THE POWER OF BEING UNDERSTOOD

AUDIT I TAX I CONSULTING

RSM

©2015 RSM US LLP. All Rights Reserved.

Presented to

THE BOARD OF DIRECTORS OF THE SAN ANTONIO EARLY CHILDHOOD EDUCATION MUNICIPAL DEVELOPMENT CORPORATION

April 18, 2017

RSM

©2015 RSM US LLP. All Rights Reserved.

PS&Co. Joins Forces with RSM

- RSM is the fifth largest U.S. provider of audit, tax and consulting services
  - 9,000 employees in 86 offices nationwide
- Padgett, Stratemann (PS&Co.) and RSM had a formal alliance relationship for over 20 years
- Fifth largest firm in Texas
  - 700 employees
  - Offices in San Antonio, Austin, Dallas, & Houston
- Local service team will remain unchanged
- National public sector practice

©2015 RSM US LLP. All Rights Reserved.

RSM

Engagement Team and Roles

- RSM (Prime 80%)
  - Marc Sewell, Engagement Partner
  - Michelle Horaney, Engagement Quality Review Partner
  - Michelle Hyde, Engagement Manager
  - Alma Murdoch, Supervisor
  - Audit Staff
- Schriver, Carmona, & Company (Subcontractor 20%)
  - Chris Carmona, Partner
  - Richard Martinez, Audit Staff

©2015 RSM US LLP. All Rights Reserved.

RSM

Coordination with Management

- ***Entrance conference*** – we meet with management to discuss audit risks, exchange information, agree on timelines and get an understanding of significant changes from previous years. 2016
- ***Planning & Interim Procedures*** – prepare risk assessment, develop our audit plan, perform analytical procedures and prepare various other workpapers (including testing of the federal major program)
- ***Year-End Procedures*** – performance of year-end audit procedures which include testing transactions, confirmations, substantive analytical procedures, testing reconciliations, etc.
- ***Reporting*** – review financial statements prepared by Pre-K 4SA for conformity with GAAP and communicate any changes or questions
- **Exit Conference** – review the results of the audit with management and discuss any potential management letter comments, adjustments, or other items

©2015 RSM US LLP. All Rights Reserved.

RSM

Audit Scope and Deliverables

- Financial Statement Audit
  - Basic Financial Statements
  - Notes to Financial Statements
- Compliance Audit
  - Federal Major Program
- Deliverables
  - Independent Auditor's Reports
  - Report on Internal Control Over Financial Reporting
  - Report on Compliance with Federal Major Program
  - Letter on Conduct of Audit
  - Management Letter
  - Data Collection Form

©2015 RSM US LLP. All Rights Reserved.

RSM

Timeline

- April 2017– Preliminary Planning Meetings
- April 2017 – Meet with Board
- May 2017 – Planning and Interim Audit Procedures
- August 2017 – Year-end Fieldwork Audit Procedures
- September 2017 – Financial Reporting
- October 2017 – Presentation of the financial audit report and the results of the audit to the Board of Directors

©2015 RSM US LLP. All Rights Reserved.

RSM

Required Communications

- **Communication** – We strive to develop an effective two-way communication between the Board of Directors and RSM to understand audit matters and develop a constructive working relationship.
- **Independence** – Firm has policies and procedures to ensure RSM remains independent (i.e. no conflicts of interest) and to comply with professional independence standards.
- **Engagement Objectives** – The scope of the audit is to determine that the financial statements are fairly presented in conformity with GAAP .
- **Audit Approach** – We obtain an understanding of Pre-K 4 SA's business operations to effectively develop a financial reporting risk assessment and audit plan.
- **Materiality** – The auditor's allowance for those errors and corrections detected and also those not detected as a result of audit procedures.

©2015 RSM US LLP. All Rights Reserved.

RSM

THANK YOU FOR YOUR TIME AND ATTENTION

©2015 RSM US LLP. All Rights Reserved.

RSM

QUESTIONS AND ANSWERS?

©2015 RSM US LLP. All Rights Reserved.

RSM US LLP
Marc Sewell, Partner
Marc.Sewell@rsmus.com

100 NE Loop 410, Suite 1100
San Antonio
210 828 6281

+00 (1) 800 274 3978

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person.

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

RSM® and the RSM logo are registered trademarks of RSM International Association. The power of being understood® is a registered trademark of RSM US LLP.

© 2015 RSM US LLP. All Rights Reserved.