

SERVICE PROPOSAL FOR:
NEVADA AFFORDABLE HOUSING
ASSISTANCE CORPORATION

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NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION**

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August 9, 2016

Verise V. Campbell, Chief Operating Officer
Nevada Affordable Housing Assistance Corporation
3016 W Charleston Blvd #160.
Las Vegas, NV 89102

Dear Ms. Campbell,

We appreciate the opportunity to submit a proposal to provide professional accounting services to Nevada Affordable Housing Assistance Corporation (NAHAC). Enclosed with this letter is our technical proposal for the services to be provided.

Our approach to client service is to foster strong relationships with our clients and to provide value to the organizations we serve. We have extensive experience in serving tax-exempt entities throughout Nevada. We do not sub-contract our work to any association or affiliated parties. All work conducted by our firm will be done by accounting professionals with significant involvement at the partner and manager levels.

We look forward to being your firm of choice. If you have questions regarding this proposal, or if we can be of assistance during this process, please do not hesitate to contact us. We look forward to hearing from you.

Sincerely,



Jeff Stout, CPA
Partner



The CPA. Never Underestimate The Value.®

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FIRM OVERVIEW



FIRM PROFILE

Ellsworth & Stout, CPAs is a well-established Certified Public Accounting firm in Las Vegas, Nevada. We have three partners and sixteen professional and administrative staff. Our high standards and specialized team enhance our professionalism, responsiveness and quality of service. We serve our clients by offering business consulting, tax preparation, audit, review and accounting services. We ensure every client is served by the expertise of our whole Firm. We are passionate professionals with “Big Firm” experience and a local firm culture, providing personalized service. We are proud to announce that our firm was voted one of the “Best Places to Work” in 2011 by Vegas Inc.

Our firm has the desire and capacity to accept new clients. Our staff is well-balanced with diverse backgrounds to provide a wide array of expertise. Our clientele consists of a broad range of businesses, high net worth individuals, not-for-profit organizations and property associations. We have gained experience in serving real estate developers, residential and commercial contractors, international investors, associations, professional services, franchises and not-for-profit organizations. Our firm also offers business set-up and bookkeeping services for our clients.

Our staff continuity is exceptional, as evidenced by our premium rating with the State of Nevada Employment Security Division. We understand low turnover equates to increased efficiencies and decreased complications that may arise during the course of an engagement.

Our firm is a member in good standing with the Nevada Society of CPAs, the American Institute of CPAs and fully credentialed and licensed by the Nevada State Board of Accountancy.

ENGAGEMENT TEAM

Jeffrey A. Stout, CPA Audit Partner and Shareholder Ellsworth & Stout, CPAs

BACKGROUND

Jeff Stout, CPA has worked in public accounting since 1995. Jeff has extensive experience in performing audits, reviews and compilations for clients in a variety of industries including not-for-profit organizations, employee benefit plans (single and multi-employer), small business, construction, homeowner associations, and various others industries. He also has experience in the preparation of related tax returns for tax exempt entities and employee benefit plans. Jeff oversees the firm's audit practice and directs the firm's quality control division. He enjoys spending time with his family and a good round of golf.

EDUCATION

Bachelor of Science in Business Administration
University of Nevada, Las Vegas, 1995

CONTINUING PROFESSIONAL EDUCATION

Member in good standing: Nevada State Board of Accountancy.
Satisfies the professional requirement of completing at least 80 hours of continuing professional education every two years including Yellow Book requirements.

ACHIEVEMENTS

Licensed CPA, State of Nevada
Member, American Institute of Certified Public Accountants
Member, Nevada Society of Certified Public Accountants

ENGAGEMENT TEAM

Brian Hardy, CPA
Audit Manager
Ellsworth & Stout, CPAs

BACKGROUND

Brian Hardy started his work in public accounting performing audits, reviews, and compilations for clients in a variety of industries including non-profit organizations, construction, retail, healthcare, and employee benefit plans. Brian is licensed as a CPA in the state of Nevada and is currently pursuing a Masters of Business Administration at University of Nevada, Las Vegas. He previously worked as a manager for a consulting firm provided outsourced CFO (Chief Financial Officer) services to clients in a wide array of industries. Brian's areas of expertise include not only accounting and finance, but also information systems, performance measurement, and human resources.

EDUCATION

Bachelors of Science in Business Administration, Accounting Emphasis,
University of Nevada, Las Vegas, 2008

CONTINUING PROFESSIONAL EDUCATION

Member in good standing: Nevada State Board of Accountancy.
Satisfies the professional requirement of completing at least 80 hours of continuing professional education every two years including Yellow Book requirements.

ACHIEVEMENTS

Licensed CPA, State of Nevada
Member, American Institute of Certified Public Accountants

Ellsworth & Stout, CPAs



Dain Ellsworth, CPA
Shareholder

Dain's experience of 20 years includes service in the areas of accounting, taxation, international taxation, and business advisor, serving clients in the fields of real estate development, residential and commercial construction, professional services, and aviation.



Jeff Stout, CPA
Shareholder

Jeff's 20 years of experience include preparation of audited, reviewed and compiled financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) for various industries including tax exempt entities, homeowner associations, employee benefit plans, small businesses and construction industries. He also has experience in the preparation of the informational returns required for not-for-profit organizations and employee benefit plans.



Jaime Velez, CPA
Principal

Jaime has 19 years of professional experience in areas of auditing, accounting and finance. Jaime's audit experience includes serving clients in various industries including tax exempt entities, construction, franchising, manufacturing and other industries. Jaime has served as Controller and CFO of local companies in the construction, manufacturing and high-tech industries.

ENGAGEMENT INFORMATION

LICENSING

All of our partners and staff CPAs are licensed with the State of Nevada. We are accredited with the American Institute of Certified Public Accountants and members of the Nevada Society of Certified Public Accountants.

SERVICE APPROACH

Four of our six CPAs are assigned to the audit staff. Our approach to client service is to foster strong relationships with our clients and to provide value to the organizations we serve. Our commitment to premium service for our clients means that a partner will be present for the majority of the field work, and a specifically designated audit manager will be assigned full-time responsibility for your audit.

We do not transmit information electronically without the client's consent. All communication to discuss issues with our clients' leadership team and audit committee will be done in person or via telephone conferences. We only transmit information via e-mail or fax with our clients' full consent and approval. In addition, we use a web portal, with the highest security, to facilitate access to electronic audit files with our clients. We are a leader in understanding and complying with the IRS 990 requirements and we have extensive experience in working with similar tax-exempt entities.

INITIAL SERVICE PLAN

The following is the initial service plan, shown in phases, which we expect to follow in relation to this engagement:

- **Discovery and Compliance Phase:** Obtain an understanding of the entity and its environment, including the system of internal controls, policies, and procedures. Obtain an understanding of compliance and reporting requirements. Create a schedule to ensure timely and accurate reports to both internal and external parties.
- **Accounting, Control, and Implementation Phase:** Review current accounting information, and make any necessary adjustments or changes to the underlying chart of accounts, transactions, or procedures to allow for timely accurate reporting. Create a monthly closing checklist to be completed and signed off monthly by appropriate parties, in order to provide timely financial reports to the board of directors. Design and implementation an adequate system of internal controls, approved by NAHAC management.
- **Budgeting and Reporting Phase:** Review the existing budget and any relevant forecast information, and make any necessary adjustments to provide a reliable measure for financial performance. Create monthly report templates showing budget to actual amounts to-date, with forecasted amounts for the remaining periods in the fiscal year. Reports will be provided, with a summary of important information, to management and the board of directors on a monthly basis.

ENGAGEMENT INFORMATION (Continued)

ONGOING SERVICE PLAN

Throughout the process and upon completion of the initial service plan, we plan to perform services on a weekly basis as follows:

- Operational accounting and finance department oversight
- Monthly financial reporting and assistance with financial aspects of compliance reporting
- Assistance during U.S. Treasury Compliance Reviews and reviews/audits by other regulatory agencies, and with the annual audit of NAHAC's financial statements by its outside auditors.
- Internal audit and financial compliance functions on request. If these functions/services are requested, they shall be performed by our staff members dedicated to this portion of the services only (the "Dedicated Staff"). The Dedicated Staff shall not perform any other work for NAHAC.
- Budgeting and forecasting
- Review policies and procedures at least annually and make suggestions as needed
- Strategy development and implementation ¹
- Other services as requested ¹

PROPOSED ENGAGEMENT SCHEDULE

Schedules visits to a client's offices are based on our clients' established office hours and availability. We always accommodate our clients' schedules and meet their deadlines.

Understanding the limits and restrictions on not-for-profit budgets, we offer valuable service for our competitive fees. Your audit will be conducted with maximum efficiency and accuracy. We have the staff and the capability to complete our contracted services while working around your schedule and meeting your deadlines.

Initial service plan

We estimate that the initial service plan will require an initial two (2) full days in NAHAC's offices as part of the discovery and compliance phase, and another one (1) full day during the accounting, control, and implementation phase.

Ongoing service plan

For the ongoing service plan, we estimate that we would provide approximately eight (8) hours of professional service on a weekly basis, with an additional two (2) to three (3) hours monthly

¹ Additional fees may be incurred upon agreement by both parties to this proposal.

for reporting and supervisory purposes. If additional time is needed, we will discuss with you in advance and obtain written approval for those additional hours.

In addition, we believe that the time we spend will be sufficient to eliminate the need for the existing internal audit procedures currently being provided by a third-party to NAHAC. The essence of what is being accomplished through the internal audit function would be included in our services and accompanying fee schedule.

TERMS AND LIMITATIONS

PROPOSED FEES

Schedule of Professional Fees:	
Partner Level	\$200 / Hour
Manager Level	\$150 / Hour
Staff Level	\$100 / Hour

Our fee for these services will be based on our standard hourly rates (above), depending on the level of service performed and the staff required. We estimate that our fees for the initial service plan to be \$3,000, and our fees for ongoing services to range from \$2,500 to \$3,500 per month. Monthly fees will not exceed \$3,500 per month without prior written approval. If we are performing internal audit and financial compliance functions in a particular month at your request, our monthly fee will not exceed \$4,500 for that month without your prior written approval. We anticipate that the majority of time spent will be at the staff level. If additional time is required, we will discuss this with you and obtain your prior written approval to proceed in advance of spending additional time. With your prior written approval, you will reimburse us for our out-of-pocket costs such as report production, word processing, postage, etc. based on actual costs incurred. The fee estimate is based on anticipated cooperation from your personnel. If unexpected circumstances are encountered during the engagement and significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate, which you will approve in writing, before we incur the additional costs. Our invoices for these fees will be rendered as work progresses and are payable within 30 days after presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination.

OTHER TERMS AND LIMITATIONS

In performing our engagement, we will be relying upon the accuracy and reliability of information provided by you. The scope of this engagement will not include an audit, review, or attestation of the accuracy of that information. Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist; however, if we determine that such activities exist, we will notify you of such activities, unless they are clearly inconsequential.

For any internal reports or schedules provided to you, you are responsible to evaluate the reliability and relevance of such reports and notify us of any requested changes to information contained in the reports. Quality of information is improved by increasing its reliability, relevance, or both; and increased relevance is often attained by accepting a lower level of reliability. It is ultimately your responsibility to assess whether the information is sufficiently reliable for your intended use.

We will perform our services in accordance with applicable professional standards issued by the American Institute of Certified Public Accountants. We, in our sole judgement, reserve the right to refuse to do any procedure that might violate those professional standards.

This agreement shall continue until cancelled in writing by either party with at least 30 days' notice. The Parties acknowledge that there may be Congressional action which jeopardizes the continuation of the Hardest Hit Funds Programs as a whole, a failure to appropriate funds to support it, or any other federal action or inaction which nullifies the authorization or funding of the Hardest Hit Funds Program as a whole which shall immediately terminate this agreement.

Upon termination by either party, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures, which you have previously approved in writing, through the date of termination. It is our firm policy to not release any financial records created by our office until all outstanding invoices are paid. As business conditions and requirements change, we may mutually agree to change or modify this engagement; however, all such changes must be in writing.

We appreciate the opportunity to be of service to you and believe that this proposal accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of this engagement as described in this proposal, please sign your acknowledgement of your understanding below and return the signed proposal to us. Please make sure to make a copy for your records.

RESPONSE:

This letter correctly sets forth the understanding of Nevada Affordable Housing Assistance Corporation.

Signature

Title

Date