



EisnerAmper LLP
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October 29, 2019

Clarence C. Kegel, Jr.
Kegel Kelin Almy & Lord, LLP
24 North Lime Street
Lancaster, PA 17602

**CONFIDENTIAL WORK PRODUCT
PREPARED FOR COUNSEL**

Re: Phoenixville Area School District Forensic Audit

Dear Mr. Kegel:

This engagement letter and the attached EisnerAmper LLP Standard Terms and Conditions of Engagement confirm the agreement between Kegel Kelin Almy & Lord, LLP (the "Law Firm"), as attorney for Phoenixville Area School District (the "Client"), and EisnerAmper LLP ("EisnerAmper") whereby the Law Firm has retained EisnerAmper to provide the forensic accounting services described herein.

We understand that such services are being requested by the Law Firm in connection with the Law Firm's representation of the Client to assist the Law Firm in rendering their service to the Client. As such, we have been retained by the Law Firm, and all reports, communications, and work product will be submitted to the Law Firm. We understand that the work performed by us will be confidential, constituting a portion of your work product and is regarded by us as being covered by the attorney-client privilege and work product doctrine subject to waiver of privilege by the Client.

This letter and the attached terms and conditions constitute the entire agreement between the Law Firm and EisnerAmper.

I. Services and Fee

A. Forensic Accounting Services ("Forensic Accounting Services")

EisnerAmper will provide Forensic Accounting Services as follows:

- Analysis of Client's relevant financial policies;
- Analysis of Client's disbursements;
- Analysis of Client's corporate credit card use;
- Analysis of Client's bank accounts and cash reconciliations;
- Walkthroughs of key processes and interviews of relevant individuals; and
- Preparation of a written report.

The Report will address any findings of irregularities, and also the adequacy of and recommended changes in internal controls. We will work with you (in consultation with the Client) to determine the scope and format of the written report. The nature of our procedures will be limited. Therefore, fraud may exist that we will not identify during the performance of these procedures.





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We will perform the Forensic Accounting Services in accordance with applicable professional standards, including the Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants.

B. Forensic Accounting Services Fee

Our fee for the Forensic Accounting Services are based on the complexity of the engagement, the timeliness and completeness of the information and documentation provided to us, and the time required of personnel. We will bill the Client at our standard hourly rates. In addition, the Client shall reimburse us for direct expenses and allocated expenses incurred in connection with the performance of the Forensic Accounting Services. Direct expenses include reasonable and customary out-of-pocket expenses specifically related to this engagement. Our invoices will be rendered periodically throughout the engagement as work is performed and are due and payable upon presentation. Our rates are as follows:

<i>Professional Level</i>	<i>Hourly Rate</i>
Partner	\$415
Director	\$390
Manager/Senior Manager	\$335
Associate/Senior Associate	\$175 - \$225

We estimate the cost of our procedures will be in an amount not to exceed \$50,000. In the event we do not receive prompt payment of invoices rendered, we shall not be required to perform any further services until we have received such payment, whereupon we will resume our work as soon as the individuals working on the engagement become available, and that we shall not be responsible for any late filings, penalties, interest, missed elections or other consequences which may result from such a delay.

Invoices for services rendered and expenses incurred will be rendered to the Law Firm and/or Client. Although the Law Firm has retained EisnerAmper, it is understood and agreed that EisnerAmper's invoices will be paid directly by the Client and that there is no liability on the part of the Law Firm for the fee for any services to be rendered by EisnerAmper pursuant to this engagement letter. In the event that there is a disagreement with or question concerning any amount due under an invoice, such issue shall be communicated to EisnerAmper in writing within thirty (30) days of the invoice date. Any disagreement with any amount not made known to EisnerAmper within that period shall cause such disagreement to be waived. The Law Firm will use its best efforts to ensure that all invoices issued by EisnerAmper will be promptly delivered to the Client and will provide reasonable assistance to EisnerAmper in obtaining payment of such invoices, if necessary.





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II. EisnerAmper Responsibilities and Limitations

We will document the results of the engagement in a formal report. We understand that distribution of our report will be restricted to the Law Firm and, accordingly, will not be distributed to any other parties or for any other purpose. However, the report will be shared by the Law Firm with the Client, including its school board and high level administrators subject to requests that the report be maintained as a confidential document except as otherwise determined by the Law firm and the Client through its school board to waive the attorney/client privilege. In this regard, the Client might determine to waive attorney/client privilege in connection with the collection of amounts owed or litigation, sharing with law enforcement agencies, or release to the public. Any such decisions will be made by the Client in its sole discretion after careful deliberation.

We do not assume responsibility for updating our report for such events or circumstances that may occur subsequent to the date the report is issued. If for any reason, we are unable to complete the investigation, we will not issue a report on the results of the engagement.

The Law Firm and the Client understand and agree that the Client is responsible for preventing and detecting fraud.

Jeffrey Buchakjian is the engagement partner for the services specified in this letter. Mr. Buchakjian will be assisted by supporting staff experienced in performing the types of services described herein. We can also support certain technical and industry expertise requirements of the engagement with other professionals who will be identified during the course of the engagement, with your approval.

III. Management's Responsibilities and Representations

It is the Client's responsibility to provide all the information required for our Forensic Accounting Services. Our Forensic Accounting Services for the Law Firm will be based on the information made available to us by the Client's representatives. We will not audit or otherwise verify the information submitted to us. However, we may ask for additional documentation and clarification of some of the information. We anticipate that the Client's representatives will furnish all of the requested information in a timely and organized manner.

The Forensic Accounting Services will be performed under the direction of the Law Firm and Client management accepts the responsibility for all management decisions. EisnerAmper is advising and will not perform management functions or make management decisions on behalf of the Client. However, we will provide advice and recommendations in an advisory capacity to assist management of the Client in performing its functions and making decisions.

In performing the Forensic Accounting Services, EisnerAmper will have full access to all of the Client's records, property and personnel relevant to performing the Forensic Accounting Services. Client personnel will make themselves available when EisnerAmper representatives are on site to perform the Forensic Accounting Services.





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Conflicts of Interest

We have performed an internal search for any potential client conflicts based upon the names of the following parties you have provided:

- Phoenixville Area School District
- Kegel Kelin Almy & Lord, LLP
- Chris Gehris

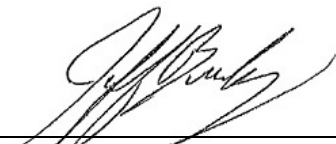
Based upon this search, we are not aware of any conflicts of interest or relationships that would, in our opinion, preclude us from performing the services for you and your client in an objective manner. We will notify you immediately if any such relationships subsequently come to our attention. If additional parties to the matter are named, you are obligated to inform us as to the identity of those parties. We reserve the right to resign from this engagement if we believe that any of the additional parties create a conflict that would prevent us from performing the services in an objective manner. You have confirmed that you are not aware of any potential client conflicts.

* * *

Please indicate acceptance of the above terms and the attached EisnerAmper LLP Standard Terms and Conditions of Engagement by signing and returning this letter by mail, facsimile or pdf/email. For purposes of this engagement letter, facsimile or pdf copies of signatures shall be deemed original and shall constitute one and the same instrument.

Very truly yours,

EISNERAMPER LLP

By: 

Jeffrey M. Buchakjian, Partner



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Accepted:

This letter and the attached EisnerAmper LLP Standard Terms and Conditions of Engagement correctly set forth the understanding of Kegel Kelin Almy & Lord, LLP and Phoenixville Area School District.

Law Firm signature:

By: DocuSigned by:
Clarence C. Kegel, Jr.
07958F3C6C0E475...
Signature

10/29/2019 | 2:29:52 PM EDT
Date

Clarence C. Kegel, Jr.
Print Name

Partner
Title

Client signature:

By: DocuSigned by:
Dr. Alan Fegley
A77039A57F9C476...
Signature

10/29/2019 | 1:41:13 PM EDT
Date

Dr. Alan Fegley
Print Name

Superintendent
Title





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EISNERAMPER LLP
STANDARD TERMS AND CONDITIONS OF ENGAGEMENT

1. Client Information, Privilege and Confidentiality:

- a. In accordance with the AICPA Code of Professional Conduct and applicable federal, state and local rules, EisnerAmper will not disclose the Law Firm or Client's¹ confidential information without consent from the Law Firm or Client, except that EisnerAmper shall be permitted to disclose confidential information (i) to any government agency or regulatory body to the extent and in the form or manner necessary or required to comply with any rule, regulation or order of such government agency or regulatory order, or (ii) pursuant to subpoena or other legal process. EisnerAmper utilizes appropriate safeguards, policies and procedures to maintain the confidentiality of confidential information.
- b. In the event EisnerAmper uses third-party service providers to assist in providing professional services, EisnerAmper may share confidential information with those service providers. EisnerAmper requires that such third-party service providers utilize appropriate safeguards and procedures to protect confidential information. Law Firm and Client hereby consent to disclosure of their confidential information to third-party service providers for the purpose of the third-party service provider assisting with the services provided pursuant to this engagement letter.
- c. EisnerAmper may transmit or receive information through electronic means, including through the firm's secure portal. Law Firm and Client shall at all times comply with the terms of use of EisnerAmper's portal and shall only permit authorized users to access information through the portal. In the event that the Law Firm or Client creates one or more user accounts to access documents transmitted through the portal, Law Firm or Client shall notify EisnerAmper to disable any user account for which an individual(s) is no longer authorized to access information transmitted through the EisnerAmper secure portal. Client is solely responsible for maintaining their books and records and should not rely on EisnerAmper as their record-keeper or repository for any final work product for which EisnerAmper has been engaged. Client agrees to retrieve final work product from the portal within a reasonable period of time after the conclusion of the engagement.
- d. It may be necessary for Law Firm to share theories of the matter, strategy considerations, mental impressions, conclusions and other thought processes that relate to Law Firm's legal services to the Client or that relate to or include EisnerAmper in communications between the Law Firm and Client. Consequently, any opinions, conclusions, communications, work papers and other documents prepared by EisnerAmper pursuant to this engagement, will be covered by the attorney-client privilege and attorney work product privilege to the extent provided by law.

¹ For purposes of these Standard Terms and Conditions of Engagement, the "Law Firm" and "Client" shall have the same meanings ascribed to them in the body of the engagement letter above which engaged EisnerAmper LLP for the services subject to the attached engagement letter, and shall include any subsidiary or related entity of either the Law Firm or the Client for which the services are provided.



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EisnerAmper further understands that if it is engaged such that one of its partners or employees shall testify as expert witnesses, then such privileges may no longer apply.

2. **Work Product**: All documents, including but not limited to work papers, written reports, memoranda, financial analyses and summaries that EisnerAmper prepares in connection with this engagement will be maintained in accordance with EisnerAmper's retention procedures. EisnerAmper's document retention period for litigation and valuation services engagements is seven (7) years, subject to any Confidentiality Agreements in this matter. The Law Firm authorizes EisnerAmper to destroy all files and documents seven (7) years after completion of this engagement or earlier if it is done so pursuant to a Confidentiality Agreement. Please note that it is not EisnerAmper's practice to retain email correspondence, drafts, superseded work papers, schedules, reports or data files that have been updated.
3. **No Third-Party Beneficiary**: The engagement is being undertaken solely for the Law Firm and Client's benefit and the parties do not intend to provide contractual rights to any other person.
4. **Out-of-Scope Services**: Any services outside the services set forth in this engagement letter will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service. In the event an engagement letter for the out-of-scope services is not issued, each such out-of-scope service shall be a separate and new engagement performed pursuant to these Standard Terms and Conditions of Engagement and billed at our standard hourly rates.
5. **Termination of Engagement**:
 - a. EisnerAmper's engagement ends upon the delivery of the final work product for which EisnerAmper has been engaged.
 - b. In the event no final work product is delivered, or EisnerAmper's services continue subsequent to the date on which final work product is delivered, EisnerAmper's engagement ends on the later of (i) the last date on which the services were provided, or (ii) date on which the last invoice for the services was issued; not including any subsequent account payable reminder, revised bill, or other communications concerning completed services.
 - c. Law Firm has the right to terminate EisnerAmper's services at any time, and EisnerAmper has the right to resign at any time, subject in either case to payment for all charges incurred to the date of termination or resignation. In the event the Law Firm or EisnerAmper exercises the right to terminate EisnerAmper's services, such termination shall be in writing and shall be effective upon delivery by mail, overnight mail or email transmission.
 - d. Each of the termination events in subsections 6.a through 6.c shall each be referred to as an "Engagement Termination Event."
 - e. Because of the prohibitions of our profession regarding contingent fee arrangements, it is understood that in the event invoices are not paid timely, EisnerAmper may resign from the engagement without responsibility to perform any further services and without liability for any such failure to perform.



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6. **Limitations of Liability and Indemnification:**

- a. **Limitation of Liability:** EisnerAmper's maximum liability to Law Firm and Client for damages relating to the services provided pursuant to this engagement letter shall be limited to the fees paid for the service or work product giving rise to liability, provided that such limitation shall not apply where damages are determined to have been caused by EisnerAmper's gross negligence or willful misconduct.
- b. **Special Damages:** In no event shall EisnerAmper or its personnel be liable to the Law Firm or the Client for any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of or related to this engagement letter or the services described herein, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.
- c. **Client Representations:** Because of the importance of Client's representations to the services, the Client shall release EisnerAmper and its personnel from and against any liability and costs relating to EisnerAmper's services under this letter attributable to any misrepresentations by Client.

7. **Reimbursement of Expenses Related to Compliance with Subpoenas:** In the event that EisnerAmper receives a subpoena or other legal process in an action or proceeding in which EisnerAmper is not a party, that seeks testimony, documents or information related to the services provided pursuant to this engagement letter, the client shall reimburse EisnerAmper for all costs and expenses (including reasonable legal fees and costs) associated with providing such testimony, documents or information, including any time expended at EisnerAmper's then standard rates.

8. **Employment of EisnerAmper Staff:** In the event client hires a member of EisnerAmper's professional staff, client shall pay a fee equal to the annual compensation being paid to the individual by EisnerAmper. Such fee is payable when the employee accepts the position.

9. **Statute of Limitations:** Any legal action or proceeding asserting a claim against EisnerAmper arising out of or relating to this engagement shall be asserted within one (1) year from the Engagement Termination Event.

10. **Jury Waiver:** EisnerAmper, Law Firm, and Client, to the extent permitted by law, each knowingly, voluntarily and intentionally waive the right to a trial by jury in any action arising out of or relating to this engagement letter or the services to be performed by EisnerAmper pursuant hereto. This waiver applies to any legal action or proceeding whether sounding in contract, tort, negligence or otherwise.

11. **Miscellaneous:**

- a. The engagement letter and these Standard Terms and Conditions of Engagement shall not be amended, unless in writing and signed by authorized representatives of all parties.
- b. The engagement letter and these Standard Terms and Conditions of Engagement contain the full and complete understanding of EisnerAmper, the Law Firm, and the Client with respect to the subject matter and services described in the engagement letter and supersede all prior representations, agreements, contracts, and understandings



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concerning such subject matter and services, whether they be oral or written, including but not limited to any prior non-disclosure agreements.

- c. The signatories to the engagement letter represent and warrant that such person is lawfully authorized and empowered to execute the engagement letter on behalf of the party on whose behalf such person is signing, and that upon execution, the engagement letter will be binding upon such party, without any further approval, ratification, or other action.

12. **Allinial Global and EisnerAmper Global Ltd:** EisnerAmper is a member firm of EisnerAmper Global Ltd., a network of legally independent firms. EisnerAmper is also a member firm of Allinial Global, an association of legally independent accounting and consulting firms. EisnerAmper Global Ltd., Allinial Global, and their member firms and correspondent firms are not responsible for and do not accept liability for the work or advice which EisnerAmper provides to its clients and do not owe any duty in relation to the work or advice which EisnerAmper provides.

