



CITY OF CREST HILL, IL

October 6, 2022

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A WORD FROM OUR FOUNDER & CEO

"We are fully committed to the long-term success of our clients. We credit our strong client relationships over the past 20 years to the trust we build with those we serve. We offer our clients deep expertise in technical areas of internal audit, accounting, corporate finance and compliance, and provide superior service delivered by our team of experienced professionals."

DAVID LANDAU, CPA, CVA
FOUNDER & CEO



IMPORTANT FACTS ABOUT DLA

- Founded In 2001
- DLA is Led by former members of the “Big Four”
- Leadership team averages 30 years of experience
- 130 employees located in the United States
- Worked with over 65 real estate companies
- Internal Audit, Accounting Advisory, Forensic Accounting, Capital Advisory & Restructuring, and IT Advisory Services
- Former CFO’s, CCO’s, auditors and attorneys on staff
- Works with all major accounting firms and numerous law firms
- Provided advisory services to hundreds of SEC registrants and numerous privately held corporations

SERVICES



INTERNAL AUDIT

- Outsourced & Co-Sourced Internal Audit
- SOX Compliance
- Controls Evaluation
- Enterprise Risk Management
- Computer Assisted Audit Techniques
- Compliance and Operational Reviews
- Fraud Risk Assessment
- Business Process Improvement
- Policies & Procedures Development
- Anti-Money Laundering
- Mock Regulatory Audits



FORENSICS, VALUATION & LITIGATION SUPPORT (FVLS)

- Valuation for Financial Reporting
- Whistleblower Investigations
- Construction Audits
- Commercial Litigation
- Ancillary Revenue Reviews
- Employee Embezzlements
- Partnership/JV Reviews
- Business Valuation
- Matrimonial Services
- Fraud Investigation
- Receivership
- Damages Calculations



ACCOUNTING ADVISORY

- Technical Accounting
- Financial Reporting
- Drafting Financial Statements
- Interim CFO & Controller
- IPO Readiness
- Audit Preparation
- Staff Augmentation
- Outsourced Accounting Function/Monthly Bookkeeping



CAPITAL ADVISORY & RESTRUCTURING

- M&A and Capital Advisory
- Secondary Sale Structuring & Execution
- Liability Management
- Restructuring Advisory



IT ADVISORY SERVICES

- IT Risk Assessment
- System Selection
- IT Change & Project Management
- IT Governance & Controls
- Disaster Recover & Business Continuity Program
- Information Technology Readiness Assessments - SSAE/SOC

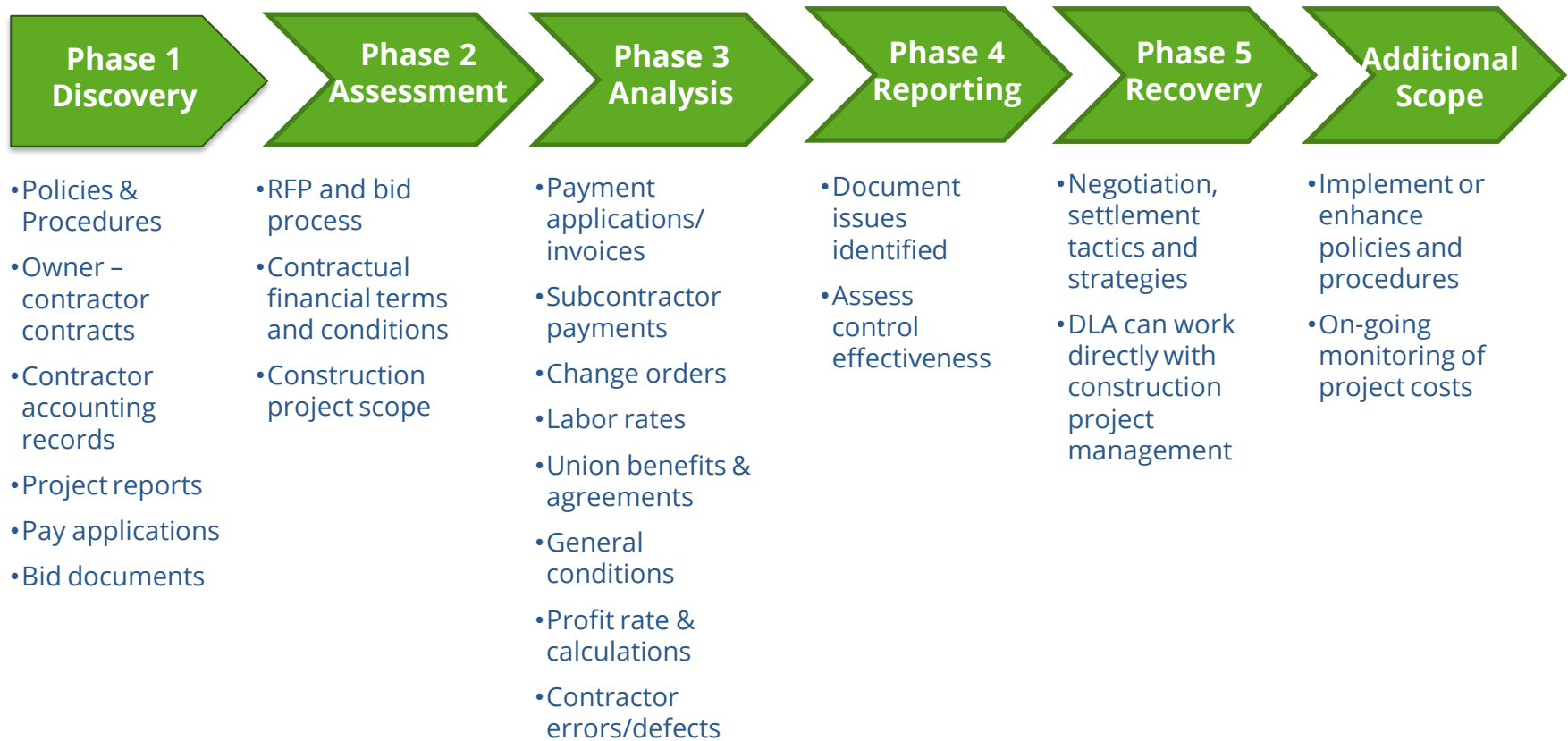


TAX ADVISORY

- Business and Personal Tax Planning
- Business and Personal Tax Preparation
- Estate & Trust Tax Preparation
- IRS representation
- State and Local Tax Consulting
- Sales and Use Tax Consulting

CONSTRUCTION AUDIT METHODOLOGY

DLA's audit approach and tools have been developed with on-site construction experience and are continually refined based on the numerous client engagements performed



DLA SUMMARY AUDIT PROGRAM

Phase 1 Discovery

Pre-Audit

- Review policies and procedures for bid award, purchasing, change management, and compare to industry standards
- Review disbursement process including payment approval, lien waivers, and retention requirements per the contract
- Interview project management team to obtain an understanding of the project
- Walkthrough and document construction process with process owners:
 - Evaluate whether processes follow policy and meet industry standards
 - Provide guidance on changes to policies and procedures
- Obtain all documents required for the review

Phase 2 Assessment

Review a sample of major trades' bid selections and contracts:

- Validate bids are clear as to the project scope, schedule, deadlines, including required cost categories for each major task, general conditions, labor rates, fees, insurance and change orders
- Review support of the delivery of solicitations to the required number of bidders, answers to bidder questions are sent to all bidders, and bids are received timely and recorded
- Validate that a subcontractor bid-leveling analysis was performed
- Validate that the amount of the winning bid agrees with the subcontract and contract amounts
- High level review of contracts used for the project and contract clauses included

DLA SUMMARY AUDIT PROGRAM (continued)

Phase 3 Analysis

Review a Sample of Payment Applications

- Validate Schedule of Values to contract
- Re-perform calculations
- Confirm correct carry forward of totals from prior month amounts
- Validate supporting documentation required per contract is included
- Verify proper approvals are obtained
- Validate items included in the payment application are in accordance with contract scope and provisions, including rates and mark-ups utilized
- Review whether general conditions are per contracted terms
- Ensure the appropriate lien waivers are included and that final lien waver was obtained prior to release of final payment
- Validate that all rates including fee, insurance, and subcontractor default insurance rates are applied accurately per the contract
- Ensure that retainage was withheld in accordance with the terms of the contract

DLA SUMMARY AUDIT PROGRAM (continued)

Phase 3 Analysis (Continued)

Review a Sample of Change Orders

- Review payment application and note change order line items. Obtain executed copies of the change orders and all supporting documents
- Confirm that a change order request was transmitted to owner within the contractually stipulated time period
- Verify that the change order request is accompanied by sufficient cost data, including labor rates, materials and hours for each task and are supported with sufficient cost data including time sheets, third party invoices, receipts, shipping tickets, material tickets, or other necessary documentation
- Review for improper pricing, mathematical inaccuracies, or other errors
- Verify that the GC fee or other markups are properly added or deducted in the change order, and that sub/vendor charged reduced markup for work performed
- Validate that the change order is not a duplication of work included in the original project
- Verify that the change order request is accompanied by a detailed description of the circumstances and the specific reasons for the change order request (i.e. change is reasonable and appropriate)
- Ensure the scope of work was priced appropriately in conjunction with the unit costs, equipment rates or labor rates stipulated in the agreement
- Review the change order to validate that it only includes reimbursement of costs for additional scope or for approved time extensions and does not alter any contractual terms and conditions
- Ensure the change order was properly authorized and approved by owner
- Validate that if change orders exceed the project budget line item that the proper approval was obtained in advance of services being rendered
- Review substitutions on the project and ensure that adequate credits are provided and that substitutions are expressly authorized by appropriate individuals

ENGAGEMENT ECONOMICS

We estimate our fee and effort for the construction review to be approximately \$24,000 and 70 hours. Our fees will be billed on an hourly basis, in quarter hour intervals using the discounted rates below, and are based on the actual hours we incur:

Position	Discounted Rate
Partner	\$620
Managing Director	\$500
Senior Manager	\$320
Manager	\$290
Senior	\$200
Associate	\$130

ASSUMPTIONS

- All lump sum contracts.
- Payment applications contain a full inventory of change orders known to date.
- A list of all invoices and payment to date have been aggregated in Excel format and will be provided for this review.
- Inventory of change orders by contractor can easily be discerned
- All known and suspected improprieties by Crest Hill employees or third parties have been disclosed to DLA
- Our fees will be billed on an hourly basis, in quarter hour intervals, utilizing the rates above, and are based on the actual hours we incur. Invoices are rendered bi-weekly.
- The proposal and pricing estimated herein are valid for acceptance within 60 days and, thereafter, are subject to change.
- Please be advised that the fees are an estimate. We will seek your approval for additional fees, if it is anticipated that the additional fees will exceed 5% of above the budget.

DLA TEAM MEMBERS

Team Member	Experience	Expertise and Competitive Advantage
Phil Ramacca President & COO Philip.Ramacca@dlallc.com (631) 521-5693	30 Years of Experience <ul style="list-style-type: none"> Formerly with Ernst & Young 	<ul style="list-style-type: none"> Expertise in SOX, control design and implementation, Construction, internal audit, technology optimization, IT controls and governance, process and organization optimization and project management Primary management contact – ensures management satisfaction, presents to the Audit Committee
Errol Labosky Managing Director Internal Audit and Advisory Services Errol.Labosky@dlallc.com (201) 741-2482	25 Years of Experience <ul style="list-style-type: none"> Formerly with Deloitte and Vornado Realty Trust 	<ul style="list-style-type: none"> Expertise in internal audit, SOX, construction auditing, enterprise risk management, financial controls and process re-engineering Management contact – ensures management satisfaction, presents to the Audit Committee
Jacob Goldman Senior Manager Internal Audit and Advisory Services Jacob.Goldman@dlallc.com (443) 421-0728	15 Years of Experience <ul style="list-style-type: none"> Formerly with Department of Defense, Experis, and New York Presbyterian Hospital 	<ul style="list-style-type: none"> Expertise in construction audits on multi-billion-dollar development projects Developed and executed construction-based risk assessments, audit programs and quality control reviews Engage in regular communications with the construction team

SELECT CLIENTS



LEADERSHIP TEAM



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