

**RESPONSE TO
MID-HUDSON LIBRARY SYSTEM
RFP FOR
EXTERNAL REVIEW/AUDITING SERVICES
FOR THE YEARS ENDING
DECEMBER 31, 2014 AND 2015**

Proposal Submitted by:

**Sedore & Company, C.P.A.'s, P.C.
2678 South Road, Suite 101
Poughkeepsie, NY 12601**

Telephone 845-485-5510

Website: www.sedoreco.com

Contact Person: James F. Letterio, Jr., CPA

E-Mail Address: jletterio@sedoreco.com

Date Proposal Submitted: July 18, 2014

MID-HUDSON LIBRARY SYSTEM

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE(S)</u>
I - Introduction	2
II - Services to Clients	3-4
III - Experience with Governmental and Non-Profit Organizations	4-5
IV - Quality Control	5-7
V - Engagement Approach.....	7-12
VI - Scope of Services.....	12-13
VII - Engagement Service Team	14
VIII - Professional Fees	15
IX - Summary and Conclusion.....	16
X - Acceptance.....	17

APPENDICES

- I - Listing of Municipal and Non-Profit Clients
- II - Peer Review Report – July 31, 2011
- III - 2014 Standard Rates
- IV - Partner Biography
- V - Manager Biography



CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Partners

Mark S. O'Sullivan, CPA

James F. Letterio, Jr., CPA

Linda M. Hannigan, CPA

James L. Sedore, Jr., CPA

Navigating Your Success

July 18, 2014

Linda B. Vittone
Finance/Business Office Manager
Mid-Hudson Library System
103 Market Street
Poughkeepsie, NY 12601

Dear Ms. Vittone:

We are pleased to have the opportunity to present to you our proposal to serve as independent auditors/accountants for the Mid-Hudson Library System ("MHLS"), for the years ending December 31, 2014 and 2015.

We look forward to serving your needs by providing MHLS with needed service as auditors/accountants, as well as in other phases of accounting, systems, finance, internal and external reporting. We believe we are uniquely qualified to serve as your independent auditors/accountants based on our extensive experience in the municipal and non-profit fields and our responsiveness to our clients, as more further described in the balance of this proposal.

As per your request, please find a list of Libraries that we service that are similar to MHLS;

- Kingston Library
- Blodgett Memorial Library
- Grinnell Library Association

In addition to above, we have attached, as Appendix I, a complete list of municipal and non-profit clients that we service.

If this proposal is acceptable to you and the MHLS Board of Trustees, please sign page 17 and return the original to us.

Very truly yours,


James F. Letterio, Jr., CPA
Shareholder

Poughkeepsie Office

2678 South Road | Suite 101 | Poughkeepsie, New York 12601

Tel: (845) 485-5510 | Fax: (845) 485-5547 | Email: info@sedoreco.com | Web: www.sedoreco.com

POUGHKEEPSIE • PORT JERVIS • FISHKILL

I. INTRODUCTION

For over a quarter of a century, Sedore & Company, CPA's, PC has provided financial services to governmental and non-profit organizations. It is the vast experience of each of its seasoned partners and the professionalism of its staff that has made Sedore & Company, CPA's, PC one of the largest and well respected accounting firms in the region for governmental and non-profit accounting and auditing services. Our firm consists of three partners and sixteen staff members. The firm has offices in Poughkeepsie, Fishkill and Port Jervis, New York.

Our approach to client relationships is aimed at being responsive to its clients by providing continuing assistance of the highest possible level throughout the year. Close, continuous personal participation, and recognition of the special needs of governmental and non-profit organizations by the engagement Partner, are deeply rooted in the firm's philosophy and practice. Our resources are extensive and permit us to offer our firm's support on the full scope of financial matters, which are provided by the appropriate members of our audit, management information services, quality controls and technical resources, and tax departments. As a firm that has dedicated its resources to specialized and highly complex industries, we are cognizant of the needs of governmental and non-profit organizations. Through such specialization and highly focused effort, we are able to keep abreast of current issues and problems and provide the full range of services to our clients.

II. SERVICES TO CLIENTS

Some of the areas in which we have been providing services to clients, are as follows:

- Internal management reporting
- Development of accounting and procedure manuals
- Annual Update Document preparation (State Report)
- Assisting in General Ledger year end close
- Interim CFO/Treasurer/Comptroller
- Training and/or interviewing of new CFO/Treasurer/Comptroller
- Grant administration and vouchering
- Work flow and procedural analysis, including workload control and forms design
- Internal control review and analysis
- Budget process and preparation – operational and capital
- Revenue and cash flow analysis
- Financial projection and forecasting studies
- Development of indirect cost allocation procedures and indirect cost (overhead) rates for grants and government contracts
- Developing or reviewing management and administrative organizational structures
- Operational audits and cost control studies
- Cost containment studies
- Goals and objectives reviews with assessments of financial, organizational and program implications
- Compensation analysis and review
- Compliance reviews and audits

II. SERVICES TO CLIENTS (Continued)

- Review of security and backup procedures
- General office automation studies
- Arbitrage Calculations
- Program Audits
- “A-133” Audits (Single Audits)
- G.A.S.B. #34 & #45 Consultations and Assistance
- Technical assistance for contract negotiations of purchase and leasing options
- Fringe benefit analysis and cost determination

III. EXPERIENCE WITH GOVERNMENTAL AND NON-PROFIT ORGANIZATIONS

Sedore & Company, CPA’s, PC has developed extensive experience in the municipal and non-profit area. Aside from providing audit services, Sedore has provided advisory services to our clients when they have had staffing shortages or needed expert guidance in certain situations. The following are libraries we have serviced similar to MHLS:

1. **Kingston Library** – Sedore has been the auditors for the Kingston Library since 2008. We have assisted the Library with the budget preparation process, Annual Update Document preparation, and assistance in reconciling accounts for the audit. Please Contact Margaret Menard - (845) 331-0507.

III. EXPERIENCE WITH GOVERNMENTAL AND NON-PROFIT ORGANIZATIONS (Continued)

2. Blodgett Memorial Library – Sedore has been the auditors for the Blodgett Memorial Library since 2008. We have assisted the Library with the budget preparation process, Annual Update Document preparation, and assistance in reconciling accounts for the audit. Please Contact Julie Spann – (845)-896-9215.

3. Grinnell Library Association - Sedore has been the auditors for the Grinnell Library Association since 2003. We have assisted the Library with the budget preparation process, , and assistance in reconciling accounts for the audit. Please Contact Julie Spann – (845)-896-9215.

IV. QUALITY CONTROL

1. AICPA Division for Firms

Sedore & Company, CPA's, PC is a member in good standing of the Private Companies Practice Section of the American Institute of Certified Public Accountants. The membership requirements include quality review and a formal continuing professional education program for Partners and staff.

Sedore & Company, CPA's, PC completed their most recent external quality review as of July 31, 2011. A copy of our July 31, 2011 peer review report is attached as **Appendix II**;

IV. QUALITY CONTROL (Continued)

2. Quality Controls and Technical Resources Team

In addition to the engagement Partner and advisory Partner, our quality controls and technical resources team is responsible for a final review of all reports prior to issuance. This department is also charged with the responsibility of ensuring that Partners and staff members are kept abreast of all new technical developments;

3. Continuing Professional Education

Our firm provides continuing professional education for our Partners and staff through seminars and courses sponsored by the American Institute of Certified Public Accountants and the New York State Society. We are in compliance with the continuing professional education requirements set forth by the State of New York Division of Professional Licensing;

4. Auditing/Review Standards

Our firm has performed audits, reviews, and compliance auditing in accordance with generally accepted auditing standards, attestation standards, and the standards applicable to financial audits/reviews contained in *Government Auditing Standards*, issued by the Comptroller General of the United States;

IV. QUALITY CONTROL (Continued)

5. Statement of Independence

As promulgated in the second general standard of generally accepted auditing standards and as applicable with attestation standards, in all matters relating to MHLS, our firm, the partners and the staff are free from personal and external impairments to independence, are organizationally independent, and will, throughout the engagement, maintain an independent attitude and appearance;

6. Professional Licensing in the State of New York

All Partners of the firm, and the personnel to be assigned to this engagement, are properly licensed to practice in the State of New York.

V. ENGAGEMENT APPROACH

Our primary responsibility as your independent auditors/accountants is to the Board of Trustees. In order to meet this responsibility, we will be available to meet with the Board of Trustees on an as needed basis and, in particular, we suggest planning meetings prior to commencement of the engagement, as needed during the engagement, and an exit conference at the completion of the engagement.

Our interaction with management is aimed at providing continuing assistance of the highest possible level throughout the year. Our approach to this consists of periodic meetings and memos to management concerning government and non-profit community matters and specific MHLS matters.

V. ENGAGEMENT APPROACH (Continued)

The audit/review will be conducted in accordance with generally accepted auditing standards, applicable attestation standards, and “Government Auditing Standards”, (2007 revision), issued by the Comptroller General of the United States. Accordingly, we will include such tests of the accounting records and such other auditing procedures as we consider necessary and appropriate in the circumstances for the purpose of expressing an opinion on the financial statements.

In order to determine the extent of our tests, we will rely upon our study and evaluation of the internal control structure, including flowcharts, interviews of appropriate staff, and testing of control procedures.

In view of the test nature of our audit/review, it will not necessarily disclose all errors or other irregularities, should any exist. Thus, management must rely on a carefully planned system of internal control and well-designed accounting records and reports to prevent or detect irregularities which tests may not reveal. As your auditors/accountants, we will provide advice and recommendations on systems and procedures that will contribute to the safeguarding of the assets of MHLS.

Although the primary objective of our audit/review will be to provide independent assurance that the financial statements are not materially misstated, we believe that there are many other ways in which MHLS will benefit from our audit/review. Some of the other important benefits include, but are not limited to:

V. ENGAGEMENT APPROACH (Continued)

- (Audit Only) An independent appraisal of the accounting and related systems resulting in a management letter that cites recommendations for eliminating weaknesses and improving efficiency and effectiveness. As a result, MHLS will have greater assurance that systems, controls and accounting procedures are functioning as intended and are being maintained in a manner consistent with modern techniques of financial management;
- Timely and meaningful advice during the audit/review and throughout the year on the broad range of business matters affecting your operations.

The procedures conducted in the preliminary phase of our audit/review are designed to fully document our files with information pertaining to your systems and operations, in order to design our audit/review scope and procedures. Proper understanding and planning of the audit/review will enable us to increase its effectiveness, reduce the related costs and provide you with timely financial statements.

1. Planning the Audit/Review

The basic planning of the audit/review includes the following (not all pertain to reviews):

- Review the objectives and programs of MHLS;
- Review contracts and agreements including funding arrangements;
- Review current legislation, regulations, accounting and reporting requirements and current trends and their effects on MHLS.;

V. ENGAGEMENT APPROACH (Continued)

- Review administrative appropriations and budgets as approved by the Board of Trustees;
- Review accounting policies and procedures;
- Meet with management to discuss the above, and to determine the scheduling of our audit/review, and describe the extent of assistance to be provided to us in the preparation of schedules and other supporting documentation. During this meeting, clarifications can be made and potential problem areas can be identified so that unexpected delays in completing the audit may be avoided;
- A review of the prior years (12/31/2013) workpapers in order to satisfy us as to the opening balances of MHLS financial statements.

2. Review Accounting Procedures and Controls

This enables us to gain an in-depth understanding of the accounting and financial reporting systems. We will identify, through flowcharts and governmental evaluation and control procedures forms, accounting control strengths and weaknesses, which will aid us in deciding the appropriate amount of audit testing necessary and facilitate the design of our audit procedures. The result of this will be a documented overview of the accounting system and an effective audit program, which will be used to guide our efforts so that each area is afforded the proper degree of audit consideration.

V. ENGAGEMENT APPROACH (Continued)**3. Analytical Review**

This important feature of our audit/review approach entails a review of balances for trends, fluctuations, relationships and an overall review of operations. We will also review selected ratios and account relationships in comparison with prior periods and with budgets. This serves to direct our attention to exceptional situations for further inquiry. This procedure produces information useful not only for audit/review purposes, but frequently for management purposes as well.

4. Design Sampling Plans

Our audit plan will utilize sampling techniques to limit, to the extent possible, the extent of our audit work, while allowing us to reach valid conclusions about financial statement line items.

5. Audit/Review of Various Accounts

This involves confirming various balances, analyzing assets and liabilities, analytical review of revenue and expenses, and obtaining necessary representations.

V. ENGAGEMENT APPROACH (Continued)**6. Review Report Drafts with Appropriate Officials**

The statements are the representation of MHLS and, while we render our opinion with respect to those statements, MHLS should make the final decisions on matters affecting the statements. Accordingly, the Partner and Audit Manager will meet with management to review the statements and the management letter described below, while they are still in draft form and fully explain what they represent so that MHLS is able to take responsibility for those statements.

7. Prepare Management Letter

As your auditors/accountants, we are interested in your growth and overall success. You can expect us to contribute constructive suggestions regarding your affairs. We will issue a letter to MHLS containing our observations, comments and suggestions on significant matters

affecting internal controls, systems, operating and accounting procedures and other matters worthy of attention. We will be available on a continuing basis to provide advice and assistance in implementing those suggestions and to discuss other matters of concern to management and MHLS.

We believe that a continuing dialogue, including the exchange of ideas and advice, as changes and expansion are considered by MHLS, the accounting profession or other agencies, is an important part of the services we provide.

VI. SCOPE OF SERVICES

Our examinations will include the procedures considered necessary to:

- Determine that the financial statements of MHLS are fairly presented in conformity with generally accepted accounting principles for the years ending December 31, 2014 (and 2015), including all funds and offices of MHLS. Our audit/review will be performed in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States, and applicable attestation standards.;
- Provide a Management Letter to MHLS at the completion of the audit/review, relative to improving operating procedures, management information systems and internal accounting controls;
- Meet with members of Management during the course of the audit/review; conduct an exit conference with the Board of Trustees to discuss the audit/review, if requested;
- The audit/review fieldwork will be scheduled at a mutually agreed upon time.

VII. ENGAGEMENT SERVICE TEAM

Our audit/review of MHLS will be conducted by a team of trained, dedicated professionals who are engaged in serving the auditing and consulting needs of municipalities and non-profits. Our specialized proficiency with government and non-profit organizations, together with experience in the review of accounting systems, enables us to perform the audit/review in an efficient and effective manner. Accessibility to the Partners, members of the engagement team and the resources of our firm has been the cornerstone of our approach to client relations.

It is the firm's policy that staff assigned to a client remains with that client for at least three years, to ensure a strong relationship between the client and the firm. Sedore's experienced governmental and non-profit audit/review team consists of nine members including three partners. The firm has not been and is not now a defendant in any litigation regarding our audit/review services.

The key members of our staff who will be participating in the audit/review of your financial statements are as follows:

- James F. Letterio, Jr., CPA, Engagement Partner
- William H. Cochran, CPA, CFE, MBA
- Staff to be determined

VIII. PROFESSIONAL FEES

Our fees for services are based primarily on our estimates of time charges of assigned personnel at established rates for each class of personnel. Our audit engagements are carefully planned and budgeted in advance and are closely supervised as to content and quality of work performed, to assure that time budgets are adhered to or variations are justified by unanticipated conditions. In an effort to minimize fees, we utilize, to the maximum extent practicable, client-prepared analyses and schedules and client staff assistance.

For the **Scope of Services** on page 13, we are proposing the following fees;

- **12/31/2014 Review – \$5,000**
- **12/31/2015 Audit - \$10,000**

These fees are inclusive of all travel and other incidental charges.

From time to time, professional standards and/or circumstances change, which are unanticipated, and which may significantly affect the performance of the audit/review. Should such events occur, including MHLS' services either increasing or decreasing significantly in size or level of activity, we would then request a review and a revision of the fee. Our fees for any additional consulting (non-audit/review) services would be on an hourly basis, based on our standard hourly rates with an estimated time budget and fee established on a per assignment basis.

IX. SUMMARY AND CONCLUSION

Sedore & Company, CPA's, PC has established itself as a leader in the municipal and non-profit fields. We have developed a practice of the highest quality as demonstrated by the large number of municipal and non-profit organizations which have chosen our firm as their independent accountants and consultants.

In summary, we believe that the skills and capabilities of our team of professionals can best serve the needs of MHLS through the application of specialized industry expertise and a commitment to providing services at the highest possible level. We would be very pleased to be associated with MHLS and we are prepared to utilize every resource within our firm to carry out our commitment.

We appreciate the opportunity to submit this proposal and would welcome the opportunity to make an oral presentation of our approach and qualifications for this engagement to the Board of Trustees. If you have any questions relative to this proposal, please do not hesitate to call us.

X. **ACCEPTANCE BY MID-HUDSON LIBRARY SYSTEM:**

BY: _____

DATE: _____

APPENDICES

APPENDIX I**LISTING OF MUNICIPAL AND NON-PROFIT CLIENTS**

The following is an expanded listing of our municipal clients:

City of Beacon
City of Beacon Industrial Development Agency
City of Newburgh Industrial Development Agency
City of Poughkeepsie
City of Poughkeepsie Industrial Development Agency
City of Poughkeepsie School District
Dutchess County Hotel Occupancy Tax
Dutchess County Industrial Development Agency
Dutchess County Probation Department
Dutchess County Resource Recovery Agency
Dutchess County Water and Wastewater Authority
Fishkill/East Fishkill Joint Landfill
Hughsonville Fire District
Hyde Park Fire and Water District
Kingston Library
Kingston Trust Fund
LaGrange Fire District
Pawling Fire District
Pawling Joint Sewer Commission
Poughkeepsie Joint Water Project
Rye Town Park Commission
Silver Lake Fire District
Staatsburg Fire District
Town of Amenia
Town of Dover
Town of East Fishkill

Town of Fishkill
Town of LaGrange
Town of Marlborough
Town of Monroe
Town of New Paltz
Town of Pawling
Town of Plattekill
Town of Poughkeepsie
Town of Rhinebeck
Town of Rye
Town of Wallkill
Town of Wallkill Industrial Development Agency
Town of Wappinger
Town of Woodbury
Tri-Municipal Sewer Commission
Valley Cottage Fire District
Village of Cold Spring
Village of Fishkill
Village of Millbrook
Village of Millerton
Village of Pawling
Village of Tivoli
Village of Wappingers Falls
West Clinton Fire District

APPENDIX I

LISTING OF NON-PROFIT CLIENTS

The following is a listing of not-for-profit organizations our Firm has served as **auditors**, or accountants/advisors:

Not-For-Profits:

- American Legion - Beacon Post #203
- **Bardavon 1869 Opera House**
- Beacon Light Tabernacle Church
- Beacon Institute for Rivers and Estuaries
- Beacon Volunteer Ambulance Corp.
- **Beekman Library Association**
- Breast Cancer Prevention Institute
- **Care 4 Me, Inc.**
- **Catharine Street Community Center**
- Cold Spring Cemetery Association
- **Communications Workers of America, A.F.L.C.I.O. Local 1120**
- **Community Foundations of the Hudson Valley**
- Croft Corners Fire Co., Inc.
- **Dutchess County Arts Council**
- Dutchess County Bar Association
- **Dutchess Day School**
- **Family Services, Inc.**
- **Footings, Inc. (CFR Reports)**
- **Grinnell Library Association, Inc.**
- Hammond Plaza Condominium Association
- **Hudson River Sloop Clearwater, Inc.**
- **Hudson Valley Community Services, Inc.**
- Hudson Valley Stadium Corp.
- **Hudson Valley Technology Development Center, Inc.**
- **International Brothers of Electrical Workers, Local 320**

- **Independent Living, Inc. (CFR Reports)**
- **Independent Home Care, Inc. (Cost Reports)**
- Junior League of Poughkeepsie, Inc.
- **Jewish Federation of Dutchess County**
- **Literacy Connections of America - Dutchess County, Inc.**
- Martin Luther King Cultural Center
- Metra Homeowners Association
- **Mid-Hudson Rural & Migrant Ministries, Inc.**
- **Mizzentop Day School**
- **North East Community Council**
- **Nubian Directions II**
- **Omega Institute for Holistic Studies, Inc.**
- **Pawling Community Foundation**
- **Poughkeepsie Day School, Inc.**
- **Poughkeepsie Rural Cemetery**
- Poughkeepsie Tennis Club, Inc.
- **St. Peters Church**
- Voluntary Action Center of Dutchess County, Inc.

APPENDIX II

COPY OF EXTERNAL "QUALITY REVIEW" REPORT

(AS OF JULY 31, 2011)



LCS&Z, L.L.P.

Certified Public Accountants and Consultants

System Review Report

January 25, 2012

To the Shareholders of
Sedore & Company, CPAs P.C.
And The Peer Review Committee of the New York State Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Sedore & Company, CPAs P.C. (the firm) in effect for the year ended July 31, 2011. 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. 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*. We noted the following deficiencies during our review:

Deficiency – The firm's quality control policies and procedures require the use of a standard audit programs that outline steps for performing, including documenting audit planning procedures for preliminary judgments about materiality levels, sample selections, analytical review procedures, confirmation of receivables, risk assessments and audit results. In addition, the firm uses checklists that demonstrate these matters are appropriately supervised and that the conclusions have been properly made and documented. However, our review disclosed several instances where the firm's workpapers did not include documentation of these areas other than a sign off of the appropriate program steps. These instances included audits of a local government unit and a not for profit organization subject to *Government Auditing Standards*. Although we held discussions with engagement personnel, we were unable to satisfy ourselves that engagements had been performed in accordance with professional standards in all material respects. The firm plans on correcting these matters prospectively on the next engagements performed for these clients, which is imminent.

Recommendation – The firm should hold a training session for all personnel to review the matters to be considered, performed and documented. In addition, the firm should consider this in developing its CPE plan for the current year. These important audit procedures, including documentation, should be emphasized in the engagement partners' review, during the EQCR process and emphasis should be placed upon this in its monitoring procedures.

Deficiency – The firm’s quality control policies and procedures require the use of industry specific audit programs that outline the steps for performing and documenting required audit procedures including sampling and compliance testing. In addition the quality control policy requires completion of appropriate CPE required by *Government Auditing Standards* and the Yellow Book. However our review disclosed several instances where the firm’s workpapers did not include evidence of sufficient required compliance testing or sampling, and in one instance where the auditor had insufficient industry specific CPE. We were not able to satisfy ourselves that these engagements had been performed in accordance with professional standards in all material respects. These instances included audits of a local government unit and a not for profit organization subject to *Government Auditing Standards*. The firm plans on correcting these matters prospectively on the next engagements performed for these clients, which are imminent.

Recommendation- We recommend that the firm comply with its quality control policy and require all personnel who work on governmental engagements to complete the required CPE and to conduct and document all required audit procedures, and that compliance with these policies be monitored by the managing shareholder. In addition firm should focus on this area during its internal inspection.

Deficiency – The firm has a written quality control document that requires the firm to perform comprehensive monitoring, annual internal inspections and EQCR procedures. However, during our review, we noted that since the firm’s last peer review the firm had not performed adequate monitoring, annual inspection procedures and EQCR as required by firm policy. If adequate and timely monitoring inspection procedures and EQCR had been performed each year, some of the departures from professional standards noted in other deficiencies in the peer review might have been identified and corrected.

Recommendation – The firm should comply with its quality control policies and procedures regarding monitoring, inspection and EQCR in a timely manner so that corrective actions (if any) can be implemented before engagements are performed in the subsequent year. A firm owner should be designated to monitor the firm’s timely performance of these procedures.

In our opinion, except for the deficiencies described above, the system of quality control for the accounting and auditing practice of Sedore & Company, CPAs P.C. in effect for the year ended July 31, 2011, 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*. Sedore & Company, CPAs P.C. has received a peer review rating of *pass with deficiencies*.

LCS 12, LLP





CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Navigating Your Success

Partners

Mark S. O'Sullivan, CPA

James F. Letterio, Jr., CPA

Linda M. Hannigan, CPA

James L. Sedore, Jr., CPA

Charles R. Rae, Jr., CPA

January 25, 2012

Peer Review Committee of the New York State Society of CPA's:

Ladies and Gentlemen:

This letter represents our response to the report issued in connection with the peer review of the firm's system of quality control for the accounting and auditing practice in effect for the year ended July 31, 2011. The corrective actions discussed in this letter will be monitored to ensure that they are effectively implemented as part of our system of quality control.

1. The Firm has begun the process of improving our use of standard audit programs, our documentation for these audit procedures, and strengthening our planning and supervision of our engagements. The Partners have already taken steps to better document their planning and supervision of engagements. The staff will be required to participate in webinars covering planning, audit procedures and documentation. Their CPE plans for the year will also cover these areas to further improve their performance. Finally, we will also conduct in-house training with outside consultants in order to increase our understanding of these important documentation issues.
2. We have already begun reviewing the types of courses, CPE and training that would improve our skills to better document our audit procedures, including our sampling procedures and compliance test-work. As part of our monthly Partner meetings, the Partners will plan the time for these training efforts and, at the same time, make sure all staff members are in compliance with industry specific CPE requirements.
3. The Firm will be purchasing the PPC Quality Control Guide, and will be up-dating our current Quality Control Document. The new QC document will be very specific as to our requirements for monitoring, annual inspections and EQCR procedures. The Partners will monitor our progress with respect to our monitoring and inspections at our monthly Partner meetings. We have already made the decision to retain an outside consultant to perform our EQCR for selected engagements.

As mentioned above, these corrective actions will also be emphasized in our monitoring procedures and internal inspection.

We believe these actions are responsive to the findings of the review.

Sincerely,

A handwritten signature in cursive script that reads "Sedore & Company, CPAs".

Sedore and Company, C.P.A.'s, P.C.

Poughkeepsie Office

2678 South Road | Suite 101 | Poughkeepsie, New York 12601

Tel: (845) 485-5510 | **Fax:** (845) 485-5547 | **Email:** info@sedoreco.com | **Web:** www.sedoreco.com

POUGHKEEPSIE • PORT JERVIS • FISHKILL

APPENDIX III

2014 STANDARD RATES

SEDORE & COMPANY, C.P.A.'S, P.C.

2014 STANDARD RATES

TAX, AUDIT AND ACCOUNTING SERVICES

PARTNERS	\$ 185 to \$ 235 per hour
MANAGER	\$ 145 to \$ 175 per hour
STAFF	\$ 90 to \$ 145 per hour

APPENDIX IV

PARTNER BIOGRAPHY

James F. Letterio Jr., CPA



In November 1987, **Jim Letterio** merged his family accounting practice in Beacon, NY with that of Jim Sedore and Mark O'Sullivan in order to form Sedore, O'Sullivan & Letterio, CPA's, P.C. By the year 2001, the firm became known as Sedore & Company and had grown to include three shareholders and four partners, serving the counties of Dutchess, Putnam, Orange, and Ulster. Jim's responsibilities continued in the areas of accounting, auditing and tax, including several municipal and nonprofit clients. He was also responsible for performing business valuations for which the firm had been retained.

Jim has served on a number of local nonprofit organization Boards as President of the Southern Dutchess Exchange Club and the Beacon Business Association. He served on the St. Luke's Cornwall Hospital Foundation Board and was its Chairman from 2009 through 2011. He is currently Chairman of the St. Luke's Cornwall Hospital Health System Board. He is a member of the Board of the Dutchess County Regional Chamber of Commerce and serves on their Audit and Finance Committees. Jim is also a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants, the Mid-Hudson Chapter of Certified Public Accountants and the Government Finance Officers Association. In addition, Jim is a member of the Association of Certified Fraud Examiners.

He resides in his hometown of Beacon, New York, with his wife, Patricia, and their two daughters, Anne and Emily.

jletterio@sedoreco.com

APPENDIX V

MANAGER BIOGRAPHY

William H. Cochran, CPA, CFE, MBA



Bill joined Sedore & Company, C.P.A.'s as an audit manager in February 2012. He specializes in audits of not-for-profit organizations and municipalities.

Bill's education includes a Bachelor of Science from the College of Charleston and a Master in Business from The Citadel.

Bill has over twenty years of experience in both the private and public sector. His experience includes working for large, medium, and small accounting firms, which has exposed him to many different aspects of the not-for-profit community. Bill's audit experience includes conducting HUD (US Department of Housing and Urban Development) and NYS CFR (Consolidated Financial Reporting) audits.

His Professional Memberships include the New York State Society of Certified Public Accountants, Association of Certified Fraud Examiners, and the NYS Government Finance Officers' Association.

Bill is an active member of the Plattekill NY, Fire Department.

He resides in Wallkill, New York with his Wife, Thuy.

wcochran@sedoreco.com