard PBC requests, and the assumption that unexpected circumstances will not be encountered during the processes. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate using standard rates. Our invoices are payable on presentation.

Routine consultations regarding recommended accounting procedures, IRS and other regulations are included in the fees stated above. We encourage you to contact us throughout the year on technical matters that arise, which are not directly associated with the audit or tax return preparation. We will not bill for items that do not require research or items that require a minimum amount of research. Generally, we will discuss the need to bill you for research that takes an hour or more of our time. We will agree on the fee estimate with you before we begin the research. In addition, you may ask us to provide additional business advisory, accounting and tax services. These services will be invoiced based on standard hourly rates by level of experience of the person performing the project.

Attachment I: Resumes



Jimmy Romell, CPA Audit Partner

PROFESSIONAL EXPERIENCE

After graduation, Jimmy joined the San Antonio office of Deloitte & Touche where he audited a variety of commercial clients in the oil and gas, manufacturing, investments, and financial institution industries.

Jimmy moved back to Austin in 2003 and served as an internal auditor for a public telecommunications company before re-entering public accounting by joining Maxwell Locke & Ritter in 2005.

Jimmy has developed a diverse client based with a primary focus on governmental and nonprofit entities in the Austin and Central Texas area. He leads the government niche and oversees services provided to government clients which include school districts, municipal utility districts, water control and improvement districts and emergency services districts. These services also include overseeing audits performed in compliance with Government Auditing Standards and federal Single Audits performed under the Uniform Guidance.

CONTACT

jromell@mlrpc.com
(512) 370-3245

EDUCATION

The University of Texas at Austin

- Bachelor of Business Administration
- Master of Professional Accounting

INDUSTRY EXPERTISE

- Nonprofit
- Government

COMMUNITY

- First Tee of Austin, Mentor and Former Board Member
- Meals on Wheels, Volunteer

AFFILIATIONS

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants



August Justin (A.J.) Zimmerhanzel, CPA

Audit Partner

PROFESSIONAL EXPERIENCE

In 1989, A.J. began his public accounting career in the Houston office of Touche Ross. Later in 1989, he was moved to the Austin office of Deloitte & Touche, which eventually became Maxwell Locke & Ritter LLP in 1991.

A.J. has concentrated in auditing and consulting services. He has served many companies reaching the transitional level in accounting and financial reporting issues. He tries to establish a client relationship based on open communication and trust so that clients feel comfortable calling with any business question — even if it is not directly related to an accounting or financial issue.

CONTACT

ajz@mlrpc.com
(512) 370-3214

EDUCATION

The University of Texas at Austin

- Bachelor of Business Administration, Honors Program

INDUSTRY EXPERTISE

- Nonprofit
- Employee Benefit Plans
- Film & Entertainment
- Manufacturing
- Real Estate & Construction
- Wholesale & Retail

COMMUNITY

- Bastrop Sportsmen's Organization, Committee Member

AFFILIATIONS

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- CPAmerica International



Veronica Lomas Day, CPA

Audit Manager

CONTACT

vday@mlrpc.com
(512) 370-3278

EDUCATION

Texas A&M University

- Bachelor of Science in Accounting

PROFESSIONAL EXPERIENCE

After graduation, Veronica joined a local public accounting firm in San Antonio, focusing her efforts on audits of local governmental entities, including school districts and local municipalities.

In 2007, Veronica moved to Austin and joined Deloitte & Touche. She left the firm as a manager, where she provided audit services to governmental and nonprofit entities, including state departments, local municipalities, institutions of higher education and single audit compliance.

Veronica joined Maxwell Locke & Ritter in 2012, and has developed a diverse client base with a primary focus on governmental and nonprofit organizations in the Austin and Central Texas area. She also helps facilitate single audit compliance training for internal associates and clients.

INDUSTRY EXPERTISE

- Nonprofit
- Government

COMMUNITY

Current:

- Generation SERVE, Volunteer
- St. Theresa's Catholic School, Volunteer

Past:

- Junior Achievement
- Greenlights 501 Council
- Meals on Wheels
- Project Sunshine
- Ronald McDonald House

AFFILIATIONS

American Institute of Certified Public Accountants – Advanced Single Audit Certificate



Sean Holcomb, CPA

Tax Partner

PROFESSIONAL EXPERIENCE

After beginning his public accounting career with the Austin office of Coopers & Lybrand, Sean joined Maxwell Locke & Ritter in 1997 and was promoted to partner in 2002.

As a partner in ML&R's tax practice, Sean specializes in serving owners of closely-held businesses. In addition to IRS compliance and reporting requirements, he has used his expertise to assist clients in numerous other areas, including income tax planning, business formation, mergers and acquisitions, IRS examinations, multi-state and international issues, business succession, gift/estate planning, trusts and an assortment of other tax planning engagements. Sean also oversees the tax services provided to the majority of ML&R's nonprofit clients and has used this experience to assist nonprofit organizations with a variety of issues.

CONTACT

sholcomb@mlrpc.com
(512) 370-3271

EDUCATION

The University of Texas at Austin

- Bachelor of Business Administration with High Honors
- Master of Professional Accounting

INDUSTRY EXPERTISE

- Nonprofit
- Manufacturing
- Wholesale & Retail
- Real Estate
- Closely-held businesses and their owners
- Individuals and Trusts

COMMUNITY

- Central Baptist Church, Operations/Finance Team (past chair)
- Round Rock Chamber of Commerce; Leadership Round Rock – Class of 2012

AFFILIATIONS

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants



Heather Beliveau, CPA

Tax Associate

PROFESSIONAL EXPERIENCE

Heather began her accounting career with KPMG (1998-1999) and Ernst & Young (1999-2002) in Austin. She served a variety of clients in various industries, including venture capital, health care, and technology, with an emphasis on partnership taxation. In 2002, Heather became the Tax Manager at Austin Ventures where she managed all compliance and tax matters for the firm and the principal partners.

Heather joined Maxwell Locke & Ritter in November 2008, where she provides tax compliance and consulting services to her clients, with an emphasis on professional service companies, small businesses, venture capital firms, nonprofit organizations and high net worth individuals.

CONTACT

hbeliveau@mlrpc.com
(512) 370-3283

EDUCATION

The University of Texas at Austin

- Bachelor of Arts
- Master of Professional Accounting

INDUSTRY EXPERTISE

- Nonprofit
- Business Services
- Private Equity & Venture Capital
- Advertising

COMMUNITY

- Capital Area Food Bank, Volunteer
- Meals on Wheels, Volunteer

AFFILIATIONS

- Texas Society of Certified Public Accountants

Attachment II: Peer Review



Report on the Firm's System of Quality Control

December 2, 2019

To To the Partners of
Maxwell Locke & Ritter LLP
and the Peer Review Committee of the TSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Maxwell Locke & Ritter LLP in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, audits of employee benefit plans and examinations of service organizations (Service Organizations Control (SOC) 1 and 2 engagements). As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maxwell Locke & Ritter LLP, in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maxwell Locke & Ritter LLP has received a peer review rating of *pass*.

Gollob Morgan Peddy PC

Gollob Morgan Peddy PC
Certified Public Accountants

Gollob Morgan Peddy PC
1001 ESE Loop 323, Suite 300, Tyler, TX 75701
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com
Members American Institute of Certified Public Accountants and Private Companies Practice Section

member of
CPAmerica international
Member  Crowe Global™