

PROFESSIONAL SERVICES AGREEMENT

~ Annual Audit Services ~

This Professional Services Agreement ("Agreement") is made by and between the Eagle Urban Renewal Agency, an independent public body corporate and politic, organized and existing under the laws of the State of Idaho and known as the Urban Renewal Agency of the City of Eagle, Idaho ("EURA"), and Quest CPAs, P.C. (referred to herein as "Consultant").

WHEREAS, EURA desires to hire Consultant to provide professional services upon the terms and conditions set forth herein in order to accomplish the applicable scope of services set forth on "Exhibit A" attached hereto, and

WHEREAS, Consultant desires to perform those services set forth in "Exhibit A" and agrees to do so for the compensation also set forth in "Exhibit A" and in accordance with the rights and obligations set forth in this Agreement, and

WHEREAS, EURA and Consultant enter into this Agreement in furtherance of the public purpose, goals and objectives of EURA and its Board of Commissioners.

NOW THEREFORE, for consideration, the parties agree as follows:

1. **SCOPE OF WORK:** Consultant agrees to perform those services for EURA as identified on "Exhibit A" attached hereto and by this reference incorporated herein. If there is any conflict between the language or terms contained in Exhibit A and the body of this Agreement, the language and terms in the body of this Agreement shall control.

2. **FEES:** EURA agrees to pay Consultant for services rendered under this Agreement as specified on "Exhibit A" attached hereto and by this reference incorporated herein.

3. **TERM:** This Agreement shall commence as of August 2, 2016 and shall remain in effect until September 30, 2017. This Agreement can be renewed upon identical terms for successive one year periods upon written agreement of both parties which written renewal shall occur prior to September 1 each year.

4. **INDEPENDENT CONTRACTOR RELATIONSHIP:** Consultant is an independent consultant and is not an employee, servant, agent, partner, or joint venture of or with EURA.

EURA shall determine the work to be done by Consultant, but Consultant shall determine the legal means by which it accomplishes the work specified by EURA. This Agreement shall not be construed to create any employer-employee relationship between EURA and Consultant. EURA agrees that it will have no right to control or direct the details, manner, or means by which Consultant accomplishes the results of the services performed hereunder. Consultant has no obligation to work any particular hours or days or any particular number of hours or days. Consultant agrees, however, that its other contracts and services shall not interfere with its performance under this Agreement and that Consultant shall meet all deadlines imposed by EURA.

5. **RECORDS, ACCESS AND AUDITS:** Consultant shall maintain complete and accurate records with respect to costs incurred and labor expended under this Agreement. All such records shall be maintained according to generally accepted accounting principles, shall be clearly identified, and shall be readily accessible. Such records shall be available for review by EURA representatives for two (2) years after final payment. Copies shall be made available to EURA upon request.

6. **FEDERAL, STATE AND LOCAL PAYROLL TAXES:** Neither federal, state or local income taxes, nor payroll taxes of any kind shall be withheld and paid by EURA on behalf of Consultant or the employees of Consultant. Consultant shall not be treated as an employee with respect to the services performed hereunder for federal or state tax purposes. Consultant understands that Consultant is responsible to pay, according to law, Consultant's income tax. Consultant further understands that Consultant may be liable for self-employment (Social Security) tax to be paid by Consultant according to law.

7. **LICENSES AND LAW:** Consultant represents that it possesses the requisite skill, knowledge, and experience necessary, as well as all licenses required to perform the services under this Agreement and the scope of services identified in "Exhibit A". Consultant agrees to comply with all applicable Eagle City Code and any amendments thereto, the laws of the State of Idaho, any other applicable ordinances, and codes of federal, state, and local governments or applicable regulatory agencies in the performance of the services hereunder.

8. **FRINGE BENEFITS:** Because Consultant is engaged in its own independently established business, Consultant is not eligible for, and shall not participate in, any employee pension, health, or other fringe benefit plans of EURA, if any.

9. **INSURANCE AND WORKER'S COMPENSATION:** Consultant shall at all times during its Contract or Agreement with EURA maintain liability insurance in which EURA shall be named as an additional insured in the minimum amounts as follows: General Liability

(\$2,000,000.00) per incident or occurrence, Professional Liability/errors and omissions (\$1,000,000.00) aggregate, automobile liability insurance (\$1,000,000.00) per incident or occurrence. The limits of insurance shall not be deemed a limitation of the covenants to indemnify, save and hold harmless EURA.

10. **EQUIPMENT, TOOLS, MATERIALS, and SUPPLIES:** Consultant shall provide, at Consultant's sole expense, all equipment, tools, materials, and/or supplies necessary to accomplish the services to be provided herein.

11. **PROPRIETARY RIGHTS:** All data, materials, reports, memoranda, and other documents or products developed under this Agreement, whether finished or not, shall become the property of EURA, shall be forwarded to EURA at its request, and may be used by EURA for any business purpose. EURA agrees that if it uses products prepared by Consultant for purposes other than those intended in this Agreement, it does so at its sole risk and it agrees to hold Consultant harmless therefore.

12. **CONFIDENTIALITY:** Consultant agrees to maintain the confidentiality of all work product produced under this Agreement, including both interim and draft, materials, reports, graphics, and any other documents unless and until EURA signifies its written approval that such work product may be disclosed to third parties.

13. **ENTIRE AGREEMENT:** This Agreement, along with any and all Exhibits attached hereto and incorporated herein by reference, contains the entire Agreement of the parties and supersedes any and all other agreements or understandings, oral or written, whether previous to the execution hereof or contemporaneous herewith.

14. **GENERAL ADMINISTRATION AND MANAGEMENT:** The Administrator of EURA or his/her designee shall be EURA's representative and shall oversee and approve all services to be performed, coordinate all communications, review and approve all invoices, and carry out any and all tasks as may be required under this Agreement.

15. **AMENDMENTS:** This Agreement may be amended only in writing upon mutual agreement of both EURA and Consultant.

16. **ASSIGNMENT:** It is expressly agreed and understood by the parties hereto that Consultant shall not have the right to assign, transfer, hypothecate, or sell any of its rights under this Agreement except upon the prior express written consent of EURA.

17. **TERMINATION OF AGREEMENT:** EURA reserves the right to terminate this Agreement at any time, for any reason or no reason, by giving at least thirty (30) days notice in writing to Consultant. If this Agreement is terminated by EURA as provided herein, Consultant

shall be paid an amount for all work in progress that has been completed as of the date the notice of termination is provided yet not invoiced.

18. **NOTICES:** Any and all notices required to be given by either of the parties hereto, unless otherwise stated in this Agreement, shall be in writing and be deemed communicated when mailed in the United States mail, certified, return receipt requested, addressed as follows:

To EURA:

Jeff Kunz, Chairman
Eagle Urban Renewal Agency
Eagle City Hall
660 E. Civic Lane
Eagle, ID 83616

To Consultant:

Kurt Folke
Quest CPAs, P.C.
11501 Highway 95
Payette, ID 83661

19. **DISCRIMINATION PROHIBITED:** In performing the services required herein, Consultant agrees not to discriminate against any person on the basis of race, color, religion, sex, national origin or ancestry, age, or handicap. Violation of this section shall constitute a material breach of this Agreement and deemed grounds for cancellation, termination, or suspension of the Agreement by EURA, in whole or in part, and may result in ineligibility for further work for EURA.

20. **INDEMNIFICATION:** Consultant agrees to indemnify, defend, and hold harmless EURA and its officers, agents, consultants, and employees from and against any and all liability, claims, losses, actions, or judgments, including any costs and attorney's fees incurred therein, for damages, losses, or injury to EURA, persons or property for any negligent act, error or omission arising out of or in connection with any performances or activities of Consultant or its employees under this Agreement.

21. **NONWAIVER:** Failure of either party to exercise any of the rights under this Agreement or breach thereof shall not be deemed to be a waiver of such right or a waiver of any subsequent breach.

22. **APPLICABLE LAW:** Any dispute under this Agreement or related to this Agreement shall be decided in accordance with the laws of the state of Idaho with venue for any disputes to occur exclusively in Ada County, Idaho.

23. **SEVERABILITY:** If any part of this Agreement is held unenforceable, the remaining portions of the Agreement will nevertheless remain in full force and effect.

24. **ATTORNEY FEES:** Should any litigation be commenced between the parties hereto concerning this Agreement, the prevailing party shall be entitled, in addition to any other relief as may be granted, to costs and reasonable attorneys' fees as determined by a court of competent jurisdiction. This provision shall be deemed to be a separate contract between the parties and shall survive any default, termination, or forfeiture of this Agreement.

25. **DISPUTES:** In the event that a dispute arises between EURA and Consultant regarding application or interpretation of any provision of this Agreement, the aggrieved party shall promptly notify the other party to this Agreement of the specific dispute within ten (10) days after such dispute arises. Nothing contained herein shall impair the right of termination set forth in paragraph 17. If the parties shall have failed to resolve the dispute within thirty (30) days after delivery of such notice, the parties agree to first endeavor to settle the dispute in an amicable manner by mediation or other process of structured negotiation under the auspices of a nationally or regionally recognized organization providing such services in the Northwestern States or otherwise as the parties may mutually agree before resorting to litigation. Should the parties be unable to resolve the dispute to their mutual satisfaction within ninety (90) days from when the notice of dispute is provided, each party shall have the right to pursue any rights or remedies it may have at law or in equity.

26. **SUCCESSORS IN INTEREST:** The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereby and their respective successors and assigns.

IN WITNESS WHEREOF, EURA and Consultant have executed this Agreement as of the dates noted below.

EAGLE URBAN RENEWAL AGENCY

CONSULTANT

By: Jeff Kunz

By: Kurt Folke

Jeff Kunz - Chairman

Kurt Folke – Audit Partner

Date: 8/3/16

Date: 8/4/16

Attest: Lindsey Priddy Weasel

Attest: Timothy M. Hoyt

Date: 8.3.16

Date: 8/4/2016

EXHIBIT A

Audits
Taxes
Special Services



11501 Highway 95
Payette, Idaho 83661
www.qcpas.com
info@qcpas.com
P: 208-642-1417
F: 208-642-1582

July 16, 2016

Eagle Urban Renewal Agency
P.O. Box 1957
Eagle, ID 83616

RE: FY16 Independent Audit

We are pleased to confirm our understanding of the services we are to provide Eagle Urban Renewal Agency (the Agency) for the year ended September 30, 2016. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Agency as of and for the year ended September 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI) to supplement the Agency's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. As part of our engagement, we will apply certain limited procedures to the Agency's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. As in prior years, the Management's Discussion & Analysis (MD&A) will be excluded. If supplementary information other than RSI accompanies the basic financial statements, we will subject it to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted

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accounting principles and to report on the fairness of the supplementary information referred to above when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Agency and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Agency's financial statements. Our report will be addressed to the governing board of the Agency. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Agency is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, 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, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. 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 require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Agency's compliance with the provisions of

applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist with preparing the financial statements and related notes of the Agency in conformity with U.S. generally accepted accounting principles based on the information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written 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 all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) 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 government received in communications from employees, former employees,

grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, and contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Agency; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or

containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Quest CPAs, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Legislative Services Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Quest CPAs, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by Legislative Services Office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately September 15th and to issue our reports no later than December 30th. Kurt R. Folke will be the engagement partner and will be responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We agree that our fees for these services plus any out-of-pocket costs (such as travel) will not exceed \$2,600. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign one copy and return it to us.

Very truly yours,

Quest CPAs, P.C.

