



RESOLUTION NO. 20150728-05

**RESOLUTION AUTHORIZING CONTRACT EXTENTION TO VAIL AND KNAUTH LLP
FOR FISCAL YEAR 2015 ANNUAL AUDIT**

WHEREAS, TexAmericas Center is a political subdivision of the State of Texas with the powers and authorities specified in Chapter 3503 of the Special District Local Laws Code of the State of Texas; and

WHEREAS, TexAmericas Center was established by resolution of Bowie County and the surrounding cities; and

WHEREAS, TexAmericas Center was established for the purpose of accepting title to the excess personal and real property within the Red River Army Depot, and to reuse said property for economic redevelopment purposes; and

WHEREAS, the TexAmericas Center Board of Directors deems it necessary to contract with a qualified Certified Public Accounting firm to conduct an annual audit; and

WHEREAS, the firm of Vail and Knauth LLP, was competitively selected pursuant to Office of Economic Adjustment and Office of Management and Budget procurement guidelines for grant funded activities and was determined to have the necessary experience to perform the audit of TexAmericas Center's financial statements and related matters by **Resolution No. 20110125-08**; and

NOW, THEREFORE, be it resolved by the Board of Directors of TexAmericas Center that the Executive Director/CEO is authorized to enter into a one year contract extension with Vail and Knauth LLP to perform the annual financial audit for TexAmericas Center, a sum not to exceed **\$27,175.00**.

PASSED AND APPROVED THIS 28th day of July, 2015



Denis Washington, Chairman of the Board

ATTEST:



Boyd Sartin, Secretary/Treasurer

**PROPOSAL FOR
TEXAMERICAS CENTER
INDEPENDENT FINANCIAL AUDIT SERVICES**

FOR THE FISCAL YEAR ENDING

SEPTEMBER 30, 2015

Vail & Knauth LLP
Certified Public Accountants
1801 Gateway Boulevard, Suite 212
Richardson, TX 75080
<http://www.vailknauth.com/>
Chris.Knauth@vailknauth.com

May 27, 2015



VAIL & KNAUTH, LLP
 CERTIFIED PUBLIC ACCOUNTANTS
 AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
 Chris E. Knauth, CPA
 Charles T. Gregg, CPA
 Don E. Graves, CPA
 Pamela C. Moore, CPA
 Courtney N. Cooper, CPA

Members:
 American Institute of CPAs
 Texas Society of CPAs

TexAmericas Center Independent Financial Audit Services Proposal

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May 5, 2015

Scott Norton, Executive Director / CEO
TexAmericas Center
107 Chapel Lane
New Boston, TX 75570

Dear Mr. Norton:

Thank you for accepting our proposal to perform financial audit services for TEXAMERICAS CENTER ("TexAmericas") for the fiscal year ended September 30, 2015.

Our proposal for auditing TexAmericas in accordance with *Government Audit Standards* ("The Yellow Book"), and the American Institute of Certified Public Accountants (AICPA) is shown in the section labeled "Technical Proposal."

We are a specialty firm in that over 30 percent of our practice includes performing governmental and nonprofit audits. Vail & Knauth, LLP ("The Firm") affirms that:

- A. It is independent and licensed to practice in Texas.
- B. The firm has no conflict of interest with regard to any other work performed by the firm for TexAmericas.
- C. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- D. The firm has included a copy of its last external quality control review supporting the fact that the firm has a record of quality audit work.

Our firm fixed fee is based on our prior experience working with TexAmericas, in addition to several other governmental entities. If we encounter difficulties during the audit, we will let you know well in advance of the situation. We will discuss with you in detail any such difficulties and together decide how to progress with the audit. We are committed to performing the work within the expected target date of January 29, 2016.

We believe that awarding the engagement to us will have several advantages to your organization. We are currently engaged as the independent auditor for many organizations that must follow GASB pronouncements and *Governmental Auditing Standards*. Our firm has performed more governmental audits than most firms in Texas, and Charles T. Gregg is also a **Certified Fraud Examiner**.

Please give serious consideration to our proposal, noting our governmental and nonprofit auditing experience, our experience working with governmental entities, Government Auditing



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Standards, and Single Audit Act audits, our membership in the Government Finance Officers Association, American Institute of CPAs, Charles T. Gregg's membership of the American College of Forensic Examiners, and the firm's membership in the Texas Society of CPAs. Our Quality Review required by the American Institute of Certified Public Accountants was performed on May 28, 2014 and is included as an attachment to this document. The firm has \$1,000,000 professional liability insurance coverage through the North American Professional Liability Insurance Agency.

This is a firm fixed price proposal, and Mr. Chris Knauth, CPA is authorized to represent the firm. If you have any questions about our proposal, please do not hesitate to let us know.

Sincerely,

Chris Knauth, CPA
VAIL & KNAUTH, LLP



EXECUTIVE SUMMARY

This proposal for audit services has been written specifically for TexAmericas. The proposal will expire ninety (90) days after May 5, 2015.

Background of the firm and experience

Vail & Knauth, LLP is a local public accounting firm located in Dallas, Texas. The Firm merged with with Gregg & Company CPA's in 2009, as well as Howell & Moore CPA's and Hendricks, Graves & Associates in 2012. Since the firm's inception, the primary accounting service provided to clients has been the attestation function. The firm specializes in performing governmental and not-for-profit audits. Vail & Knauth LLP has extensive experience performing audits in accordance with Single Audit Act of 1984 and standards issued by the General Accounting Office (GAO). Please see the attachment of resumes for a recent list of similar audits performed.

Scope of audit services to be performed

Services that will be provided by Vail & Knauth LLP include (1) preparation and audit of TEXAMERICAS financial statements as specified by Generally Accepted Auditing Standards, *Government Auditing Standards*, and (2) submission of a letter to the CEO and Board of Directors addressing internal control systems and procedures. TexAmericas will prepare the financial statements and notes to the financial statements and Vail & Knauth, LLP will review the statements and opine on the basic financial statements. This proposal is submitted with the understanding that TexAmericas will require a Single Audit but will not issue a Comprehensive Annual Financial Report (CAFR).

The Audit Plan

The seven different phases are discussed in detail in the "Audit Approach" section.

The Audit Team

The audit team for auditing services to TexAmericas is Chris Knauth CPA – Partner, Mike Vail CPA – Partner, Charles T. Gregg CPA – Director, and a Staff Accountant. The continuing education for each key audit team member is also included in the resumes.

Independence

The second general standard for governmental auditing states that the auditor should maintain an attitude of independence in both fact and appearance. Vail & Knauth, LLP has no direct or indirect financial interest in TexAmericas or other interest that could affect the independence of the firm. We affirm that the firm is independent of TexAmericas as defined by generally accepted auditing standards of the U.S. No member of the proposed audit team has any



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professional relationship that constitutes a conflict of interest relative to performing the proposed audit.

Licensure

We affirm that the firm and all assigned key professional staff are properly licensed to practice in Texas.

Firm size

The firm is comprised of 9 professionals. The firm has 14 CPA associates in the Dallas Area. We propose to utilize no more than three professionals in the firm on this proposal. All professionals in the firm meet the requirements of the *Government Auditing Standards*.

PROFESSIONAL EXPERIENCE OF THE FIRM

Vail & Knauth LLP is a local public accounting firm located in Richardson, Texas. The primary accounting service provided to clients has been the attestation function. Vail & Knauth, LLP is comprised of nine professional staff and fourteen associate CPA's. The firm utilizes the resources of the associate CPA's to complete selected audit engagements. We do anticipate that any associate CPA's will be used on this engagement.

Vail & Knauth, LLP specializes in performing various audits of governmental, for profit, and not-for-profit organizations. The firm has extensive experience performing audits in accordance with Single Audit Act of 1984 and standards issued by the General Accounting Office (GAO). The firm's professionals have performed over 250 governmental audits, and have performed administrative cost audits of Los Angeles Blue Cross administrative costs exceeding \$102 million and San Francisco Blue Shield administrative costs exceeding \$124 million.

Because of past experience completing audits of complex nonprofit and state organizations, the firm has demonstrated it is capable of completing the audit of Texamericas in a timely and efficient manner.

Peer review

The firm is a member of the American Institute of Public Accountants (AICPA), Texas Society of CPAs, and the PCAOB. The Public Company Accounting Oversight Board is a private-sector, nonprofit corporation, created by the Sarbanes-Oxley Act of 2002 to oversee auditors of public companies in order to protect investors and the public interest by promoting the preparation of informative, fair, and independent audit reports. The firm's peer review was performed under the direction of the AICPA. The firm receives an internal monitoring review annually and an external System Peer Review every three years.

The firm received the AICPA's highest opinion (pass) on its peer review on May 28, 2014.



The audit team assembled for this engagement is capable of performing the audit in a timely, effective, and professional manner. This has been demonstrated in our audits of independent school districts, nonprofit organizations, municipalities, health care agencies, numerous other audits conducted from California to Washington, D.C.

FIRM COMPETENCE INFORMATION

Vail & Knauth, LLP is not currently, nor has ever been, restricted by the terms of a public or private reprimand by the Texas State Board of Public Accountancy, licensing boards of other states, or any other agency. Vail & Knauth, LLP does not have a record of sub-standard audit work. The firm's accountants are degreed professionals competent for performing all necessary auditing work.

Vail & Knauth, LLP meets all specific requirements imposed by federal, state, and local laws or rules and regulations.

AUDIT APPROACH

The audit will be performed in accordance with standards issued by the American Institute of Certified Public Accountants.

The firm's audit philosophy is to provide the highest quality audit possible in the most efficient manner with minimal interference in the day-to-day operations of the client's administrative staff. Past experience has shown that frequent and open conversation between our firm's management and the client's staff is the best way to accomplish this objective. Our goal is to hold an entrance conference with the CEO and the staff accountant on August 28, 2015 to perform preliminary (interim fieldwork), and provide TexAmericas with a detailed audit plan and list of schedules to be prepared by TexAmericas.

PHASES OF AUDIT WORK:

Phase I

After a briefing with the CEO, Vail & Knauth, LLP will:

- a. Obtain and review necessary background information relative to the audit.
- b. Have all members of the audit team review the *Government Auditing Standards*, and the AICPA Auditing Standards.
- c. Make arrangements for the entrance conference.



- d. Meet with HOLLIDAY, LEMONS, & COX, P.C. to discuss working with the local firm providing accounting and consultation for TexAmericas.
- e. Arrange to have all books and records available for review upon arrival at TexAmericas.
- f. Review TexAmericas internal policies and procedures for data entry and reporting in the QuickBooks online accounting software.
- g. We will request the CEO to request department heads to document internal control procedures of selected areas of operations. We will request an internal control questionnaire to be completed with is a comprehensive list of typical internal policies and procedures to determine if TexAmericas is utilizing "best practices" of similar size cities.
- h. Perform analytical procedures using comparisons of prior year actual and current year actual of revenues, expenditures, by fund, and compare budget year comparisons. We will review the relationships of the variances between revenue and expenditures for unusual and unexpected variations. From these analytical procedures we will develop a customized audit program.

Phase II

We will begin the interim preliminary on-site work December 8, 2015 and conduct the entrance conference with the CEO. We will observe TexAmericas' operations to become familiar with its specific procedures. We will establish procedures for discussing any material audit exceptions or noncompliance with state or federal laws and regulations. Our strategy is to complete fieldwork by January 15, 2016. We will plan for progress reports every other Friday with the CEO beginning with the fieldwork planned for the month of December 2015. We believe that progress reports will assist us and TexAmericas with keeping on schedule with the audit.

We will review the operations of TexAmericas to determine if the organization is complying with laws and regulations of Texas and Federal governments by reviewing the responses to internal controls questionnaires, review of the minutes, purchasing procedures, and human resources policies and procedures.

Phase III

We will review the schedules of accounts payable, accounts receivable and other scheduled reports prepared by TexAmericas and review the internal control structure of TexAmericas. The amount of audit testing that our auditors need to perform is directly affected by their assessment of control risk.



Our purpose of assessing the control risk is not designed to detect errors, irregularities, fraud or abuse. However, we use a system for assessing the control risk that is a significant advance over traditional prevention and detection of material errors and irregularities. It is applied in considering each significant class of transactions and related assets involved in the audit. Our approach consists of the following steps:

- Considering the types of errors and irregularities that could occur.
- Determining the accounting control procedures that should prevent or detect such errors and irregularities.
- Determining whether the necessary control procedures are being followed satisfactorily.
- Evaluating any weaknesses and determining the nature, timing, and extent of our audit procedures.

This approach allows our auditors to pinpoint areas having weak controls and to extend testing only to those areas. In this way, the evaluation of weaknesses in internal control is more exact and the testing of the accounting records becomes more effective and efficient. Any material weaknesses noted during our study and evaluation of internal accounting and administrative controls will be included in our report.

Audit Sampling Plan - Our audit sampling plan is a method of obtaining efficient, mathematically valid samples from accounting records. The objectives are to obtain statistically reliable tests of accounting records and to reduce the amount of time required for detail testing. We have used the plan extensively and successfully in large non-profit and municipal audits. We believe that it is the most valid method available for sampling accounting records as well as the easiest and most practical to apply. Typical use of software for EDP software is Excel random number tables, OIG audit tool box, and QuickBooks software sorting and analysis.

In applying the audit-sampling plan to accounting records, the auditor considers the detailed evaluations of internal controls to determine the extent of tests. Documents and related records supporting the individual items selected by the sampling plan are examined using traditional auditing methods. Deficiencies of both monetary and procedural importance are then statistically computed and evaluated. This approach allows the auditor to determine the appropriate testing required for each area and to select a small statistically valid sample from the accounting records to evaluate quantitatively the results. During this process of Phase V, periodic progress meetings will be conducted with the CEO.

| **We will perform Government Auditing Standards and procedures to comply with Single Audit Act requirements for the Office of Economic Adjustment (OEA) federal grants received by**
| **TexAmericas.**



Phase IV

We will review and test identified revenue, perform additional analytical procedures and perform substantive testing of the accounting records. We will determine if TexAmericas can provide reasonable assurance funds received are in compliance with applicable laws and regulations and board directives.

We will test and review the accounting records and various documents to ensure that the accounting system produces appropriate results. We will evaluate internal controls, control risk, and fraud risk in accordance with professional standards.

During the course of the audit, we will discuss any audit findings and instances of noncompliance where appropriate with the audit committee and/or CEO to avoid any surprises at the exit conference or in the draft audit report.

We will request to be a user in the InVision system to review the transactions and activity of TexAmericas as we have in audits of other cities which have the InVision accounting system.

Phase V

At the completion of the engagement, we will conduct an exit conference with the CEO the week of January 25, 2016. We will then perform a final review of all working papers will be performed in our office. This overriding review is performed to ensure that the final product of our engagement adheres to the highest quality technical standards that can be obtained from any public accounting firm.

Phase VI

In this phase we will ask TexAmericas to consider posting the proposed audit adjusting journal entries and allowing TexAmericas to prepare a rough draft of the basic financial statements and the notes to the financial statements. When requested, we will prepare the GASB 34 adjustments, auditor's report and provide TexAmericas a draft copy to include in the financial statements. After approval of the draft financial statements, TexAmericas will copy and Vail & Knauth LLP will bind two (2) draft copies of the basic financial statements. We will prepare two (2) draft copies of the management recommendation letter and audit governance letter for the audit committee and/or TexAmericas designee. An exit conference will be scheduled with the audit committee and/or TexAmericas designee.



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Phase VII

After receiving the comments of the audit committee and/or TexAmericas designee, we will address any concerns raised. We will then submit twenty-five (25) bound copies and one (1) electronic copy in memory drive format of the audit report and management letter to the Board of Directors. We will address to the audit committee required audit governance letter communication to include:

1. Auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments, and
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

We will furnish requested copies of selected working papers that TexAmericas requests. The work papers will also be available for review upon the request of the appropriate federal or state agencies, for a minimum of three years or when legal proceedings order their release or retention.

AUTHORIZED REPRESENTATIVE

Please direct any questions about this proposal to:

**Chris Knauth, CPA
Vail & Knauth LLP
1801 Gateway Boulevard, Ste. 212
Richardson, TX 75080
972-234-3333**



AUDIT TEAM INFORMATION

<u>Title</u>	<u>Personnel</u>
Partner	Chris Knauth, CPA
Partner	Mike Vail, CPA
Project Director	Charles T. Gregg, CPA
Auditor Senior	Mark Canal

Please refer to ATTACHMENT C for the resume of each key personnel.

Project Director - Charles T. Gregg, CPA

Mr. Gregg will assume the overall management responsibility for the conduct of the engagement. He will coordinate the activities of the project, allocate administrative support where required, and direct any supplemental activities, as needed, for ensuring the completion of the audit within the time and cost restraints. Mr. Gregg has over 30 years of experience, professional training and audit experience. He has managed governmental and non-profit audit engagements since 1968. He is a Certified Fraud Examiner and represents a commitment of the highest level of the firm's management.



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**TEXAMERICAS CENTER
ESTIMATED AUDIT SCHEDULE**

August 28, 2015	Entrance Conference and begin interim preliminary work
December 8, 2015	Fieldwork begins and conference with key employees
January 8, 2016	Fieldwork completed and exit conference with key employees
January 15, 2016	Exit conference with CEO
January 25, 2016	Draft financial statements presented to the audit firm for review
January 29, 2016	Comments received on the draft financial statements from audit firm
February 5, 2016	Final 25 copies delivered to the Board
February 2016	Presentation to the Board of Directors

Governmental Audits

Aids Resource Center of Texoma
Alcoholic Services of Texoma, Inc.
Austin College (Internal Controls)
California Blue Cross – Los Angeles (DHHS)
California Blue Shield – San Francisco (DHHS)
City of Anna, Texas (GASB 34)
City of Azle, Texas (GASB 34) (CAFR)
City of Corinth, Texas (GASB 34) (CAFR)
City of Howe, Texas (GASB 34)
City of Josephine, Texas
City of Palestine, TX (GASB 34) CAFR
City of Parker, Texas (GASB 34)
City of Pottsboro, Texas (GASB 34)
City of Tom Bean, Texas
City of Van Alstyne, Texas (GASB 34)
City of Whitewright, TX (GASB 34)
Dallas County – Park Cities Municipal Utility District (GASB 34)
Department of Justice – Washington, D.C.
Mental Health Mental Retardation Services of Texoma (GASB 34) (OMB-A133)
Texas Dept. of Human Services (Medicaid)
Texoma Area Paratransit System (OMB-A133)
Tom Bean ISD (GASB 34)
Town of Argyle, Texas (GASB 34) (CAFR)
Town of Fairview, Texas (GASB 34)
Town of Saint Paul, Texas (GASB 34)

Non Profit Audits Performed

Cooperative Processing, Inc. (Cooperative organization)
Dallas Area Assoc. of Churches A-133
Dallas Behavioral Network
First United Methodist Church of Van Alstyne, TX
First United Methodist Church of Wylie, TX
Fowler Christian Apartments, Inc. – Dallas, TX. (OMB-A133)
Grayson County Shelter
Grayson County Women’s Crisis Center
Hurricane Creek Country Club
Jean Massieu Academy, Inc.
Juliette Fowler Homes, Inc. (OMB-A-133)
Mental Health Mental Retardation Services of Texoma
Northwest ISD Foundation
Nutriservice, Inc. (Food Program) A-133
Right From the Start Nutrition, Inc. (OMB-A133)
Rylie Family Faith Academies (OMB-A133)
Samaritan Inn – McKinney TX

ATTACHMENT A

St. Luke's Episcopal School
 Texas Alcoholism & Drug Abuse Counselors (Austin, Texas)
 Texoma Area Paratransit System (OMB-A133)
 Worldlink Ministries, Inc.
 Youngcare, Inc. (Food Program) (OMB-A133)

Other audits

Briarwood Apartments, LP. (HUD program)
 COR Specialty Associates of North Texas, Inc.
 Cougar Partnership – Dallas, TX. (HUD program)
 Desoto Estates (Louisiana HUD program)
 DFW Lending Group, Inc. (HUD program)
 Imperial Mortgage, Inc. (HUD program)
 Kinkade Construction (Construction industry)
 Maverick Residential Mortgage, Inc. (HUD program)
 New Vision Mortgage, Inc. (HUD program)
 North Texas MESBIC (SBA lender program)
 N-TEX Roofing Inc. (Construction industry)
 O'Connor Place, L.P. (HUD program)
 Oak Creek Apartments (HUD program)
 Red River Apartments (Louisiana HUD program)
 Shenodoah Apartments, Inc. (HUD program)
 Vista Mortgage, Inc. (HUD program)

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

City of Azle, TX	A-133	09/30/09	Lawrence Bryant	817-444-2541
City of Corinth, TX	A-133	09/30/06	Phil Bray CPA	817-235-7792
City of Argyle, TX	Audit Local Gov't	09/30/09	Kim Collins	940-464-7273
City of Palestine, TX	A-133	09/30/06	Frank Compos CPA	903-922-6137
City of McGregor, TX	A-133	09/30/09	Eddie Peacock CPA	214-356-0116
DCPCMUD	Audit Local Gov't	09/30/09	Larry McDaniels	214-652-8639
Dallas County Park Cities Municipal Water District				

AUDIT REFERENCES

George Rowland, CFO (903) 813-2234
Austin College
900 N. Grand
Sherman, TX 75090

Vic Burgess, Mayor (940) 498-3200
City of Corinth, TX.
3300 Corinth Parkway
Corinth, TX 76208

Ed Hanchey, Vice President (972) 540-2686
Vice President of Blue Cross and Blue Shield of Texas
5712 South Briar Ridge Circle
McKinney, TX. 75070

Ernest A. Hurtado, Project Officer (972) 783-7679
Health Care Financing Administration
1200 Main Tower
Dallas, TX 75202

Robert Stoolfire (903) 868-2123
Executive Director
Alcoholic Services of Texoma, Inc.
225 W. Brockett
Sherman, Texas 75090

Crenshaw Kathy CEO –903-893-3909
Grayson County Women's Crisis Center
PO Box 2112
Sherman, TX 75091-2112

RESUME OF QUALIFICATIONS
OF
CHRIS KNAUTH CPA

EDUCATION

Mr. Knauth graduated from Southern Methodist University in 1993 with a BBA (Bachelor of Business Administration) in Accounting and Finance.

WORK HISTORY

Mr. Knauth has been associated with the firm since 2005. He has worked in public accounting for 20 years and was employed by Ernst & Young, LLP from 1993 to 2001. In 2008, he and Mike Vail formed the CPA firm Vail & Knauth LLP.

AUDITS PERFORMED

2-X1 Charities, Inc.
Dallas Human Resource Management Association
Huitt-Zollars, Inc.
JOY foods, Inc.
Lion Sight & Tissue Foundation
International Autotech, Inc.
Tecon Realty, Inc.
Unified Services of Texas, Inc.
O'Connor Place, L.P. (HUD program)
Oak Creek Apartments (HUD program)
Red River Apartments (Louisiana HUD program)
Desoto Estates (HUD program)
Jean Massieu Academy, Inc.
Worldlink Ministries, Inc.
Dallas County Park Cities Municipal Utility District

POSITION IN FIRM

Audit Partner

SPECIFIC GOVERNMENTAL/NONPROFIT EDUCATION – Past Two Years

Governmental CPE – Yellow Book, Single Audit Act, in past two years	20 hours
Not-for-profit CPE – partner review of W/P's Internal controls	20 hours

RESUME OF QUALIFICATIONS
OF
MIKE VAIL CPA

EDUCATION

Mr. Vail graduated from University of Oklahoma in 1993 with a BACC (Bachelor of Accountancy) and BBA in Finance.

Mr. Vail graduated from the University of Texas at Dallas in 2006 with a Master of Science in Accounting.

WORK HISTORY

Mr. Vail has been associated with the firm since 2005. He has worked in public accounting for 20 years and was employed by Ernst & Young, LLP from 1993 to 2001. In 2008, he and Chris Knauth formed the CPA firm Vail & Knauth LLP.

AUDITS PERFORMED

2-X1 Charities, Inc.
Dallas Human Resource Management Association
Huitt-Zollars, Inc.
JOY foods, Inc.
Lion Sight & Tissue Foundation
International Autotech, Inc.
Tecon Realty, Inc.
Unified Services of Texas, Inc.
O'Connor Place, L.P. (HUD program)
Oak Creek Apartments (HUD program)
Red River Apartments (Louisiana HUD program)
Desoto Estates (HUD program)
Jean Massieu Academy, Inc.
Worldlink Ministries, Inc.
City of Argyle, TX
City of McGregor, TX

POSITION IN FIRM

Audit Partner

SPECIFIC GOVERNMENTAL/NONPROFIT EDUCATION – Past Two Years

Governmental CPE – Yellow Book, Single Audit Act, in past two years	40 hours
Not-for-profit CPE – partner review of W/P's Internal controls	20 hours
Governmental Healthcare auditing	16 hours

RESUME OF QUALIFICATIONS
OF
CHARLES T. GREGG

CERTIFIED PUBLIC ACCOUNTANT

CPA Certificate number 2457 from Tennessee State Board of Accountancy - August 1969.

CPA Certificate number 29898 from Texas State Board of Accountancy - February 1975.

CERTIFIED FRAUD EXAMINER

CFE Certificate number 14209 from National Association of Certified Fraud Examiners - March 1992

EDUCATION

Graduated from The University of Tennessee in 1964, BS - Business, Major in Accounting. MBA Post Graduate study conducted from 1967 to 1979 at the University of Tennessee and University of Tulsa.

WORK HISTORY

Mr. Gregg was employed by the U.S. Army from February 1965 to August 1967, and received an honorable discharge with the rank of Captain.

Mr. Gregg was employed by Tennessee Blue Cross and Blue Shield in Chattanooga, Tennessee as a Medicare Auditor from August 1967 to November 1969. He accepted a Position of Supervisor, Medicare Auditor with Oklahoma Blue Cross and Blue Shield in November 1969. In May 1970, he was promoted to Manager, Provider Reimbursement. He was responsible for preparing portions of the annual intermediary budget and costs for the Medicare operations. He was also responsible for working with Centers for Medicare and Medicaid Services (CMS) and the Department of Health and Human Services (DHHS) subcontract auditors relating to the administrative costs and compliance audits. In July 1973, he accepted the position of Contractor Specialist with the Dallas Regional Office of CMS, overseeing all aspects of Medicare/Medicaid provider reimbursement activities in the Dallas region (Arkansas, Louisiana, Oklahoma, New Mexico, and Texas).

He spent ten (10) years with the CMS. During this experience, he assisted in evaluating the performance of the intermediaries and carriers in the Dallas Region for purposes of the annual Contractor Evaluation Report (ACER) and the Cost Report Evaluation Report (CREP). He also assisted in the evaluation of the State Medicaid programs for the purpose of developing the Annual State Evaluation Report (ASER). His duties included performing audits of the federal procurement regulations, to insure that cost allocations were in accordance with the cost allocation standards (CAS), and insuring that only appropriate cost were included in the final

ATTACHMENT C

budget and cost approvals. Mr. Gregg worked directly with the internal audit staffs and fiscal/budgeting staffs of the intermediaries in carrying out his responsibilities.

Since 1983 as sole proprietor in the firm Gregg & Company CPAs, he has overseen the independent financial audits of more than 70 municipalities, 15 independent school districts, 4 private schools, 65 non profit entities, 6 Municipal Utility Districts, and 5 partnerships. The majority of these audits were performed under Single Audit Act, OMB Circular A-133.

POSITION IN FIRM

Senior Partner - Responsible for design, implementation and compliance with all auditing, accounting, and internal quality control procedures. Responsible for coordinating and scheduling quality reviews for the AICPA on other CPA firms.

YEARS OF PUBLIC ACCOUNTING EXPERIENCE: Twenty-six (26)

YEARS OF SUPERVISORY EXPERIENCE: Thirty-three (33)

Mr. Gregg is a member of the following professional organizations:

- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners
- National Institute of Fraud Examiners
- Chamber of Commerce, Tom Bean, Texas
- Government Finance Officers Association
- Rotary Club - Sherman, Texas (Noon)
- Texas Society of Certified Public Accountants
- The Achievers Practice Management Group in Dallas, Texas
- Vice Chairman Grayson County Child Protective Service Board – Sherman, Texas
- Member of the Board of the Texoma Housing Partners (HUD) – Sherman, Texas

SPECIAL EXPERIENCE

Medicare subcontract audits of health maintenance organizations, audits of nonprofit organizations receiving U.S. Department of Agriculture Child Food Program payments, Department of Justice audits, audits of nonprofit organizations, audits of municipalities, audits of independent school districts, Medicare subcontract audits of hospitals, Medicaid Credit Balance examinations of hospitals, DHHS subcontract audits of administrative costs of intermediaries and carriers, audits of Medicaid ICFs and ICF/MRs, and DHUD audits of DHUD recipients of loans and subsidies. Mr. Gregg has been accepted by the AICPA to perform peer reviews of CPA firms in New Mexico and Texas. Mr. Gregg is a past president of the Tom Bean Area Chamber of Commerce and past chairman of the Board of Trustees of the Tom Bean Independent School District.

ATTACHMENT C

Evaluation Report (CREP). He also assisted in the evaluation of the State Medicaid programs for the purpose of developing the Annual State Evaluation Report (ASER).

His duties included performing audits of the federal procurement regulations, to insure that cost allocations were in accordance with the cost allocation standards (CAS), and that only appropriate cost were included in the final budget and cost approvals. Mr. Gregg worked directly with the internal audit staffs and fiscal/budgeting staffs of the intermediaries in carrying out his responsibilities.

POSITION IN FIRM

Audit Partner - Responsible for design, implementation and compliance with all auditing, accounting, and internal quality control procedures. Responsible for coordinating and scheduling peer reviews in Texas and New Mexico for the AICPA on other CPA firms.

YEARS OF PUBLIC ACCOUNTING EXPERIENCE: Twenty-eight (28)

YEARS OF SUPERVISORY EXPERIENCE: Thirty-five (35)

SPECIFIC GOVERNMENTAL/NONPROFIT EDUCATION – Past Two Years

Governmental CPE – Yellow Book, Single Audit Act, in past two years	3 hours
Not-for-profit CPE – partner review of W/P's Internal controls	9 hours
Governmental Healthcare auditing	26 hours

ATTACHMENT D – PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) corporations.
- B. Proposer warrants that it is has obtained an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Board.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____



Name: Chris Knauth

Title: Certified Public Accountant

Firm: Vail & Knauth, LLP CPAs

Date: May 5, 2015

ATTACHMENT E - FIRM GUARANTEES

The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Services Required.

Signature of Official: 

Name : Chris Knauth
Title: Certified Public Accountant
Firm: Vail & Knauth LLP CPAs

Date: May 5, 2015

ATTACHMENT F – PROPOSAL FORM

TEXAMERICAS CENTER PROPOSAL FORM INDEPENDENT AUDIT SERVICES FISCAL YEAR 2015

The undersigned, hereafter called the proposer, having fully familiarized himself with the specifications for providing professional independent auditing services to TexAmericas Center, hereby agrees and declares:

That prices inserted cover all labor, materials, transportation, insurance, and all other necessary expenses to fulfill the conditions of the contract within the time stated:

Audit for Fiscal Year ending September 30, 2015: \$27,175

The undersigned certifies under penalties of perjury that this proposal is in all respects bona fide, fair and made without collusion or fraud with any other person. As used in this section the word "Person" shall mean any natural person, joint venture, partnership, or corporation, or other business or legal entity.

Our company is: A Corporation _____

A Partnership _____

Other Limited Liability Partnership _____

Company Name: Vail & Knauth, LLP _____

Social Security of Federal ID # 26-3443577 _____

 \\Signature

(Company Official - attached authorization)

Company Address: 1801 Gateway Boulevard, Suite 212

Richardson, TX 75080

Phone: (972) 234-3333 Fax: (972) 234-3331

E-mail, if available: chris.knauth@vailknauth.com

Web Site, if available: www.VailKnauth.com

ATTACHMENT G – PEER REVIEW REPORT



System Review Report

May 28 2014

To the Partners of Vail & Knauth, LLP
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Vail & Knauth, LLP (the "Firm") in effect for the year ended November 30, 2013. 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.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, and examinations of service organizations (Service Organization Control (SOC) 1 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Vail & Knauth, LLP in effect for the year ended November 30, 2013, 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*. Vail & Knauth, LLP has received a peer review rating of *pass*.

HOWARD, LLP

Texamericas Center
SCHEDULE OF ESTIMATED AUDIT HOURS
ALL INCLUSIVE FIXED FEE

FOR THE AUDIT OF THE 2015 FINANCIAL STATEMENTS

Basic Financial Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	40	\$ 195	\$ 160	\$ 6,400
Manager	70	\$ 150	\$ 130	\$ 9,100
Staff	100	\$ 135	\$ 100	\$ 10,000
Office Support	10	\$ 75	\$ 75	\$ 750
Subtotal	220			\$ 26,250
Out-of-pocket expenses:				
Meals and lodging				200
Transportation				300
Telephone, postage, report binding (25)				425
Total Fiscal Year 2015 - October 1, 2014 through September 30, 2015				\$ 27,175

NOTE: FEES ARE A FIRM FIXED PRICE AS REQUESTED