

Helping You Reach Your Financial Goals...

**Lombardi,  
Clairmont & Keegan**

*Certified Public Accountants*

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*Barry J. Clairmont, CPA*

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June 30, 2014

Ms. Sandra J. Carroll, CEO  
Berkshire County Board of Realtors, Inc.  
99 West Street, Suite 200  
Pittsfield, MA 01201

Dear Sandy:

Thank you for the opportunity to submit this proposal to provide audit or review services to Berkshire County Board of Realtors, Inc. and Multiple Listing Service, Inc. (the Organizations). We understand that you require either an audit or a review of Berkshire County Board of Realtors, Inc. and its wholly owned subsidiary, Multiple listing Service, Inc.'s financial statements for the years ending December 31, 2013 through 2015. An audit would be performed in accordance with Auditing Standards Generally Accepted in the United States of America; a review would be performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. **We are uniquely qualified to do this work.**

You have asked for us to provide an explanation of the difference between an audit and a review service. The financial statements that would be produced in either case would be identical, except for the report; the underlying work would be different in each instance. A review includes primarily applying analytical procedures to your financial data and making inquiries of company personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Additional work that would be included in an audit would be as follows: obtaining an understanding of the Organizations' internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation (substantiating balances with third parties), or the examination of source documents (for example: cancelled checks or bank images); and "walk-throughs" of your significant internal control procedures.

An audit is significantly greater in cost due to the additional work involved. Our firm performs over 40 annual audits, the majority of which are non-profit organizations and employee benefit plans. With few exceptions, the audits that we perform are required by third parties such as funding sources or government organizations. It would be up to the Organizations to determine whether the increased cost would justify the additional assurances provided by an audit.

You had also asked about potential conflicts of interest. We have previously communicated with the American Institute of Certified Public Accountants who have provided the opinion that Richard A. Lombardi, who is the brother-in-law of Sandra Carroll and a partner in the firm, does not present an independence issue under their guidelines. In spite of that opinion, and in order to prevent any perception of conflict, John J. Keegan, who is a partner in the firm and is responsible for the majority of our non-profit engagements, would assume responsibility for the engagements.

As you are aware, Lombardi, Clairmont and Keegan has had a long-standing relationship with both Berkshire County Board of Realtors, Inc. and Multiple Listing Service, Inc., having prepared their tax returns for the past fifteen years as well as providing other accounting services including a prior review engagement and an internal control review. Accordingly, we already have significant knowledge regarding the organizations that will help to minimize the costs of the engagements. In addition, we have already prepared the tax returns for both organizations for 2013, which will further minimize the amount of work necessary to perform either an audit or a review.

Lombardi, Clairmont & Keegan is widely known and respected for its experience and commitment to the nonprofit community. Our professional background features a high level of technical knowledge, a wealth of practical experience and the ability to communicate complex technical information in a clear, direct manner. We work closely with our clients' management and Board of Directors to balance the reality of running a business with their community purpose.

The following items highlight why Lombardi, Clairmont & Keegan is uniquely qualified to assist you:

- You need an accounting firm that clearly communicates changes in the industry and answers all of your business questions. When you check with some of our other existing clients, you will find that we have always been there to help them. We not only actively identify problems or opportunities, but we present practical solutions and recommendations.
- You need to have and maintain a relationship with an accounting firm that is familiar with the nonprofit community. We serve many nonprofit agencies and have done so for many years. You need to keep up with applicable industry requirements. The team members assigned to your engagement have many years of nonprofit experience.

You are highly regarded for the services you provide to your membership. We are recognized as leaders in providing service to nonprofits. You need a firm that keeps up-to-date with all of your requirements and works closely with you as your business advisor to help you manage your business. This is our focus.

The enclosed material includes details regarding the scope of our services and includes separate outlines of the work involved in each type of engagement. Our fee estimates are as follows:

	Year Ending December 31,		
	2013	2014	2015
Audit of the financial statements, and meeting with finance committee or Board of Directors, as necessary	<u>\$ 8,200</u>	<u>\$ 8,450</u>	<u>\$ 8,700</u>
	Year Ending December 31,		
	2013	2014	2015
Review of the financial statements, and meeting with finance committee or Board of Directors, as necessary	<u>\$ 3,950</u>	<u>\$ 4,100</u>	<u>\$ 4,250</u>


The quoted fees are for the above services only and do not include the preparation of the Organizations' income tax returns. These fees are based on our firm's standard hourly rates. If we spend less time than we anticipate, the Organizations will only be billed for the actual time spent. In no event will the Organizations be billed more than the quoted fee for the audit or review services. Our fees for services performed outside the scope of the audit or review would be billed at our standard hourly rates. Our standard hourly rates vary according to the experience level of the individual and the type of service being performed. Our current rate structure is as follows:

Experience Level	Rate
Partner	\$ 220
Senior Accountant	\$ 110
Accounting Team Member	\$ 65

We will schedule all aspects of the engagement with you before the work begins. We commit to meet applicable deadlines as agreed as long as requested information is completed in a timely manner.

Berkshire County Board of Realtors, Inc. and Multiple Listing Service, Inc. will continue to be important clients for our firm and will continue to receive the benefit of all the available resources at Lombardi, Clairmont & Keegan. Please review the enclosed material. We look forward to hearing from you and thank you for your consideration.

Very truly yours,

  
Richard A. Lombardi, CPA  
Enclosures

BERKSHIRE COUNTY BOARD OF REALTORS, INC.

PROPOSAL TO PROVIDE  
AUDIT OR REVIEW SERVICES  
FOR THE YEARS ENDING DECEMBER 31, 2013 THROUGH 2015

OFFERED BY  
LOMBARDI, CLAIRMONT & KEEGAN  
CERTIFIED PUBLIC ACCOUNTANTS

Contact: John J. Keegan, CPA  
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Pittsfield, MA 01201  
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Submitted for Consideration on June 30, 2014

BERKSHIRE COUNTY BOARD OF REALTORS, INC.  
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BERKSHIRE COUNTY BOARD OF REALTORS, INC.

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I. An Introduction to our Firm

We are an energetic local firm that offers a wide range of financial, accounting, and planning services to a diversified client base. Our size enables us to tailor solutions to financial problems, while maintaining a personal approach to our client relationships. We conduct over 40 annual audits for our clients, the concentration of these being in the nonprofit industry. From our office in Pittsfield, we serve clients throughout the Berkshire County area. We provide services in the following areas:

**Auditing Services:**

Audits of

- For Profit Entities
- Non-Profit Organizations

Single Audits

**Accounting Services:**

Reviewed Financial Statements  
Compiled Financial Statements  
Bookkeeping Services

**Tax Services:**

Preparation of Tax Returns for

- Individuals
- Corporations
- Partnerships
- Trusts & Estates
- Tax Exempt Organizations
- Qualified Benefit Plans

Tax Planning  
Tax Research

**Advisory Services:**

Business Consultations  
Purchasing a Business  
Selling a Business  
Computer Services  
New Business Services  
Budget & Projections  
Business Development Services  
QuickBooks Consulting

The quality of our work is subject to peer review. Peer review is a program involving a review of the firm's accounting and auditing practices and procedures by an independent certified public accounting firm. The last review of our work resulted in the highest level of excellence accorded by the American Institute of Certified Public Accountants on its member firms.

We are qualified to perform audits in accordance with Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards issued by the Comptroller of the United States, and we meet the independence requirements of the U.S. General Accounting Office. Our team exceeds all of the continuing professional education requirements of the State Board of Public Accountancy and the American Institute of Certified Public Accountants.

A client service team headed by a partner and senior accountant is responsible for organizing, managing, and delivering services to each client. The partner and senior accountant stay actively involved with the client's business and the conduct of the work. All of the resources of the firm are available to you.

Our services are provided from a practical hands-on orientation that is grounded in experience. The thrust of our service is to assist you in developing specific skills related to the operation of your business. We keep abreast of the latest business, accounting, and non-profit developments and help you do the same.

We are a firm of three partners that qualifies as a small business as defined by the Small Business Administration. We have a total of eight team members of which four are CPAs. We serve approximately 90 privately held family commercial enterprises, 50 non-profit organizations, and various smaller accounts. Our clients range from revenue of under \$100 thousand per year to over \$80 million. We were established in the 1940's and have consistently grown in a steady and controlled manner since that time.

BERKSHIRE COUNTY BOARD OF REALTORS, INC.

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II. **Our Experience in the Non-Profit Sector**

We commit significant resources to serving the non-profit industry. For over 35 years, we have worked with a variety of non-profits, including human service providers, low income housing projects, and other charitable organizations. We have extensive experience in working with and are familiar with the various aspects of non-profit agencies, including accounting policies and procedures, and related requirements of the funding sources.

We are widely recognized as experts in this industry. Most of our clients have been with us for many years, attesting to our quality and commitment to them. We truly believe that good financial management has a direct relationship to the quantity and quality of services a non-profit can provide to its community.

Our non-profit clients represent approximately 30% of our work. Of these clients, the majority require audits in accordance with Government Auditing Standards, OMB Circular A-133, and other applicable Federal and state regulations. As a result of this experience in compliance audits, all of our team have expertise in auditing state and Federally funded agencies and performing compliance audits. We are familiar with and work with most public and many private funding sources, and various Federal and state regulatory agencies. Because all of our non-profit clients are Massachusetts organizations, and many are required to file the Massachusetts Uniform Financial Report (UFR), we have extensive experience in preparing both the UFR and Massachusetts Form PC.

In our capacity as accountants, auditors, and consultants, we are involved in performing annual audits and preparing tax filings, and other funding source reporting requirements.

We assist our clients with setting up and maintaining budgeting procedures and accounting, bookkeeping, and internal control systems. We have extensive experience with manual and automated systems. This experience makes us highly qualified to assist you with improvements and additions to your internal control and accounting systems as needed.

Members of our firm serve as volunteers on local non-profit agency Boards of Directors, associations, etc. Our approach to client service goes beyond traditional regulatory compliance requirements.

**We have the resources and commitment to serve you.**

BERKSHIRE COUNTY BOARD OF REALTORS, INC.

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**III. Affirmations**

- 1) All of the partners in the firm are licensed as Certified Public Accountants in the State of Massachusetts.
- 2) The firm meets the independence requirements of American Institute of Certified Public Accountants (AICPA).
- 3) The firm does not have a record of substandard audit work.
- 4) As a member of the American Institute of Certified Public Accountants (AICPA), the firm participates in its Peer Review Program. As part of that program, the firm maintains a quality control document which is distributed to all Team members and outlines the steps required to adequately perform all financial statement engagements. A copy of the results of our most recent peer review appears on Page 4.
- 5) All of the team members listed on page six that will be assigned to this engagement are independent of the Berkshire County Board of Realtors, Inc. as required under Generally Accepted Auditing Standards.

**RICHARD DELGAUDIO**  
**CERTIFIED PUBLIC ACCOUNTANT**

System Review Report

January 30, 2012

Lombardi, Clairmont & Keegan, CPA's  
And the Peer Review Committee of the  
Massachusetts Society of Certified Public Accountants

I have reviewed the system of quality control for the accounting and auditing practice of Lombardi, Clairmont & Keegan, CPA's in effect for the year ended May 31, 2011. My 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. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my 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](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In my opinion, the system of quality control for the accounting and auditing practice of Lombardi, Clairmont & Keegan, CPA's in effect for the year ended May 31, 2011, has been suitably designed and compiled with to provide the firm 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*.  
Lombardi, Clairmont & Keegan, CPA's has received a peer review rating of *pass*.

*Richard DelGaudio CPA*  
Team Captain

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BERKSHIRE COUNTY BOARD OF REALTORS, INC.

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IV. Client Service Team

The following members of our firm will be assigned as your client service team:

Partner - John J. Keegan, CPA

John is a cum laude graduate of Bentley University with twenty three years of experience in public accounting. He has extensive experience with audits of various types of non-profit organizations and is very familiar with Federal, state and other regulatory compliance requirements of non-profit and similar organizations. John's clients receive funding from various Federal, state and local agencies. He has been involved with the preparation and review of the Massachusetts Uniform Financial Report, exempt organization reporting and various other reporting requirements since he began his career in 1991. John is a member of the American Institute of Certified Public Accountants and the Massachusetts Society of Certified Public Accountants. John regularly attends continuing professional education courses in all aspects of accounting and has specifically attended Yellow Book courses over the past two years including the Massachusetts Uniform Financial Report (UFR) training and the annual non-profit conference. John will have final responsibility on all audit issues and supervise team members during the engagement.

Senior - Lisa Foss

Lisa is a graduate of the Massachusetts College of Liberal Arts and has been with the firm for over thirteen years. She has extensive experience in auditing non-profit human service agencies. Lisa has worked on a variety of clients who receive funding from Federal, state and local agencies. Lisa has experience in preparing the Massachusetts Uniform Financial Report, Federal Form 990 Return of Organizations Exempt from Income Tax and the Massachusetts Form PC. Lisa regularly attends continuing professional education courses in all aspects of accounting and has specifically attended Yellow Book courses over the past two years including the Massachusetts Uniform Financial Report (UFR) training and the annual non-profit conference.

Assistant - Ji Lee

Ji is the newest member of our firm and has been with us for two years since obtaining his accounting degree from the University of Massachusetts. He has been involved in the testing of clients' internal control structures and various Federal, state and local compliance requirements. Ji's responsibilities will include testing of internal controls of the Organization, compliance testing on Federal and state funds and work paper preparation under the direct supervision of the audit senior and partner.

Lisa has worked for many years on the annual tax returns of both the Berkshire County Board of Realtors, Inc. and Multiple Listing Service, Inc. and also on a prior review engagement of the combined organizations and has familiarity and knowledge with your systems and internal control processes. We believe the continuity of the engagement team would be instrumental in providing for an effective and efficient audit or review. We make every effort to have the same team members assigned to an engagement each year for this reason.

BERKSHIRE COUNTY BOARD OF REALTORS, INC.

PROPOSAL TO PROVIDE  
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V. References

Please feel free to contact the references listed below:

Mr. Kenneth Singer, Executive Director  
Berkshire County Arc, Inc.  
395 South Street  
Pittsfield, MA 01201  
(413) 499-4241

Ms. Anne Nemetz-Carlson, Executive Director  
Child Care of the Berkshires, Inc.  
210 State Street  
North Adams, MA 01247  
(413) 663-6593

Mr. Joseph Castellani, Executive Director  
Adlib, Inc.  
215 North Street  
Pittsfield, MA 01201  
(413) 442-7047

Mr. Frank Engels, Executive Director  
Goodwill Industries of the Berkshires, Inc.  
158 Tyler Street  
Pittsfield, MA 01201  
(413) 442-0061

Mr. John Majercak, Executive Director  
Center for EcoTechnology  
11 Elm Street  
Pittsfield, MA 01201  
(413) 445-4556

Ms. Christine Burke, Vice President of Finance  
Berkshire Housing Development Corporation  
and its subsidiary Berkshire Housing Services, Inc.  
1 Fenn Street  
Pittsfield, MA 01201  
(413) 499-1630

We would be happy to provide additional references upon request.

BERKSHIRE COUNTY BOARD OF REALTORS, INC.

PROPOSAL TO PROVIDE  
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**VI. Work Plan and Audit Approach**

Our audit will include all tests and other audit procedures required by Generally Accepted Auditing Standards, and by the American Institute of Certified Public Accountants.

The planning phase of our audit will include documentation and testing of the internal control environment and compliance with applicable funding source regulations and requirements. This evaluation will be performed to determine the precise scope of the audit in the validation area and compliance with regulations. It will also enable us to make comments and suggestions which will help management improve operating controls in the most cost-effective way.

During the planning phase, we will also meet with management and appropriate team members regarding our audit scope, financial statement format, and other issues related to the conduct of the audit. At the end of the planning phase, we will give you a list of schedules for you to prepare in advance of our field work.

The second phase of our audit is the field work. We will examine evidence that supports the amounts and disclosures in the financial statements. This is normally done using one or a combination of the following:

- Independent verification from outside sources - confirmations of all major statement of financial position accounts and other items, written inquiries to funding sources, banks, creditors, etc.;
- Detailed analysis of the transactions that comprise an account balance;
- Analytical Review Procedures - ratio analysis, trendlines, and other procedures that help us analyze your operations from a business standpoint; and
- Examination of internally prepared documents. For example, we will examine and review bank reconciliations.

The last phase includes preparation of the financial statements and management letter. We will review with management all proposed adjusting entries and the format and content of the financial statements. We will also discuss with you comments and recommendations regarding internal controls (significant deficiencies or other) and any issues that we found during our audit and our suggestions for improvement. We will also provide management an opportunity to respond to those comments. This way, the Board of Directors will know if management agrees with our comments and what corrective steps management intends to take, if any.

Work papers will be retained for a minimum of five years from the end of the audit period and will be available for examination by Berkshire County Board of Realtors, Inc. and by authorized representatives of taxing authorities or other third parties pursuant to authority given to them by law or regulation.

**We will meet with the appropriate team members, Finance Committee and/ or full Board to review the audited financial statements, the reports on internal controls and compliance and all related schedules.**

BERKSHIRE COUNTY BOARD OF REALTORS, INC.

PROPOSAL TO PROVIDE  
AUDIT SERVICES  
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VII. The Scope of Our Audit Services and Professional Fees

We will audit the consolidated financial statements of the Organization and its wholly owned subsidiary for the years ending December 31, 2013 through 2015 and render our reports thereon. The audits will be in accordance with Generally Accepted Auditing Standards.

At the conclusion of our audits, we will present a comprehensive management letter outlining our comments and recommendations regarding your accounting procedures, internal controls, and other matters that came to our attention during the course of the audits. We will meet with the finance committee and/or Board of Directors as necessary to review the financial statements and discuss the results of our audit.

We will plan and perform this work so that a draft of the financial statements will be ready for review by a mutually agreed-upon date. We would anticipate performing preliminary work in July or August and the audit fieldwork in late August or early September based on when the information we request is available from management.

We will provide a list of items needed to complete the audit prior to beginning our field work. This list would include such items as copies of board and finance committee minutes, contracts, bank statements and reconciliations, accounts receivable and payable reports, and worksheets to support ending balances in the remaining statement of financial position accounts. We will also reconcile payroll expenses since this is a major expense of the organization. In addition, other income and expense accounts will be examined as deemed necessary during the course of our fieldwork.

**Professional Fees**

Our fee estimate is as follows:

	Year Ending December 31,		
	2013	2014	2015
Audit of the financial statements, meetings with finance committee and/or Board of Directors, as necessary	<u>\$ 8,200</u>	<u>\$ 8,450</u>	<u>\$ 8,700</u>

BERKSHIRE COUNTY BOARD OF REALTORS, INC.

PROPOSAL TO PROVIDE  
REVIEW SERVICES  
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VIII. The Scope of Our Review Services and Professional Fees

We will review the consolidated statements of financial position of Berkshire County Board of Realtors, Inc. and its wholly owned subsidiary, Multiple Listing Service, Inc. as of December 31, 2013 and thereafter, and the related consolidated statements of income, retained earnings and net assets and consolidated cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Our review will consist primarily of inquiries of Company personnel and analytical procedures applied to financial data, and we will require a representation letter from management. A review does not contemplate obtaining an understanding of the internal control or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit. Thus, a review does not provide assurance that we will become aware of all significant matters that would be disclosed in an audit. Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, we will inform you of any material errors that come to our attention and any fraud or other illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement. We will not perform an audit of such financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole, and accordingly, we will not express such an opinion on them.

We will plan and perform this work so that a draft of the financial statements will be ready for review by a mutually agreed-upon date. We will provide a list of items needed to complete the review prior to beginning our field work, the majority of which has already been provided in the process of completing the tax returns. We would anticipate performing the review work in July or August based on when the information we request is available from management.

We will meet with the finance committee and/or the Board of Directors, as necessary, to review the financial statements and answer any questions they may have.

We will also be available throughout the year to answer any questions, research tax or financial issues or provide any additional assistance you may require.

**Professional Fees**

Our fee estimate for a review engagement is as follows:

	Year Ending December 31,		
	2013	2014	2015
Review of the financial statements, meetings with finance committee and/or Board of Directors, as necessary	<u>\$ 3,950</u>	<u>\$ 4,100</u>	<u>\$ 4,250</u>