

# Downtown San Diego Partnership

Proposal for Professional Services for the Years Ending  
June 30, 2017, 2018, and 2019

March 2017



March 8, 2017

Alicia Kostick – VP Finance/Administration  
Downtown San Diego Partnership  
401 B Street, Suite 100  
San Diego, CA 92101

Dear Alicia,

**Aldrich CPAs + Advisors LLP (formerly AKT)** is pleased to submit a proposal to provide the annual audit and tax preparation services to the Downtown San Diego Partnership (DSDP). This proposal will provide you with information about our firm, our experience serving nonprofit organizations and our continuing commitment to you. As you continue to grow we understand that DSDP requires an accounting firm that understands your needs and the unique issues of nonprofit organizations. To achieve your goals, it is essential that your CPAs and advisors are specialists in your industry and go beyond performing assurance services by providing valuable business advice. Aldrich CPAs + Advisors LLP is uniquely qualified to meet your needs because:

**We have the experience and technical expertise.** Our staff of 300 talented, experienced professionals currently provides assurance, accounting, tax, and consulting services to more than 1,000 companies, including over 300 nonprofit organizations. Aldrich CPAs + Advisors LLP is committed to maintaining the highest standards of quality and professionalism. We are a member of the American Institute of Certified Public Accountants (AICPA) Peer Review Program and the AICPA Governmental Audit Quality Center. We have assembled a service team that is knowledgeable about the types of unique financial reporting and operational risks faced by your organization.

**We understand collaboration.** At Aldrich CPAs + Advisors LLP, we strive to support our clients through collaboration with the business community at private events, volunteer activities, and sponsorships. We believe the financial health of the nonprofit communities and business communities in San Diego are directly linked, and our goal is to nurture those relationships where possible.

**Client service is our #1 goal.** At Aldrich CPAs + Advisors LLP we have designed our service approach to exceed your expectations. We perform high quality, efficient audits. Also, we will listen and respond to your needs on a timely basis. We continually strive to provide the high level, specialized service that you expect.

We understand that in the current economic environment, all organizations, both nonprofit and for-profit, are focusing on achieving their missions while receiving the best return from their financial resources.

Partnering with Aldrich CPAs + Advisors LLP will exceed your expectations and provide you with a level of service and dedication to your organization that is unsurpassed. If you need further information, please contact us by telephone at (619) 810-4949 or by email at [eromero@aldrichadvisors.com](mailto:eromero@aldrichadvisors.com).

Sincerely,



Elsa A. Romero, CPA  
Partner

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## YOUR ALDRICH NONPROFIT TEAM

**We currently serve more than 300 nonprofit organizations nationwide.** Many of these nonprofits are similar in size and makeup to Downtown San Diego Partnership (DSDP) and related entities. The nonprofit niche is very broad and covers a wide range of organizations that provide countless services and programs. We, at Aldrich CPAs + Advisors LLP, have narrowed our focus to 7 sub-niches to allow our team to become experts in the areas we serve. Currently our focus areas are Associations, Foundations, Education, Arts, Social Services, Religious, Military and Veteran organizations. Each sub-niche is unique with its own challenges and requires a team of professionals that not only have experience with similarly structured organizations, but who understand the complexities and nuisances that make them unique.

The Aldrich CPAs + Advisors LLP Nonprofit Niche includes over 25 team members that specialize in helping our nonprofit clients. Your team will be formed to match your needs with our expertise, from audit, to tax, to compliance, to consulting work. By focusing our training and client base to the nonprofit industry, we have positioned ourselves to serve our clients at the highest level. Our goal is to be trusted advisors to your entire organization to help DSDP thrive.

When we ask our team what compels them to work nonprofit clients, without question the number one response is “we want to work with organizations that make our community better.” Our team is dedicated to supporting our clients and their causes, as evidenced by the endless volunteer work, participation in events, board memberships, and overall community involvement.

Being experts in the nonprofit industry is paramount to our team’s success. We specifically tailor our continuing professional education learning around areas most relevant to the nonprofit profession. Our team is asked to present year-round on topics such as board governance, new accounting and auditing pronouncements, fraud, donor relations, etc. Please visit our website for our recent published nonprofit articles <https://aldrichadvisors.com/industries/nonprofit-government/>

## ALDRICH GROUP

Aldrich Group is a professional management consulting and accounting firm with offices in San Diego, California; Salem and Lake Oswego, Oregon; and Anchorage, Alaska. Over the years, Aldrich Group has expanded into a full-service firm with approximately 300 employees who serve clients worldwide.

Aldrich CPAs + Advisors LLP has several focus areas (niches) with all levels of experience. Our people select an area of focus and obtain training and experience in that focus area. Currently we have niches in the following industries:

- ▶ Nonprofit
- ▶ Healthcare
- ▶ Manufacturing
- ▶ Agriculture
- ▶ Construction
- ▶ Telecommunications

Aldrich Group provides a wide array of other services, including:

- ▶ Management consulting
- ▶ Employee benefits consulting
- ▶ Wealth advisory and retirement plan services

As members of the American Institute of Certified Public Accountants (AICPA) and the California Society of Certified Public Accountants (OSCPA), our team frequently utilizes the resources available to monitor developments pertinent to nonprofit organization auditors and industry developments. Because of our commitment and ability to track these continual changes and their specific application to your organization, we believe we are the right accounting firm for you.



As a member of CPAmerica International, the 6th largest CPA network in the United States of America, we have an exclusive association with more than 80 leading independent accounting firms across the country and more than 300 offices around the world. Our association allows us to maintain a strong allegiance to our local community, while providing clients with national and international service.

The abilities, strengths, and personal characteristics of our people are the foundation for our excellence in client service. Our philosophy is to hire people that fit our culture and service philosophy and retain them. We also emphasize objectivity and independence while maintaining the industry knowledge that is essential to understanding the uniqueness of DSDP. With over 300 professionals, our team consists of men and women who are recent college graduates to partners with over three decades of experience helping our clients.

## INDEPENDENCE

Aldrich CPAs + Advisors LLP ensures that we meet professional standards in maintaining independence with respect to our clients. Aldrich CPAs + Advisors LLP and all of its partners, managers, and professional staff are required to follow the independence rules of the AICPA and the applicable state boards of accountancy. Upon commencement of employment, Aldrich CPAs + Advisors LLP professionals complete an affidavit that requires the individual to abide by the applicable independence rules. The independence affidavit must be completed and submitted each year thereafter. In addition to personal independence, the firm circulates a memo among professionals to ensure independence during the entire audit process, from the proposal through issuance of the audit report. We are not aware of any existing relationships with Downtown San Diego Partnership (or related programs and entities) that impair independence and prevent us from completing the engagement.

The biographies below are for your team members that will be running the audit as well as overseeing the informational return preparation. Our entire team will consist of additional seniors and associates that will help ensure the audit, and informational return are completed efficiently, while adhering to all professional standards.

**Andy Maffia, CPA****Partner**

Andy joined Aldrich CPAs + Advisors LLP in 2002 and specializes in audits of nonprofit organizations, agreed-upon procedures, consulting work, and attest work for closely-held companies. Over his time in public accounting, Andy has served over 100 nonprofits at all levels as an associate through partner. Andy currently sits on the board of directors and serves on the executive, audit, and finance committees of a nonprofit organization. He is actively involved with many local nonprofit organizations.

**Services:**

- ▶ Lead engagement partner with accountability for overall client service plan delivery
- ▶ Consulting and advising executives, management and boards
- ▶ Technical partner review of financial statements and work paper file

**Robert LaCour, CPA****Senior Manager**

Bobby joined Aldrich CPAs + Advisors LLP in 2005 and has 12 years' experience in public accounting. As an audit senior manager, he specializes in providing financial services to not-for-profit, manufacturing, and other private entities. He also has extensive experience with internal control and operations analysis. Bobby is a member of the Audit Committee for the Balboa Park Online Collaborative. Bobby graduated from the University of San Diego with an undergraduate degree in accounting with an emphasis in supply chain management and a Master's of Accountancy. He is a CPA and a member of the AICPA.

**Services:**

- ▶ Responsible for the quality control review of the engagement
- ▶ Provide overall technical advice and overview of the engagement

**Elsa Romero, CPA****Partner**

Elsa has more than 20 years in nonprofit consulting and tax advisory services. She will be responsible for providing DSDP and related entities with services necessary to complete the IRS and CA informational returns. She is a valuable resource for organizations that need specialized attention for tax return compliance, board governance, and other IRS and local agency compliance requirements. Elsa serves on the boards of two nonprofits as finance committee member.

**Services:**

- ▶ Tax partner
- ▶ Responsible for the delivery of tax and advisory services to the DSDP and related entities
- ▶ Provide the technical partner review of all tax work



**Chris Birchall, CPA, PMP**  
Manager

Chris joined Aldrich CPAs + Advisors LLP in 2013 with a focus in providing assurance and financial reporting services to nonprofit organizations. He also brings experience from other industries including manufacturing, construction, and service organizations. Chris graduated from CSU San Marcos

with a BS in Business Administration and volunteers as treasurer of the San Diego Amateur Hockey Club (San Diego Jr. Gulls). He will be responsible for the day to day activities of the audit services.

**Services:**

- ▶ Manage day-to-day operations of the review and audit including supervising staff daily
- ▶ Work closely with the partner group to plan and execute the audit procedures according to our committed timeline
- ▶ Ongoing contact with management to ensure transparency and collaboration



**Rachelle Jumper, CPA**  
Manager

Rachelle has over five years of public accounting experience providing strategic tax planning, compliance and advisory services to nonprofit organizations and private closely-held businesses. Rachelle will be responsible for the daily interactions and coordinate all tax functions related to the organization.

**Services:**

- ▶ Responsible for the preparation and review of the tax return

## STAFF CONTINUITY

The abilities, strengths, and personal characteristics of our people are the foundation for our excellence in client service. Our philosophy is to hire people that fit our culture and service philosophy and retain them. We believe that consistent and knowledgeable staffing provides better value to you based on familiarity with your organizations and establishing a positive relationship with your staff. We strive to maintain continuity of staff in leadership positions on our engagements to ensure efficiency and provide clients with accessible, knowledgeable, and competent advisors. This results in the development of long-term relationships with professionals that are knowledgeable about you, your people, and your mission.

Aldrich CPAs + Advisors LLP recognizes that engagement team continuity is important to you and to the quality of service provided. Our client service approach enables us to provide consistent staffing from year to year, from fieldwork to partner review. Our long-range plans do not include any changes that would negatively affect our service team, our firm's commitment to serve you, or any of our other nonprofit clients.

However, the size of our firm allows for periodic rotation of audit staff, if you desire, bringing new insight and ideas to the DSDP. This assures continued objectivity and independence while maintaining the industry knowledge that is essential to understanding the uniqueness of the DSDP.

We understand the work to be performed is an audit of the financial statements of DSDP, including the Downtown San Diego Business Improvement District Inc. (BID), and the Downtown San Diego Clean & Safe Program (Clean & Safe) as of June 30, 2017 and the preparation of the tax filings for DSDP including Clean & Safe and BID, Downtown San Diego Partnership Foundation, and Downtown San Diego Public Spaces Foundation (collectively, the Organizations). These services also include any governance communications required.

## FINANCIAL STATEMENT AUDIT

We view the financial statement audit as a collaborative and positive process, where both Aldrich CPAs + Advisors LLP and DSDP have the opportunity to learn from each other. Our approach to the financial statement audit is to tailor procedures specifically to your organization, which is a result of our understanding of your mission and goals. We will gain an understanding of the key processes and related internal controls relevant to your organization and the impact of those controls on the financial statements. We use this information to provide control improvement suggestions and identify higher risk areas for our audit testing. We will design analytical procedures that consider trends and key performance metrics that are meaningful to your organization. This provides us with a more thorough understanding of your organization in order to plan the substantive procedures and allows us to provide knowledgeable responses to your questions.

Any audit will only be successful if there are clear lines of communication. Your Aldrich audit team will tailor the frequency and manner of communications to what DSDP prefers. We have had success in our audits by communicating early and often to ensure all parties have a transparent view of the audit progress. We will meet with the Audit Committee before work commences to outline our audit approach and agree on a timelines. Should any issues arise during the audit, we will first confer with management to ensure our audit team has all the necessary and relevant information. Then the audit partner will communicate directly with the Audit Committee Chair (or full Committee if preferred) immediately, if the nature of the issue should rise to that level of significance. There will be no surprises communicated at the post-audit meetings with the Audit Committee or Board of directors.

Our audit team will partner with DSDP management to design an audit approach that is effective and efficient. In order to complete the audit in the necessary timeframe, the types of assistance that will be required of DSDP's staff is as follows: helping create a timeline of milestones for DSDP staff to deliver audit materials, being available to answer questions throughout the audit, and having team members and resources available during fieldwork and audit completion.

Aldrich CPAs + Advisors LLP has resources and technical expertise to perform all audit work from our San Diego offices. Although we have tremendous support from other offices and affiliations, we do not anticipate utilizing those resources for the audit. When we design our audit approach for DSDP, we plan the following areas will receive primary emphasis:

- ▶ Revenue from several different sources including PBID assessments and park reimbursements. Memberships, special events, and the transit pass program. Therefore, revenue recognition becomes very important as each funding source can have a different trigger for the timing of revenue recognition.
- ▶ Internal controls related to cash receipts including revenue, accounts receivable, and deferred revenue.

- ▶ Internal controls related to cash disbursements including expenses, accounts payable, accrued expenses, asset purchases, and prepaid expenses.
- ▶ Related party transactions
- ▶ Journal entry process controls.
- ▶ Functional allocation of expenses.

Our experience with associations will allow us to tailor the DSDP audit to be efficient by focusing on the significant areas, but also thorough to ensure the financial statements present the DSDP in the clearest way possible.

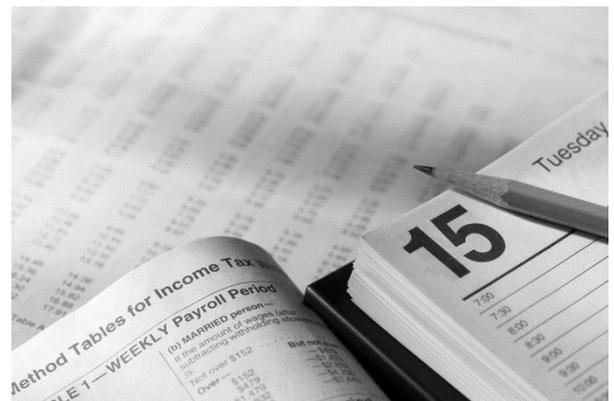
## TECHNOLOGY

We use technology to enable us to perform certain planning and final procedures off-site, thereby allowing us to perform detailed audit procedures on site and assist you with any questions you or your staff may have regarding accounting, strategic, and operational matters. We also utilize the electronic information generated from your information systems and the schedules already prepared by your employees; we work with your staff to minimize the duplication of effort.

Our audit team members have notebook computers and full remote access to our automated office tools and software. Our audits are completely “paperless” and all information is stored electronically for a minimum of six years on our network. We will provide all reports in hard copy and any other format you may require. We also use technology to access research materials through our online subscription to a reference library that supplies timely access to accounting literature. In addition, as part of the services we provide our clients, we offer a web-based portal which allows our clients to store and access information, including your audited financial statements electronically throughout the year. We also use our secure email system to transfer files and documents to you.

## TAX SERVICES

Aldrich CPAs + Advisors LLP has a team of tax advisors dedicated to serving nonprofit organizations. We are committed to ensuring that our tax practitioners understand the unique issues that face exempt organizations, especially large, high profile organizations. Due to the increased focus of the IRS on all types of tax-exempt organizations, this understanding is more important than ever. Accordingly, we participate in (and are often asked to speak at) local and national exempt organization industry forums. As a result of this participation and through leadership in exempt organization tax issues, we frequently and proactively communicate with our clients, apprising them of developments, opportunities, and risk areas.



Our Form 990 review includes more than just a review for accuracy and specific compliance with IRS instructions. We work with our clients to communicate areas the IRS is currently focusing on (such as fund raising expenses or executive compensation) as well as the best practices we have observed in specific disclosure practices. Recognizing that the Form 990 is also a public document that receives a large amount of community interest, we also work with our clients to assess the overall presentation of the Form 990 and delivery in accordance with your specific needs as outlined per your request for proposal (see timing section of this proposal for more detail).

A proposed timeline for fieldwork and final reporting:

The following schedule is an estimate of when we anticipate the engagement to be performed for the first year engagement. This is tentative and we will work with you and your team to solidify the schedule per your timeline request.

FINANCIAL STATEMENT ATTEST /TAX TIMELINE	JUN - JUL	SEP - OCT	NOV - JAN
Review prior accountants' files	█	█	█
Meet with management to obtain understanding of the Organizations and develop a work plan	█	█	█
Pre-audit planning and risk assessment	█	█	█
Meet with the Audit Committee	█	█	█
Meet with accounting staff to perform interim testing and internal controls walkthroughs	█	█	█
Final fieldwork	█	█	█
Delivery of draft audit reports to management	█	█	█
Presentation of draft audit reports and management letter to the Audit Committee	█	█	█
Delivery of final audit report and management letter	█	█	█
Presentation of the audit results to the Finance Committee	█	█	█
Presentation of the audit results to the Board of Directors	█	█	█
Delivery of tax returns for management review	█	█	█
Delivery of tax returns for Finance Committee review	█	█	█
Filing of final tax returns	█	█	█

We routinely request client prepared financial information and supporting detailed schedules at least two weeks prior to the start of the audit in order to make testwork selections and allow our clients ample time to gather supporting documentation prior to the commencement of fieldwork. In addition, as part of a first year engagement, we will schedule internal control walkthroughs with key accounting team members in the early stages of the planning process. When we spend time in the field, and we will require the support of DSDP staff during that time to pull additional documentation, prepare reports/schedules, and answer any questions that may arise.

Our fee estimate anticipates adequate records and internal controls, full cooperation from your personnel, and that no unexpected circumstances should arise during the engagements. This estimate is based on the information provided during the RFP process. The fee estimates for the years ending June 30, 2017, 2018, and 2019 are as follows:

Professional Services	6/30/17	6/30/18	6/30/19
Consolidated Financial Statements Audit of the DSDP including BID and Clean & Safe.	\$19,000	\$19,500	\$20,000*
Preparation of Form 990 tax return and related state filings for the DSDP including the activities of BID and Clean & Safe.	\$2,000	\$2,000	\$2,000
Preparation of Form 990 tax return and related state filings for the Downtown San Diego Partnership Foundation.	\$850	\$850	\$850
Preparation of Form 990 tax return and related state filings for the Downtown San Diego Public Spaces Foundation.	\$850	\$850	\$850
Out of pocket costs including travel, report production, supplies, etc.	No Charge	No Charge	No Charge
Management letter to report findings, observations, other comments or recommendations with regard to internal control that come to our attention during the audit.	No Charge	No Charge	No Charge
Presentation of the review and audit results and suggestions to the Board of Directors or executive team at the conclusion of the engagements.	No Charge	No Charge	No Charge
Availability throughout the year to answer routine questions related to the audit that can be answered without additional research.	No Charge	No Charge	No Charge
Annual invitation to Aldrich CPAs + Advisors LLP Nonprofit Accounting Update seminar.	No Charge	No Charge	No Charge

\* The time required in the first transition year to a new audit firm is more than in subsequent years. We anticipate a long-term professional relationship with DSDP and Aldrich is willing to absorb those additional first-year costs. If the overall operations of DSDP remains consistent, the fees for subsequent years will be similar and will not increase more than 5% per annum.

Should any unexpected circumstances or extraordinary items come to our attention which would require an extension of our services, we will consult with you concerning such extensions and any additional fees.

We understand that selecting the right professional services firm is an important decision and we believe Aldrich CPAs + Advisors LLP is best suited to meet your needs and is committed to serving all of its clients, and we want to serve Downtown San Diego Partnership. Currently, we perform audit and consulting services for several nonprofits, and the references provided below are for organizations that we have served within the past three years:

<p>2-1-1 SAN DIEGO</p>	<p>Paul Redfern VP of Internal Experience San Diego, CA (858) 380-5263</p>	<p>Services provided:</p> <ul style="list-style-type: none"> <li>▪ Annual audit of financial statements</li> <li>▪ Informational return preparation</li> </ul>
<p>SOCIAL ADVOCATES FOR YOUTH, SAN DIEGO</p>	<p>Jane Drover Chief Financial Officer San Diego, CA (858) 565-4148</p>	<p>Services provided:</p> <ul style="list-style-type: none"> <li>▪ Annual audit of financial statements including UGG (A-133) Audit</li> <li>▪ Informational return preparation</li> <li>▪ Annual pension plan audit</li> </ul>
<p>JUNIOR ACHIEVEMENT OF SAN DIEGO COUNTY</p>	<p>Jacqui Pernicano COO and Senior VP San Diego, CA (619) 906-4903</p>	<p>Services provided:</p> <ul style="list-style-type: none"> <li>▪ Annual audit of financial statements</li> <li>▪ Informational return preparation</li> </ul>
<p>CLEANTECH SAN DIEGO ASSOCIATION &amp; FOUNDATION</p>	<p>Jason Anderson President and CEO San Diego, CA (858) 568-7777</p>	<p>Services provided:</p> <ul style="list-style-type: none"> <li>▪ Annual compiled financial statements</li> <li>▪ Informational return preparation</li> </ul>

“As an experienced non-profit professional, I have found Aldrich (AKT) to be an invaluable partner to SAY San Diego and its staff. Aldrich truly understands the uniqueness and needs of the non-profit industry and provides the expertise and support to help us further our mission. The staff are knowledgeable, easy to work with and most importantly, accessible. Aside from the usual audit and tax services, Aldrich has a depth of other complementary services that enhances their knowledge and recommendations. SAY San Diego sees Aldrich, not just as a vendor, but as a partner in support of the critical work that our agency and others do.”

**Jane Drover**  
**Chief Financial Officer**  
**Social Advocates for Youth, San Diego**

Aldrich CPAs + Advisors LLP (formerly AKT LLP) is a member of the AICPA's Peer Review Program, which closely monitors overall professional excellence in the accounting industry and quality of services rendered. Aldrich CPAs + Advisors LLP has received the highest ranking possible for adherence to professional standards as measured by the peer review process. Aldrich CPAs + Advisors LLP did not receive a letter of comment with the 2014 peer review. Below is a copy of our most recent peer review report.



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Certified Public Accountants

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### System Review Report

August 21, 2014

To the Partners of  
AKT, LLP  
and the Peer Review Committee of the Oregon Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of AKT, LLP (the firm) in effect for the year ended April 30, 2014. 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. As part of our peer review, we considered reviews by regulatory agencies, if applicable, in determining the nature and extent of our procedures. 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. 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](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, and an examination of a service organization (Service Organizations Control [SOC] 1 engagement).

In our opinion, the system of quality control for the accounting and auditing practice of AKT, LLP in effect for the year ended April 30, 2014, 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*. AKT, LLP has received a peer review rating of *pass*.

Heinold Banwart, Ltd.