



October 23, 2019

Antelope Heights Metropolitan District  
c/o CliftonAllenLarson  
8390 East Crescent Pkwy, Suite 300  
Greenwood Village, CO 80111

To Whom It May Concern:

We are pleased to confirm our understanding of the services we will provide Antelope Heights Metropolitan District ("the District") for the year ended December 31, 2019.

**Type of Services and Investment:** We will audit the general purpose financial statements of the District as of December 31, 2019. Your investment with our firm for the stated service(s) will be \$3,900.

**Character of Services:** Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express an unqualified opinion that your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. If our opinion is other than unqualified, we will fully discuss the reasons with you in advance.

As part of your investment, we will provide the required and/or agreed upon accounting/bookkeeping services necessary to audit the financial statements identified above. Such services will be limited to the adjustment of specific accounts identified as necessary. The performance of a bookkeeping service is deemed to be a non-attest service in our professional standards. These services will be performed in conjunction with tests of reasonableness and materiality as defined by accounting principles and auditing standards generally accepted in the United States of America. Should the necessary accounting services result in a significant modification to your investment, we will notify you immediately to discuss the proposed investment modification and submit a Change Order for your approval before the services are completed.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, direct confirmation of cash balances and/or certain other assets and liabilities by correspondence with selected banks and creditors. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or government regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. As auditors our responsibility is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

**Your Responsibilities:** Our audit will be conducted on the basis that management, and where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States;
- b. for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c. to provide us with
  - i. access to all information of which the District is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - ii. additional information that we may request from the District for the purpose of the audit; and
  - iii. unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from the District and where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about known or suspected fraud affecting the District involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

You are also responsible for providing us all of the information requested in a timely manner and for informing us if any requested information will be delayed, as failing to provide the requested information and/or delays in providing such information may impact Stratagem PC's services, pricing, and/or our ability to deliver the project on time.

**Reportable Conditions on Internal Controls:** We may make recommendations concerning your accounting system and system of internal controls. Because our engagement does not include a review and evaluation of these systems, any failures or inadequacies of your accounting records or financial statements resulting from inadequacies in these systems, or losses that you may suffer as a result, are exclusively your responsibility.

Our audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify reportable conditions, that is, significant deficiencies in the design or operation of internal control. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

**Quality Review:** The District agrees to, and hereby consents to participate in Stratagem PC's policy of Quality Review. As a part of this program, all of the major services performed under this Agreement may be reviewed by another CPA in our firm following strict rules of confidentiality or by another CPA under the American Institute of Certified Public Accountants Peer Review Program. The price for this enhanced review is included in the professional services detailed above.

**Other Services:** Your investment for services not included as part of this engagement will be determined based on our standard rates or, depending on the type of engagement, will be identified and presented under a specific engagement letter for that particular service.

**Service Guarantee:** Our work is guaranteed to the complete satisfaction of the client. If the District is not completely satisfied with any of the services performed by Stratagem PC under this Agreement, we will, at the option of the District refund the price, modify our work, or accept a portion of said price that reflects the District's level of satisfaction. So that we may fulfill our guarantee, you agree to provide us a written explanation of your dissatisfaction within the earlier of 30 days of service delivery or the invoice date. In the absence of a timely written explanation of your dissatisfaction, Stratagem PC will assume that you are satisfied with the services provided.

**Conclusion of Engagement:** At the conclusion of the engagement, you will be provided with a draft of the financial statements that we will review with management. Should this review result in requested modifications or changes to the information as presented, we will consider the applicability of those changes and, potentially, modify the statements accordingly.

We will not provide you with a final copy of the financial statements and report unless, or until, we have received a representation letter signed by the appropriate member of management.

**Document Retention Policy:** At the conclusion of this engagement, we will return to you all original records you supplied to us and any other records we deem to be part of your accounting system. Your records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentations, whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you that our records relating to the District are to be destroyed. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that our firm may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements and representation letters, and retain only digital images thereof.

**Privacy Policies and Practices:** CPAs have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. We do not disclose any nonpublic personal information obtained in the course of our practice except as required by law. Included with this engagement letter is our U.S. Consumer Privacy Notice that explains our privacy policies and practices (**see Appendix A**).

**Subpoena of Documents:** As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities or a legal, arbitration or administrative proceeding (including grand jury investigations), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

**Data Transmission:** In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards. Some of your data might be transmitted and stored electronically via systems that are not controlled by Stratagem PC - examples include but are not limited to email, use of secure portals such as ShareFile to upload and download your documents, and Adobe Sign to obtain digital signatures. Our policies and procedures, as well as Colorado State statutes, require CPAs to only transmit personally identifiable information utilizing secure methods and we only work with established, reputable companies that have demonstrated their commitment to safeguarding your data. However, there is no guarantee that such data will not be seen by an unintended third party.

**Conflicts of Interest:** Although we intend to be fair and impartial toward all parties, a conflict of interest may exist between parties. Examples of these types of conflicts of interest include spouses, owners of businesses, and beneficiaries of trusts. Any information we receive from one party that may impact other party(ies) will be made known to all parties; and, for that purpose, you waive the requirements of confidentiality among yourselves and Stratagem PC.

**Invoicing, Payment and Disputes:** Your investment is determined based on the services we are providing and the value applied to those services. Should any matters come to our attention during the course of our work that would require a modification of your investment, we will notify you immediately.

Our invoices, including progress billings, are due upon presentation. If payment in full is not received within 60 days of the date of the invoice, you agree to pay interest at the rate of 18 percent per annum on any unpaid balance.

All disputes arising under this agreement shall be submitted to mediation. Each party shall designate an executive officer or principal empowered to resolve the dispute. In the event that the designated representatives are unable to agree on a resolution, a mediation service acceptable to both parties shall select a mediator to mediate the dispute. Each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceeding shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. In the event that the dispute is required to be litigated, the court shall be authorized to assess litigation costs against any party found not to have participated in the mediation process in good faith. Our liability for any claims relating to or arising out of our performance of this agreement engagement will be limited to the lesser of any actual damages that may have been caused by our acts or omissions or the amount of the fees that you pay for these services.

**Illegal Aliens:** We certify that Stratagem PC shall comply with the provisions of C.R.S. 8-17.5-101, et seq.

- A. *Employment or Contracting with Illegal Aliens.* We certify that Stratagem PC does not knowingly employ or contract with an illegal alien to perform work under this engagement letter, or will enter into a contract with a subcontractor that fails to certify to Stratagem PC that such subcontractor does not knowingly employ or contract with an illegal alien to perform work under this engagement letter.
- B. *Verification Regarding Illegal Aliens.* We certify that Stratagem PC has verified the employment eligibility of all employees who are newly hired for employment, to perform the work under this engagement letter, through participation in either the Electronic Employment Verification Program, or Employment Verification Program which is established pursuant to Section 8-17.5-102 (5)(c), C.R.S., (collectively referred to as "Verification Programs").
- C. *Limitation Regarding Verification Programs.* We agree that Stratagem PC will not use the Verification Programs to undertake pre-employment screening of job applicants while performing professional services on behalf of the District.
- D. *Duty to Terminate Subcontractor:* If Stratagem PC obtains actual knowledge that a subcontractor performing work pursuant to this engagement letter knowingly employs or contracts with an illegal alien, Stratagem PC shall:
  - (i) notify the subcontractor and the District within three (3) days that Stratagem PC has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(ii) terminate the subcontract with the subcontractor if, within three (3) days of receiving notice required pursuant to C.R.S. 8-17.5-102(2)(b)(III)(A) that Stratagem PC has actual knowledge that the subcontractor is employing or contracting with an illegal alien, the subcontractor does not stop employing or contracting with the illegal alien.

Stratagem PC shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

- E. *Duty to Comply with Investigation.* Stratagem PC shall comply with any reasonable request of the Colorado Department of Labor and Employment made in the course of an investigation that the Colorado Department of Labor and Employment is undertaking pursuant to the authority established by C.R.S. 8-17.5-102(5).
- F. *Notification.* The District shall notify the office of the Colorado Secretary of State if Stratagem PC violates a provision of C.R.S. 8-17.5-102(2), and the District terminates the engagement for such breach. The District will notify the Colorado Secretary of State if a court made such a determination.
- G. *Participation in Employment Verification Program.* Stratagem PC shall notify the District of its participation in the Employment Verification Program and shall comply with the requirements of C.R.S. § 8-17.5-102(5)(c).

I am the principal responsible for the audit engagement. We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you agree with the terms of our engagement as described in this letter, please sign and return it to us. This letter will continue in effect until canceled by either party. Please feel free to call us with any questions you may have.

Sincerely,

STRATAGEM PC



Greg Livin, CPA, CCIFP, CGMA

RESPONSE:

This letter correctly sets forth the understanding of Antelope Heights Metropolitan District for the year ended December 31, 2019.

Signature



Title

President

Date

11/4/19

Please return all pages of the signed letter to Stratagem PC.

## Appendix A:

### U.S. Consumer Privacy Notice

<b>FACTS: WHAT DOES STRATAGEM DO WITH YOUR PERSONAL INFORMATION?</b>	
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>▪ Social Security number and income</li> <li>▪ Account balances and transaction history</li> <li>▪ Credit history and payment history</li> <li>▪ Other personal and/or business information we receive to assist in providing tax and accounting services</li> </ul>
<b>How?</b>	All financial companies need to share clients' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients' personal information; the reasons Stratagem chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Stratagem share?	Can you limit this sharing?
<b>For our everyday business purposes</b> - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes</b> - to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> - information about your transactions and experiences	Not applicable	We don't share
<b>For our affiliates' everyday business purposes</b> - information about your creditworthiness	Not applicable	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

<b>Questions?</b>	Call 303-988-1900 or email us at <a href="mailto:contact.us@stratagemcpa.com">contact.us@stratagemcpa.com</a>
-------------------	---

<b>Who we are</b>	
Who is providing this notice?	Stratagem PC

<b>What we do</b>	
How does Stratagem protect my personal information	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Some of your data might be transmitted and stored electronically via systems that are not controlled by Stratagem. Examples include but are not limited to email, use of secure portals such as ShareFile to upload and download your documents, and Adobe Sign to obtain digital signatures. Our policies and procedures, as well as Colorado State statutes, require CPAs to only transmit personally identifiable information utilizing secure methods and we only work with established, reputable companies that have demonstrated their commitment to safeguarding your data.
How does Stratagem collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>▪ Provide information in order to prepare your tax return</li> <li>▪ Provide information in order to prepare personal or business financial statement</li> <li>▪ Provide information regarding your personal or business financial matters to perform accounting, tax or consulting services</li> </ul>
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>▪ sharing for affiliates' everyday business purposes - information about your creditworthiness</li> <li>▪ affiliates from using your information to market to you</li> <li>▪ sharing for nonaffiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing.

<b>Definitions</b>	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>▪ Stratagem PC does not have any affiliates</li> </ul>
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>▪ Federal, State and local tax agencies</li> <li>▪ Third party software and computer support agencies</li> <li>▪ Professional and/or regulatory entities</li> </ul>
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>▪ Stratagem does not have any joint marketing agreements with nonaffiliated financial companies</li> </ul>