AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Gunnison River Valley Local Marketing District; Approval of Funding for Gunnison-Crested Butte Tourism Association Financial Audit; McMahan and Associates, LLC; Not to Exceed $10,000

Action Requested: Other GRVLMD agenda item to approve audit amount for TA not to exceed $10,000

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
Approve reimbursement of costs per Professional Service Proposal from McMahan & Associates to the Gunnison Crested Butte Tourism Association with estimated fees in the range of $7,500 to $9,750 for audit of the year ended 12/31/2014.

Fiscal Impact: Estimated between $7,500 and $9,750.

Submitted by: Linda Nienhueser **Submitter's Email Address:** lnienhueser@gunnisoncounty.org

Finance Review: ○ Required ● Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ○ Required ● Not Required

Comments:

Reviewed by: Discharge Date: Certificate of Insurance Required Yes ○ No ○

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\khaase Discharge Date: 2/18/2015

○ Consent Agenda ● Regular Agenda ○ Worksession Time Allotted: 5 minutes

Agenda Date: 2/24/2015 Follow Up Agenda Date:

Revised April 2013

Professional Services Proposal

Specially Prepared for:

GUNNISON CRESTED BUTTE TOURISM ASSOCIATION

By:

McMahan and Associates, L.L.C.
P.O. Box 5850
Avon, Colorado 81620
(970) 845-8800
www.mcmahancpa.com

Gunnison Crested Butte Tourism Association

Professional Services Proposal

February 17, 2015

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Our Mission Statement

**We are committed to achieving professional excellence
and will continually provide
ethical, progressive, and responsive service
to all our clients.**

AICPA

PCPS
THE AICPA ALLIANCE FOR CPA FIRM

CGMA
Chartered Global Management Accountant

Governmental
Audit Quality Center
AICPA

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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February 17, 2015

Board of Directors
Gunnison Crested Butte Tourism Association
202 E Georgia Ave
Gunnison, CO 81230

Dear Board:

We are pleased to respond to your request for an audit proposal for Gunnison Crested Butte Tourism Association (the "Association"). We understand that the Association will require financial statement audit(s) for the fiscal year ending December 31, 2014 and following years as requested by the Association. Our audits will meet the requirements set forth by the US Chamber of Commerce best practices for financial accreditation. The defined best practices require annual financial audits for local chambers of commerce that exceed $500,000 per year in revenue. The following will provide you information regarding our firm and service philosophy:

Qualifications and References

From our offices in Avon, Colorado, McMahan and Associates has provided professional services to clients throughout Colorado and the Rocky Mountain region for forty years. We currently serve as auditors, tax advisors, and business consultants for clientele in a wide variety of industries, including dozens of chamber and non-profit entities. We are therefore thoroughly familiar with all aspects of financial reporting and taxation for non-profit organizations.

Our firm and all CPAs on staff are licensed to practice in the State of Colorado. Neither our firm nor any staff member has been subject to any disciplinary action with state regulatory bodies or professional organizations. We are proud to be members of the AICPA's Governmental Audit Quality Center, which is dedicated to promoting the importance of quality audits and the value of such audits to purchasers of audit services. We also participate in the AICPA's peer review process. Our firm's 2012 peer review report, our last peer review completed, represents the highest level of assurance in the AICPA peer review process.

Qualifications and References (continued)

Confirmation of our firm and partner disciplinary records can be verified at:

- http://www.aicpa.org/FORTHEPUBLIC/DISCIPLINARYACTIONS/Pages/default.aspx. (AICPA)
- https://www.colorado.gov/dora/licensing/Lookup/LicenseLookup.aspx (Colorado)

The following is a listing of a few of our non-profit clients or clients within your geographic region:

Name	Scope of Work	Dates of Service	Contact Person
Glenwood Springs Chamber Resort Association	Audit and tax	2002 – present	Marianne Virgili Executive Director (970) 945-6589
Gunnison River Valley Local Marketing District	Audit	2009 – present	Linda Nienhueser Finance Director (970) 641-7622
Gunnison Watershed School District	Audit	2013 – present	Stephanie Juneau Business Manager (970) 641-7720
Aspen Community Foundation	Audit	2009 – present	Hilde Hottendorf Finance Officer (970) 925-9300

We also audit a number of other entities within the Gunnison / Crested Butte valley. Additional references can be provided upon request.

Firm Leadership

Paul J. Backes, C.P.A., C.G.M.A. will serve as the primary contact for the Association. He has twenty-two years of auditing, accounting, and consulting experience, including twenty years with McMahan and Associates. A member of both the American Institute of Certified Public Accountants ("AICPA") and the Colorado Society of Certified Public Accountants ("CSCPA"), Paul is licensed as a C.P.A. in Colorado and California, and has served as the Chair of the CSCPA's Governmental Issues Committee. He has extensive auditing experience relating to governments, non-profits and the resort industry. Paul is listed in the CSCPA's Technical Advisory Guide as an expert in Audit and Accounting.

Daniel R. Cudahy, C.P.A., C.G.M.A. will serve as the additional contact person the Association. He has twenty-five years of auditing, accounting, and consulting experience, including nineteen years with McMahan and Associates. Daniel is also a Member of the Special Review Committee of the national Government Finance Officers Association ("GFOA"), responsible for evaluating the qualifications of Comprehensive Annual Financial Reports to be awarded the Certificate of Excellence in Financial Reporting issued by the GFOA. Additionally, he holds memberships in the American Institute of Certified Public Accountants (AICPA) and the Colorado Society of Certified Public Accountants (CSCPA).

Our Team

The professional associates at McMahan and Associates shares our commitment to excellence in providing accounting, auditing, and consulting services for our clients, through professional development and continuing education, and our shared efforts to anticipate client needs. To this end, all our CPAs meet or exceed the annual continuing professional education requirements imposed by the Colorado State Board of Accountancy, the AICPA, and GAO Governmental Auditing Standards, with the majority of such course work concentrated on auditing and consulting matters, and all will have prior experience with the accounting and financial reporting issues common to non-profit organizations.

Staffing will generally be consistent at the manager and/or senior level, with staff rotation common at the staff auditor level. This allows accumulated client knowledge to combine with experience at the audit management level, while having the benefit of different perspectives at the audit task level.

It is our belief that this program of continual education and professional development will ensure that our clients are provided with the highest level of service. We also try to ensure that clients are kept abreast of current developments in financial reporting and other requirements, by periodically issuing letters advising of FASB pronouncements and other matters of interest to non-profit entities. This update service is provided at no cost to our clients.

Audit Approach

A. Planning/Scheduling

The end result of a financial statement audit should be the identification of practical opportunities to improve business operations, not just the delivery of a bound audit report and financial statements. To achieve that result requires the auditor to work closely with the client to plan an efficient process that identifies and assesses the client's major risk areas, and then provides realistic suggestions for building on existing systems for financial reporting and control. Our initial contacts with the Association staff, therefore, will be focused on learning about the Association's systems and controls over financial reporting, and other business processes. We will plan our audit in accordance with professional standards, but will ensure that we address areas of concern identified by the Association's management, audit committee, or Board members.

To minimize the impact of audit fieldwork on the Association's daily operations, we will coordinate with the Association staff to identify as early as possible the information needed to perform our audit. We will request that the Association staff provide such data in advance of our audit fieldwork to facilitate an effective audit process.

Audit fieldwork for fiscal year 2014 will be scheduled at a mutually convenient time. Internal control documentation and systems testing may be scheduled in advance of year-end audit fieldwork. All work will be scheduled, in advance, with the appropriate personnel at the Association.

B. Engagement Management and Supervision

To maximize efficiency of our audit and to validate the output of financial reporting systems, we will utilize risk-based sampling of transactions, together with analytical review procedures. We will utilize the Association's computer systems, to the extent practical, to generate data to be used during the audit, thereby increasing audit efficiency. McMahan and Associates has retained all audit documentation in electronic format since 2005, giving us close to a decade of experience with paperless, efficient, environmentally-friendly technology. This experience allows us to access audit records remotely, significantly reducing the number of hours spent in your offices, thereby minimizing interruptions. Our use of the latest auditing technology available also permits us to link our risk assessments and other audit evaluations to our audit programs, and draft financial statements cost-effectively by linking them to our journal entry and trial balance system.

Audit Approach (continued)

B. Engagement Management and Supervision (continued)

Prior to issuance of the audit and other reports, all work papers, reports, drafts, and audit evidence will have a final review by the assigned firm partner. Draft reports (including the Board Communication Letter) will then be reviewed with appropriate the Association personnel before issuance or presentation to the Board.

At the conclusion of audit fieldwork, we will provide the Association's staff with a complete set of audit adjustments, if any, together with appropriate documentation, for review and approval. Any findings and recommendations noted in the course of our audit will also be discussed with the appropriate the Association personnel.

Our audit approach seeks to improve our clients' operations and internal controls through constructive solutions that work for well for all stakeholders rather than simply calling attention to "problems." We have found that such an approach minimizes disagreement and maximizes cooperation toward common objectives.

C. Communications to the Board

As required by professional standards, we will communicate to the Association's Board of Directors and administration, by letter, all material weaknesses or reportable conditions noted in the course of our audit. In addition, the Board Communication Letter will include our suggestions, if any, for improvement in business practices and procedures.

D. Ongoing Support and Consultation

As with all clients, telephone conferences and meetings required to complete the audit and present the required reports within the agreed-upon period are included in our base audit fee. Similarly, telephone consultation during the year that does not require significant research time by our staff is provided to clients at no additional cost.

Fees for Services

Our proposal includes the audit of the Association's fiscal year 2014 financial statements and is based on the assumption that we will prepare the financial statements. If requested, we will present the audited financial statements, together with our audit communications, to the Board or Audit Committee.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Based on our preliminary estimates and your anticipated cooperation of your staff, we anticipate the fee for the audit portion of the engagement will range as follows:

Procedures	Fee Range		
Audit	$ 6,250	-	$ 8,500
First year preparation	1,250	-	1,250
	$ 7,500		$ 9,750

We anticipate the fee to be at the lower end of the range after implementing procedures relating to the first year. If our time exceeds our estimate, we will discuss the circumstances with you prior to billing. If the fee is less than anticipated, we will bill you the lower amount. We want the Association to feel that the value of services provided by our firm is commensurate with the fee charged.

Our fees for services in future years, if our engagement is extended by the Association and assuming no change in the nature of the Association's operations or the condition of financial records and systems, will not increase by more than the Denver-Boulder CPI.

Independence

McMahan and Associates, L.L.C. and its staff are independent of the Association, as defined by generally accepted auditing standards. During the term of our engagement with the Association, we will provide prompt written notice of any professional relationships that might pose a conflict of interest.

As long-term residents of the Colorado mountains, our staff prides themselves on community involvement and commitment to client service. We are proud of the assistance we have provided to our clients over the years. We have developed long-term working relationships and have helped our clients become financially stronger and operationally more efficient. We look forward to working with you in the coming years to help the Association meet its financial goals. Please do not hesitate to contact us at your convenience if you have any questions.

Sincerely,
McMAHAN and ASSOCIATES, L.L.C.

Paul J. Backes, C.P.A., C.G.M.A.
Partner