

PROPOSAL FOR PROFESSIONAL SERVICES

Prepared for:

NASDCTEc and NCTEF

Submitted by:

GELMAN, ROSENBERG & FREEDMAN

Certified Public Accountants

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November 19, 2015

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Terri McKnight, CPA

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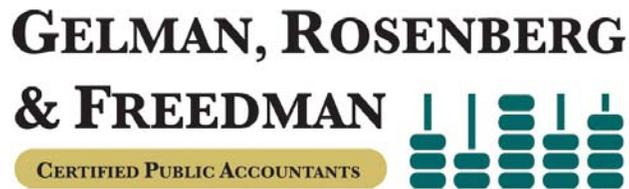
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November 19, 2015

Karen Hornberger
NASDCTEc and NCTEF
8484 Georgia Avenue
Suite 320
Silver Spring, MD 20910

Dear Ms. Hornberger:

We are pleased to have this opportunity to present our firm for consideration in the selection of auditors and tax specialists to provide professional services for the National Association of State Directors of Career Technical Education Consortium and the National Career Technical Education Foundation (NASDCTEc and NCTEF). We believe our experience providing audit, tax and consulting services to not-for-profit organizations makes us an excellent match for your organizations. Our proposal outlines the services we will provide, the cost involved in the engagement, and discusses our firm's background and qualifications.

For more than three decades we have specialized in the nonprofit industry. We currently work with more than 500 not-for-profit organizations, locally, nationally and around the world, which offers NASDCTEc and NCTEF a unique combination of industry best practices and technical expertise. Our motto "personal attention will never become obsolete" is the hallmark of our practice. We will proactively work with you to maximize your effectiveness and fiscal success.

I look forward to the opportunity to work with you and NASDCTEc and NCTEF. Please contact me at 301-951-9090 or via email at tmcknight@grfcpa.com with any questions you may have.

Sincerely,

Terri M. McKnight, CPA
Partner

4550 Montgomery Avenue, Suite 650 North, Bethesda, Maryland 20814
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A. AUDIT FIRM QUALIFICATIONS AND EXPERIENCE

The audit team at Gelman, Rosenberg & Freedman CPAs (GRF) has extensive expertise and experience with generally accepted accounting principles and generally accepted auditing standards as they apply to nonprofit institutions.

B. MINIMUM REQUIREMENTS

We affirm that the partner proposed for the NASDCTEc and NCTEF audit engagement, Terri McKnight, is a Certified Public Accountant licensed by the state of Maryland.

We affirm that GRF meets the independence standards of the American Institute of Certified Public Accountants' Code of Professional Ethics.

DECLARATION OF INDEPENDENCE FROM CLIENT

In accordance with GRF policy, each potential client is evaluated prior to acceptance to assure that no conflicts of interest exist relative to other clients or members of the firm's staff. Upon review, we have determined that there are no potential conflicts of interest with respect to our proposed engagement staff for the NASDCTEc and NCTEF engagement. To our knowledge we do not provide services to any companies that are a part of your organizations' value chains. We will proceed with complete independence to act on behalf of NASDCTEc and NCTEF's best financial interests.

We certify that the proposing firm or any individuals who will be working on this audit have not been suspended, debarred or accepted voluntary exclusion by the federal government or any government agency during the period covered by this solicitation.

PEER REVIEW REPORT

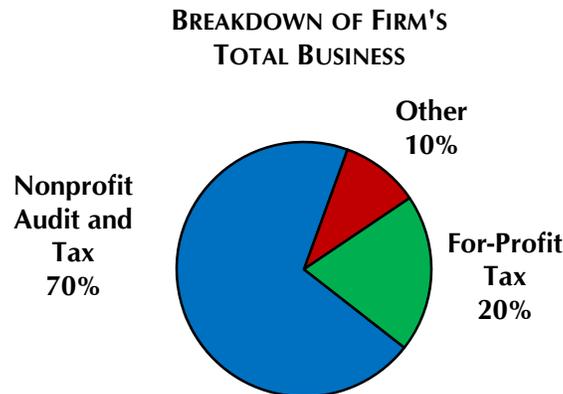
As a member of the Private Companies Practice Section, the firm is subject to external review by its peers of its quality control and professional standards every three years. Internal peer reviews are performed in the interim years. We have consistently received an unmodified opinion as a result of our peer review. A copy of our most recent "no comments" unmodified opinion, dated 2013, is included at the end of this proposal.

C. INFORMATION ABOUT GELMAN, ROSENBERG & FREEDMAN CPAs

Gelman, Rosenberg & Freedman CPAs (GRF) was established in 1981 and for more than 30 years has been helping nonprofit organizations, locally, nationally and around the world, comply with regulatory obligations, improve fiscal health and streamline operations through innovative and practical audit, tax and outsourced accounting services. Additionally, our firm provides a wide range of financial management solutions to government contractors, other for-profit entities, partnerships, trusts and individuals.

GRF is a professional corporation, located in Bethesda, Maryland, with 12 partners who are Certified Public Accountants. We were recognized by *Accounting Today* as one of its *Top Firms to Watch* in 2015, 2014 and 2013, and as a Top Corporate Philanthropist by the *Washington Business Journal* in 2013. In addition, GRF was named one of the *Best Accounting Firms to Work For* by *Accounting Today* and the Best Companies Group for 2015, 2014, 2012 and 2011. In 2013 and 2012, GRF was recognized by *INSIDE Public Accounting* in its annual list of Best of the Best Accounting Firms.

Our clients benefit from the efficiency and responsiveness of a single-office firm with 90+ people, including partners, principals and staff accountants, supported by paraprofessional and administrative personnel. There are 40 actively licensed CPAs working for the firm. GRF has more than 60 professionals devoting 100% of their time to the nonprofit sector. This single industry focus will bring NASDCTEC and NCTEF valuable insights and reduces the need for auditor education.



The cornerstones of our practice are strict attention to technical excellence, accuracy and proactive personal involvement. We have achieved a leadership role within the nonprofit community through our affiliations with organizations like the Center for Nonprofit Advancement, the American Society of Association Executives, the Maryland Association of Nonprofit Organizations, the Nonprofit Roundtable of Greater Washington, the Finance & Administration Roundtable, InsideNGO and InterAction.

Our client service capability is enhanced by the latest in computer technology including state-of-the-art equipment, providing staff access to spreadsheet, auditing, client accounting, tax planning, and research and database software. Our website (www.grfcpa.com) is linked to key client industry-related sites, the federal government and our own professional groups to keep clients aware of current developments and provide solutions for strong financial results.



GRF is a member of CPAmerica International, an affiliate of Crowe Horwath International. Our membership guarantees clients access to the advice and resources of more than 2,500 industry professionals at more than 80 accounting firms in the United States and at 150 firms in more than 100 countries around the world. This alliance gives us worldwide resources while maintaining local decision-making. Our clients can feel confident knowing that our firm has the capacity to call upon the proper service professionals to address specific needs.

GRF is a professional corporation of licensed Certified Public Accountants fully qualified to perform all services detailed in this proposal. The firm is in full compliance with all qualification requirements imposed by state or local law in the jurisdictions in which we perform services.

THE GRF MISSION

GRF's overall mission is to provide exceptional financial, tax and consulting services to our diverse client base. The cornerstones of our practice are as follows:

- **Technical Excellence** is the underlying core value for everything we do. We are committed to training and developing our staff to ensure that each client receives value through our technical expertise. Our firm fosters a company culture that values collaboration, professionalism and personal ownership to understand all of our clients' needs. This includes an understanding not only of your financial and accounting systems, but also your operations, people, history, culture, challenges and opportunities.
- **Personal Attention** and accessibility are the foundations of our philosophy on client service. Your engagement partner and her team directly participate at every level of the engagement, and they are readily available to discuss questions or concerns as they arise.
- **Ongoing Communication** is fundamental to the development of a successful partnership with all of our clients. The engagement team is accessible to you throughout the year. We proactively provide industry alerts about new accounting/tax regulations and best practice updates. Informal meetings with our clients give us the opportunity to discuss the industry, operating environment and the impact of financial management decisions.
- **Staff Continuity** is critical to building strong sustainable relationships with our clients. Members of the engagement team invest considerable time and effort becoming familiar with all of our clients' operations, their policies and procedures, and the external factors that influence operations. The more knowledgeable we become with each client's particular situation, the better able we are to respond efficiently to their needs. For this reason, it is beneficial to everyone to keep the engagement team intact from year to year to ensure that each client will be served by the individuals most familiar with their account.
- **Community Service** is not just an act of corporate responsibility but an integral component of leadership as well as personal and professional success. By participating in community service, everyone at GRF feels a stronger connection to the community, each other and the firm's mission. In addition to our firm-wide volunteering activities, partners and managers also engage in the nonprofit community by serving on boards of directors and committees.

We have also sponsored the Excellence in Chief Executive Leadership (EXCEL) award for nonprofit leadership since 2006. Supporting this award demonstrates our commitment to helping dedicated nonprofits achieve overall success to advance their missions.

- **Diversity** describes who we are as a firm. We believe our people should reflect the world in which we live and the clients we serve. Employing a diverse team provides unique and valuable perspectives that benefit both our firm and our clients. Of more than 90+ staff members, approximately half are from geographically and ethnically diverse backgrounds, and they speak 18 languages.

NONPROFIT AUDIT EXPERTISE

GRF is internationally recognized in the field of nonprofit auditing and tax compliance. We currently serve more than 500 tax-exempt organizations in the Washington, DC metropolitan region as well as nationally and worldwide, including organizations similar in operations and revenues to NASDCTEc and NCTEF. The nonprofit sector comprises nearly 100% of the firm’s total audit business.

Our auditing services involve more than issuing a report on financial statements. We view each audit engagement as an opportunity to evaluate the overall efficiency of an organization's internal accounting controls. All audits performed by our firm include discussions with management and written recommendations on how to improve significant deficiencies and material weaknesses that may come to our attention during the course of our work. We will also discuss best practice recommendations to enhance internal controls already established.

A critical niche within our client base is 501(c)(4) entities. Our audit professionals are trained and experienced with auditing tax-exempt entities and, more importantly, with the structure and unique operations of 501(c)(4) entities. Many of the (c)(4) groups with which we work have affiliated entities that are (c)(3) organizations, such as foundations and/or for-profit businesses. As highly trained auditors, we work to implement solutions that maximize client resources and support fiscal success.

EXPERIENCE LEVELS

Your engagement will be handled by our nonprofit department. The following table shows the breakdown of the professionals in our office who specialize in nonprofit services:

Staff Level	No.	Nonprofit Service Specialty
Partners/Principals	13	Nonprofit Audit, Consulting, Tax and Client Services
Managers	6	Nonprofit Audit, Consulting, Tax and Client Services
Supervisors	11	Nonprofit Audit, Tax and Client Services
Senior Staff	13	Nonprofit Audit, Tax and Client Services
Staff Accountants	18	Nonprofit Audit, Tax and Client Services

TAX PLANNING AND COMPLIANCE

We have particular expertise completing Forms 990, 990-T and 5500, as well as any corresponding state returns. Our tax research and planning resources include a complete library and computer access to national data banks. In addition to attestation and compliance matters, we have the capacity to work with NASDCTEc and NCTEF on such issues as:

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- Cost allocation
- Intermediate sanctions
- Lobbying regulations
- Organizational structure
- Pension and employee benefit plans
- Public support calculations
- Strategic tax planning
- UBIT issues

OPTIMIZING TAX PERFORMANCE

Form 990 is a public document and often the first introduction a potential donor may have to your organizations. Satisfying the IRS rules in completing the form is often no longer enough because potential donors may draw incorrect and even negative conclusions based on how information is presented on Form 990.

Our team of nonprofit tax partners/principals, managers and staff specialize in Form 990 preparation. Every Form 990 we prepare is reviewed by one of our nonprofit tax partners/principals, who have over 65 years of combined nonprofit tax compliance and consulting experience. Our nonprofit tax team works with clients to provide a Form 990 that not only meets IRS guidelines but enables the organization to “put its best foot forward” to the readers, including current and potential donors, media outlets, state attorneys general and the IRS.

Where unrelated business income is an issue, we apply our knowledge of current tax law to minimize liabilities, protect exempt status and ensure that our clients benefit from every available opportunity to manage and minimize their tax exposure.

We realize the importance of understanding each client’s unique situation and closely monitor ever-changing tax laws and regulations. Our nonprofit tax specialists are available to answer questions and help your organizations with any tax issues that arise during the year.

REFERENCES

Surety and Fidelity Association of America and Foundation

Lynn Schubert, President
202-463-0600

American Public Gas Association

Bert Kalisch, Chief Executive Officer
202-464-2742

National Association of Retail Collection Attorneys

Mark Drobosz, Executive Director
202-861-0706

ENGAGEMENT TEAM – EXPERIENCED MANAGEMENT

Personal attention, accessibility and proactive communication are the foundations of our philosophy on client service. Your Engagement Partner Terri McKnight and her team will directly participate in NASDCTEc and NCTEF's audit engagement. They will be involved in every phase of the work and readily available to discuss questions or concerns. We will staff the engagement with other highly qualified professionals who have extensive experience in auditing nonprofit organizations similar to yours.

➤ **TERRI M. MCKNIGHT, CPA** – Engagement Partner



Terri M. McKnight, CPA is a partner at Gelman, Rosenberg & Freedman CPAs. In addition, she has been director of the firm's Audit Department for 12 years. Ms. McKnight has more than 27 years of accounting and auditing experience. Her primary focus has been auditing and consulting for organizations within the nonprofit industry, including private voluntary organizations, trade and membership associations, international non-governmental organizations (NGOs), community-based entities, museums, private foundations and other charitable institutions. Ms. McKnight works locally, nationally and internationally on behalf of her clients.

Her responsibilities include managing all phases of nonprofit audit and consulting engagements, including audits in accordance with OMB Circulars A-110, A-122 and A-133. She has assisted numerous organizations in the development of accounting policies and procedures to enhance internal controls. She also works with Boards of Directors to establish good governance practices.

When Ms. McKnight became partner in 2002, she assumed the responsibilities of director of the audit department. As director, Ms. McKnight oversees firm quality control, recruiting, training and practice development. She is also the firm's representative to the AICPA Governmental Audit Quality Center.

In September 2015, Ms. McKnight co-presented on OMB Grant Reform: CFR 200 'Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards' for more than 100 GRF clients, to highlight updates made to federal compliance regulations related to OMB Circular A-133 and other federal compliance requirements. She previously co-presented on the same subject matter in March 2015. Earlier, Ms. McKnight co-presented a workshop on how nonprofits can prevent fraud for the American Society of Association Executives' Finance and Business Operations Symposium.

Ms. McKnight has also written articles and presented seminars throughout the nonprofit community related to governance best practices, new accounting standards and the effects of Sarbanes-Oxley. Her article, "Minimizing Fraud Opportunities at Your Nonprofit Organization" was published on the Nonprofit Accounting Basics website. Ms. McKnight also co-presented a workshop on how nonprofits can prevent fraud for the American Society of Association Executives' Finance and Business Operations Symposium.

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Before joining GRF, Ms. McKnight spent over four years working with a large national CPA firm performing audits for nonprofit organizations as well as for-profit companies in the United States and internationally. She also spent two years as a controller in the private sector, developing and implementing accounting and internal control procedures, preparing budgets and financial forecasts, and consulting on investment decisions and employee benefit plans. Her corporate experience, combined with more than two decades of expertise in public accounting, provides her clients with a broad understanding of financial management issues from both public and private perspectives.

Ms. McKnight earned her Bachelor of Science degree in accounting, cum laude, from Christopher Newport College in Virginia. She is a Certified Public Accountant licensed in the Commonwealth of Virginia with reciprocal licenses in the state of Maryland and the District of Columbia. She is a member of the American Institute of Certified Public Accountants, the Virginia Society of CPAs, the Maryland Association of CPAs, the Greater Washington Society of CPAs, the Finance & Administration Roundtable, InsideNGO and the American Society of Association Executives.

In addition, Ms. McKnight is a member of the National Association of Professional Women. She was named a 2013/2014 Professional Woman of the Year. Recently, Ms. McKnight was awarded the 2014 Distinguished Alumnus of the Year Award from her alma mater, Christopher Newport University.

For the past nine years, Ms. McKnight has volunteered at the board level for the Ovarian Cancer National Alliance. She spent seven years as board treasurer and two years as board president. She is currently the immediate past president of the Board of Directors and serves as a member of the Executive Committee. Ms. McKnight also serves as a member of the Board of Directors for the Christopher Newport University Educational Foundation. Ms. McKnight is a past treasurer of the Wendt Center for Loss and Healing.

➤ **AMY BOLAND, CPA** – *Technical Review Partner*



Amy Boland, CPA is an audit partner at Gelman, Rosenberg & Freedman CPAs with more than 20 years of experience in auditing and public accounting. She concentrates her skills in the specialized field of audits of nonprofit organizations including associations, private voluntary organizations and other charitable institutions.

She is responsible for all aspects of client service and engagement administration, and interacts with client management and staff to plan engagements, resolve problems, and suggest procedures to improve the accounting process and internal controls. Additionally, she oversees budgeting and the supervision of audit staff to ensure the efficient completion of fieldwork.

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In September 2015, Ms. Boland co-presented a webinar on OMB Grant Reform: 2 CFR 200 'Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards' for an audience of over 100 individuals, to highlight updates made to federal compliance regulations related to OMB Circular A-133. She previously co-presented on the same subject matter in March 2015.

Ms. Boland assists in the planning and budgeting of audits in accordance with OMB Circulars A-122 and A-133, and supervises audit staff on multiple engagements. She performs audits on behalf of most federal agencies, most frequently for USAID grantees, and with our international PVO team to assist clients with global activity in strengthening field office controls, and establishing policies and procedures to ensure grant compliance.

Ms. Boland earned her Bachelor of Science degree in accounting at the Pennsylvania State University. She is a member of the American Institute of Certified Public Accountants, the Greater Washington Society of CPAs, the Maryland Association of CPAs, the Pennsylvania Institute of CPAs and the Institute of Management Accountants' Small Business Committee. Ms. Boland is also the treasurer of the American Association of Suicidology and is active in the nonprofit community.

➤ **JOYCE MONTEMAYOR, CPA** – *Engagement Supervisor*



Joyce Montemayor, CPA is an audit supervisor at Gelman, Rosenberg and Freedman CPAs, responsible for performing and reviewing staff fieldwork for audits of nonprofit organizations including associations, private voluntary organizations and other charitable institutions. She is experienced in auditing organizations in accordance with OMB Circulars A-110, A-122 and A-133. As a leading member of audit teams, she coordinates interactions between firm and client staff, and ensures engagements are completed in a timely, accurate and efficient manner.

Prior to joining GRF in January 2013, she worked with Ernst & Young for five years. She earned her Bachelor of Science in accountancy from the Philippines. She is a Certified Public Accountant in both the Philippines and the United States.

➤ **SENIOR AUDITOR**

The senior auditor will be assigned once specific dates for the audit have been scheduled. The senior auditor chosen will have at least three to seven years of experience auditing nonprofit organizations similar to NASDCTEc and NCTEF.

➤ **STAFF ASSOCIATE**

We will assign other individuals to the engagement based on the level of experience required in each area of service. All members of the engagement team will be experienced in auditing organizations similar to NASDCTEc and NCTEF.

PROFESSIONAL DEVELOPMENT AND CONTINUING EDUCATION

Training and developing our staff is a strategic focus at GRF. Our firm tailors specific, individualized training for every member of the GRF audit staff – from partners to staff accountants. We require our professionals to complete a minimum of 40 hours of continuing education each year. Many exceed this requirement by 10-20+ hours. This ongoing learning allows us to bring new ideas, interaction and best practices to the table.

STAFF CONTINUITY

Building strong, sustainable relationships through staff continuity is a critical aspect of our philosophy on client service. We understand that a primary concern of many clients is continuity of people assigned. Members of our engagement team will invest considerable time and effort becoming familiar with your organizations, their policies and procedures, and the external factors that influence operations. The more knowledgeable we become with your particular situation, the better able we are to respond efficiently to your needs. For this reason, it is beneficial to both of us to keep the engagement team intact from year to year to ensure that you will be served by the individuals most familiar with your account.

D. GENERAL REQUIREMENTS

CONTACT INFORMATION FOR THE PROPOSER

Gelman, Rosenberg & Freedman
Certified Public Accountants
4550 Montgomery Avenue, Suite 650 North
Bethesda, MD 20814
Phone: (301) 951-9090
Fax: (301) 951-3570
www.grfcpa.com

Date: November 19, 2015

Contacts:

Terri McKnight, CPA
tmcknight@grfcpa.com

Joyce Montemayor, CPA
jmontemayor@grfcpa.com

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UNDERSTANDING OF THE WORK TO BE DONE

Based on our understanding of your current level of operations, we propose to perform the following specific services:

SCOPE OF SERVICES	GRF TEAM
Audit <ul style="list-style-type: none"> ▪ Audit the combined financial statements of the National Association of State Directors of Career Technical Education Consortium and the National Career Technical Education Foundation (NASDCTEc and NCTEF) for the fiscal year ending June 30, 2016, in accordance with auditing standards generally accepted in the United States of America ▪ Prepare a management letter concerning your operations and administrative procedures 	Terri McKnight Joyce Montemayor Senior Auditor Staff Associate
Audit Report <ul style="list-style-type: none"> ▪ Issue the final reports, pending your approval of the drafts ▪ Present to the Board of Directors, as requested 	Terri McKnight

GRF commits to perform the work within the time period specified in the proposal.

E. TOTAL PRICE OF THE ENGAGEMENT

We value the opportunity to begin a relationship with NASDCTEc and NCTEF and will closely monitor this engagement to ensure it is completed efficiently while maintaining high professional standards. Fees are based on standard hourly rates. However, because of the nonprofit nature of your organizations, the fee below reflects an overall discount to our hourly rates and a 100% waiver for all start-up costs. Based on our discounted rate structure, the fee for the engagement will be as follows:

<i>Audit of the combined financial statements of the National Association of State Directors of Career Technical Education Consortium and the National Career Technical Education Foundation (NASDCTEc and NCTEF), for the year ending June 30, 2016, in accordance with auditing standards generally accepted in the United States of America and management letter:</i>		
Engagement Partner (T. McKnight):	4 hours @ \$450	\$1,800
Technical Review Partner (A. Boland):	1 hour @ \$380	380
Engagement Supervisor (J. Montemayor):	16 hours @ \$260	4,160
Senior Auditor:	60 hours @ \$190	11,400
Staff Associate:	16 hours @ \$170	2,720
		20,460
	<i>Less fee discount</i>	<u>(5,460)</u>
	Audit Subtotal	<u>\$15,000</u>

FUTURE YEARS

To further demonstrate our desire to begin a long-term relationship with NASDCTEc and NCTEF, we will make the commitment now that, assuming there is no significant change in your level of operations (more than 15%), the audit fees for future years will increase no more than 4% per year.

OUT-OF-POCKET COSTS

All administrative time is included in the fee. Out-of-pocket costs for items such as travel, parking and preparation of bound financial statements will be billed separately and will not exceed \$500.

BILLING METHODOLOGY

We bill clients on a monthly basis according to services rendered during that time period and expect payment promptly upon receipt of each invoice.

In accordance with firm policies, late fees of 1½% per month will be charged on amounts more than 30 days past due. We will not bill you for any costs incurred due to inaccurate estimates on our part. However, should we incur additional costs that are client-imposed, we will notify you in advance of extending our services.

COST OVERRUNS

We want to serve as a resource to you and welcome your questions or requests for help. Routine calls are encouraged, and you will not be billed for these minor requests. We do, however, bill you based on the time spent for lengthy discussions or questions that require in-depth research. We will not exceed the engagement limits unless unusual circumstances occur and will not bill you for any costs incurred due to inaccurate estimates on our part. If significant unforeseen events should occur, modifications in the billing schedule may become necessary.

We will issue regular progress reports during the engagement, and will provide you with an opportunity to resolve problems that may delay progress or increase our billable hours. We will notify you in advance of extending our services and, to the extent possible, discuss any potential billing adjustment before incurring costs.

F. AUDIT ADMINISTRATION

ENGAGEMENT TIMING

We are sensitive to your need for timely financial information and assure you that all work will be completed within your specified time frame. Our ultimate goal is to work with you to ensure that your deadlines are met in accordance with the needs of your organizations. We will hold an entrance conference with you at your convenience to discuss audit procedures, schedule for the completion of audit fieldwork, information needed, and other pertinent matters.

Our fieldwork will begin on a agreed-upon date in September, assuming your records are complete and ready for audit. We will hold our exit conference at the conclusion of the fieldwork to discuss our observations and recommendations, and will present draft reports on the financial statements and a draft management letter to you within two to three weeks. We will allow time for your response to our comments. The final report on the financial statements and the management letter will be issued after your approval of the drafts. We understand that the audit needs to be completed by the early December Finance/Audit Committee meeting and the subsequent January board meeting.

RECORDS RETENTION POLICY AND REASONABLE ACCESS

GRF will make our audit and tax preparation work papers available to NASDCTEc and NCTEF upon request. All audit workpapers will be retained for five years after the final annual audit performed by GRF. In addition, the firm agrees to respond to the reasonable inquiries of any successor audit firm and to allow those firms to review work papers relating to matters of continuing accounting significance.

ADDITIONAL INFORMATION

CONSULTATION AND COMMUNICATION

Ongoing communication is fundamental to the development of a successful partnership between NASDCTEc and NCTEF and our firm. Your Engagement Partner Terri McKnight will be readily accessible to you. She will also be available throughout the year to discuss special situations and will meet with you periodically for updates on the status of NASDCTEc and NCTEF's programs and finances. These informal meetings will provide the opportunity to discuss new accounting regulations and address conceptual issues concerning the direction of your organizations and the impact of financial management decisions.

Beyond the traditional scope of our engagement, and at no additional cost, we will also communicate via e-newsletters, email industry alerts, tax updates and invitations to relevant educational seminars throughout the year. These resources offer timely information about current tax laws, accounting principles and other important issues that affect your organizations.

ELECTRONIC NEWSLETTERS

We provide the following six electronic newsletters:

- ***“More than Money”*** – This biweekly e-newsletter highlights financial information, management issues and legislative acts that impact nonprofit organizations. *More Than Money* tracks current changes and discusses financial strategies and tax issues.
- ***“Fraud Matters”*** – This monthly e-newsletter concentrates on ways you can prevent and detect fraud at your organizations. Highlighted topics include telltale signs of fraud, ways to improve internal controls, the impact of fraud on small businesses, effective measures that prevent fraud, online fraud issues and much more.

- **“Financial Focus”** – This monthly e-newsletter provides financial, tax and general business articles of concern to owners of closely held businesses, wealthy individuals and anyone interested in keeping up to date with current tax concerns. *Financial Focus* provides two articles in each issue as well as the *Washington Tax Update*, an additional suite of news articles.
- **“Valuations Plus”** – Targeted toward attorneys, this biweekly e-newsletter focuses on business valuations, litigation support, expert witness testimony and law firm practice management.
- **“Exit Strategies”** – This bi-weekly e-newsletter provides business owners educational articles regarding the successful succession from their business. Each issue of *Exit Strategies* contains articles that cover topics such as exit timeline, identifying "key" employees, buy-sell agreements, business value and many more.
- **“GovCon Insights”** – This e-newsletter provides one monthly article that spotlights areas of financial and operational concern to businesses that contract with the federal government. Articles may be of interest to business owners looking for insights on how to successfully understand and manage the federal grants process.

You will receive a complimentary subscription to *More Than Money* and have the opportunity to subscribe to the other e-newsletters on our website or by letting us know they are of interest.

PROFESSIONAL DEVELOPMENT SEMINARS

Because we recognize the value of meeting face-to-face with our accounting professionals and other service providers, we schedule complimentary events to provide you with the professional insights you need for your nonprofit organizations. Below are some of our past and upcoming offerings:

- “How to Implement Subpart F Audit Requirements under CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit for the Auditor and Auditee” (hosted by the Greater Washington Society of CPAs; presented by Gelman, Rosenberg & Freedman), December 4, 2015
- “Maximizing the Audit Experience for Nonprofits” (hosted by 501(c) Services; presented by Gelman, Rosenberg & Freedman), November 4, 2015
- “OMB Grant Reform” (hosted and presented by Gelman, Rosenberg & Freedman), September 30, 2015
- “QuickBooks—Internal Controls” (hosted by the Anne Arundel County Chapter of MACPA, presented by Gelman, Rosenberg & Freedman), September 21, 2015
- “Strategic Planning for Your Nonprofit’s Future” (hosted and presented by Gelman, Rosenberg & Freedman, Rembert Pendleton Jackson and Stout & Teague), August 18, 2015

- “Tax War Stories: Tales from the Front / Form 990 / Ask the Experts Panel: Tax” (hosted by the American Institute of CPAs; presented by Gelman, Rosenberg & Freedman), June 15-17, 2015
- “Understanding UBIT for Digital and Online Activities” (hosted by the University of Texas Higher Education Taxation Institute; presented by Gelman, Rosenberg & Freedman), June 7-9, 2015

More information about the full suite of our professional resources can be found by visiting our website at www.grfcpa.com/resources.

THE GRF ADVANTAGE – WHY WE ARE UNIQUE

We would like to emphasize the following reasons why we believe NASDCTEc and NCTEF will benefit from a relationship with our firm:

- NASDCTEc and NCTEF will receive *fresh, independent perspectives* and industry *best practices* learned from working with *our current roster of more than 500 nonprofit organizations to improve your financial operations*.
- *NASDCTEc and NCTEF will benefit from an experienced partner* who will take a proactive role in consulting with your organizations on relevant issues, i.e., operational structure and efficiency, changes in regulations affecting the industry environment and internal control issues.
- NASDCTEc and NCTEF will benefit from our *continued involvement with management during the year* to ensure that we remain knowledgeable about changes in operations. We will also keep you updated on changes in auditing standards, pronouncements from OMB or changes from the IRS that impact your organizations.
- The audit and the form 990 preparation process is just one aspect of our relationship with our clients. Our firm was founded on the philosophy that we do not just provide services to the nonprofit community; we are part of the nonprofit community, and philanthropy is a strong part of our culture. We are passionate about what our clients do and for that reason, *nonprofit organizations and the nonprofit community as a whole are the cornerstones of our practice*.
- We will identify risk areas to help *head off issues* before they become compliance problems.
- In the interest of establishing a relationship with NASDCTEc and NCTEF, *we will offer a discount to our hourly rates and absorb all start-up costs*.
- NASDCTEc and NCTEF will benefit from making a *smooth transition to a new audit firm*. Our extensive expertise providing financial management solutions to nonprofits ensures that our learning curve will be minimal, as we have encountered many of the issues that are unique to tax-exempt organizations and their operations.

- Our *affiliation with CPAmerica International* offers NASDCTEc and NCTEF national and international resources. This worldwide alliance of independent CPA firms provides unique access to national and international markets, enhances our training programs and opens a resource network in every area of our profession.
- Our *“Client First” Service Approach* requires that we understand not only NASDCTEc and NCTEF’s financial and accounting systems, but also your operations, people, history, culture, challenges and opportunities. By providing responsive service and understanding what your organizations are trying to accomplish, we can ensure you will receive maximum value from the engagement.

STATEMENT OF INDEPENDENCE

As a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants, Gelman, Rosenberg & Freedman does not audit publicly held companies; however, our independence as auditors is no less critical to our clients who have a fiduciary responsibility to their members, boards and contributors. The validity of the opinion they receive from their auditors cannot be compromised by a lack of objectivity or independence. We have therefore adopted the following policy regarding our services to audit clients:

“In order to ensure that our services meet the highest standards of independence, it is the firm's policy to comply with the provisions stated in the Sarbanes-Oxley Act, and those provisions stated by the Office of Management and Budget (applicable to exempt organizations receiving federal funds) in performing attestation services for all clients. This means that we will not provide any services to our audit clients that may compromise our actual or perceived independence.

Further, we insist that all services requested by our clients, which are not otherwise prohibited, be reviewed and approved by the organization's Audit Committee and/or Board of Directors prior to commencing the engagement.”

PARTIAL CLIENT LIST

Accrediting Commission of Career Schools
and Colleges
Action Against Hunger – USA
Action Contre La Faim
Advocates for Youth
Africare
Alliance of Artists and Recording Companies
American Association for Marriage and
Family Therapy
American Association for the Study of Liver
Diseases
American Association of Anatomists
American Association of Pharmaceutical
Scientists
American Bird Conservancy
American Fisheries Society
American International Health Alliance
American Medical Informatics Association
American Rights at Work
Asphalt Emulsion Manufacturers Association
Association for Advanced Life Underwriting
Association of Community Cancer Centers
Association of Research Libraries
Campaign for America's Future
Campaign for Community Change
Campaign to End Obesity
Capitol Hill Day School
Center for Investigative Reporting
Center for Law and Social Policy
Chesapeake Bay Foundation
Community Health Facilities Fund
Congressional Hispanic Leadership Institute
Corporation for Enterprise Development
Crossway Community, Inc.
Counterpart International Foundation
Doorways for Women and Families
Empire State Pride Agenda
Eurasia Foundation
Greater Washington Board of Trade
Halt, Inc.
Heritage Preservation, Inc.
Hitachi Foundation
Human Rights Campaign
Institute for America's Future
Institute of Global Environment and Society
International Test and Evaluation Association
Jane Goodall Institute
League of Conservation Voters
Marine Corps University Foundation
Mary's Center for Maternal and Child Care
Meadowbrook Foundation, Inc.
Mechanical Contractors Association of
America
National Association of Alcohol and Drug
Abuse Counselors
National Association of Community Health
Centers
National Association of Councils on
Developmental Disabilities
National Association of Development
Organizations
National Association of Public Hospitals and
Health Systems
National Coalition on Healthcare
National Health Care Anti-Fraud Association
National Indian Education Association
National Partnership for Women and Families
National Puerto Rican Coalition
New Israel Fund
NPWF Action Fund
Outdoor Power Equipment Institute
Oxfam GB
Perry School Community Service Center
Progressive States Action
Public Campaign Action Fund
Senior Citizens League
Society for Neuroscience
Tostan, Inc.
Toxicology Forum
US Internet Industry Association
World Bank Community Connections Fund

CLIENT TESTIMONIALS

“The American Association for the Study of Liver Diseases (AASLD) appreciates the superb quality services rendered by Gelman, Rosenberg and Freedman (GRF) over the last decade. While AASLD has enjoyed highly-skilled and qualified GRF managers and staff over the years, Ms. Terri McKnight, the lead partner, has been the glue in providing the continuity and leadership throughout. Her understanding of the complexities and nuances of AASLD's business has tremendously streamlined audits. With her leadership, I am confident that every internal control step established by AASLD is tested to ensure that AASLD complies with the best accounting internal control policies and procedures.

Additionally, of the many contributions Terri brings to AASLD, I am particularly impressed with her uncanny ability to report AASLD's financial results of operations, financial position and changes in cash flows to the Finance Committee and the Governing Board in person and over the phone in ways that the members understand. The members feel confident after her presentation that there is transparency in the reports and that they have received full disclosure.

I would be delighted to recommend Gelman, Rosenberg and Freedman to anyone interested in value added and excellent quality service.” – **Nellie Sarkissian, Chief Operations Officer, American Association for the Study of Liver Diseases**

[American Association for the Study of Liver Diseases](#) is a nonprofit organization that works to advance the science and practice of hepatology, liver transplantation and hepatobiliary surgery, thereby promoting liver health and optimal care of patients with liver and biliary tract diseases.

“For the past 12 years, the accounting firm of Gelman, Rosenberg & Freedman has consistently provided the Chesapeake Bay Foundation (CBF) with superior services. The Gelman, Rosenberg and Freedman team, led by partner Terri McKnight, is knowledgeable about the nuances of the nonprofit industry, as well as attentive and thorough in their responses to any questions and concerns. The continuity of staff during audit engagements contributes to an effective and timely process, and ensures that the best internal controls, policies and procedures are firmly in place. CBF would recommend Gelman, Rosenberg and Freedman to anyone in need of a high-quality accounting firm.” – **Fay Nance, Chief Financial Officer, Chesapeake Bay Foundation**

[Chesapeake Bay Foundation](#) works to save the bay and keep it saved.

"The National Association of Public Hospital & Health Systems has been a client of Gelman, Rosenberg & Freedman for many years because of the personalized service we receive from Audit Partners Michael Freedman and Terri McKnight. In fact, I can call anyone from any GRF department and know I will be well-assisted in a timely manner, which makes my job easier. Working with Terri has been a pleasure. She is always well-prepared and flexible when it comes to scheduling. Whether it's addressing questions on overhead or meeting with the Audit Committee, Terri has been extremely approachable. In addition to GRF's personal service, I value the firm's understanding of the nonprofit environment and especially enjoy when they host educational seminars." – **Rhonda Gold, Vice President for Finance and Administration/Chief Financial Officer, the National Association of Public Hospital & Health Systems**

[NAPH](#) represents more than 100 of America's most important safety-net hospitals and health systems. These facilities provide high-quality health services for all patients, including the uninsured and underinsured, regardless of ability to pay

"I am so pleased to have Gelman, Rosenberg & Freedman as a resource. I can't remember ever being so thrilled with an accounting firm during my twenty-five year career. Terri McKnight is solid gold. Her audit approach has taken APA's engagement to the next level. The audit is managed with such effectiveness and ease that I am able to play a less active role and concentrate on my other responsibilities. I trust Terri to take the lead on the audit and it goes smoothly. APA employees involved in the audit process are also pleased. The follow-up work, after the field work is completed, is minimal. Terri provides consistent, quality service as an active participant and an engaged partner while respecting the firm's independence.

Recently, APA has gone through a merger. Terri has been instrumental in the development of a merger timeline and she has assisted us with how to properly record the transaction. In addition, APA has an extremely difficult UBIT operation. GRF's nonprofit tax department has tackled this calculation, exercised cost-saving strategies and guided us through the documentation process." – **Marybeth Long, Former Director of Accounting, American Psychiatric Association**

[American Psychiatric Association](#) is committed to ensuring humane care and effective treatment for all persons with mental disorders, including mental retardation and substance-related disorders.

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FREDERICK, MD 21701-5589
301-696-1926
FAX: 301-696-1933

BELCAMP

SUITE 302
4692 MILLENNIUM DRIVE
BELCAMP, MD 21017-1535
410-272-1680
FAX: 410-272-4290

www.ethet.com

SYSTEM REVIEW REPORT

To the Shareholders of
Gelman, Rosenberg & Freedman CPAs, P.C.
and the Maryland Association of Certified Public Accountants' Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Gelman, Rosenberg & Freedman CPAs, P.C. (Firm) in effect for the year ended September 30, 2012. Our peer review was conducted in accordance with Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. 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. The nature, objectives, scope, limitations of, and the procedures performed in a system review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Gelman, Rosenberg & Freedman CPAs, P.C. in effect for the year ended September 30, 2012 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*. Gelman, Rosenberg & Freedman CPAs, P.C. has received a peer review rating of *pass*.



ELLIN & TUCKER, CHARTERED
Certified Public Accountants

Baltimore, Maryland
October 31, 2012

May 20, 2013

David F Graling, CPA
Gelman, Rosenberg & Freedman, CPAs, P. C.
4550 Montgomery Ave Ste 650n
Bethesda, MD 20814

Dear Mr. Graling:

It is my pleasure to notify you that on May 20, 2013 the Maryland Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is March 31, 2016. This is the date by which all review documents should be completed and submitted to the administering entity. If your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Michael P Manspeaker
Chairman
443 632-2330

cc: W. Donald Maschal

Firm Number: 10097203

Review Number 342678