

The logo for MUN CPAs, featuring the text "MUN CPAs" in a white, sans-serif font inside a dark green square.

MANN, URRUTIA, NELSON CPAS
& ASSOCIATES LLP

Proposal to Provide Audit and Tax Services

THE NATOMAS BASIN CONSERVANCY

SEPTEMBER 15, 2020

CONTACT:

BRADLEY BARTELLS, PARTNER
MANN, URRUTIA, NELSON CPAS & ASSOCIATES, LLP
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TOTAL CLIENT COMMITMENT

SACRAMENTO • ROSEVILLE • GLENDALE • SOUTH LAKE TAHOE • KAUAI, HAWAII

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September 15, 2020

The Natomas Basin Conservancy
2150 River Plaza Dr., Suite 460
Sacramento, CA 95833

Dear Ms. Skupic and Members of the Audit Committee,

Thank you for reaching out to Mann, Urrutia, Nelson CPAs & Associates, LLP (MUN CPAs) for the audit needs of **The Natomas Basin Conservancy** (the Conservancy). MUN CPAs has a passion for serving nonprofit organizations and supporting the organization's mission and purpose. We understand your organization requires timely audit services and we are committed to meeting all terms, conditions, and requirements as addressed in the request for proposal. Our partners and staff understand the importance of having a CPA firm who understands the opportunities and challenges your Organization faces. After you review our proposal, we are confident that you will conclude that MUN CPAs is the right choice for The Natomas Basin Conservancy.

Since 2003, we have been partnering with our nonprofit clients to provide them with timely audit and tax services, as well as industry updates and best practices for strengthening your Organization's financial reporting system. As you review our proposal to provide audit and tax services, we invite you to contact some of our references to learn firsthand how we have assisted their organizations with supporting their missions and services.

Our success — The keys to our success and growth include our commitment to outstanding quality, properly trained staff, timely communication in all aspects of the audit, planning, and understanding how to structure each audit to ensure efficiencies are achieved, and our ability to meet all required deadlines.

We believe our unique combination of technical expertise in serving nonprofit organizations, combined with our philosophy of total client commitment throughout all phases of the engagement provides our clients the highest quality service and products available.

We separate ourselves from our competition by:

- ◇ Extensive Partner and Manager involvement on each engagement
- ◇ Consistent and experienced staff
- ◇ Timeliness of communications
- ◇ Proactive approach in addressing complex issues early in the engagement
- ◇ Availability to clients as a specialized nonprofit resource
- ◇ Professionalism with understanding your organization

The Natomas Basin Conservancy promotes important biological conservation along with key economic development and the continuation of agriculture within the Natomas Basin. Management of your Organization should be focused on the Organization's mission and services, and not worried about your audit. I look forward to talking with you further about why MUN CPAs is the best choice for collaborating with your organization to support the mission and services of the Conservancy.

Sincerely,

Bradley J. Bartells, CPA
Partner

FIRM BACKGROUND

Founded in 2003, MUN CPAs is a locally established and respected full service accounting and auditing firm. We specialize in **nonprofit and governmental audits**, as well as tax, consulting, litigation support, and forensic accounting services. Our commitment to our clients has enabled the firm continued growth and success at developing and maintaining strong professional relationships. Our firm consists of over 60 well-trained professionals, including nine partners. We have office locations in Sacramento, Roseville, South Lake Tahoe, and Glendale, California, as well as Hawaii.

Sacramento Office

Audit engagements are performed primarily out of the Sacramento office. We have twelve full time audit staff members who specialize in nonprofit and GASB-related audits. A team of four will be dedicated to The Natomas Basin Conservancy should services be awarded to our firm. While the majority of audit engagements are performed out of the Sacramento office, our various office locations allow us to expand our services throughout the State of California. In addition to auditing, reviews and compilations, we also provide accounting, tax and consulting services to our audit clients.

Participation in Nonprofit and Government-Related Industry Organizations

Our local professionals are part of regulatory bodies and organizations that influence and affect nonprofit and governmental entities. Our partners have developed relationships with and are actively involved in boards and committees with the express ability to help shape practice standards. A sampling of industry organizations and regulatory bodies that our local professionals are currently involved with includes:

Impact Foundry (formerly Nonprofit Resource Center)	American Institute of Certified Public Accountants
California Society of Association Executives (CalSAE)	Government Audit Quality Control Center
AICPA Nonprofit Section	California Special Districts Association
California Association of Nonprofits	California Society of Municipal Finance Officers
California Municipal Treasurers Association	

Membership in these organizations provides our firm with additional resources designed to enhance our audit quality and apply best audit practices to our engagements. It also allows us to provide services specifically tailored to the needs of your Organization. We have access to the latest developments in accounting, auditing, and the various rules and regulations that affect the different audits and industries.

Your selection of MUN CPAs as your Organization's independent accounting firm will allow you to collaborate with a firm that has direct access to resources unique to nonprofit and governmental organizations

PEER REVIEW REPORT

Our firm undergoes a peer review every three years as established by the American Institute of Certified Public Accountants. Our last peer review was completed in June 2019 and resulted in a pass rating with no deficiencies (the highest rating possible) on our system of quality control for accounting and auditing. This quality control review included a review of specific government engagements. *A copy of the Peer Review Report is included on the following page.*

PEER REVIEW REPORT



Report on the Firm's System of Quality Control

June 28, 2019

To Mann, Urrutia, Nelson, CPAS & Associates, LLP and the Peer Review
Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Mann, Urrutia, Nelson, CPAS & Associates, LLP (the firm) in effect for the year ended December 31, 2018. 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.

190 Camino Drugo, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

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, and an audit of an employee benefit plan.

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 Mann, Urrutia, Nelson, CPAS & Associates, LLP in effect for the year ended December 31, 2018, 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*. Mann, Urrutia, Nelson, CPAS & Associates, LLP has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

FIRM EXPERIENCE

Our passion for collaborating with and serving our nonprofit clients separates us from other firms. Our team has a passion for learning about each organization's mission and purpose, and how MUN CPAs ultimately fits in with how the organization provides services to its members. Our industry specialization includes nonprofit and governmental entities. Our clients range from small organizations to organizations with over \$50 million in annual revenue.

Governmental and Nonprofit Auditing Experience

Since our founding in 2003, our office has been partnering with our governmental and nonprofit clients to provide them with timely audit services, as well as industry updates and best practices. We currently provide audit services to 38 nonprofit entities and 23 governmental agencies who report under GASB accounting standards.

As a governmental nonprofit organization, we understand that The Natomas Basin Conservancy operates in a unique business environment – one that requires experienced advisors to not only look at the financials, but also provide specialized insight and advice on the issues facing your specific industry.

We have a team with extensive experience and understanding of both governmental and nonprofit entities. We recognize the unique daily challenges, such as compliance, assurance, budget preparation and funding for expansion of services that your organization can face. Through our team's extensive experience and local resources, we can continue to help you face the challenges and opportunities of today, along with those that will impact your operations tomorrow.

We are experts in the governmental and nonprofit industries and they are our core industry sectors.

Specialized Services

Our firm has provided specialized services to local nonprofit organizations that include, but are not limited to:

- Board and Finance Committee training
- Forensic audits
- Internal controls special projects

Client Education and Updates

We understand the importance of being kept abreast of topics and issues that affect you and your industry. Therefore, we provide each of our clients with frequent updates and communication of relevant accounting developments and changes in standards throughout the year.

Our firm provides workshops to nonprofit organizations that address the issues most prevalent and of concern to these organizations. Topics include "Fraud Risk Factors Impacting Nonprofits", "Working with Your Board – Financial Matters", and "Form 990 Best Practices".

The goal of a financial audit is to not only provide an opinion on your Organization's financial statement, but to also provide education to your Organization's staff.

In addition, we provide one-on-one guidance and assistance to our clients with the preparation of GASB financial statements, as well as hands-on assistance with implementation of new **GASB** financial reporting requirements and State and Federal updates. *Our firm is a leader in the new GASB standards going into effect in the coming years.*

Our partners have provided webinars and seminars sponsored by the CSFMO, CSDA and League of California Cities, with topics ranging from GASB 68 and 75, fraud, and preparing for annual audits.

THE ENGAGEMENT TEAM

The team assigned to perform the audit of The Natomas Basin Conservancy is composed of highly trained professionals with extensive experience in governmental and nonprofit audit engagements. Our small, efficient working group will continue to maintain a knowledgeable, yet non-intrusive, approach to the audit, and in this way, deliver an audit of exceptional quality requiring few disruptions in the conduct of the Conservancy's on-going operations. The technical qualifications of MUN CPAs personnel selected for this audit ensures service of the highest quality. Engagements at MUN CPAs are conducted under the supervision of an engagement partner and manager, which assures that quality standards are maintained and all client requirements are met.

We propose the following audit team:

BRADLEY BARTELLS, CPA, Partner
JUSTIN WILLIAMS, CPA, Concurring Partner
SUSAN BEETER, CPA, Manager
ANGIE NORRIS, MBA, Senior Staff Associate

Our commitment to nonprofit and governmental accounting and helping organizations like yours implement best practices is further amplified by our involvement with respected organizations.

Bradley Bartells is a member the AICPA Not-for-Profit Section and is a current board member of the National Institute of Pension Administrators, Sacramento Chapter, and Treasurer of the Inderkum High School Athletic Booster Club.

Justin Williams is a member of the California Special Districts Association Audit Committee and Finance Committee and the statewide CalCPA Governmental Accounting and Auditing Committee. He has also published accounting and auditing articles and has been a speaker at webinars and seminars sponsored by these organizations with topics ranging from GASB 68 and 75, fraud, and preparing for annual audits.

Continuing Education

Continuing education is a top priority for MUN CPAs. Each of our team members receives a wide variety of annual training and content updates from highly qualified instructors, ensuring that they remain on the forefront of issues that could potentially impact our clients.

Individuals who work on audits subject to Government Auditing Standards must obtain, every two years, at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements. At least 20 of the 80 hours must be obtained annually. Individuals responsible for conducting substantial portions of the fieldwork, planning, directing, or reporting on audits subject to Government Auditing Standards must obtain 24 of those hours in subjects directly related to the government environment and government auditing. All members of the proposed engagement team meet all continuing education requirements of Federal, State and Applicable professional organizations.

GASB Implementation and Reporting

As previously mentioned, all audit partners and managers have been involved in the implementation of GASB financial reporting requirements. In addition to auditing and assisting with the preparation of GASB financial statements, all audit partners and managers have provided hands-on assistance with implementation of new GASB financial reporting requirements.

Workshops, Seminars, Webinars

Our Partners and Managers have hosted workshops, webinars and seminars for nonprofit organizations in an effort to provide valuable education on various subjects including board training, fraud, implementation of accounting pronouncements, and how to prepare for an audit.

Staff Consistency

We understand that the best way to provide the Conservancy with responsive, quality services is to assign the most qualified individuals to the engagement and maintain continuity of staff on successive engagements. We are committed to maintaining the same staff assigned in this proposal on subsequent engagement years.

Our Firm takes great pride in not only selecting high quality staff members, but also providing them an environment designed for their success and betterment. We believe staff continuity on engagements is essential to that engagement being successful. Our Firm’s mission statement reads:

To provide responsive, innovative services of the highest quality to our clients; and to provide a positive, rewarding environment encouraging our employees to fulfill their professional and personal goals.

BRADLEY J. BARTELLS, CPA
Engagement Partner

Brad has over 20 years of public accounting experience. Brad has spent a significant portion of his career providing audit services to nonprofit organizations and governmental entities. As Partner in charge for the audit engagement Brad will review the progress of the audit team, assist in resolving technical issues, and evaluate reports and deliverables for overall quality.



INDUSTRY EXPERIENCE: Nonprofit organizations
Governmental entities
Retirement / employee benefit plans

OTHER EXPERTISE: Initial audits for employee benefit plans
Internal controls evaluations
Board of Director presentations

CURRENT RELEVANT ENGAGEMENT EXPERIENCE:

North Tahoe Public Utility District	The Gathering Inn
Rodeo Sanitary District	Capitol Stage Company
City of Gridley	Sacramento Regional Conservation Corps
Town of Paradise	Lions Center for the Visually Impaired
Assn. of California Water Agencies	Roberts Family Development Center
CA Statewide Communities Dev. Authority	Elica Health Centers
Sacramento Steps Forward	
Rural Community Assistance Corp	
Advocates for Mentally Ill Housing, Inc.	
Solar Cookers International	
Libraries Without Borders	
MACT Health Board, Inc.	
Fourth and Hope	
Northern Valley Indian Health, Inc.	

DESIGNATIONS: Certified Public Accountant (CPA)
AICPA Advanced Defined Contribution Plan Audit Specialist

PROFESSIONAL MEMBERSHIPS: American Institute of Certified Public Accountants
California Society of Certified Public Accountants
Western Pension and Benefits Council, Sacramento Chapter
National Institute of Pension Administrators

EDUCATION: Bachelor of Science, Accounting
University of Redlands - Redlands, California

Honor Roll Graduate
Pacific Coast Banking School – Seattle, Washington

JUSTIN WILLIAMS, CPA
Concurring Partner

Justin's professional career includes more than 24 years of public and private accounting experience, of which 22 years has been heavily concentrated on audits of nonprofit organizations, governmental entities, employee benefit plans and privately held businesses throughout Northern California. As Concurring Partner, Justin will perform a secondary review of the engagement, ensuring that all firm and professional standards are adhered to.



- INDUSTRY EXPERIENCE:** Governmental agencies
Nonprofit organizations
Retirement/Employee benefit plans
Privately held businesses
Nonprofit charter schools
- OTHER EXPERTISE:** Board of Directors and management training
Financial reporting compliance
Fraud investigations
Internal control assessment and implementation
Peer reviews
- CURRENT RELEVANT ENGAGEMENT EXPERIENCE:**
- | | |
|---|---|
| Diablo Water District | CSAC Finance Corporation |
| Greater Vallejo Recreation District | American Indian Health & Services, Inc. |
| Ironhouse Sanitary District | Health Outreach Partners |
| Kensington Fire District | Lake County Tribal Health Consortium |
| Santa Nella Water District | Lakeside Park Association |
| South Placer Municipal Utility District | MACT Health Board |
| South Tahoe Public Utility District | Northern Valley Indian Health |
| Tahoe City Public Utility District | Rural Community Assistance Corporation |
| Town of Truckee | Sol Aureus College Preparatory |
| Southern Indian Health Council | Valley Vision |
| Feather River Tribal Health | |
- DESIGNATIONS:** Certified Public Accountant (CPA)
- PROFESSIONAL MEMBERSHIPS:** American Institute of Certified Public Accountants – Nonprofit Section
California Society of Certified Public Accountants
Society of California Accountants
California Special Districts Association - Audit Committee Member
California Special Districts Association - Finance Committee Member
- EDUCATION:** Bachelor of Science, Accounting
Case Western Reserve University – Cleveland, Ohio

SUSAN BEETER, CPA

Manager

Susan has over 20 years of extensive public accounting experience. As Manager, she provides audit services to a wide range of industries, including nonprofit and governmental organizations. As audit manager, Susan will work closely with the Conservancy to ensure issues are identified and addressed and that the delivery of services is timely and day-to-day audit functions are performed in an efficient manner.



- INDUSTRY EXPERIENCE:** Nonprofit entities
Governmental entities
Closely-held companies
- OTHER EXPERTISE:** HUD Compliance
Internal control evaluation
Accounting services
Inventory observations
Single Audit compliance
Grants and contracts compliance
- CURRENT RELEVANT ENGAGEMENT EXPERIENCE:** South Tahoe Public Utility District
Vallejo Flood and Wastewater District
Greater Vallejo Recreation District
City of Lincoln
City of Novato
City of Piedmont
City of Auburn
League of California Cities
Southern Indian Health Council
Valley Vision
American Indian Health & Services, Inc.
Community College League of California
Elica Health Centers
Fourth & Hope (Yolo Wayfarer)
Libraries Without Borders
Sacramento Public Library Foundation
Sacramento Steps Forward
Sol Aureus College Preperatory
Western Manufactured Housing Committee Assn.
- DESIGNATIONS:** Certified Public Accountant (CPA)
- PROFESSIONAL MEMBERSHIPS:** American Institute of Certified Public Accountants
California Society of Certified Public Accountants
- EDUCATION:** Bachelor of Science, Business Administration - Accountancy
North Dakota State University - Fargo, North Dakota

ANGIE NORRIS, MBA
Senior Staff Associate

Angie joined our firm three years ago and provides audit services to a wide range of industries, including nonprofit, retirement plans, and governmental entities. In her role, Angie will draft financial statements, handle specific stages of audit work, ensure work is prepared in compliance with professional standards, detect exceptional items and issues of non-compliance, and report unusual items to the manager.



INDUSTRY EXPERIENCE: Nonprofit organizations
Retirement plans
Governmental entities
Closely held companies
Publically traded entities

OTHER EXPERTISE: Internal control evaluation
Accounting services
Inventory observations
Single Audit compliance
Grants and contracts compliance

CURRENT RELEVANT ENGAGEMENT EXPERIENCE: South Placer Municipal Utility District
Greater Vallejo Recreation District
Kensington Fire District
Vallejo Flood and Wastewater District
Town of Paradise
City of Hollister
City of Novato
Southern Indian Health Council
Valley Vision
American Indian Health & Services, Inc.
CSAC Finance Corporation
Lake County Tribal Health Consortium
Lakeside Park Association
Project Go
Rural Community Assistance Corporation
Roberts Family Development Center
Sierra Business Council
Sol Aureus College Preparatory

PROFESSIONAL MEMBERSHIPS: American Institute of Certified Public Accountants
California Society of Certified Public Accountants

EDUCATION: Bachelor of Science, Business Management
University of Phoenix

Master of Business Administration, Accounting Concentration
Keller Graduate School of Management

SIMILAR GASB-COMPLIANT CLIENTS / REFERENCES

MUN CPAs has provided audit services for many other nonprofit entities that are similar to that which is requested by The Natomas Basin Conservancy. Below are a few of our current **GASB-Compliant** nonprofit and governmental audit clients who can attest to our services and work performed on their behalf. We invite the Conservancy to contact any of the individuals below.

Clients	Contact	Address
Assn. of California Water Agencies 916-441-4545	Daniel Gumpert Finance Manager	980 9 th Street, Suite 1000 Sacramento, CA 95814
League of California Cities 916-658-8200	Perry Stottlemeyer Asst. Dir. Of Administrative Services - Accounting	1400 K Street, Suite 400 Sacramento, CA 95814
Southern Indian Health Council 619-445-1188	Terry King Chief Financial Officer	4058 Willows Road. Alpine, CA 91901
South Tahoe Public Utility District 530-543-6211	Paul Hughes Chief Financial Officer	1275 Meadow Crest Dr. South Lake Tahoe, CA 96150
Santa Nella County Water District 209-826-0920	Amy Montgomery General Manager	12931 State Highway 33 Santa Nella, CA 95677
City of Gridley 530-846-5695	Paul Eckert City Manager	685 Kentucky Street Gridley, CA 95948

LETTER OF RECOMMENDATION

1400 K STREET
SACRAMENTO, CA 95814
PH: (916) 658-8200
FX: (916) 658-8240



WWW.CACITIES.ORG

June 13, 2018

Re: Professional reference for audit services

To Whom It May Concern:

For 13 years, the League of California Cities had its financial statements audited by the premier municipal audit firm in California. In 2009, the League organized its audit committee, which immediately dispatched an RFP for an independent audit firm. Our previous auditor was invited to make a proposal.

The RFP process was rigorous, as five firms were selected for interview. In the end, one firm, Mann Urrutia Nelson CPAs (MUN), emerged as the clear standout. The committee first engaged MUN to audit the League's financial statements for the year ended December 31, 2010.

The changeover was a terrific experience. MUN is a very efficient auditor. Our previous auditor had been onsite between two and three weeks for field work, whereas MUN is onsite for no more than three days. Most of their work is performed offsite and they take full advantage of the latest technology. Their staff is very friendly and professional. Because all of our files are electronic, there is very little need for their staff to burden our staff with documentation requests.

It should be noted that our audit committee renewed MUN's engagement for two additional terms. Last summer (2017) the committee decided to send out another RFP. MUN again emerged with the engagement.

We couldn't be more pleased with their service and we recommend them enthusiastically.

Please feel free to contact me directly if you feel a need to discuss the possibility of hiring MUN as your auditor.

Sincerely,

A handwritten signature in black ink, appearing to read "Perry L Stottlemeyer".

Perry L Stottlemeyer, JD, CPA
Assistant Director of Administrative Services
916 658-8215

SCOPE OF SERVICES AND APPROACH TO THE AUDIT

SERVICES TO BE PROVIDED:

It is our understanding the scope of services will be the following:

1. Audit and prepare the financial statements of The Natomas Basin Conservancy for the years ending December 31, 2020 through December 31, 2022 with the option of extending the engagement for two (2) one-year renewals.
2. Prepare the required annual Federal and State exempt organization returns.
3. Issue Management Letter
4. OPTIONAL – Perform agreed-upon procedures and compliance report of the Conservancy’s financial investments, if requested.
5. Provide consultations with management throughout the year.

The audit of the financial statements of The Natomas Basin Conservancy will be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

SPECIFIC AUDIT APPROACH

Our audit work plan targets our audit efforts on those areas of your financial statements that represent the greatest risk. This includes integrated quality-control processes, including policies and procedures for engagement quality control.

Our financial audit methodology comprises a set of interdependent audit work steps and procedures that enable the audit team to plan and execute the audit strategy and conclude and report audit results. The methodology also provides for performance measurement to enable improvement in quality of audit work through identification of training needs and motivation of staff through performance based growth and advancement. The financial audit methodology of our firm is built around the following:

- Generally accepted auditing standards
- Professional ethics
- Quality assurance and control

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide a level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and the manager who specialize in governmental and nonprofit audits. As high-level involvement is vital to a quality audit, the partner and manager’s time will account for approximately 30% of total hours spent on the engagement. Our team’s approach is designed to be efficient yet non-intrusive.

Remote audit capabilities

We are committed to serving our clients and meeting their deadlines regardless of the current health and social challenges. If public health concerns, client concerns or other issues restrict our team from performing the audit in-person at your offices, MUN CPAs has the technological capabilities and solutions to perform the full audit remotely and complete the audit according to your Organization's needs and timelines. With the use of our secure Sharefile website, management of The Natomas Basin Conservancy will be able to securely provide MUN CPAs with all needed documents and reports. The use of encrypted e-mails will be used to transmit smaller documents. Scheduling regular phone calls and audit updates will allow both management of The Natomas Basin Conservancy and MUN CPAs to remain on the agreed-upon timeline.

Partner and manager availability

We will always have the partner or manager on-site during the audit. This allows for questions and issues that arise during the course of the audit to be discussed and resolved in real-time. This also allows management of the Conservancy to have direct access to the partner and manager during the audit.

During audits performed remotely, MUN CPAs schedules regular check-ins with management and the audit team to ensure issues, questions and other items are answered and resolved timely.

We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential problems to arise during our engagement.

**Establishing an agreed-upon audit timeline with management is
key to a successful audit.**

Audit Planning

Our audit planning process includes a risk assessment of the Organization and review of control environments. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met timely. In addition, we will provide a "Provided-by-Client" (PBC) list and samples of schedules specifically tailored to the Conservancy to aid the Organization's staff in preparing schedules and providing audit documentation.

Risk Assessment

As part of our extensive planning phase, the engagement team will discuss with management issues surrounding the applicable industry, the Conservancy's and management's internal & external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. We design our audit to spend time addressing areas of your financial statements with higher risks of errors and misstatement. Once areas of risk have been identified, the next process will be to review the control environment.

Control Environment

We will document, assess and test the following control processes to evaluate their effectiveness in preparing reliable financial statements for the Conservancy:

- ◇ Disbursements
- ◇ Receipts
- ◇ Payroll
- ◇ Financial reporting
- ◇ Journal entry process
- ◇ IT and general computer controls

Based on our understanding of the risks and control environment at the Conservancy, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.

Substantive Procedures

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- ◇ Tests of account details
- ◇ Analytical procedures
- ◇ Third party account confirmations
- ◇ Unpredictability tests
- ◇ Review of management's estimates
- ◇ Review of subsequent events and contingencies

Based on our review of the financial statements of The Natomas Basin Conservancy, we anticipate that our primary areas of audit focus will be:

- Financial reporting
- Impact of COVID-19 on the financial statements
- Impact of new GASB accounting standards
- Fund balance/net position classification
- Revenue recognition
- Valuation of receivables
- Valuation of investments
- Expense and accrual timing

Audit Sampling

Audit sampling provides the auditor an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive and compliance testing samples are generally selected using non-statistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas that have a higher risk of misstatement due to fraud.

Preparation of Audit Report and Review

The manager and engagement partner review audit workpapers throughout the audit. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner.

Upon approval, we will issue drafts of all reports based on a predetermined schedule allowing adequate time for review and distribution of reports.

Technological Advantages

We utilize the latest technology, including virtual servers, data analysis software and online libraries to provide us with the most up-to-date information to better serve our clients. First, our online client portal ShareFile gives us the capability of sending and receiving information to and from our clients faster and more securely. As portals are encrypted and use password protection to ensure that data can only be viewed by the appropriate client, we are dedicated to protecting the Conservancy's confidential information.

Protection and security of The Natomas Basin Conservancy's sensitive data is of utmost importance.

Furthermore, we streamline our audit process and organize support documents through use of the program CaseWare Working Papers. By effectively reviewing large volumes of data through these programs, we are able to develop a better understanding and gain a broader view of the Conservancy. These technologies enable us to increase both the scope of our engagement and the reliability of our audit opinion more efficiently, as a larger amount of information can be processed, analyzed and interpreted in a short time frame.

Work Paper Retention

Audit programs, workpapers and reports will be retained for a period of seven (7) years after the completion of the audit and made available for inspection by the Conservancy or outside auditors if requested by them.

FEE PROPOSAL

Just as commitment drives The Natomas Basin Conservancy, we are confident that our superior, proactive services will strengthen your Organization. Our goal is to provide high quality, reliable service at reasonable fees. Our fees are based on estimated hours and hourly rates, determined by each professional’s level of experience. Based on our estimate of the time required to complete the services described previously, our fees are expected to be as follows:

Total Not-to-Exceed Fee

Service	2020	2021	2022	Optional 2023	Optional 2024
Audit and prepare the financial statements of The Natomas Basin Conservancy	\$24,950	\$24,950	\$24,950	\$24,950	\$24,950
Management Letter	Included	Included	Included	Included	Included
Preparation of exempt organization tax returns	2,450	2,450	2,450	2,450	2,450
Attendance at Board meetings	Included	Included	Included	Included	Included
Out-of-Pocket Expenses	Included	Included	Included	Included	Included
Total (Not to Exceed)	\$27,400	\$27,400	\$27,400	\$27,400	\$27,400
Optional-Compliance report of the financial investments as they relate to the Conservancy’s investment policy, if requested.	\$ 1,950				

We encourage our clients to contact us throughout the year to discuss and obtain guidance for technical questions or other issues. **There is no additional charge** for these routine calls and / or emails.

Professional Fees for Additional Services:

MUN CPAs may also furnish other accounting services, which may include advisory and system accounting services as requested by The Natomas Basin Conservancy. If it should become necessary for the Conservancy to request MUN CPAs to render any additional services to either supplement the services requested, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Conservancy and MUN CPAs. Any such additional work agreed to between the Conservancy and MUN CPAs shall be performed at the quoted hourly rates listed below:

Staff Level	Standard Hourly Rates
Partner	\$ 275
Manager	190
Senior	150
Staff	130





MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP

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