

DEAN DORTON'S COMMITMENT TO AUDIT QUALITY



DEANDORTON

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A MESSAGE FROM DEAN DORTON

In the words of PCAOB Board Member, J. Robert Brown, Jr. "For over 150 years, the auditing profession has served as a gatekeeper for the financial disclosure process. At its core, the integrity of the audit has always depended upon an exacting standard of independence between audit firms and their clients...Trust in audits, like medicine, food or transportation, depends upon a robust system of quality control."

The twenty-first century has brought, and will continue to bring, significant changes in a faster pace than any other previous century. Thus far, we have observed the rise of a global economy, mistrust in government, fear of terrorism, cybersecurity risks, a global pandemic, economic crisis, and six different generations simultaneously in the workforce for the first time, to name a few.

The world of financial reporting and auditing are not immune to these changes. Over the past seven years, the financial reporting industry has continued to evolve through some of the more impactful changes in several decades, including wide spread revisions to revenue and lease recognition, recording pension liabilities for many governmental entities, changes to auditor reporting, and revamping how nonprofits report key information in their financial statements. All of these changes were triggered by demands associated with the financial statement users.

Strong leadership and governance are critical for all organizations to remain relevant in our ever-changing world. Board of Directors, audit committees, and risk management committees must be competent in their respective roles and maintain effective corporate governance and crystal clear ethical guidelines, and they must be competent in their respective roles. Financial competence and discipline is a necessity in managing the risks of today and in the future.

The foundation of our audit profession starts with the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct. The core principles of this code are **Integrity** and **Objectivity**, **Independence** and **Competence**. At Dean Dorton, we are committed to these principles. They guide our audit process and our audit quality. We begin each audit engagement with these principles in mind and then design our audits to be responsive to each client's individual needs.

We are aware of, and embrace, the inevitable audit changes associated with innovations in technology, such as artificial intelligence, machine learning, data mining and analysis, blockchain, and continuous auditing. No matter what changes come about, we are committed to the quality of our work, the integrity of our people, and responding to our clients' needs.

This report provides information on matters directly related to audit quality, such as governance, leadership, independence, audit performance, and monitoring. Thank you for taking the time to learn more about our firm and we hope this report gives you a glimpse of our commitment to audit quality and professional excellence.



David Bundy, CPA
CEO and President



John Wurtenberger, CPA
Assurance Leader

FIRM INFORMATION

About Dean Dorton

Dean Dorton Allen Ford, PLLC (Dean Dorton) is a leading Kentucky-based regional accounting and consulting firm and one of the largest firms in the Southeast with multiple locations in Kentucky and North Carolina. We blend innovative business thinking, attentive personal service, and an unyielding commitment to accuracy, quality, and timeliness to provide world-class solutions.

We serve businesses, non-profits, governmental agencies, and individuals by maintaining proactive and meaningful relationships matched with industry experts who guide clients through complex issues and challenges as their needs become increasingly sophisticated. We provide an extensive range of audit, tax, accounting, and consulting services to clients of all sizes in a variety of industries regionally, nationally, and internationally.

Firm Established: Our firm history dates back to 1921

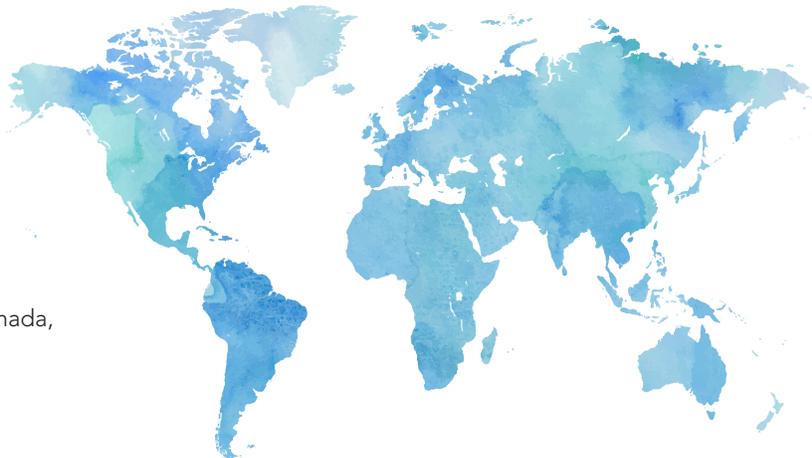
Clients:

- Individuals
- Public companies
- Privately held businesses
- Nonprofit entities
- Governmental entities

Geographic Reach:

- Throughout the United States
- Internationally including Japan, Brazil, Canada, China, throughout Europe, and Australia

CEO: David Bundy, CPA



Our Brief History

Dean Dorton was created in 2011 by combining two of Kentucky's premier accounting firms—Dean Dorton Ford (established in 1979) and Cotton + Allen (established in 1921). These legacy firms provided us a culture that continues today. Dean Dorton expanded its presence outside the borders of Kentucky by merging in Massey Consulting, a full-service consulting firm specializing in accounting software products and services, in Raleigh, North Carolina.

Dean Dorton's culture includes providing exceptional client service and the ability to be innovative problem solvers. At Dean Dorton, we pride ourselves on being large enough to provide expert services while still maintaining our core values which include personal and timely delivery of services. Our philosophy centers on an unyielding commitment to provide services that exceed our clients' expectations and are consistently superior to our competitors in quality and timeliness. Further, we strive to do so in a setting that is professionally and personally satisfying for our employees.

FIRM INFORMATION

Core Values

We are
effective
communicators

We maintain
exceptionally
high standards

We are
knowledgeable
and innovative

We are
one team

We manage
the firm as a
business

Team Statistics

TEAM STATISTICS

| | |
|--|------------|
| Audit Professionals | 27 |
| Tax Professionals | 75 |
| General Accounting Professionals | 41 |
| Consulting Professionals | 48 |
| Technology Consulting | 44 |
| Administrative Support | 42 |
| Total | 277 |

Dean Dorton is recognized throughout the region as a quality firm that provides exceptional services to its clients.

Industry Teams



Construction



Energy/Natural Resources



Equine



Healthcare



Higher Education



Manufacturing



Nonprofit/
Government

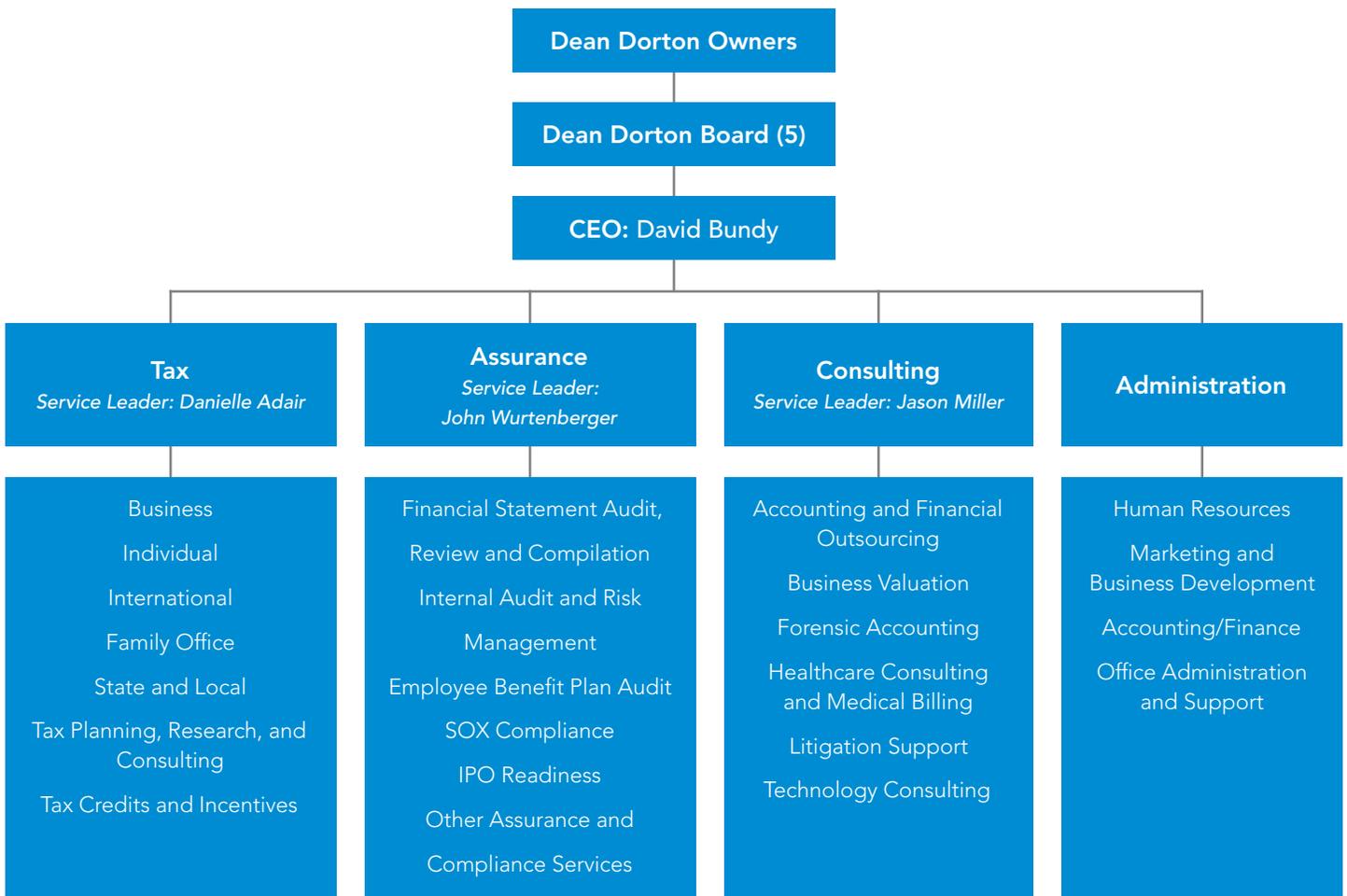


Real Estate

FIRM INFORMATION

Organizational Structure

Dean Dorton is a privately held professional limited liability corporation. We are governed by a Board of Directors and led by our CEO, David Bundy. Our five-member Board is elected by shareholders of the firm and has a term length of three years.



Board of Directors



Jason Miller
Business Consulting Director



Michael Shepherd, CPA
Tax Director



Adam Shewmaker, HFMA
Healthcare Consulting Director



David Smith, CPA
Tax Director



Elizabeth Woodward, CPA/CFF, CFE
Forensic Accounting and Litigation Support Director

FIRM INFORMATION

RSM US Alliance

As a member of the RSM Alliance, we have many advantages that no other firm can match. RSM US LLP is the fifth largest accounting firm in the U.S. and they have formed an alliance that allows us to access the resources, experience, and professional knowledge of a large national firm when we need it. Our relationship with RSM further enhances our ability to provide you with best-in-class advice on the implementation of new accounting standards, or changes in laws and regulations. The RSM US Alliance is the premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands, and Puerto Rico. The RSM US Alliance provides us, and therefore you, access to the resources, tools, and expertise of RSM US LLP. In addition, RSM Alliance members have resources through RSM International, the seventh largest worldwide network of independent audit, tax and advisory firms, with more than 37,500 professionals in over 110 countries.

Dean Dorton became a member of the RSM Alliance to offer our clients and employees a limitless scope of resources to grow on a local, national, and international scale. With our local presence backed by national and international resources, we offer a broad range of specialized assurance, tax and consulting services, designed specifically to address our clients' needs.

As a member, we can leverage the RSM Alliance for numerous reasons, including education of personnel, audit software, accounting and tax research tools, technical subject matter expertise, and utilization of professional staff throughout the world when and if needed.

An independently owned member

RSM US Alliance



RSM

QUALITY CONTROL

System of Quality Control

As required by professional standards, Dean Dorton maintains its own Quality Control Policies and Procedures Manual that begins with our "tone at the top," or the responsibilities of our leadership team for quality within the firm, or the "tone at the top." The main objective of our tone at the top is for our leadership to promote an internal culture based on the recognition that quality is essential in performing engagements.

The Dean Dorton audit process includes a very stringent quality control element which has been reviewed and tested during many successful peer reviews. In addition, we perform annual internal inspections on a sample of assurance engagements to ensure continued adherence to our quality standards. Our quality control process requires that workpapers and reports be technically reviewed by the appropriate supervisory personnel throughout the engagement. In addition to the review by the supervisory personnel, the firm director in charge of the engagement also provides a second level of review on select workpapers and all reports. When the firm director in charge of the engagement has completed their review of the report and all required workpapers, the report goes to the concurring director who performs a final review. Certain workpapers and all reports will be reviewed as many as three times before being finalized.

During the review process, Dean Dorton personnel and directors use several checklists and audit programs to ensure the highest quality technical product. We start with the RSM Audit Methodology that is developed by RSM US LLP's national office and then tailor this approach for our specific client base. In addition, we supplement, when necessary, with guidance and checklists from the AICPA, National Association of College and University Business Officers (NACUBO), PCAOB, the Government Accountability Office (GAO), the Government Finance Officers Association (GFOA), and others.

Additionally, we are also members of the AICPA's Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC). Our involvement in the GAQC and EBPAQC keeps us informed on the latest financial issues affecting governmental entities and employee benefit plan auditing, and ensures that we have the appropriate quality control procedures, standards, and training.

We are also members of the Institute of Internal Auditors (IIA), which provides training, certification, and resources to the Certified Internal Auditors we employ.

Lastly, our core audit staff is supplemented with professionals who have niche expertise in internal audit, technology, management accounting, risk management, human resources, business valuations, forensic accounting, and mergers and acquisitions.

INTRODUCTION

Dean Dorton Allen Ford, PLLC's (the Firm or Dean Dorton) system of quality control for its accounting and auditing practice is designed to provide reasonable assurance that the Firm and its personnel comply with professional standards and applicable regulatory and legal requirements. The elements of the system of quality control are established by Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA) and the requirements of the Public Company Accounting Oversight Board (PCAOB). Those standards and requirements and our system of quality control encompass:

- Leadership responsibilities for quality control within the Firm (the "tone at the top")
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance
- Monitoring

The Firm's system of quality control consists of policies designed to achieve the objectives of the system and the procedures necessary to implement and monitor compliance with those policies. The Firm documents its system of quality control by preparing and distributing this document which describes the policies and procedures established and maintained for each element of quality control. The Firm reviews the documentation at least annually and updates it as necessary.

The Firm communicates these policies and procedures in writing and makes the documentation available to all personnel. The Firm requires each individual to be familiar with and comply with these policies and procedures and emphasizes that each individual has a personal responsibility for quality and is expected to comply with these policies and procedures. The Firm encourages its personnel to provide feedback to the Assurance Service Group (ASG) Directors on matters related to the system of quality control as well as views or concerns regarding quality control matters. Additionally, personnel can communicate quality control matters to the ASG Technical Committee, which reports to the ASG Directors.

The Firm is a member of the AICPA Governmental Audit Quality Center (GAQC) and the AICPA Employee Benefit Plan Audit Quality Center (EBPAQC) (collectively, the Centers) and has agreed to establish policies and procedures specific to the Firm's governmental audit practice and its ERISA employee benefit plan practice to comply with the applicable membership requirements of the Centers. These policies and procedures are documented and communicated in Appendices C and D, respectively.

The Firm adopts and integrates within its quality control system the use of RSM US LLP's (RSM) practice manuals (RSM manuals) and other practice manuals (other manuals). This document and any other practice aids used by the Firm are intended solely to assist us in achieving compliance with professional standards, and should not be construed to override the exercise of professional judgment. Where deviations exist between this document and the manuals and practice aids used by the Firm, this document shall prevail.

Firm personnel should use RSM guidance and manuals unless directed otherwise by the Firm manual. Significant exceptions to our overall policies should be approved by the Firm's ASG Technical Committee Leader and/or the ASG Service Group Leader. Any other exceptions to RSM guidance and manuals should comply with professional standards, generally be discussed by the engagement team at the planning meeting, and be documented in the audit work papers.

The various sections that follow contain basic principles (identified in bolded italics lettering) with related guidance in the form of explanatory and other material. The basic principles are to be interpreted in the context of the explanatory and other materials, including the Firm's various practice manuals which provide guidance for their application.

LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

The objective of the leadership responsibilities element of a system of quality control is to promote an internal culture based on the recognition that quality is essential in performing engagements. The Firm satisfies this objective by establishing and maintaining the policies and procedures described below:

The Firm's President & CEO (CEO), ASG Service Group Leader (ASG Leader) and ASG Technical Committee Leader (ASG TCL) assume ultimate responsibility for the Firm's system of quality control.

- The **CEO** accepts overall responsibility for the Firm's system of quality control and promoting a quality-oriented culture. The CEO also has oversight of the Firm.
- The **ASG Leader** serves at the pleasure of the Dean Dorton board of directors and oversees the Firm's audit, accounting and quality control processes. The ASG Leader's role is to implement the Firm's assurance strategy and to lead the practice to achieve assurance quality objectives. The ASG Leader is also responsible for matters related to compliance with professional standards and Firm policies, risk management including client acceptance and retention, talent development and succession planning.
- The **ASG TCL** serves at the pleasure of the Dean Dorton board of directors and automatically serves on the Firm's internal inspection team. The ASG TCL assists the ASG Leader with his or her duties above. Additionally, the ASG TCL promotes and fosters a culture within the ASG Service Group of sincere dedication to "getting it right" and compliance with Firm and professional standards.

The **ASG Directors**, the CEO, the ASG Leader, the ASG TCL and the ASG Technical Committee promote a quality oriented culture by various means, including sending clear, consistent, and frequent messages through presentations, discussions, emails, memorandums or other announcements; having a mission statement that includes the Firm's core values and the importance of quality; and informing personnel that failure to adhere to the Firm's policies and procedures regarding performance quality and commitment to ethical principles may result in disciplinary action.

The Firm assigns management responsibilities so that economic considerations do not override the quality of the work performed. The Firm implements this policy through the following procedures:

- Having the ASG Leader and ASG Directors continually evaluate client relationships and specific engagements so that commercial considerations do not override the objectives of the system of quality control.
- Emphasizing to all personnel that fee considerations and scope of services should not infringe upon quality work.

The Firm assigns operational responsibility for the Firm's quality control system to the ASG Technical Committee. The ASG TCL leads the ASG Technical Committee, which has sufficient and appropriate experience and ability to identify and understand quality control issues and to develop appropriate policies and procedures, as well as the necessary authority to implement those policies and procedures.

The Firm designs procedures addressing performance evaluation, compensation, and advancement (including incentive systems) with regard to personnel to demonstrate the Firm's overarching commitment to the objectives of the system of quality control. The Firm implements this policy through the following procedures:

- Designing and implementing performance, evaluation and advancement systems that incorporate quality standards.
- Establishing a compensation system that appropriately weighs the quality of work performed.

The Firm devotes sufficient and appropriate resources for the development, communication, and support of its quality control policies and procedures. The Firm implements this policy through the following procedures:

- Providing the ASG Leader, the ASG Technical Committee and the ASG TCL with sufficient resources and authority to develop, implement, and maintain the Firm's quality control policies and procedures.
- Communicating the Firm's quality control policies and procedures, and related expectations, with personnel when hired, and at least annually on an ongoing basis, as appropriate.

RELEVANT ETHICAL REQUIREMENTS

The objective of the relevant ethical requirements element of a system of quality control is to provide the Firm with reasonable assurance that the Firm and its personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity. The Firm satisfies this objective by establishing and maintaining the policies and procedures described in the following paragraphs.

Personnel adhere to relevant ethical requirements such as those in regulations, interpretations, and rules of the AICPA, state CPA societies, state boards of accountancy, state statutes, the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB), the U.S. Government Accountability Office (GAO), U.S. Department of Labor, and any other applicable regulators. The Firm implements this policy through the following procedures:

- Assigning the ASG TCL the responsibility of responding to questions, resolving matters, and determining the circumstances for which consultation with sources outside the Firm is required for matters related to independence, integrity, and objectivity.
- Identifying circumstances for which documentation of the resolution of matters is appropriate.
- Providing guidance on activities in which the Firm is prohibited from engaging, as defined in the Firm's independence policies. The Firm maintains a current list of all entities with which Firm personnel are prohibited from having a financial interest and a current list of all financial institutions with which Firm personnel are prohibited from certain borrowing activities. In addition, the Firm's client list is accessible by all personnel during orientation and as part of the annual independence certification.
- Establishing clear and concise independence guidance covering relationships and activities that impair independence, including but not limited to investments, loans, brokerage accounts, business relationships, employment relationships, and fee arrangements.

The Firm establishes procedures to communicate independence requirements to Firm personnel and, where applicable, others subject to them. The Firm implements this policy through the following procedures:

- The Firm's independence policies are made available to all Firm personnel. The ASG Technical Committee ascertains the policies reflect the latest significant pronouncements of all applicable regulatory authorities.
- The Firm maintains a complete, current listing of clients with publicly-traded securities which is provided to all employees of the Firm. Changes to this listing are communicated with Firm personnel on a periodic basis.
- Professional and technical employees of the Firm are advised of our policies during the orientation process and are reminded of our policies annually as a part of monitoring compliance with such policies. Professional and regulatory literature is maintained by the ASG Technical Committee.
- The Firm emphasizes independence and other ethical considerations in selected training programs, with required training near the time of initial employment. The Firm requires periodic independence and ethics training for all professional employees. Such training covers the Firm's independence and ethics policies and the independence and ethics requirements of all applicable regulators.
- The CEO, ASG Leader, ASG TCL and others (through presentations, discussions, emails, memorandums or other announcements):
 - » Emphasize the concepts of independence, integrity, and objectivity in the Firm's professional development meetings, in the acceptance and continuance of clients and engagements, and in the performance of engagements.
 - » Provide frequent reminders of professional responsibilities to personnel, such as avoiding behavior that might be perceived as impairing their independence or objectivity.

RELEVANT ETHICAL REQUIREMENTS

The Firm establishes procedures to identify and evaluate possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period of time, and to take appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards. The Firm implements this policy through the following procedures:

- Requiring the engagement director to consider relevant information about client engagements, including the scope of services, to enable him or her to evaluate the overall impact, if any, on independence requirements.
- Requiring the approval of the engagement director (1st Director) and quality control director (2nd Director) reviewer on SEC clients by the ASG Leader or CEO.
- Requiring all professionals to report, on a timely basis when identified, apparent violations of independence, integrity, or objectivity policies involving themselves, their spouses, or their dependents and the corrective actions taken or proposed to be taken.
- Establishing a requirement for all professional personnel to notify the engagement director of any potential activities that might impair independence or violate ethics rules, including services provided to entities with which Firm personnel are prohibited from having a business relationship.
- Establishing a program that protects professional personnel who report potential ethics or independence violations to the proper parties in compliance with Firm policy.
- Requiring the director responsible for the engagement to determine that the prior year's fees have been paid.
- Requiring the CEO to approve all client acceptances through the Firm's new business form.
- Requiring the engagement director to ascertain that the Firm is independent with respect to any assigned client and to anticipate and document all potential sources of impairment of independence and to have them resolved before work is commenced. As a part of this responsibility, the ASG Leader must be notified when an entity with securities issued to the public is accepted as a new client, or when a present client anticipates issuing securities to the public.
- Establishing guidelines setting forth the consequences for professional personnel who violate the Firm's independence policies and procedures, including engaging in activities with entities with which Firm personnel are prohibited from having a business relationship.
- Requiring all professional personnel to review the list of entities with which Firm personnel are prohibited from having a business relationship, before the professional or the spouse or dependent of the professional obtains a security or financial interest in an entity.
- Requiring all personnel to promptly report if they are offered or seek employment with a client while they are working on an engagement. Firm policy requires the professional to remove themselves from the engagement until the employment offer is rejected or employment is no longer being sought.
- Requiring that when a professional accepts a position with a client for which he/she had any responsibilities on an attest engagement for such client during the prior year, the ASG TCL and the ASG Leader determine (or approve) the additional procedures to be performed to assure that all of our work has been performed with objectivity and integrity.

The Firm withdraws from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.

RELEVANT ETHICAL REQUIREMENTS

The Firm obtains written confirmation, at least annually, of compliance with its policies and procedures on independence from all Firm personnel required to be independent by relevant requirements. The Firm implements this policy through the following procedures:

- Obtaining written representations from personnel, upon hire and on an annual basis, stating that they have read the Firm's independence, integrity, and objectivity policies, understand the applicability of those policies to their activities, and have complied with the requirements of those policies since their last representation (such written representations are accompanied by the most current list of all entities with which Firm personnel are prohibited from having a financial or business relationship).
- Reviewing written representations from personnel for completeness and resolving reported exceptions. All exceptions are approved by the ASG Technical Committee or the ASG Leader.
- Requiring the engagement director to affirm compliance with independence requirements that apply to the engagement (via various forms and checklists in the respective engagement work paper file).

The Firm establishes procedures for confirming the independence of another firm that performs part of an engagement. The Firm implements this policy through the following procedures:

- Following the policies and procedures in the RSM manuals, which describe the form and content of independence representations, and frequency with which they are to be obtained.
- Requiring that such representations be documented.

The Firm rotates personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period. The Firm implements this policy through the following procedures:

- Requiring the ASG Leader and ASG TCL to:
 - » Monitor regulatory requirements for the need for rotation of directors on SEC clients and other entities, where required.
 - » Monitor the terms of service for directors on engagements requiring rotation (performed through annual discussions with ASG Directors).
 - » Ensure that director rotation has occurred when required.

Acquired practice units are advised of the Firm's policies related to independence, integrity and objectivity. Integration and training programs for acquired firms and practice units cover the Firm's independence, integrity and objectivity policies.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS

The objective of the quality control element that addresses acceptance and continuance of client relationships and specific engagements is to establish criteria for deciding whether to accept or continue a client relationship and whether to perform a specific engagement for a client. The Firm's client acceptance and continuance policies represent a key element in mitigating litigation and business risk. The Firm's policies and procedures related to the acceptance and continuance of client relationships and specific engagements provides the Firm with reasonable assurance that it will undertake or continue relationships and engagements only when it:

- Has considered the integrity of the client, including the identity and business reputation of the client's principal owners, key management, related parties, and those charged with its governance, and the risks associated with providing professional services in the particular circumstances;
- Is competent to perform the engagement and has the capabilities and resources to do so;
- Can comply with legal and ethical requirements; and
- Has reached an understanding with the client regarding the services to be performed.

The Firm satisfies this objective, both with respect to the initial period for which the Firm is performing its service and for subsequent periods, by establishing and maintaining the policies and procedures described in the following paragraphs.

The Firm evaluates factors that have a bearing on management's integrity and considers the risk associated with providing professional services in particular circumstances. The Firm implements this policy through the following procedures:

- Utilizing RSM manuals, which contain policies and procedures related to the acceptance of prospective clients and the continuance of existing clients. Utilizing the RSM manuals as guidance is designed to provide reasonable assurance that the Firm's clients should not present undue risks to the Firm, including potential damage to the Firm's reputation.
- Obtaining and evaluating relevant information before accepting or continuing any client. The following are examples of such information:
 - » The nature and purpose of the services to be provided and management's understanding thereof.
 - » The identity of the client's principal owners, key management, related parties, and those charged with its governance.
 - » The nature of the client's operations, including its business practices, from sources such as annual reports, prior year financial statements, interim financial statements, reports to regulators, enforcement actions by regulators, and income tax returns.
- Information obtained from inquiries of third parties about the client, its principal owners, key management, and those charged with governance.
- Communicating with the predecessor auditor or accountant when required or recommended by professional standards. This communication also includes inquiries regarding the nature of any disagreements and whether there is evidence of opinion shopping.
- Assessing management's commitment to implementing and maintaining effective internal control.
- Assessing management's commitment to the appropriate application of generally accepted accounting principles or other financial reporting framework.
- Evaluating the risk of providing services to significant clients or to other clients for which the Firm's independence or the appearance of independence may be impaired.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS

The Firm evaluates whether the engagement can be completed with professional competence; undertakes only those engagements for which the Firm has the capabilities, resources, and professional competence to complete; and evaluates, at the end of specific periods or upon occurrence of certain events, whether the relationship should be continued. The Firm implements this policy through the following procedures:

- Evaluating whether:
 - » The Firm has sufficient personnel who have obtained or can reasonably expect to obtain the knowledge and expertise necessary to perform the engagement, including relevant regulatory or reporting requirements.
 - » Specialists are available, if needed. This may be achieved, if necessary, through the resources of another practice office, RSM, another accounting and auditing firm, or alternative source.
 - » The Firm is able to complete the engagement within the reporting deadline.
- Reevaluating the client prior to each engagement to determine whether any events have occurred or circumstances arisen since the last engagement that would result in a change in the engagement risk assessment or cause the Firm to discontinue its relationship with the client.
- Requiring the engagement director to assess the information obtained about the client or the specific engagement, including information about the significance of the client to the Firm, and to make a recommendation about whether the client or engagement should be accepted or continued. (See documentation and concurrence requirements described below).
- Establishing procedures for dealing with information that would have caused the Firm to decline the engagement if the information had been available earlier.

The Firm obtains an understanding with the client regarding the services (attest and non-attest) to be performed. The Firm implements this policy by requiring that for all attest engagements, the Firm prepare a written arrangement letter documenting the understanding with the client and obtain the client's signature on that letter, thus minimizing the risk of misunderstandings regarding the nature, scope, and limitations of the services to be performed.

The Firm establishes procedures for withdrawal from an engagement or from both the engagement and the client relationship. The Firm implements this policy through the following procedures:

- Discussing with the appropriate level of the client's management and those charged with its governance the appropriate action that the Firm might take based on the relevant facts and circumstances.
- Considering whether there is a professional, regulatory, or legal requirement for the Firm to remain in place or for the Firm to report to regulatory authorities the withdrawal from the engagement, or from both the engagement and the client relationship, together with the reasons for the withdrawal.
- Discussing with the appropriate level of the client's management and those charged with its governance withdrawal from the engagement, or from both the engagement and the client relationship, if the Firm determines that it is appropriate to withdraw.
- Documenting significant issues, consultations (including the names of those consulted), conclusions, and the basis for the conclusions reached when the Firm determines that it is appropriate to withdraw.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS

The Firm documents conclusions relating to acceptance or continuance of client relationships and specific engagements, including specified concurrence requirements. The Firm implements this policy through the following procedures:

- The “New Business Form” documents approval by the CEO, or his or her designee, for new clients and certain new engagements or projects for existing clients.
- The Firm documents, on prescribed forms included in the engagement files, significant considerations, consultations, conclusions, and the basis for the conclusions relating to acceptance or continuance of client relationships and specific engagements.
- The acceptance procedures for a prospective client are performed by the prospective engagement director, subject to approval by the CEO or his or her designee and, in some cases, by the ASG Leader prior to informing the client of a decision to accept appointment.
- The continuance procedures for a client are performed by the engagement director, or his or her designee.

HUMAN RESOURCES

The objective of the human resources element of a system of quality control is to provide the Firm with reasonable assurance that it has sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary (a) to perform its engagements in accordance with professional standards and regulatory and legal requirements and (b) to enable the Firm to issue reports that are appropriate in the circumstances. The Firm satisfies this objective by establishing and maintaining the policies and procedures described below.

Personnel who are hired possess the characteristics that enable them to perform competently. The Firm implements this policy by maintaining firm-wide hiring standards and evaluating the Firm's personnel needs, including the following:

- Designating a director or other qualified individual in each office to be responsible for evaluating the overall personnel needs of the practice office and establishing hiring objectives based on factors such as existing clientele, anticipated growth, and personnel turnover and advancement.
- Establishing minimum qualifications and guidelines for evaluating potential hires and ensuring that personnel who are hired possess the appropriate characteristics to enable them to perform competently.
 - » The Firm seeks to employ individuals who possess high levels of intelligence, integrity, honesty, motivation, and aptitude for the profession.
 - » The Firm normally employs college graduates with a concentration in accounting as full-time members of our professional attest staff.
 - » New staff members are hired when academic grade point average, personal achievements, work experience and personal interests indicate the likelihood of satisfactory career development.
 - » Background checks on applicants are performed as deemed necessary.
 - » When experienced professionals are hired, the offer of employment is usually made subject to satisfactory reference checks as deemed necessary.
- Identifying sources of employment candidates such as universities and executive recruiters.
- Selecting (and training, where deemed necessary) the individuals who will be interviewing candidates or otherwise participating in the hiring process.
- Summarizing and evaluating the results of the hiring process for each candidate, including approval by the CEO, or his or her designee, of all hiring decisions.

The Firm determines capabilities and competencies required of the engagement director. The Firm implements this policy by specifying the competencies the engagement director for an accounting, auditing, or attest engagement (or other person responsible for supervising and signing or authorizing someone to sign the Firm's report on such engagements) should possess. Such competencies include having an understanding of the following:

- The role of the Firm's system of quality control and the AICPA Code of Professional Conduct, both of which play critical roles in ensuring the integrity of the accounting, auditing, and attest function to users of reports.
- The performance, supervision, and reporting aspects of the engagement, which ordinarily are gained through training or participation in similar engagements.
- The industry in which the client operates, including its organization and operating characteristics, sufficient to identify areas of high or unusual risk associated with the engagement and to evaluate the reasonableness of industry-specific estimates.

HUMAN RESOURCES

- The professional standards applicable to the engagement being performed and to the industry in which the client operates. Such standards include accounting, auditing, and attestation standards, as well as rules and regulations issued by applicable regulators.
- The skills that contribute to sound professional judgment, including the ability to exercise professional skepticism.
- How the organization uses information technology and the manner in which information systems are used to record and maintain financial information.

The Firm determines the capabilities and competencies possessed by personnel. The Firm implements this policy through the following procedures:

- Establishing criteria for evaluating personal characteristics such as integrity, competence, and motivation.
- Evaluating personnel at least annually to determine their capabilities and competencies in relation to their assigned duties.

The Firm assigns responsibility for each engagement to an engagement director. The Firm implements this policy through the following procedures:

- Assigning the responsibility for each engagement to an engagement director who has the appropriate capabilities, competence, authority, and time to perform the role.
- Monitoring the workload and availability of engagement directors to enable these individuals to have sufficient time to adequately discharge their responsibilities.
- Communicating the identity and role of the engagement director to management and those charged with governance.

The Firm assigns personnel (including directors) based on the knowledge, skills, and abilities required in the circumstances and the nature and extent of supervision needed. The Firm implements this policy through the following procedures:

- Designating an appropriate person to be responsible for assigning personnel to engagements. The ASG Directors take into consideration the following criteria when monitoring and/or approving scheduling:
 - » Engagement type, size, significance, complexity, and risk profile.
 - » Staffing and timing requirements of the engagement.
 - » Competence, experience, and special expertise needed.
 - » Planned involvement by supervisory personnel.
 - » Opportunities for on-the-job development, including providing opportunities to gain experience on various types of engagements.
 - » Continuity and rotation of personnel.
 - » Other commitments of the assigned individuals.
 - » Potential problems such as independence, conflicts of interest, travel constraints, etc.
- The engagement director approves the scheduling and staffing after considering the competence, experience, and training of the assigned personnel and the extent of supervision to be provided.

HUMAN RESOURCES

Personnel participate in general and industry-specific continuing professional education (CPE) and professional development activities that enable them to accomplish assigned responsibilities and satisfy applicable CPE requirements of the AICPA, AICPA Audit Quality Centers, state CPA societies, state boards of accountancy, and other applicable regulators. The Firm implements this policy through the following procedures:

- Encouraging personnel to pass the Uniform CPA Examination.
- Assigning responsibility to a director to maintain a professional development program that does the following:
 - » Requires personnel to participate in professional development programs in accordance with Firm guidelines and in subjects that are relevant to their responsibilities.
 - » Takes into account the requirements of the AICPA, AICPA Audit Quality Centers, state boards of accountancy, and other regulatory agencies in establishing the Firm's CPE requirements.
 - » Provides access to appropriate, adequate CPE and maintains records of completed CPE for professional personnel.
 - » Provides an orientation and training program for new hires.
- Encouraging participation by personnel at each level in the Firm in other professional development activities such as completing external professional development programs (including graduate-level and self-study courses), developing or delivering internal and/or external professional development programs, becoming members of professional organizations, serving on professional committees, writing for professional publications, and speaking to professional or other groups.
- Communicating and distributing to personnel, when applicable, changes in accounting, auditing, attestation, and quality control standards, as well as independence requirements and the Firm's guidance with respect to those standards and requirements.
- The Firm recognizes that on-the-job development is a significant component of professional development. In connection therewith:
 - » Personnel with in-charge responsibilities on engagements are expected to:
 - Discuss with assistants the relationship of the work they are performing to the engagement as a whole.
 - Permit assistants, when practicable, to become involved in a variety of aspects of the engagement.
 - Explain to assistants the reasons for any revisions or additional work requirements noted during the review process.
 - » Personnel are evaluated, in part, on their effectiveness in training and developing other staff members.

HUMAN RESOURCES

Personnel selected for advancement have the qualifications necessary to fulfill the responsibilities they will be called on to assume. The Firm implements this policy through the following procedures:

- The Human Resources Director is responsible for identifying and communicating, in the Firm's policies and procedures manuals, the qualifications necessary to accomplish responsibilities at each professional level in the Firm. This includes the following:
 - » Establishing criteria for evaluating personnel at each professional level and for advancement to the next higher level of responsibility. Such criteria give recognition and reward to the development and maintenance of competence and commitment to ethical principles.
 - » Developing evaluation forms for each professional staff classification, including directors. Such forms include evaluation of performance quality and adherence to ethical principles.
 - » Informing personnel that failure to adhere to the Firm's policies and procedures regarding performance quality and commitment to ethical principles may result in disciplinary action.
- The ASG Directors are responsible for recommending advancement and termination decisions for ASG personnel to the CEO. Such responsibilities include the following:
 - » Identifying responsibilities and requirements for evaluation at each level and indicating who will prepare these evaluations and when they will be prepared.
 - » Reviewing evaluations on a timely basis with the individual being evaluated.principles.
- Advising personnel regarding their progress and career opportunities through the following procedures:
 - » Evaluating all personnel through the Firm's evaluation process.
 - » Evaluating supervisors, specialists and associates at the end of each ASG assignment exceeding 40 hours to provide feedback on performance.
 - » Summarizing and reviewing with personnel their performance evaluations, including assessing their progress within the Firm, at least annually. Considerations include past performance, future objectives of the Firm and the individual, assignment preferences, and career opportunities.
 - » Evaluating directors periodically by means of performance reviews, peer evaluations, or self-appraisals, as appropriate, to provide feedback and to determine whether they continue to have the qualifications to accomplish their assigned responsibilities and to assume additional responsibilities.

ENGAGEMENT PERFORMANCE

The objective of the engagement performance element of quality control is to provide the Firm with reasonable assurance that (a) all engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements and (b) the Firm issues reports that are appropriate in the circumstances. Policies and procedures for engagement performance should address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures should also require that consultation takes place when appropriate. In addition, a policy should establish criteria against which all engagements are to be evaluated to determine whether an engagement quality control review should be performed. The Firm satisfies these objectives by establishing and maintaining the policies and procedures described below.

Planning for engagements meets professional, regulatory, and the Firm's requirements. The Firm implements this policy by providing personnel with the RSM manuals and other manuals, as applicable, which contain policies and procedures that detail the factors the engagement team should consider in the planning process and the extent of documentation of these considerations. Planning considerations may vary depending on the nature, size, and complexity of the engagement.

A member of the Firm's Tax Service Group should attend each ASG engagement planning meeting unless the ASG Director and Tax Director responsible for the client have decided that Tax Service Group involvement is not required on the ASG engagement. At this planning meeting, the role of the Tax Service Group on the ASG engagement will be determined, which may include a tax review of the financial statements.

The engagement is performed, supervised, reviewed, documented, and reported (or communicated) in accordance with the requirements of professional standards, applicable regulators, and the Firm. The Firm implements this policy by requiring personnel to comply with the policies and procedures set forth in the RSM manuals, other manuals and Dean Dorton guidance, which prescribe the following:

- How engagement teams are supervised during the course of an engagement.
- The form and content of documentation of the work performed and conclusions reached.
- The form in which instructions are to be given to other offices or other auditors performing part of an engagement and the extent to which such work is to be reviewed and documented.
- The extent of the overall engagement review required, at all professional levels, to ensure that the financial statements or other reports meet professional and Firm presentation and disclosure requirements.
- The extent of review to be performed of required communications to management and those charged with governance.

Qualified engagement team members review work performed by other team members on a timely basis. The Firm implements this policy through the following procedures:

- Reviewers are to possess appropriate experience, competence, authority, and responsibility, and are to be given access to the Firm's reference materials and other resources.
- Reviewers are to review all reports, financial statements, documentation of the work performed and conclusions reached to obtain reasonable assurance of the following:
 - » The nature, timing, and extent of procedures performed are appropriate and consistent with risk assessments and the approach described in the planning documentation, or as subsequently modified.

ENGAGEMENT PERFORMANCE

- » The appropriateness of planned procedures is reconsidered if significant changes in risk factors occur or are identified between the planning phase of the engagement and the execution of procedures.
 - » Exceptions are appropriately investigated.
 - » Firm-prescribed forms, checklists, and questionnaires, tailored as appropriate, are used in performing and reporting on the engagement.
 - » The work has been performed in accordance with professional standards and regulatory and legal requirements.
 - » Significant findings and issues have been raised for further consideration.
 - » Appropriate consultations have taken place, and the resulting conclusions have been documented and implemented.
 - » The work performed supports the conclusions reached and is appropriately documented.
 - » The evidence obtained is sufficient and appropriate to support the report.
 - » The objectives of the engagement procedures have been achieved.
- For each engagement, there is to be appropriate documentation evidencing the reviews described above.

In addition to the policies and procedures described above, the Firm also provides guidance to personnel with regards to workpaper review policies and procedures as described in the ASG Workpaper Review Guidance document.

The firm has the following policies for Second Director reviews related to ASG engagements:

- **Audit and Review engagements** – The engagement director (known as the First Director) and Second Director reviews must be completed by an ASG Director or Associate Director (Note: An ASG Associate Director may not serve in both the First and Second Director roles).
- **Compilation and Preparation engagements** – If the engagement director is a non-ASG Director, the Second Director review must be completed by an ASG Director or ASG Associate Director. At the engagement director's discretion, monthly or quarterly compilations and preparations can be reviewed by the Second Director only once per year.
- **Other assurance related engagements** – The Second Director review may be completed by a non-ASG Director if approved by the ASG Leader or CEO.

The Firm has criteria for determining whether an engagement quality control review should be performed; evaluates all engagements against the criteria; performs an engagement quality control review for all engagements that meet the criteria; and completes the review before the report is released. The Firm implements this policy through the following procedures:

- Engagements meeting the following criteria require an engagement quality control review before the report is released.
 - » Higher-risk engagements (excluding compilations without disclosures), as defined as follows:
 - First year engagements
 - Engagements which have not been performed for the respective client in the previous three years
 - SEC registrants/issuers
 - » At the discretion of the engagement director and/or the Second Director reviewer.

ENGAGEMENT PERFORMANCE

- All engagements are evaluated against the above criteria in connection with the Firm's policies and procedures related to client acceptance, client continuation, engagement risk assessment, and performance of the engagement.

The Firm establishes procedures addressing the nature, timing, extent, and documentation of the engagement quality control review. The Firm implements this policy through the following procedures:

- **Nature and extent of review.** The Firm's procedures for audit and attestation engagements require that the engagement quality control reviewer do the following:
 - » Discuss significant accounting, auditing, and financial reporting issues with the engagement director, including matters for which there has been consultation.
 - » Discuss with the engagement director the engagement team's identification and audit of significant assertions, transactions, and account balances.
 - » Review selected working papers relating to the significant judgments the engagement team made and the conclusions they reached.
 - » Review documentation of the resolution of significant accounting, auditing, and financial reporting issues, including documentation of consultation with Firm personnel or external sources.
 - » Review the summary of uncorrected misstatements that are related to known and likely misstatements.
 - » Review additional engagement documentation to the extent considered necessary.
 - » Read the financial statements and report and consider whether the report is appropriate.
 - » Confirm with the engagement director that there are no significant unresolved issues.
 - » Complete the review before the release of the report.
- **Resolving conflicting opinions between the engagement director and the engagement quality control reviewer regarding significant matters.** This policy requires documentation of the resolution of conflicting opinions before the release of the Firm's report. Differences of opinion between the engagement director and the engagement quality control reviewer are resolved by the ASG TCL, ASG Leader or the CEO (as discussed below).
- **Documentation by the engagement quality control reviewer.** The Firm's policies require documentation of the following:
 - » Procedures required by the Firm's policies on engagement quality control review have been performed.
 - » Engagement quality control review has been completed before the report is released.
 - » No matters have come to the attention of the engagement quality control reviewer that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.
- **Timeliness of review.** The engagement quality control review is conducted in a timely manner to enable significant issues to be promptly addressed to the reviewer's satisfaction before the report is released. The review may be conducted at appropriate stages during the engagement.

ENGAGEMENT PERFORMANCE

The Firm establishes criteria for the eligibility of engagement quality control reviewers. The Firm implements this policy by establishing the following criteria for an engagement quality control reviewer:

- Is selected by the appropriate level of Firm management (ASG Directors or the ASG Leader).
- Has sufficient technical expertise and experience (evidenced in part by being an ASG Associate Director or ASG Director).
- Carries out his or her responsibilities with objectivity and due professional care without regard to the relative positions of the engagement director and the engagement quality control reviewer.
- Does not assume any of the responsibilities of the engagement director or have responsibility for the audit of any significant subsidiaries, divisions, benefit plans, or affiliated or related entities.
- Meets the independence requirements relating to the engagements reviewed, even though the engagement quality control reviewer is not a member of the engagement team.
- Does not make decisions for the engagement team or participate in the performance of the engagement, except that the engagement director may consult the engagement quality control reviewer at any stage during the engagement.
- The person who served as the engagement director during the previous two years may not be the engagement quality control reviewer.

The Firm requires that consultation take place when appropriate; that sufficient and appropriate resources are available to enable appropriate consultation to take place; that all the relevant facts known to the engagement team are provided to those consulted; that the nature, scope, and conclusions of such consultations are documented; and that conclusions resulting from such consultations are implemented. The Firm implements this policy through the following procedures:

- The Firm expects its professionals to seek assistance from persons possessing specialized knowledge and expertise whenever they encounter situations where they lack sufficient knowledge and experience. The Firm implements this policy as follows:
 - » Consultations should be initiated with persons possessing specialized knowledge and expertise when appropriate. The consultation may be with the Second Director reviewer, if they possess the specialized knowledge and expertise required. When a consultation with sources outside the Firm is deemed prudent, it should be initiated through the ASG Leader, ASG TCL or the engagement director.
 - » When the engagement team consults on a significant accounting or auditing matter, the engagement director is required to follow the conclusion reached in the consultation process. In the event that the engagement director disagrees with such conclusion, the disagreement will be resolved by the ASG TCL, ASG Leader or CEO (as described below).
 - » While it is impossible to list all situations that may require consultation, the following, due to their complexity, may require consultation:
 - Any engagement in which a qualified or nonstandard report is likely to be issued.
 - Any engagement involving material litigation.
 - Application, for the first time, of new or complex technical pronouncements.
 - Industries with special accounting, auditing, or reporting requirements.
 - Accounting for complex or unusual transactions.
 - Emerging practice problems.
 - Choices among alternative generally accepted accounting principles upon initial adoption or when an accounting change is made.

ENGAGEMENT PERFORMANCE

- Reissuance of a report, consideration of omitted procedures after a report has been issued, or subsequent discovery of facts that existed at the time a report was issued.
- Filing requirements of regulatory agencies.
- Meetings with regulators at which the Firm is to be called on to support the application of generally accepted accounting principles or generally accepted auditing standards that have been questioned.

The required consultations identified in the RSM Global Audit Manual (GAM-US), the RSM Financial Accounting and Reporting Manual (FARM), and other RSM manuals are not considered required consultations by the Firm.

- » Disagreements between the engagement team and a consultant are resolved by the ASG TCL, ASG Leader or CEO (as described below).
- » Documentation of consultations is to be initiated by the party requesting consultation.
- » Documentation of consultations is required to support compliance with Firm policy and generally accepted auditing standards. Documentation should include all relevant facts and circumstances, the sections of the professional literature used in making a determination, the conclusion(s) reached, how the conclusion(s) were implemented, and the signatures or electronic sign offs of the engagement director and consultant. This documentation is to be retained with the engagement documentation of the work performed and conclusions reached.

The Firm deals with and resolves differences of opinion, documents and implements conclusions reached, and does not release the report on the client's financial statements or other reports until the matter is resolved. The Firm implements this policy through the following procedures:

- Disagreements among engagement personnel over auditing, accounting, and reporting matters may occur. If the disagreement is not resolved at the engagement team level, then consultation with the ASG TCL, ASG Leader or CEO is required.
 - » The ASG TCL serves as the "mediator" for any disagreement (e.g. if an engagement team disagreement cannot be resolved at the engagement team level, if the engagement director disagrees with the engagement quality control reviewer, if the engagement director disagrees with a consultant's conclusion, if the engagement team disagrees with a consultant, etc.)
 - » If the ASG TCL is one of the parties in the disagreement, then the "mediator" would be the ASG Leader.
 - » If the disagreement includes both the ASG TCL and the ASG Leader, then the "mediator" would be the CEO

The related report may not be released until the matter is resolved and properly documented.

- If members of the engagement team continue to disagree with the resolution, they may disassociate themselves from the resolution of the matter and may document that a disagreement continues to exist.

Engagement teams complete the assembly of final engagement files on a timely basis. The Firm implements this policy by completing the assembly of final engagement files in accordance with professional standards and applicable regulatory requirements.

ENGAGEMENT PERFORMANCE

The Firm maintains the confidentiality, safe custody, integrity, accessibility, and retrievability of engagement documentation. The Firm implements this policy through the following procedures:

- Establishing and applying controls to accomplish the following:
 - » Clearly determine when and by whom engagement documentation was prepared and reviewed.
 - » Protect the integrity of the information at all stages of the engagement, especially when the information is shared within the engagement team or transmitted to other parties via electronic means.
 - » Prevent unauthorized changes to the engagement documentation.
 - » Allow access to the engagement documentation by the engagement team and other authorized parties as necessary to properly discharge their responsibilities.
- Requiring the use of passwords by engagement team members and data encryption to restrict access to electronic engagement documentation to authorized users.
- Implementing appropriate back-up routines for electronic engagement documentation at appropriate stages during the engagement.
- Implementing procedures for properly distributing engagement documentation materials to the team members at the start of the engagement, preparing engagement documentation during the engagement, and assembling final documentation at the end of the engagement.
- Implementing procedures for restricting access to, and enabling proper distribution and confidential storage of hardcopy engagement documentation.

The Firm retains engagement documentation for a period of time sufficient to meet the needs of the Firm, professional standards, laws and regulations. The Firm implements this policy through the following procedures:

- Establishing procedures that accomplish the following:
 - » Enable the retrieval of, and access to, the engagement documentation during the retention period, particularly in the case of electronic documentation because the underlying technology may be upgraded or changed over time.
 - » Provide, where necessary, a record of changes made to engagement documentation after the assembly of engagement files has been completed.
 - » Enable authorized external parties to access and review specific engagement documentation for quality control or other purposes.
- Retaining documentation for a specific period of time as appropriate for the nature of the engagement in accordance with the Firm's document retention policy, which complies with professional standards and applicable regulatory and legal requirements.

Acquired practice units adopt the Firm's quality control practices and procedures, implement the Firm's audit methodology and utilize the Firm's manuals. Acquired practice units will adopt the Firm's quality control practices and procedures, implement the Firm's audit methodology, and utilize the Firm's manuals. The Firm will devote sufficient resources to training, integration and monitoring of acquired practice units to assure the Firm's audit methodology has been implemented.

MONITORING

The objective of the monitoring element of a system of quality control is to provide the Firm and its engagement directors with reasonable assurance that the policies and procedures related to the system of quality control are relevant, adequate, operating effectively, and complied with by the Firm. Monitoring involves an ongoing consideration and evaluation of the appropriateness of the design and the effectiveness of the operation of a firm's quality control system, and a firm's compliance with its quality control policies and procedures. The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of the following:

- Whether the Firm has adhered to professional standards and regulatory and legal requirements.
- Whether the Firm's quality control system has been appropriately designed and effectively implemented.
- Whether the Firm's quality control policies and procedures have been operating effectively so that reports that are issued by the Firm are appropriate in the circumstances.

The Firm satisfies this objective by establishing and maintaining the policies and procedures described below.

The Firm assigns responsibility for the monitoring process to the Assurance Leader and assigns performance of the monitoring process to competent individuals.

- The ASG Leader and the ASG Technical Committee considers the following factors, among others, to ensure that the Firm's quality control policies and procedures and its methodologies remain relevant and adequate:
 - » Changes in professional standards and other regulatory requirements applicable to the Firm's practice.
 - » Results of inspections and peer reviews, including inspection by regulatory agencies, (e.g., PCAOB, DOL, FINRA, et. al.).
 - » Reviews of litigation and regulatory enforcement actions against the Firm and others.
 - » Mergers and divestitures of portions of the practice.
 - » Changes in applicable AICPA membership requirements.
 - » Requirements of AICPA Audit Quality Centers.
- The ASG Leader and the ASG Technical Committee identify the need to take the following actions based on the above:
 - » Revise policies and procedures related to the other elements of quality control because they are ineffective or inappropriately designed.
 - » Improve compliance with Firm policies and procedures related to the other elements of quality control.

MONITORING

The Firm performs monitoring procedures that are sufficiently comprehensive to enable the Firm to assess compliance with all applicable professional standards and the Firm's quality control policies and procedures. The Firm implements this policy through inspection and other monitoring procedures:

- Inspection of practice offices and engagements:
 - » The ASG Technical Committee develops and supervises the performance of the Firm's inspection program to obtain feedback about the effectiveness of the Firm's policies and procedures. The inspection of a selection of completed engagements is performed during each non-peer review year.
 - » The ASG Technical Committee prepares inspection policies, checklists, tools, and guidance material for performing inspection and monitoring procedures.
 - » The ASG Technical Committee designates competent individuals to serve as inspection team leaders and members.
 - » Inspection teams review a cross-section of engagements from selected practice offices. Engagements to be inspected are selected by the inspection team leader and approved by the ASG TCL using the following criteria:
 - Engagements involving all directors and managers who have significant accounting and auditing responsibilities in the selected offices.
 - Higher-risk engagements.
 - SEC engagements.
 - First-year engagements.
 - Significant client engagements.
 - Specialized industries, with emphasis given to higher-risk industries, as well as financial institutions, benefit plans, and audits performed under Governmental Audit Standards.
 - Level of service performed (audit, review, compilation, preparation, and attestation).
 - Level of attestation services performed (examination, review, and agreed-upon procedures).
 - Engagements for which there have been complaints or allegations that the work performed by the Firm fails to comply with professional standards, regulatory requirements, or the Firm's system of quality control.
 - Engagements in which there were significant disagreements between the engagement quality control reviewer and the engagement director.
 - » Inspection teams interview selected professional personnel to obtain information about operating procedures in practice offices, whether personnel are knowledgeable about Firm policies and procedures, and whether such policies and procedures are being effectively communicated.
 - » Inspection teams conduct reviews of functional areas (e.g., human resources, independence, CPE, etc.) to the extent that applicable quality control functions are exercised at the office or engagement level.
- Monitoring of functional areas – Aspects of various quality control elements are monitored at the firm-wide level including independence, human resources, CPE, regulatory relations. The inspection team leader obtains an understanding of the activities performed by the respective department, evaluates the monitoring activities performed by the respective department and receives summary reports on the monitoring results and actions taken.

MONITORING

The Firm communicates at least annually deficiencies noted as a result of the monitoring process and recommendations for appropriate remedial action to Firm management, engagement personnel and other appropriate management personnel. The Firm implements this policy through the following procedures:

- Preparing a summary report for the Firm's Board of Directors that evaluates the overall results of the inspection and other monitoring procedures and sets forth any recommended changes that should be made to the Firm's policies and procedures.
- Communicating findings to engagement teams and determining the corrective actions to be taken for the engagements reviewed. Engagement teams are required to respond regarding the specific corrective actions or steps to be taken to improve compliance with the Firm's policies, procedures and professional standards.
- Reviewing the recommended corrective actions and reaching final conclusions as to the actions to be taken, including actions to be taken for the Firm as a whole.
- Following up on planned corrective actions to determine whether those actions were taken and whether they achieved the intended objective(s).
- Developing recommendations and communicating to all engagement team management personnel the need for changes in the Firm's system of quality control, including the need to revise or tailor practice aids, audit programs, forms, and checklists to facilitate compliance with professional standards and Firm policies.
- Communicating to all personnel through training programs, management meetings, and Firm policy correspondence, the deficiencies identified, the related changes in quality control procedures, and the need for improved compliance with the system of quality.

The Firm deals appropriately with complaints and allegations. The Firm implements this policy through the following procedures:

- Establishing procedures for concerns to be brought to the attention of the Firm's Board of Directors, ASG Leader or ASG TCL in a confidential manner.
- Having the Firm's Board of Directors, ASG Leader, ASG TCL or ASG Directors (excluding any members who are otherwise involved in the engagement under investigation) investigate the following:
 - » Complaints and allegations that the work performed by the Firm fails to comply with professional standards and regulatory and legal requirements.
 - » Complaints and allegations of noncompliance with the Firm's system of quality control.
 - » Deficiencies in the design or operation of the Firm's quality control policies and procedures, or noncompliance with the Firm's system of quality control by an individual or individuals, as identified during investigations into the above complaints and allegations.
- Documenting complaints and allegations and the responses to them.
- Consulting with legal counsel as necessary.

MONITORING

The Firm prepares appropriate documentation to provide evidence of the operation of each element of its system of quality control. The Firm implements this policy by designing its monitoring and inspection reports to provide evidence of the operation of each element of its system of quality control, including the following:

- Monitoring and inspection procedures, including the procedure for selecting completed engagements to be inspected.
- A record of the evaluation of the following:
 - » Adherence to professional standards and regulatory and legal requirements.
 - » Whether the quality control system has been appropriately designed and effectively implemented.
 - » Whether the Firm's quality control policies and procedures have been appropriately applied.
- Identification of the deficiencies noted, an evaluation of their effects, and the basis for determining whether further action is necessary, and if necessary the details of those actions.

The Firm retains documentation providing evidence of the operation of the system of quality control for an appropriate period of time. The Firm implements this policy by requiring retention of monitoring and inspection reports for a period of time sufficient to meet the Firm's peer review or other regulatory requirements.



Report on the Firm's System of Quality Control

July 10, 2020

To The Partners of Dean Dorton Allen Ford, PLLC and the National Peer Review Committee of the AICPA.

We have reviewed the system of quality control for the accounting and auditing practice of Dean Dorton Allen Ford, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 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. 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 a compliance audit under the Single Audit Act, audits of employee benefit plans, an audit of a broker-dealer, and an examination of a service organization [SOC 1 engagement].

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 Dean Dorton Allen Ford, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 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* or *fail*. Dean Dorton Allen Ford, PLLC has received a peer review rating of *pass*.

Henderson Hutcherson
for McCullough, PLLC



October 19, 2020

David Bundy
Dean Dorton Allen Ford, PLLC
250 West Main St. Ste. 1400
Lexington, KY 40507

Dear David Bundy:

It is my pleasure to notify you that on October 07, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is June 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley". The signature is fluid and cursive.

Michael Fawley
Chair, National PRC
+1.919.402.4502

cc: Randy Dummer, Joseph Overhults

Firm Number: 900010095024

Review Number: 574748