



Proposal to Provide Audit and Tax Services For Prairie Crossing Charter School

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Introduction

Our approach to a new engagement begins with gaining an understanding of Prairie Crossing Charter School, its business and its accounting system. This is fundamental and a prerequisite to establishing an efficient and effective work plan. From this basis of knowledge and understanding, we can consult on a continuing basis about the challenges facing Prairie Crossing Charter School and provide useful comments and suggestions.

We learn new things from every client through a hand-in-hand approach to problem solving. This approach can be invaluable during times of organizational significance. It is serving our clients when they need us most that brings us the greatest satisfaction.

Experience With Similar Organizations

Clifton Gunderson LLP has made a strong commitment to Not-For-Profit organizations. Our list of Not-For-Profit clients includes educational institutions, social service agencies, foundations, associations, business leagues and others. We provide services to all types of organizations classified as Not-For-Profits. Our firm produces a quarterly Not-For-Profit E-Bulletin entitled Not-For-Profit Insight that focuses on accounting and tax issues facing Not-For-Profits. In addition, the Kenosha office participates in firmwide continuing professional education programs concentrating on Not-For-Profit organizations.

Our firm has a Not-For-Profit Group comprised of partners and managers who have broad experiences with Not-For-Profit organizations. This group establishes firm policy in connection with the services provided to Not-For-Profit organizations. The One Wisconsin client service center has its own Not-For-Profit Services Group that focuses on servicing our Not-For-Profit clients and marketing to potential clients. The Group is comprised of individuals from all levels of our staff, from staff assistants to partners.

Our goal is to service you with utmost professionalism, but to remain independent as is required by our standards. It is important to know that you will be assigned two partners and that our office partner in charge and firmwide leaders are always available to receive your comments. Our website has valuable information on our firm, partners, and personnel.

Our firm requires all partners and staff to annually participate in a minimum of 40 hours of continuing professional education courses. For staff working with Not-For-Profit organizations, 24 hours on Not-For-Profit or governmental courses are also required in accordance with "Yellow Book" standards.

Our firm participates in the AICPA Peer Review Program and our most recent Peer Review Report is included on page 10.

We perform services for more than 500 Not-For-Profit clients in Northern Illinois and Wisconsin. The proposed Prairie Crossing Charter School engagement team provides services to a large number of Not-For-Profit organizations in Southeastern Wisconsin and Northern Illinois. We have attached a list of client references. You are welcome to contact any of these references. We provide services to these organizations similar to the services described in this proposal.

Traditional services to Not-For-Profit organizations include financial statement audits, compliance audits, tax consulting, and return preparation.

Non-traditional services have been developed in response to the needs of our Not-For-Profit clients which allows us to better serve our clients. We offer and have performed many non-traditional services for our Not-For-Profit clients. Those services include-

- Operational reviews of internal, administrative, and accounting controls.
- Cost studies, including rate approvals, and cost allocation plans and formulas.
- Accounting manuals.
- Budgets and cash flow analysis.

We communicate with our clients in various ways including, but not limited to correspondence, quarterly newsletters to our Not-For-Profit friends, website, fax, telephone and e-mail. You can communicate with us in any way you see fit.

Financial Statement Presentation Issues

We want you to know that the financial statements and disclosures are yours. We are responsible for our opinion, including whether the financial statements are fairly presented. We will work with you on presentation issues.

Proposed Engagement Team

We understand that a significant aspect of any relationship is the commitment of the people who will be working to fulfill your needs. The professionals at Clifton Gunderson operate as a team. We have found that the best way to thoroughly meet the needs of our clients is to work together by utilizing each other's areas of expertise. Your Clifton Gunderson client service team will serve as your advisory team, and will be dedicated to helping you get where you want to be – in the short and long-term.

Insight and Experience of Seasoned Professionals

When you hire an accounting firm, you primarily hire the **people**. That's why Clifton Gunderson makes it a practice to have **senior contact people closely involved with your entire engagement**. You can be assured you will have members of our top management actively involved throughout our work for Prairie Crossing Charter School.

Steven C. Johnson, CPA - Partner



Steve has more than 14 years of significant experience providing accounting, audit, and tax services. Steve specializes in providing services to Not-For-Profit organizations, manufacturers, and wholesalers. He is a member of the AICPA and WICPA. Steve actively participates in various community organizations such as St. Catherine's High School.

Jens D. Emerson, CPA - Senior Manager



The services Prairie Crossing Charter School receives will be coordinated by Jens. He will be the Audit Senior Manager working on the engagement. He has over 11 years of significant experience providing accounting, audit and tax services. Jens specializes in providing services to the Not-For-Profit, HUD and construction industries. He is a member of the AICPA and WICPA. Jens actively participates in various community organizations such as Kenosha Area Business Alliance, Kenosha Area Chamber of Commerce, Kenosha Public Library Foundation, Leadership Kenosha, and Tri-County Contractors Association.

Other Professional Staff

Other Clifton Gunderson team members will be used on the Prairie Crossing Charter School engagement as needed. A large number of our professionals have experience providing audit and accounting services for similar organizations and will perform testing of account balances and clerical functions as appropriate for the efficient completion of the engagement. All staff assigned will have the necessary experience to complete the particular tasks for which they are assigned and will be supervised by the team members indicated above.

Continuity

We work hard to assure that you will have the same individuals working on your account from year to year. In this way, we can develop a strong partnership that results in greater success for Prairie Crossing Charter School.

Scope of Services

Our audit will be conducted in accordance with generally accepted auditing standards.

The scope of services we will provide will include —

- Audit and assistance in the preparation of the required financial statements as of and for the years ending June 30, 2010, 2011, and 2012.
- A management letter and internal control report documenting any significant deficiencies or material weaknesses we note in the internal control system and recommendations for improving financial operations and controls. This letter may include other financial, operational or business matters that we feel are relevant and important to Prairie Crossing Charter School.
- Letter to the those charged with governances.
- Routine inquiries and assistance during the year.
- Preparation of Federal Form 990

It is important to us that we clearly communicate to you that we enter into contracts with clients for audit services with the intent of participating in a continuing and long-term relationship. Although our agreement under this proposal is for audit and tax services, once engaged, we consider ourselves to be Prairie Crossing Charter School's accountants.

Audit Program

We anticipate that a substantive audit approach will be used on the engagement. However, we will document and test the control system of Prairie Crossing Charter School. Our procedures for the engagement will include tests of documentary evidence supporting the transactions recorded and direct confirmations.

All of our audit functions are fully automated using specialized software programs. We customize our work programs to perform the financial statement audit. However, we will use the information and reports produced by your accounting system to increase efficiencies.

The audit workpapers will remain in our custody and be retained for at least seven years following the close of the fiscal year to which the papers pertain. Prairie Crossing Charter School shall have the right of access to the workpapers, including copies.

Focus on Fraud

Recent corporate scandals have heightened awareness of the risk of financial fraud. Fraud is a problem for entities of all sizes and for all types of organizations. It can range from minor employee theft to massive financial statement misstatements. Fraud of any size can harm an organization's morale, reputation and ability to achieve its objectives.

Fraud risk can be reduced by a combination of prevention, deterrence, and detection measures. Management has both the responsibility and the ability to implement measures to reduce the possibility of fraud. These measures can also create a positive workplace environment and enhance an entity's ability to recruit and retain quality employees.

The most effective way to implement measures to reduce the possibility of fraud is to start by establishing a set of core values that are embraced by Prairie Crossing Charter School. These core values provide a platform upon which Prairie Crossing Charter School can create and communicate a written code of conduct, which should help management to (1) create and maintain a culture of honesty, (2) evaluate the risks of fraud and implement the processes, procedures, and controls needed to mitigate the risks and reduce the opportunities for fraud, and (3) develop an appropriate oversight process.

An auditing standard was issued in response to the increasingly significant fraud problem. Statement on Auditing Standards (SAS) No. 99, Consideration of Fraud in a Financial Statement Audit, changed the way audits are conducted. If selected as your auditors, we will be adhering to SAS #99 on every year's audit of Prairie Crossing Charter School.

With the impending focus on fraud in future audits, all of Prairie Crossing Charter School's fraud prevention, deterrence, and detection policies and procedures are more important than ever. We encourage you to evaluate all of the high school's core values and how effectively they are communicated to employees. We also encourage you to evaluate your existing code of conduct, or consider creating a formal written code of conduct.

Our proposal includes the time necessary to comply with SAS #99.

Proposed Timetable

Upon our acceptance, we will provide a detailed list of workpapers to be prepared. We anticipate meeting several times to commence planning the engagement and conduct interim procedures. The planning stage is very important to us and proves beneficial to our client as we meet to discuss the audit timeline, the list of workpapers to prepare, determine critical audit areas, discuss procedures and contact predecessor auditors for a review of their workpapers. We will use your staff whenever possible to increase audit efficiency.

We would like to complete our planning and interim work by the end of June. We like to perform this part of the audit so as to review any findings prior to the start of the financial audit. This gives you time to research and report back to us on these findings.

The timing of year-end fieldwork depends on the readiness of the books and records. We envision that year-end fieldwork would be completed by late July to mid-August. Our intention is to complete the fieldwork quickly and thoroughly and minimize the disruption in your accounting office. It is our intent to present the financial statements, management letter, SAS #112 letter, and SAS #114 letter to the Finance Committee/Board of Directors and have "draft" reports ready by August 31.

objectives, as well as apply specialized industry knowledge to help our clients achieve success. This level of service is available through our unique structure and size —

- The individual local office structure of the firm allows our partners and staff to work closely with each client to develop an awareness of the specific business needs;
- Yet our overall size allows us to offer our clients unlimited service opportunities backed by the expertise of our nationwide network.

Summary

We believe our firm can provide Prairie Crossing Charter School with the types of services that will help you meet your needs and achieve your objectives.

- Close, personal attention to your business needs.
- Continuity of personnel.
- Timely responses to your requests.
- Experienced and qualified people to work with you.
- Value-added quality service.
- Fair and competitive fees.

We appreciate having the opportunity to present this proposal and look forward to working together.

References

Clifton Gunderson is very proud of the reputation we have earned over the last four decades and are pleased to provide you with the following list of references —

Carmel Catholic High School

John Sheehy
One Carmel Parkway
Mundelein, IL 60060
847-566-3000

The Prairie School

Steve Joost
4050 Lighthouse Drive
Racine, WI 53402
262-260-3845

Arden Shore Child and Family Services

Dora E. Maya, PhD.
935 Lakeview Parkway, Suite 105
Vernon Hills, IL 60061
847-549-1730

Kenosha Visiting Nurse Associates & affiliates

Debra Hertzberg
600 52nd Street
Kenosha, WI 53144
262-656-8400

United Way of Kenosha County

Katherine Marks
3601 30th Avenue, Suite #202
Kenosha, WI 53144
262-658-4104

Kemper Center, Inc.

Mike Brey
6501 3rd Avenue
Kenosha, WI 53143
262-657-6005

Peer Review Letter



SPOKANE
COLFAX
GRANDVIEW
MOSES LAKE
OMAK
OTHELLO

QUINCY
TRI-CITIES
WALLA WALLA
WENATCHEE
YAKIMA
BOISE

ACCOUNTING

To the Partners of
Clifton Gunderson LLP

AND

and the Center for Public Company Audit Firms Peer Review Committee

CONSULTING

SERVICES

MEMBER OF

McGLADREY

NETWORK

We have reviewed the system of quality control for the accounting and auditing practice of Clifton Gunderson LLP (the firm) applicable to non-SEC issuers in effect for the year ended July 31, 2007. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Clifton Gunderson LLP in effect for the year ended July 31, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

Spokane, Washington
December 19, 2007