

HomeTech Charter School

6249 Skyway

Paradise, CA 95969

(530) 872-1171

Gail Kemp, Interim Principal/Superintendent

Governing Board Meeting

3:00 P.M. in Room 6 – Special Meeting

March 19, 2020

Agenda

3:00 Open Public Session

No Closed Session Scheduled for this Meeting

1.0 Opening Business

1.1 Call to Order Regular Meeting and Roll Call

- | | |
|-------------------|------------------|
| ○ Tom Brogden | ○ Krista Enos |
| ○ Wendy Lightbody | ○ Kristine Greer |
| ○ Tina Hamm | ○ Eric Rein |
| ○ Gail Kemp | |

1.2 Pledge of Allegiance

2.0 Approval of March Special Agenda

3.0 Items from the Public

During the public comment section of the meeting, visitors may address issues that do not appear on the agenda. The law does not allow the Board to take action on items not appearing on the agenda. If visitors wish to address issues listed on the agenda, they may do so at the time the item is addressed by the Board. The Board may limit comments to no more than three minutes per speaker and 15 minutes per topic.

4.0 Communications/Reports

- 4.1 Board Member Comments/Reports
4.2 Principal's Report

5.0 Discussion Items

6.0 Action Items

- 6.1 Consideration and Approval of Resolution to Provide Board President and the Superintendent to Unilaterally Take Action to Respond to COVID-19 First Reading/Action
- 6.2 Consideration and Approval of Auditing Services First Reading/Action

7.0 Consent Agenda

Items listed in the consent agenda are considered routine and are acted upon by the Board in one motion. There is no discussion of these items prior to the Board vote unless a member of the Board, staff, or public requests specific items be discussed and/or removed from the consent agenda. Each item on the consent agenda approved by the Board shall be deemed to have been considered in full and adopted as recommended.

8.0 Next Meeting Dates – April 20, 2020 @ 3:00 P.M.

9.0 Adjournment

Disability Information:

Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids, or other services), please contact the HomeTech Charter School at 872-1171 Ext. 11 at least 1 working day in advance of the meeting.

Date: March 18, 2020

AUTHORIZATION TO PROVIDE BOARD PRESIDENT AND THE SUPERINTENDENT AUTHORITY TO UNILATERALLY TAKE ANY AND ALL NECESSARY ACTIONS TO PREPARE AND RESPOND EFFECTIVELY TO THE NOVEL CORONAVIRUS (COVID-19) RESOLUTION DECLARING EMERGENCY CONDITIONS EXIST AT HOMETECH CHARTER SCHOOL

WHEREAS, the HomeTech Board of Directors (“Board”) governs the HomeTech Charter School (“Charter School”), a nonprofit public benefit corporation, within the confines of both federal and state statutes governing charter schools and nonprofit corporations.

WHEREAS, on March 4, 2020, the Governor of California declared a State of Emergency due to the outbreak and spread of a novel coronavirus (COVID-19); and

WHEREAS, as of March 18, 2020, there are more than 470 cases reported of COVID-19 in California and officials expect the number of cases to increase; and

WHEREAS, strict compliance with various statutes and regulations would prevent, hinder or delay appropriate actions to prevent and mitigate the effects of COVID-19

WHEREAS, it is imperative to prepare for and implement measures to respond to the potential spread of COVID-19; and

WHEREAS, it is imperative to have the tools to ensure the health and safety of students, staff, and families on our campus; and

WHEREAS, it is imperative to have the tools to ensure student learning continues if student education needs to be conducted from alternate locations or virtual learning environments; and

WHEREAS, it is imperative that employees be allowed to take a leave of absence due to being quarantined or sick from Coronavirus or illnesses with similar symptoms (e.g., cough, fever, shortness of breath) without suffering pay loss; and

WHEREAS, the protection of the health and safety and preservation of the lives and property of the people of the State from the effects of natural emergencies such as COVID-19 which may result in conditions of disaster or in extreme peril to life, property, and resources is of paramount State importance requiring the responsible efforts of public and private agencies and individual citizens, and all public employees required to serve as disaster service workers subject to such disaster service activities as may be assigned to them by their superiors or by law under Government Code 3100; and

WHEREAS, the Charter School may have urgent needs to expedite COVID-19 related matters that require immediate attention and decision making that may be limited by the regular meeting schedule of the Board. We also have the ability to have special board meetings and the Board will continue to use these meetings to discuss all matters as needed.

NOW, THEREFORE BE IT RESOLVED, That the HomeTech Charter School Board of Directors:

(1) Determines that the circumstances described in the Resolution herein constitute an emergency condition;

2. (2) By unanimous vote authorizes the execution of contracts in excess of amounts outlined in policy to respond to the emergency conditions at the charter school; and
3. (3) Authorize the President of the Board, Krista Enos, and/or the Superintendent of the school, Gail Kemp, to take any and all actions necessary to ensure the continuation of public education, and the health and safety of the students and staff at the school, including, but not limited to: the relocation of students and staff, provision of alternative educational program options, provision of leave of absence to employees with pay due to quarantine or sick from COVID-19 or illnesses with similar symptoms (cough, fever, shortness of breath) or co-habitants of any individuals without any impact to their benefit time, directing staff to serve as disaster service workers, and/or make alterations, repairs or improvements to school property.
4. (4) This grant of authority is limited to COVID-19 related matters and until December 31, 2020.

The foregoing Resolution was introduced by Board Member _____, who moved its adoption, second by Board Member _____, and adopted on roll call on March 19, 2020.

AYES:

NOES:

ABSENT OR ABSTAIN:

**BUTTE COUNTY OFFICE OF EDUCATION
POTENTIAL AUDIT FIRMS
For Audits Conducted for the period ending 6/30/2020**

Christy White Accountancy Corp.
348 Olive Stree
San Diego, CA 92103
www.christywhite.com

Cichella & Tokunaga, LLP
Attn: Gary T. Cichella, CPA
4671 Golden Foothill Parkway, Suite 101
El Dorado Hills, CA 95762
(877) 359-9588

Clifton Larson Allen LLP
Attn: Elizabeth M. Spencer
2210 East Route 66
Glendora, CA 91740
(626) 857-7300

Crowe Horwath LLP
Attn: Matthew Nethaway
400 Capitol Mall, Suite 1400
Sacramento, CA 95814-4434
(916) 441-1000

Gilbert Associates, Inc.
Attn: Thomas M. Gilbert, CPA
2880 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
(916) 646-6464

HM&S - Horton, McNulty, & Saeteurn
3013 Ceres Avenue
Chico, CA 95973-7898
(530) 893-6673

James Marta & Company LLP
Attn: James P. Marta, CPA
701 Howe Avenue, Suite E3
Sacramento, CA 95825
(916) 993-9494
contact@jpmcpa.com

These are the Auditors that have a close proximity to Butte County. If you wish to go to the state website to see the entire list, please click the link:

Mann, Urrutia, Nelson, CPAs & Associates, LLP
Attn: Michelle O. Nelson, CPA
2515 Venture Oaks Way, Suite 135
Sacramento, CA 95833
(916) 929-0540

SingletonAuman PC
Attn: Clay Singleton
1740 Main Street
Susanville, CA 96130
(530) 257-1040

Squar Milner LLP
Attn: James A. Rotherham
3655 Nobel Drive, Suite 300
San Diego, CA 92122
(858) 597-4100

Steven Roatch Accountancy Corp.
Attn: Steven Roatch
P.O. Box 2196
Folsom, CA 95763-2196
(916) 966-3883

Vincenti, Lloyd, Stutzman LLP
2210 E. Route 66, Suite 100
Glendora, CA 91740
www.vlslip.com
info@vlslip.com

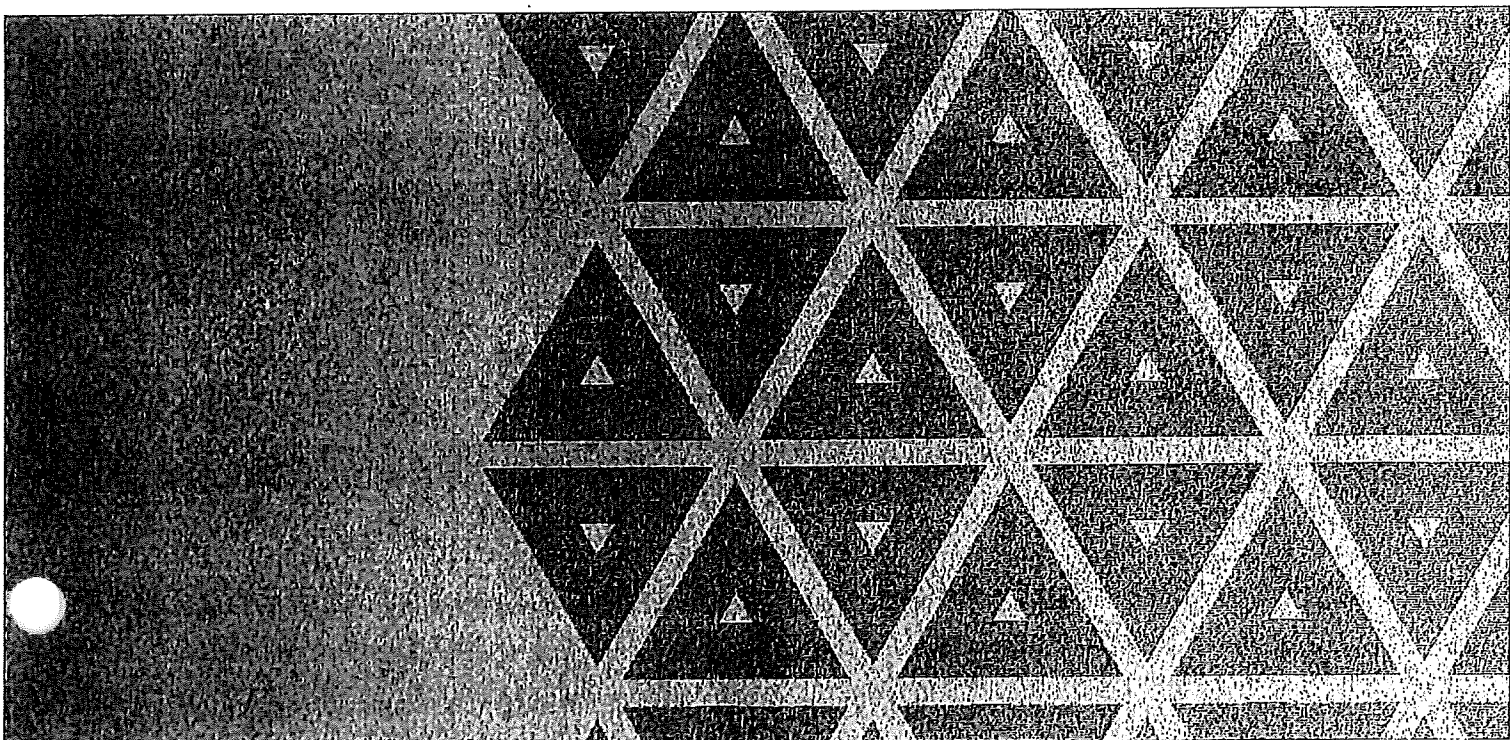
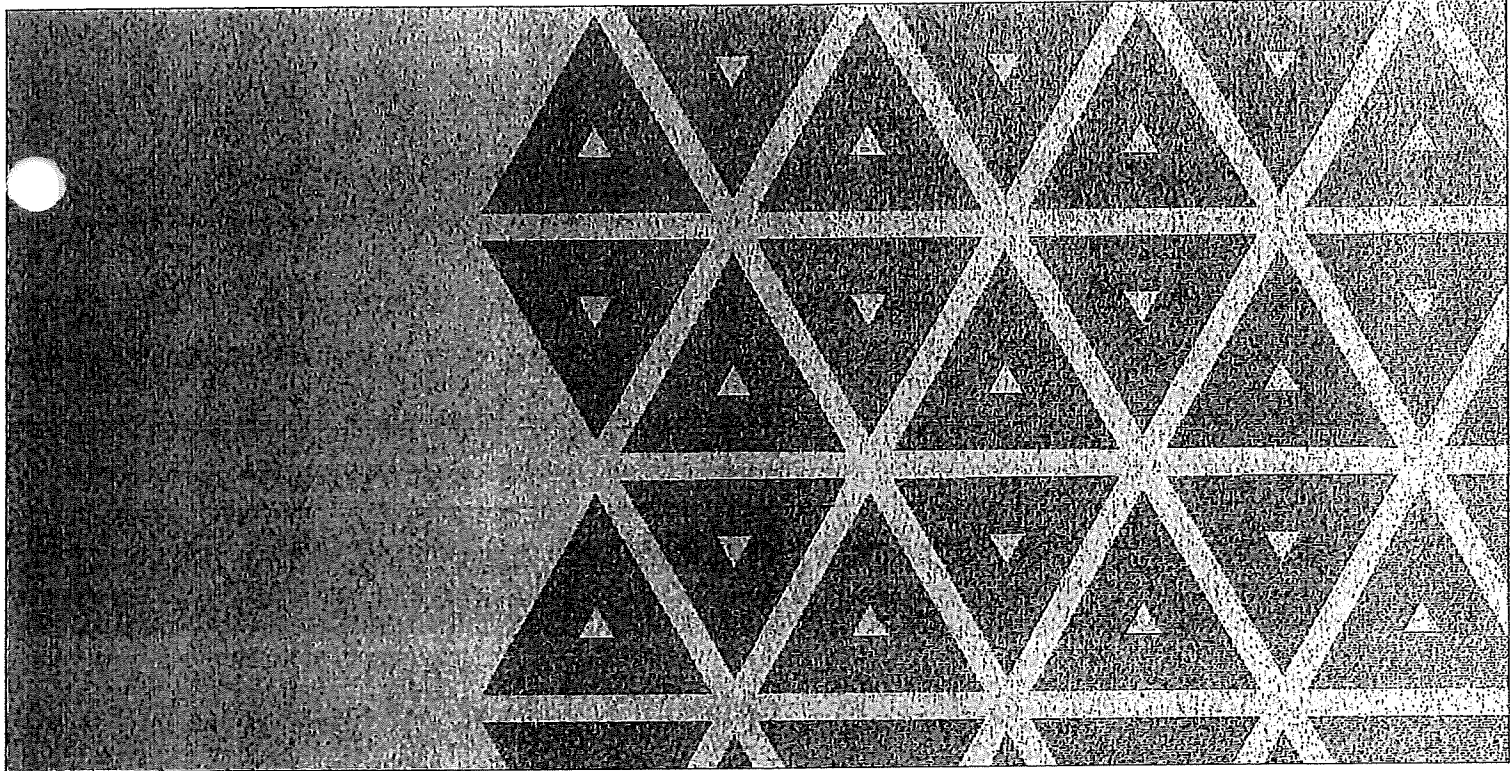
✓ Achieve 3/a
✓ CLACONnect 916-784-7800
dan.baker@CLACONnect.com
email previous audit

<https://cpads.sco.ca.gov/CPAList.aspx>

If you have any questions about any of the firms listed, feel free to give Jenna a call (530-532-5605).

Proposal for Independent Audit Services
Year Ending June 30, 2020, 2021, and 2022

Prepared by Joy L. McNulty, CPA, Partner
55 Independence Circle, Suite 102
Chico, CA 95973
530.588.7427 x308





February 13, 2020

Ms. Danielle Reinolds
Hometech Charter School
6249 Skyway
Paradise, CA 95969

Dear Danielle:

The partners and staff of Horton McNulty & Saeteurn, LLP (HM&S), would like to express their appreciation to you for your interest in our professional services to serve as independent auditors for Hometech Charter School (the Charter School), for the years ending June 30, 2020, 2021, and 2022. We are confident that HM&S can provide the quality services you seek at a reasonable cost.

One of our core business practices is to align our firm with clients that share our high standards for quality and ethics in the workplace, and we know the Charter School is just that. Outlined below and throughout our proposal, we'll demonstrate why HM&S is the right choice for you.

Who We Are

Kalah Horton, Joy McNulty, and Taen Saeteurn, formed Horton McNulty & Saeteurn, LLP (HM&S), in 2018, in an effort to establish a firm that is fully immersed in the issues that affect education, and to provide local educational agencies (LEAs) with the highest level of service and specialized knowledge related to your field. Our firm has established a strong presence in the education audit and consulting arena. We and our team have already been providing the audit and financial reporting, and consulting expertise that many LEAs in the area rely upon. HM&S has the experience and specialization to navigate the challenges and regulations unique to your industry.

Our philosophy has always been to provide the finest auditing, accounting, tax, and management advisory services that are available in the communities we serve; to be associated with clients who wish to reach their maximum potential; and to be a firm that is enjoyable to work for and rewarding to work with. Our goals are to contribute to the community and the profession to which we belong and to grow, but never to lose the personal relationship with clients who are the foundation of our practice.

We are organized to provide a full range of accounting, auditing, tax, management consulting, and related services. We are committed to excellence of service; we take a constructive approach and maintain uniformly high standards of quality and responsibility in every area of our practice. We have industry experts within our firm available to deal with specific problems. Every engagement we undertake is under the personal direction of a partner of the firm. We continue to be concerned with the development of new approaches and techniques, all directed toward rendering the highest quality services at a reasonable cost.

Our quality control system meets the independence requirements of the Standards for *Audits of Governmental Organizations, Programs, Activities and Functions*, published by the United States General Accounting Office. We meet all specific requirements imposed by state or local law or rules and regulations. We follow the American Institute of Certified Public Accountants', *Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits*.

Service

We would like to emphasize our commitment to maintaining professional staff continuity in servicing this engagement. Many of our clients rely on having the same resources available to them because it reflects a commitment to their organizations and a deeper understanding of what their organizations are trying to achieve. Our staff builds a relationship based upon integrity, trust, and mutual respect, which is a primary reason that we maintain long-term professional relationships.

At HM&S, we understand that your audit will only be as effective as the people performing the task, which is the reason our partners play such a significant role in our engagements. We work closely with our clients and are highly involved in all phases of the audit, from planning and preparation through fieldwork and financial reporting.

Our approach is management-oriented, and our engagements are professionally staffed. We concentrate on maintaining a close and constructive relationship with our clients at all times and on being responsive to their needs throughout the engagement. We also stress the importance of utilizing the client's personnel to the extent possible as a means of reducing costs and as a basis for transferring skills to the Charter School. Our staff is composed of many individuals who have helped train and supervise our entry-level staff so that our approach is technically competent, and at the same time responsive to clients' unique accounting and reporting situations.

As experts in traditional services to LEAs, we provide:

- Worry-free financial reporting.
- Compliance for your peace of mind.
- Audit tools (such as an electronic portal), early planning, and open communication with the Charter School to ensure the ease of audit completion and to minimize the interruption of the Charter School's normal operations.

Technical Expertise

When working with us, you will have two knowledgeable primary points of contact to ensure you always have immediate access to the resources you need. All licensed professional staff are required to receive a certain number of continuing professional education hours in various disciplines each year and certification period. It is our job to bring the right resources to the Charter School, rather than your team having to determine who they should call with a question.

We subscribe to several professional and educational services that provide daily and weekly updates. Regular updates are provided to all professional staff via email, in-house technical training sessions and self-selected continuing professional education (CPE).

Each engagement team member is proactive in communicating applicable proposed accounting standards changes to clients. We want to make sure we are sharing the information that is most pertinent to your business, rather than flooding you with every bit of information available.

Rotation of Auditors – California Education Code, Section 41020 (f)(2)

Our size allows for a rotation of auditors periodically so that the audits are continually evaluated by accountants with fresh and skeptical eyes. HM&S's school auditing team includes three partners with extensive experience auditing school district's, charter schools, and county offices of education. This provides for the rotation of auditors in accordance with *California Education Code*, Section 41020(f)(2), whereby the lead audit partner having primary responsibility for the audits can be rotated within our firm at least once every six years.

Audit Work to be Completed

The audits will be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel.

Audit Timeline

Audit Schedule	Proposed Timing	Location
FIELDWORK Permanent file information Attendance accounting Remaining state compliance areas Internal control understanding Complete account analysis: Cash Accounts receivable Prepaid expenses Capital assets Accounts payable Long-term debt Advances from grantors Student body Revenue and other Finalize analytical review Review	September	Charter school office
AUDIT COMPLETION PHASE Report preparation Submit draft for management review Deliver final report	November-December	Work completed from HM&S office

Ms. Danielle Reinolds
 Hometech Charter School
 February 13, 2020
 Page 4
Fee Proposal

We provide a value proposition that brings a quality audit with certainty in price. We believe our rates are comparable to those of other accounting firms. However, we believe that our service approach and techniques provide a unique capability to achieve cost savings while maintaining the highest quality standards.

We seek to reward client loyalty and pass on the savings gained from the continuity of long-term relationships with our clients. The following worry-free reporting fees reflect a discount for the Charter School's commitment to a three-year agreement. Our fees, including travel expenses, will not exceed the following:

Audit of Financial Statements	FYE 2020	FYE 2021	FYE 2022
1-Year Option	\$ 10,300		
3-Year Option	\$ 9,500	\$ 9,500	\$ 9,500

Federal and State Information Returns	FYE 2020	FYE 2021	FYE 2022
1-Year Option	\$ 1,300		
3-Year Option	\$ 1,125	\$ 1,125	\$ 1,125

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We understand that you will provide us with all financial records and related information required for our audit and that you are responsible for the accuracy and completeness of that information. All audit requirements included in the July 1, 2019, audit guide issued by the Education Audit Appeals Panel, *Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, have been incorporated in the fees listed. In the event that any additional services may be requested by the Charter School or required by the *Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, issued by the Education Audit Appeals Panel subsequent to July 1, 2019, those services will be billed to the Charter School at \$185 per hour for 2019-20. If the Charter School chooses a multi-year option the fees for additional services will be \$195 per hour for 2020-21, and \$205 per hour for 2021-22.

Ms. Danielle Reinolds
Hometech Charter School
February 13, 2020
Page 5

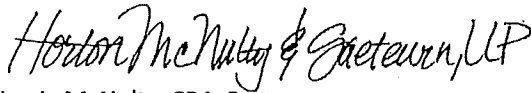
Unlimited Access Provision

In addition, HM&S provides unlimited access to the intellectual capital of our firm. This access enables you to regularly exchange ideas—by phone, email, or in meetings, at no additional cost to you. However, should such consultation require additional work or research, you would be obligated to compensate us at our standard hourly rates. We will be sure to discuss additional fees with you before performing the additional work or research. Our standard hourly rates, which are adjusted annually in January, are currently as follows: Partner \$275; Manager \$230; Senior \$185.

We appreciate the opportunity to present our professional qualifications to you, and we will be pleased to provide any additional information you require.

Very truly yours,

Horton McNulty & Saeteurn, LLP

A handwritten signature in cursive script that reads "Horton McNulty & Saeteurn, LLP".

Joy L. McNulty, CPA, Partner

Email: joy.mcnulty@hms-cpas.com

ENGAGEMENT LETTER

March 16, 2020

To the Board of Directors
HomeTech Charter School, Inc.
6249 Skwy
Paradise, CA 95969

Dear Board Members,

We are pleased to confirm our understanding of the services we are to provide for Home Tech Charter School for the years ended June 30, 2019, 2020, and 2021.

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

We will audit the financial statements of Home Tech Charter School, which comprise the statement of financial position as of June 30, 2019, 2020, and 2021, and the related statements of activities, activities and cash flows for the years ended June 30, 2019, 2020, and 2021, and the related notes to the financial statements (the financial statements). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Supplementary schedules required by the California State Comptroller.
- 2) Other supplementary information.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles [and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole]. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Home Tech Charter School's financial statements. Our report will be addressed to Board of Trustees of Home Tech Charter School. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or

Susanville:

1740 Main Street, Suite A, Susanville, CA 96130
530.257.1040 Fax: 530.257.8876

sa@sa-cpas.com
www.sa-cpas.com

Chester:

PO Box 795, Chester, CA 96020
530.258.2272 Fax: 530.258.2282

have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Home Tech Charter School is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

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

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

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

Other Services

We will prepare the Organization's federal and state information returns for the years ended June 30, 2019, 2020, and 2021 for the Charter School based on information provided by you. We will also assist in preparing the financial statements and related notes of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including monitoring ongoing activities and for helping to ensure that appropriate goals and objectives are met; (2) following laws and regulations; and (3) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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

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

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

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

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of SingletonAuman PC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to [Name of a Regulator] or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of SingletonAuman PC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State Comptroller. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

Clay Singleton is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately July 1st of each year and to complete your information returns and issue our report no later than December 15 of each year..

Our professional fees are based on the time spent on an engagement at our standard hourly rates. Our hourly rates are established in relation to the level of experience of the individual assigned to the audit. We believe that our services, approach and technique provide the capability to achieve cost savings while maintaining the highest quality standards. Our proposed fee includes all related expenses including travel costs and 15 copies of the audit report. We will not charge for out-of-pocket expenses such as mileage or per diem associated with this engagement.

The proposed fee for the audit of the Home Tech Charter School for the years ending June 30, 2019, 2020, and 2021 are as follows:

Home Tech Charter School

<u>For the Year Ended</u>	<u>Audit Fee</u>
June 30, 2019	\$10,000
June 30, 2020	10,000
June 30, 2021	10,000

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

A Single Audit would add an additional \$5,000 per year to the contract total.

Our audit proposal is based on the expectation that your books will be closed, balanced and in auditable condition for the audit period. If during the course of the project the nature or scope of our work should change, we would discuss such matters with you and any effects of our fee estimates. The estimated fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary for any reason, we will discuss it with you and arrive at a new estimate before we incur any additional cost.

However, should our fee exceed the contract amount, we will notify the School. Our standard hourly rates are as follows:

Firm Partner	\$275.00
Manager	\$225
Supervising Accountant	\$160
Staff Accountant	\$130
Administrative	\$90

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Government Auditing Standards require that we provide you with a copy of our most recent quality control review report. Our 2016 peer review report accompanies this letter.

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

Very truly yours,



Clay Singleton, Principal
SINGLETONAUMAN PC

RESPONSE:

This letter correctly sets forth the understanding of Home Tech Charter School.

Management signature: _____

Title: _____

Date: _____