



March 14, 2023

Pennsylvania Convention Center Authority  
1101 Arch Street  
Philadelphia, PA 19107

Dear Ladies and Gentlemen:

1. We are pleased to confirm the engagement of Mitchell & Titus, LLP (we or Mitchell Titus) by the Pennsylvania Convention Center Authority (PCCA) to audit and report on the financial statements of the PCCA for the year ending June 30, 2023, with the option of an engagement for the year ending June 30, 2024. Hereafter, the services described in this paragraph are referred to as "Audit Services," "Services," or the "audits."

#### **Audit Services**

2. Our audits will be conducted with the objective of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). If we are precluded from completing the audits and issuing a report due to conditions not anticipated, we will advise you and the Audit Committee or an equivalent body charged with governance (hereafter defined as "the Audit Committee") promptly and take such action as we deem appropriate.
3. We also will provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. We will not perform sufficient procedures to render an opinion on internal control over financial reporting nor on compliance with provisions of laws, regulations, contracts or grant agreements and other matters and, therefore, we will not express such an opinion. This report is intended solely for the information and use of the management, Board of Directors, others within the entity, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.
4. Should conditions not anticipated preclude us from completing our audits and issuing our reports as contemplated by the preceding paragraphs, we will advise you and the Audit Committee, promptly and take such action as we deem appropriate.

2000 Market Street  
Philadelphia, PA 19103  
T +1 215 561 7300  
F +1 215 569 8709  
[mitchelltitus.com](http://mitchelltitus.com)

**MITCHELL TITUS**

5. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards for financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable, rather than absolute assurance about whether the financial statements are free from material misstatement whether caused by error or fraud and are fairly presented, in all material respects, in conformity with U.S. GAAP. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. As such, our audits will involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and will include tests of the accounting records and other procedures we consider necessary. As management is aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud, or illegal acts. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected by our firm, even though our audits are properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you, or the appropriate level of management, of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will also conclude, based on the audit evidence obtained, whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the PCCA's ability to continue as going concerns for a reasonable period of time.
6. As part of the audits, we will consider, solely for the purpose of planning the audits and determining the nature, timing, and extent of our audit procedures, the PCCA's internal control. Our consideration of internal control for the audits of the financial statements will not be sufficient to enable us to express an opinion on the effectiveness of internal control or to identify all significant deficiencies and material weaknesses.
7. In accordance with the American Institute of Certified Public Accountants' (AICPA) auditing standards, we will communicate certain matters related to the conduct and results of the audits to the Audit Committee. Changes to the scope of the Audit Services may occur as a result of the issuance of new standards and interpretations or inspections findings. We will communicate any significant changes in the scope of the Audit Services and related procedures to management and the Audit Committee on a timely basis.



8. If we determine that there is evidence that fraud or possible illegal acts may have occurred, we will bring such matters to the attention of the appropriate level of management. If we become aware of fraud involving senior management or fraud (whether committed by senior management or other employees) that causes a material misstatement of the financial statements, we will report this matter directly to the Audit Committee. We will determine that the Audit Committee and appropriate members of management are adequately informed of illegal acts that come to our attention unless they are clearly inconsequential. We also will inform the Audit Committee and appropriate members of management of significant corrected misstatements and uncorrected misstatements noted during our audit procedures other than those that are clearly trivial. In accordance with *Government Auditing Standards*, we will determine that appropriate members of management and the Audit Committee are adequately informed of:
  - Fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or financial data significant to the audit objectives and any other instances that warrant the attention of the Audit Committee,
  - Noncompliance with provisions of contracts or grant agreements that have a material effect on the financial statements or financial data significant to the audit objectives, or
  - Abuse that is material, either quantitatively or qualitatively, to the financial statements or financial data significant to the audit objectives.
9. We will communicate in writing to management and to the Audit Committee all significant deficiencies and material weaknesses identified during the audits, including those that were remediated during the audits. We also will communicate any significant deficiencies and material weaknesses communicated to management and to the Audit Committee in previous audits that have not yet been remediated.
10. We also may communicate other observations or opportunities for improved controls or efficiencies over the PCCA's operations.
11. To the extent required by law, we will make our audit documentation available to a federal agency or the Comptroller General of the United States Government Accountability Office and provide copies upon their request. Audit documentation, as well as appropriate individuals, will also be made available upon request to appropriate auditors and reviewers. We shall promptly notify the PCCA of any such request to review our audit documentation.
12. An audit performed in accordance with *Government Auditing Standards* is not designed to detect noncompliance with provisions of laws, regulations, contracts or grant agreements that do not have a direct and material effect on the financial statements or other financial data significant to the audit objectives.
13. Because the determination of abuse is subjective, an audit conducted in accordance with *Government Auditing Standards* does not require us to detect abuse.



14. In some circumstances, in accordance with *Government Auditing Standards*, we may be required to report known or likely fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse directly to parties external to the PCCA.
15. In accordance with *Government Auditing Standards*, we will report in a management letter instances of noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse that has an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of the Board of Directors.
16. Under *Government Auditing Standards*, we are required to provide to the PCCA our most recent peer review report, as well as subsequent peer review reports received during the term of this Agreement. Our most recent peer review report accompanies this Agreement.

#### **Responsibilities of Management and Representations**

17. As part of our engagement, we may advise you about appropriate accounting principles and their application; however, management acknowledges and understands that the final responsibility for the preparation and fair presentation of the financial statements (including disclosures) in accordance with U.S. GAAP remains with you. Management also is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error, for properly recording transactions in the accounting records, for safeguarding assets, and for the overall fair presentation of the financial statements in conformity with U.S. GAAP. Management also is responsible for the identification of, and for the PCCA's compliance with, laws and regulations applicable to its activities. In addition, management is responsible for evaluating whether or not there are conditions or events, considered in the aggregate, that raise substantial doubt about the PCCA's ability to continue as going concerns for a reasonable period of time.
18. Management is responsible for adjusting the financial statements to correct material misstatements. Management's responsibilities also include designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and accepting responsibility for them. At the conclusion of our audits, we will also request certain written representations from you about the financial statements and related matters. Management will affirm to us in its letter of representations certain statements made to us during the performance of the Audit Services, including that the effects of any uncorrected misstatements aggregated by us during the current audits and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.
19. Management is responsible for informing us of its knowledge of any allegations of fraud, suspected fraud or allegation of financial improprieties affecting the PCCA received by management or the Audit Committee (regardless of the source or form and including,



without limitation, allegations by "whistle-blowers"), in communications from employees, former employees, regulators, or others and providing us full access to these allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading Mitchell Titus, or other allegations of illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the PCCA. If the PCCA limits the information otherwise available to us under this paragraph (based on the PCCA's claims of attorney/client privilege, work product doctrine or otherwise), the PCCA will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of the audits and may prevent us from opining on PCCA's financial statements; alter the form of report we may issue on such financial statements; or otherwise affect our ability to continue as the PCCA's independent auditors. We will disclose any such withholding of information to the Audit Committee.

20. Management further acknowledges and understands its responsibility for providing us access to all information management is aware that is relevant to the Audit Services, such as records, documentation and other matters to complete the Audit Services on a timely basis; additional information that we may request from management for purposes of the audits; and unrestricted access to persons within the PCCA from whom we determine it necessary to obtain audit evidence. Management's failure to do so may cause us to delay our report, modify our procedures, or even terminate the Audit Services.
21. Management is responsible for the following, as provided in *Government Auditing Standards*:
  - Distributing the report on internal control over financial reporting and on compliance and other matters, as well as making copies thereof available for the public.
  - Identifying for Mitchell Titus previous audits, attestation engagements, and other studies that directly relate to the objectives of the audits, including whether related recommendations have been implemented.
  - Applying a process to track the status of audit findings and recommendations.
  - Providing views on any of Mitchell Titus' current findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, and the timing and format for providing that information.
  - Taking timely and appropriate steps to remedy fraud, noncompliance with the provisions of laws, regulations, contracts or grant agreements, or abuse that Mitchell Titus reports.



22. We will make specific inquiries of management about the representations contained in the financial statements as required by AICPA auditing standards. AICPA auditing standards also require that, at the conclusion of the applicable Audit Services, we obtain a letter of representations from certain members of management about these matters and to represent that management has fulfilled its responsibilities as set forth in this Agreement, including that all material transactions have been recorded in the accounting records and are reflected in the financial statements. The responses to those inquiries, the written representations, and the results of our procedures comprise evidence on which we will rely in completing the applicable Audit Services.
23. Management shall make appropriate inquiries to determine whether the PCCA has a capital lease, material cooperative arrangement, or other business relationship with Mitchell Titus. Management shall discuss any independence matters with Mitchell Titus that, in management's judgment, could bear upon Mitchell Titus' independence.
24. If you intend to reproduce or publish the financial statements covered by the Audit Services and make reference to Mitchell Titus or our auditor's reports, you agree to notify us in advance and allow us to review the document (including the financial statements and the references to Mitchell Titus) prior to its distribution.
25. The PCCA shall be responsible for its personnel's compliance with the PCCA's obligations under this Agreement.

### **Fees and Billings**

26. Our fees for the Audit Services will be based on the actual time spent at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audits. Based on our preliminary estimates, our fees for Audit Services should approximate \$106,000 for the year ending June 30, 2023, and \$108,000 for the year ending June 30, 2024, should the PCCA exercise its option for that year. However, our actual fees may exceed the approximation based on changes to the business (e.g., nature of the business or change in business entities) or additional unplanned effort. That estimate is also based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audits. See **Appendix III** for further discussion on factors that may impact our fee estimate. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. We will submit our invoices as outlined in **Appendix II**, and you agree to pay our invoices upon receipt. If billings are past due in excess of 60 days, at our election, we may stop all work until your account is brought current, or withdraw from this engagement. The PCCA acknowledges and agrees that we are not required to continue work in the event of failure to pay on a timely basis for services rendered as required by this engagement letter. The PCCA agrees that in the event we stop work or withdraw from this engagement as a result of failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render



services.

27. Our estimated pricing and schedule of performance are based upon, among other things, our preliminary review of the PCCA's records and the representations the PCCA personnel have made to us and are dependent upon the PCCA's personnel providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the condition of records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimates are based, we may adjust our fees and planned completion dates. Fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fees referred to above and will be the subject of other written agreements.
28. If we are requested or authorized by the PCCA or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to the Audit Services for the PCCA, the PCCA will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

#### **Other Matters**

29. From time to time, and depending on the circumstances, we may subcontract portions of the Audit Services to personnel (including non-certified public accountants) from independent third-party service providers (including independent contractors), to participate in providing the Audit Services and deal with the PCCA or its affiliates directly, although Mitchell Titus alone will remain responsible to you for the Audit Services. Unless prohibited by applicable law, we may provide the PCCA information to third-party service providers acting on our or their behalf, who may collect, use, transfer, store or otherwise process (collectively, "Process") it in various jurisdictions in which they operate to facilitate performance of the Audit Services, to comply with regulatory requirements, to check conflicts, or for quality and risk management purposes. We shall be responsible to you for maintaining the confidentiality of the PCCA's information, regardless of where or by whom such information is Processed on our behalf. Either Mitchell Titus or the PCCA may use electronic media to correspond or transmit information relating to the Audit Services, and such use will not, in itself, constitute a breach of any confidentiality obligations.



30. The PCCA shall not, during the term of this Agreement and for 12 months following its termination for any reason, without the prior written consent of Mitchell Titus, solicit for employment or a position on its Board of Directors, or hire or appoint to its Board of Directors, any current or former partner, principal, or professional employee of Mitchell Titus if any such professional either: (i) performed any audits, review, attest, or related service for or relating to the PCCA at any time (a) during the then-current fiscal year of the PCCA up to and including the date of the audit report for that year, or (b) in the 12 months ended on the audit report date for the immediately preceding fiscal year; or (ii) influences Mitchell Titus' operations or financial policies or has any capital balances or any other continuing financial arrangement with Mitchell Titus.
31. If we Process the PCCA's information that can be linked to specific individuals ("Personal Data"), we will Process it in accordance with paragraph 20 of this Agreement, as well as applicable law and professional regulations. If any of the PCCA's information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information. The PCCA warrants that it has the authority to provide the Personal Data to Mitchell Titus in connection with the performance of the Audit Services and that the Personal Data provided to us has been Processed in accordance with applicable law.
32. In order to provide the Audit Services, we may need to access Personal Data consisting of protected health information, financial account numbers, Social Security or other government-issued identification numbers, or other data that, if disclosed without authorization, would trigger notification requirements under applicable law ("Restricted Personal Data"). In the event that we need access to such information, you will consult with us on appropriate measures (consistent with professional standards applicable to us) to protect the Restricted Personal Data, such as deleting or masking unnecessary information before it is made available to us, encrypting any data transferred to us, or making the data available for on-site review at a company site. You will provide us with copies of any Restricted Personal Data only in accordance with mutually agreed protective measures.
33. To the fullest extent permitted by applicable law or regulation, the total aggregate liability of Mitchell Titus and its subcontractors to the PCCA and its affiliates (and their respective successors and permitted assignees), regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranty, failure of essential purpose or otherwise, in connection with the performance of the Audit Services or otherwise under this Agreement, shall be limited to the fees actually paid to Mitchell Titus in respect of such Audit Services.
34. By your signature below, you confirm that the PCCA, through its Board of Directors or an equivalent governance body, has expressly authorized you to enter into this Agreement on behalf of, and to bind, the PCCA. In addition, you confirm that management agrees to, acknowledges, and understands its responsibilities as outlined in "Responsibilities of Management and Representations." Either Mitchell Titus or the PCCA may execute this





Agreement (and any supplements or modifications hereto) by electronic means, and each of Mitchell Titus and the PCCA may sign a different copy of the same document.

35. Mitchell Titus retains ownership in the workpapers compiled in connection with the performance of the Audit Services.
36. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Audit Services, including (without limitation) claims arising in tort, fraud, under statute or otherwise relating to the Audit Services, or questions relating to the scope or enforceability of this paragraph, shall be governed by, and construed in accordance with, the laws of Pennsylvania applicable to agreements made, and fully to be performed, therein by residents thereof. Except for a claim limited solely to seeking non-monetary or equitable relief, any dispute or claim arising out of or relating to the Audit Services, this Agreement, or any other services provided by or on behalf of Mitchell Titus or any of its subcontractors or agents to the PCCA or at the PCCA's request, shall be resolved by mediation or arbitration as set forth in **Appendix I** to this Agreement, which is incorporated herein by reference.
37. If any portion of this Agreement is held to be void, in valid, or otherwise unenforceable, in whole or part, the remaining portions of this Agreement shall remain in effect. This Agreement applies to all Audit Services (as defined in paragraph 1), including any such services performed or begun before the date of this Agreement.

To the extent that Mitchell Titus agrees to perform Audit Services for a subsequent fiscal year, the terms and conditions set forth in this Agreement shall apply to the performance of such Audit Services, except as specifically modified, amended or supplemented in writing by the parties. Changes in the scope of the Audit Services and estimated fees for such services in subsequent fiscal years will be communicated in an updated Agreement. We may terminate performance of the Audit Services and this Agreement upon written notice if we reasonably determine that we can no longer provide the Audit Services in accordance with applicable law or professional obligations. Upon any termination of the Audit Services or this Agreement, the PCCA shall pay Mitchell Titus for all work-in-progress, Audit Services already performed and expenses incurred by us up to and including the effective date of such termination.



Mitchell Titus appreciates the opportunity to be of assistance to the PCCA. If this Agreement accurately reflects the terms on which the PCCA has agreed to engage Mitchell Titus, please sign below on behalf of the PCCA and return it to **Uzma Malik-Dorman, Partner, Mitchell & Titus, LLP, 2000 Market Street, Suite 620, Philadelphia, PA 19103.**

Very truly yours,

*Mitchell Titus, LLP*

Agreed and accepted by:  
**Pennsylvania Convention Center Authority**

By: DocuSigned by:  
*John McNichol*  
5637199EFAAD431...  
Mr. John McNichol  
President & CEO

## Dispute resolution procedures

### Mediation

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution (CPR) shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any Mitchell Titus audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

### Arbitration

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration (Rules) as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any Mitchell Titus audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award shall be governed by, and construed in accordance with, the laws of Pennsylvania.

## APPENDIX II

**Pennsylvania Convention Center Authority**

Payment and Performance Schedule

For the Year Ending June 30, 2023

<b>Invoice Date</b>	<b>Expected Payment Date</b>	<b>Amount</b>
July 5, 2023	July 31, 2023	\$ 40,000
August 1, 2023	August 31, 2023	50,000
September 1, 2023	September 29, 2023	16,000
<b>Total</b>		<b>\$106,000</b>

\* Please note that all fees are expected to be paid in accordance with this payment schedule. We also expect to receive final payment prior to the issuance of our report.

**Schedule of Performance**

<b>Activity</b>	<b>Date</b>
Planning and fieldwork procedures	May 2023 to September 2023
Anticipated release of Auditor's Report	September 2023

## Factors that may impact our fee estimate

Mitchell Titus strives to maximize the value of professional services provided to clients and upholds a commitment to fair and reasonable fees. However, several factors will increase our scope of services to be performed, which may cause the amount of work to exceed our fee estimate. The following factors are the most common:

- Changing accounting, auditing or regulatory requirements
- Incorrect accounting applications or errors in your records
- Lack of audit facilitation or timely preparation Staff withdrawal
- Unforeseen events
- New Federal or state award programs or program noncompliance

**Changing accounting, auditing or regulatory requirements**—New accounting, auditing or regulatory requirements emerge frequently. In planning our work, we attempt to anticipate the requirement changes that will impact the engagement. However, it is very difficult to anticipate the effects of new requirements if: (1) They are not communicated to us during our preliminary planning stage; (2) You require assistance in understanding the implications of the new requirements; and (3) The additional work needed to be in compliance with the new requirements was underestimated.

**Incorrect accounting applications or errors in your records**—Our fee estimates are based on your records being in good order. However, if your accounting records are disorganized, incomplete or if we find numerous errors and exceptions in our testing, we will be required to perform additional work to determine whether the necessary corrections have been made and are reflected accurately in the financial statements and the implications of testing exceptions.

**Lack of audit facilitation or timely preparation**—To facilitate a cost-efficient audit, we discuss with you matters (e.g., availability of your key personnel, deadlines and working conditions) that would affect our fee estimate. If your personnel do not provide previously agreed-upon materials, such as prepared schedules and supporting documents, in a timely manner, the scope of work to complete the engagement within the established timeline may increase substantially.

**Staff withdrawal**—If we need to deviate from our established engagement plan and remove one engagement team member or all staff personnel it is considered to be a staff withdrawal. Staff may be withdrawn due to the state of your records or the inability of your personnel to deliver agreed-upon materials within the established timeline, which prevents us from performing the work in a timely, efficient manner. A staff withdrawal should not be perceived as a negative reflection on your personnel. However, it will lead to additional costs because we incur additional start-up costs and we must reschedule our personnel to prevent a substantial increase of total engagement costs. We expect that you will give us one weeks' notice if we are required to reschedule our agreed-upon start date due to your inability to meet that date. Failure to do so or delays in furnishing us schedules and information in the agreed-upon time frame may result in inefficiencies.

**Unforeseen events**—Although we maintain direct and open lines of communication with clients and co-develop an engagement plan with management and its staff, unforeseen events may occur. When unforeseen events occur (*i.e.*, litigation, problems with accounting records, changes to your operations or in your business, and contractual difficulties with third-party service providers, customers, or suppliers, etc.) we need more time to provide the assistance you require and to complete our engagement in compliance with professional standards.

**New Federal or state award programs or program noncompliance**—There may be additional audit fees from what was originally planned and agreed to if new awards are received and if we need to expand our audit scope because the results of our procedures identified program noncompliance or internal control deficiencies. Noncompliance or deficiencies identified may require us to conduct research or lead discussions with the cognizant, oversight agency or funding agency.

Again, Mitchell Titus' goal is to provide the highest quality client services in the most cost-conscious manner. Our fee estimates are derived from the facts and circumstances that you have described to us. However, as previously stated, there are many variables that may necessitate a revision to our fee estimate.

## Peer review



CliftonLarsonAllen LLP  
CLAconnect.com

### REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

Partners of Mitchell & Titus, LLP and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mitchell & Titus, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 28, 2019. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### **Firm's Responsibility**

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### **Peer Reviewer's Responsibility**

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.

#### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards* including compliance audits under the Single Audit Act, audits of employee benefit plans and an audit of a broker-dealer.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Mitchell & Titus, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 28, 2019, 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*. Mitchell & Titus, LLP has received a peer review rating of *pass*.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Bellevue Washington  
November 18, 2019

