

**NATIONAL ASSOCIATION OF STATE  
DIRECTORS OF CAREER TECHNICAL  
EDUCATION CONSORTIUM**

**PROPOSAL TO PROVIDE AUDITING  
SERVICES**

Dembo, Jones, Healy, Pennington & Marshall, P.C.  
6010 Executive Boulevard, Suite 900  
Rockville, Maryland 20852  
Phone 301-770-5100  
FAX 301-770-5202

Contact: Brent A. Croghan, CPA, CGMA  
Date: November 16, 2015

# DEMBO·JONES

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

November 16, 2015

Ms. Karen Hornberger  
NASDCTEC/NCTEF  
8484 Georgia Avenue  
Suite 320  
Silver Spring, MD 20910

Dear Ms. Hornberger:

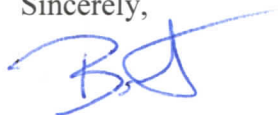
We appreciate this opportunity to offer a continuation of our services. As you know, our firm is very experienced in auditing not-for-profit organizations and has been serving the not-for-profit community for over 50 years.

We have built our practice by providing personal services. Each director of the firm is responsible for maintaining contact with our clients, and ensuring that their needs are met. I would personally oversee the services our firm provides you.

Our firm is very active in working with not-for-profit associations, conducts numerous training courses in this area and is well known for providing expert consulting to this segment of our economy. Fifty percent of our current audit and accounting client base is not-for-profit entities.

Enclosed is our proposal to you, including references you should feel free to call. Please call me with any questions.

Sincerely,



Brent A. Croghan, CPA, CGMA

**NATIONAL ASSOCIATION OF STATE  
DIRECTORS OF CAREER TECHNICAL  
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## History of Dembo, Jones, Healy, Pennington & Marshall, P.C.

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On October 1, 1992, the firms of Dembo, Jones & Healy, P.C. and Pennington, Ahalt & Associates, P.C. merged and formed Dembo, Jones, Healy, Pennington & Ahalt, P.C. The predecessor firms had each been in business for 50 years. In 2001, the firm name became Dembo, Jones, Healy, Pennington & Marshall, P.C. (Dembo Jones). Today, **Dembo Jones** has offices in Columbia and Rockville, Maryland. Dembo Jones continues to grow and thrive in the Washington D.C. metropolitan area.

Dembo, Jones, Healy, Pennington & Marshall, P.C., a full-service professional corporation of certified public accountants comprised of more than 40 professionals, is headquartered in Rockville, Maryland. The firm specializes in compiling, reviewing and auditing financial statements of nonpublic companies and non-profit organizations, compiling prospective financial statements, tax and estate planning, management advisory services, litigation support, business valuation and retirement planning.

The firm's clients include non-profit organizations, construction companies, real estate companies, agencies of the federal government, government contractors, retail, wholesale and manufacturing companies, professional service organizations, as well as individuals, estates and trusts. Although we are not limited in the client base we serve, we consider ourselves particularly skilled and knowledgeable in these select areas. Our clients are located throughout the Middle-Atlantic states.

**Dembo Jones** became a charter member of the Private Companies Practice Section of the American Institute of Certified Public Accountants Divisions for CPA firms. Membership is strictly voluntary, but requires the firm to maintain quality control standards to insure that the firm conducts its practice within the guidelines of the profession, which includes a peer review program.

## Not-For-Profit Audit and Accounting Experience

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Brent A. Croghan, who will be the engagement director, has extensive experience with not-for-profits, not only auditing them and providing accounting services, but also in volunteering on boards and chairing different committees. Brent Croghan is a volunteer on boards of not-for-profit organizations including the Conflict Resolution Center of Montgomery County. He was the Treasurer for the Bethesda-Chevy Chase Chamber of Commerce PAC. Brent's main focus for the past seventeen years has been on non-profit client engagements.

The professional staff of Dembo, Jones, Healy, Pennington & Marshall, P.C., is active within our profession and in the community. Joseph Healy is a Past-President of the Maryland Association of Certified Public Accountants and was a member of the American Institute of CPA's Executive Council. Walter Pennington, our managing partner, is a Past-President of the Bethesda Chamber of Commerce, along with Stan Jones, who was also recently the Chairman of the Bethesda Urban Partnership. Our commitment of time and resources to organizations evidences a determination to help advance the accounting profession and be an important part of our community. We were awarded the Small Business of the Year award from the Bethesda-Chevy Chase Chamber of Commerce for our countless hours of community service.

### **Experience with Other Associations and Non-Profit Organizations**

Our experience with not-for-profit organizations includes audits of 501(c)(4) organizations such as yours, along with other membership organizations, health and welfare organizations, schools, educational and charitable foundations, trade associations, and other not-for-profit organizations. All of our clients are served out of our one office in Rockville, MD. A partial list of some of our not-for-profit clients we include as references follows:

#### **(Listed as References on Page 10 of this proposal)**

University Legal Services, Inc.  
National Association of State Energy Officials  
Concord Hill School  
National Council for State Housing Agencies

## Not-For-Profit Audit Experience

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### List of Some Additional Non-Profit Organization and Federal Clients

American Art Therapy Association  
American College of Mortgage Attorneys  
American College of Real Estate Lawyers and Foundation  
American Islamic Congress  
American Society of Consulting Arborists  
Association of Water Technologies  
Children's Dental Health Project  
Concord Hill School  
Federal Labor Relations Authority  
Federal Trade Commission  
Federal Maritime Commission  
Foot Health Foundation  
Institute for Health Policy Solutions  
International Society of Weighing and Measurements  
Leapfrog Group  
Marist Society  
Marist Retirement Fund  
Marist Support Fund  
Marist Health Fund  
Marist Education Fund  
National Association for Letter Carriers  
National Association of Medical Directors of Respiratory Care  
National Conference on Weights and Measures  
Project Aid Siberia, Inc.  
St. Lawrence Seaway Development Corporation  
Sisters of St. Joseph of Peace Generalate, Inc.  
Society for Historical Archaeology  
Society of Cardiovascular Computed Tomography  
Swiss Club of America

## Affirmations

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**Certified Public Accountant** – We confirm that our firm is licensed in Maryland as a certified public accounting firm. The director, manager and staff accountant assigned to the audit engagement are also licensed CPA's in the state of Maryland.

**Independence** – We confirm that we are independent in relation to your organizations and personnel and meet all independence standards of the American Institute of Certified Public Accountants' Code of Professional Ethics.

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

**Peer Review** – We have successfully completed all peer reviews. The report for our most recent peer review, conducted in 2013, is attached to this proposal.

## Engagement Scheduling and Staffing

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The engagement team that will be performing the work for the Association will be Brent A. Croghan, engagement director, Kim Hoffman, senior audit manager, and an experienced staff accountant or in-charge accountant. Don Marshall will also be involved as the firm's quality control director. Please see the enclosed resume's of the key employees. We are proud to say that we have very low staff turnover.

Our involvement with your Association is not exclusively during audit fieldwork. We are available for consultation throughout the year. Our professionals will continue to answer questions as they arise and offer expert advice. Direct access to our staff saves you time when you have questions and offers you a network of individuals within our firm who understand your organization.



**BRENT CROGHAN, CPA, CGMA**

**ENGAGEMENT DIRECTOR**

Brent Croghan was promoted to Director/Shareholder with our firm effective January 1, 2011. In addition to servicing clients as a Director, Brent is still involved in supervising the fieldwork for audits, reviews and compilations of several clients, government contractors, company pension plans, not-for-profit entities, construction, and computer fields. He is in charge of modifying audit programs and supervising audit staff. His duties also include drafting financial statements, management letters, and overall engagement performance. Audit clients include not-for-profit entities subject to OMB Circular A-133, such as the National Association of State Energy Officials. In the Federal arena, Brent has been in charge of the audits for the Federal Labor Relations Authority.

Mr. Croghan is also in charge of our not-for-profit niche. His extensive experience is invaluable to his clients as they have come to depend on him for expert advice and opinions.

Mr. Croghan began his career with Dembo Jones. He also spent two years in a larger firm atmosphere early in his career auditing not-for-profit clients.

Mr. Croghan is a graduate of the University of Maryland, University College. He is a member of the MACPA and AICPA and is licensed as a CPA in both Maryland and the District of Columbia. He is currently the Treasurer for the Conflict Resolution Center of Montgomery County. He also serves on the firm's Executive Committee.

**DONALD K. MARSHALL, CPA, MBA, CFE, CGFM**

**QUALITY CONTROL DIRECTOR**

Donald Marshall's thirty-one years of experience includes audit and consulting responsibilities for not-for-profit charitable, membership, educational, religious and research related organizations. He is also the Director in charge of our federal government audit and consulting practice. Other experience includes providing audit, consulting and tax services to construction contractors, service companies, wholesalers, government contractors, local and international labor unions, real estate projects, among others. In addition, he has hands on experience as controller and director of finance for a government contractor in the engineering services and manufacturing fields. He has extensive experience with Government Acquisition Regulations, writing government proposals and in negotiating with government auditors, including conducting compliance audits in accordance with Government Auditing Standards and OMB Circulars A-110 and A-133. Mr. Marshall is experienced in conducting internal control reviews, the study, design, selection and implementation of computer systems, the development of indirect rates and special investigative audits.

Mr. Marshall also leads our outsourced accounting services group for not-for-profit clients. His extensive expertise has led him to being requested to assume the position of chief financial officer on an outsourced basis for two not-for-profit clients.

Mr. Marshall began his career with the national accounting firm KPMG Main Hurdman. He progressed rapidly to the manager position there, and concentrated his work in the not-for-profit area. Donald currently concentrates his practice in the area of not-for-profit entities, federal government and government contracts.

He is a member of the American Society of Association Executives. He is the Past Chairman of the not-for-profit task force, PKF North American Network, and has been appointed to the Peer Review Committee of the Maryland Association of CPA's. He is a member of the Board of Directors of the Boys & Girls Club of Washington D.C., Maryland Region and is the Treasurer for the Friends of the Library, Bethesda, MD.

Mr. Marshall is a graduate of the University of Maryland and received a MBA in finance from George Washington University. He is a member of the American Institute of Certified Public Accountants, the Maryland Association of Certified Public Accountants and the Greater Washington Society of Certified Public Accountants. He is also a member of the Association of Government Accountants and the Association of Fraud Examiners. Mr. Marshall is the firm's director of audit and accounting and a shareholder and officer with Dembo, Jones, Healy, Pennington & Marshall, P.C.

## Understanding of the Work, Proposed Fees and Hourly Rates

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We understand that we are to audit the combined financial statements of the National Association of State Directors of Career Technical Education Consortium and the National Career Technical Education Foundation. We understand that your employees will be available to assist us during the audit and you utilize personnel from Dixon Hughes Goodman CPAs for reconciliations of bank and investment statements, as well as providing ongoing accounting and audit support.

Your request to have the work conducted in September works perfectly for our schedule. Ms. Kim Hoffman, manager will lead the engagement along with a very experienced staff accountant or in-charge accountant. We intend to work efficiently and would certainly be able to provide a draft report within two weeks of completing our field work and issue a final report one week after receiving your approval of the statements and audit report. We agree to provide five copies of the audit report and financial statements, along with an electronic copy.

Our cost containment strategy for audits comes from three sources:

- 1) using an efficient and effective audit approach;
- 2) providing, to the greatest extent possible, the same auditors to the job that were engaged in the prior year; and
- 3) having client staff prepare subsidiary schedules supporting asset and liability balances.

We propose our reduced fees based on the understanding that your staff and outside accountants will prepare the detailed audit schedules that we will require based on an audit planning letter which we will deliver and discuss with you upon the selection of our firm for this engagement. Our fees are based on the time required by the individuals assigned to the engagement at their individual hourly rates. We have been engaged to audit other non-profit organizations that have contracted with Dixon Hughes Goodman CPA's in the past and found their work to be accurate, timely and complete.

The fees are quoted based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is considered necessary, we will discuss it with you and arrive at a new fee before we incur additional costs. (This has never occurred on an audit of ours in which Dixon Hughes Goodman CPA's has been the accountants).

Our fees will be as follows for fiscal years 2016, 2017, 2018, 2019 and 2020:

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Audit of financial statements	\$ 12,000	\$ 12,500	\$ 12,750	\$ 13,000	\$ 13,500

Hourly billing rates and expected hours on the engagement for our personnel for the audit year ending June 30, 2016, are as follows:

	<b>Rate</b>	<b>Minimum Hours</b>
Engagement Director (CPA)	\$ 300/hr	16
Manager (CPA)	\$220/hr	50
Experienced Staff Accountant (CPA)	\$105/hr	48

The manager and experienced staff accountant will both be on-site for the audit.

Our quoted fees are based on discounted rates from these standard rates. We normally discount our rates for non-profit organizations, particularly when the audit work can be done in timeframes outside of our normal CPA firm busy season of February and March.

We pride ourselves in our ability to maintain close contact with our clients throughout the year. Routine questions are gladly answered without charge. Out-of-pocket expenses (travel, parking, etc.) will be not be billed to you as further evidence of our desire to obtain the organizations as our clients.

We will submit a bill for our fees after the audit reports have been delivered and accepted in their final form.

We confirm that we will conduct an entrance and exit conference and attend an annual Board of Directors meeting to present the statements in the Washington, DC area if requested. Our record retention policy exceeds the minimum requirements stipulated in the request for proposal.

## References

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The following client entities are relatively similar in size to your two organizations.

Mr. Waldemar Berenguer  
**University Legal Services, Inc.**  
220 I Street, NE, Suite 130  
Washington, DC 20002  
(202) 547-4747

Ms. Donna Brown  
Director of Accounting and Administration  
**National Association of State Energy Officials**  
1414 Prince Street, Suite 200  
Alexandria, VA 22314  
(703) 299-8800

Ms. Denise Gershowitz  
Director  
**Concord Hill School**  
6050 Wisconsin Avenue  
Chevy Chase, MD 20815

Mr. Kevin Burke, CPA  
Finance Director  
**National Council for State Housing  
Agencies**  
444 North Capitol Street, NW, Suite 438  
Washington, DC 20001  
(202) 624-7759

## APPENDIX

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Dembo, Jones, Healy, Pennington & Marshall, P.C., has successfully completed eleven consecutive peer reviews and on each occasion received an unmodified report on the quality control techniques applied to our accounting and auditing practice. Our most recent peer review was completed in 2013. A copy of our peer review report is enclosed with this proposal.



Smith Elliott Kearns & Company, LLC  
Certified Public Accountants & Consultants

## SYSTEM REVIEW REPORT

To the Owners of Dembo, Jones, Healy, Pennington & Marshall, PC  
and the Peer Review Committee of the Maryland Association of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Dembo, Jones, Healy, Pennington & Marshall, PC (the firm) in effect for the year ended December 31, 2012. 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 a part of our peer review, we considered reviews by regulatory entities, 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* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Dembo, Jones, Healy, Pennington & Marshall, PC in effect for the year ended December 31, 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*. Dembo, Jones, Healy, Pennington & Marshall, PC has received a peer review rating of *pass*.

*Smith Elliott Kearns & Company, LLC*

Hagerstown, Maryland  
August 28, 2013