

KMJ | Corbin &
Company
Business Advisors Tax and Audit

SIZE, STRUCTURE AND HISTORY OF KMJ CORBIN & COMPANY

KMJ, originally founded in 1983, is one of the region's leading multidisciplinary audit, accounting, tax and consulting firms. We currently have six partners and approximately 25 staff, including approximately 15 CPAs. Similar to larger accounting firms, our firm is structured in departments so that our auditing professionals work full-time as auditors and our tax professionals work full-time as tax specialists. This means you get the expertise you need to ensure quality client service.

We have offices located in Costa Mesa, Carlsbad and Woodland Hills, California. Our resource network stretches nationally and internationally through our alliance with The International Accounting Group ("TIAG"), a worldwide alliance of independent accounting firms. We have extensive SEC audit and accounting experience and are registered with the Public Company Accounting Oversight Board ("PCAOB").

Committed to the highest standards of professional service, we set ourselves apart by delivering the extensive industry specialization and technical expertise of a national firm, but with the accessibility, service continuity and level of personal relationship expected from a local accounting firm. Our "sweet spot" is providing auditing, accounting, tax and consulting services to public and private (both for-profit and not-for-profit) companies in the small to middle markets. We work closely with companies in a wide range of industries including manufacturing, distribution, pharmaceutical, healthcare, technology, not-for-profit, and real estate services.

In 2008, KMJ was named as one of 25 "Best of the Best" firms in the United States by *Inside Public Accounting*. In 2009, 2012 and again in 2013, KMJ was named as an "All-Star Firm" by *Inside Public Accounting*.

We are a full-service CPA firm.

Our size enables us to effectively combine the especially personal and attentive service you would expect of a smaller CPA firm with the depth of expertise on a range of accounting, tax, and business matters that you would expect from a larger CPA firm. We have listed a few areas of focus that our clients have found to be of tremendous value:

- Sarbanes-Oxley Section 404 compliance services
- Tax compliance and planning for individuals, corporations, not-for-profit organizations, trust and estates
- Mergers & acquisitions – financial due diligence and tax structuring
- Management consulting in areas such as mergers & acquisition analysis, accounting and reporting system design, and operating policies and procedures

It is highly unlikely that you will encounter situations or require advice that, if called upon to help, we would lack the experience to deal with. If such situations occur, we would be happy to assist you in identifying and qualifying other appropriate professionals to assist you in these efforts.

WHY KMJ?

We are a quality CPA firm with substantial SEC accounting and reporting experience.

As you may be aware, the American Institute of Certified Public Accountants has a peer review system of quality control for its member firms, whereby one CPA firm will be audited by another CPA firm to ensure that it is performing work of the highest quality. We undergo peer review every three years; we have always received a completely clean bill of health. (That is to say, we receive the same peer review report as our “Big Four” competition). Our most recently completed peer review report is dated December 22, 2015.

KMJ has extensive experience providing services to SEC registrants. We are registered with the PCAOB and are a member of the Center for Audit Quality. Our focus is clients in the development stage through \$100M in revenues. We currently serve 10 SEC registrants as their independent registered public accounting firm. Our most recently completed PCAOB inspection report is dated May 25, 2017. We are very proud of this report for two reasons: (1) the PCAOB found no problems with the individual audits they selected for inspections; and (2) the inspectors discovered no weaknesses in our firm’s system of quality controls. Very few firms inspected (less than 20%) get such a good report.

Most of our partners have spent time at international CPA firms. We are trained to provide professional services of the very highest quality but with the attention to outstanding service that you would expect from a firm of our size.

We are extremely strong on client service.

We can make that statement because we regularly invite feedback from our clients on the services we have provided to them. From this feedback we know what our strengths are:

- ✓ *We have experienced staff.*

Our staff auditors have a good understanding of the audit objectives since they are either CPAs or CPA candidates who work exclusively in our audit department. They work efficiently while properly directing the majority of their effort on the critical audit objectives. In addition, they are in constant communication with the audit services partner, who helps to further reduce any misdirected efforts by the audit team.

- ✓ *We do not miss deadlines.*

When we need to deliver a product within a specific deadline, we do not miss it.

- ✓ *We have high staff continuity on our jobs.*

As experienced by our other clients, you will not feel like you are constantly training new staff people year after year. We commit to keep the engagement team consistent as long as our staff remain employed by our firm and you like the staff assigned to you. Our staff turnover is very low, with less than 10% turnover annually over the last three years.

- ✓ *We communicate.*

Our clients regularly mention that they never had to question how things were going. We will keep you updated and never leave you in any doubt that the work will be completed as agreed.

- ✓ *We respond timely.*

As part of our pledge to exceptional client service, our firm policy is to reply to client inquiries within 24 hours with emphasis on same-day communication. Clients are provided with the engagement team's cell phone numbers so we are always there when you need us.

- ✓ *All decisions are made locally.*

Our partners and managers are very involved with all aspects of the engagement and are always accessible to our clients. Our firm is structured so that the "final" answer on technical issues is never more than a few offices away.

- ✓ *Global resources.*

Our affiliation with TIAG assures our clients that we have the necessary resources across the globe to continue to meet and exceed our clients' expectations and needs.

Compliance with Requirements of PCAOB Auditing Standards

Our firm uses numerous checklists, work programs, and other practice aids to ensure engagement performance meets the applicable professional standards. The primary source of these practice aids is from CCH's audit methodology and other CCH materials. CCH's audit methodology is peer reviewed for compliance with professional standards.

Consultations Regarding Accounting and Reporting Matters

KMJ recognizes the need for a constant exchange of ideas and opinions about technical issues and it is our policy that all professional personnel seek consultation, on a timely basis, within or outside the firm whenever difference of opinion occur or uncertainty exists about the answer to a technical accounting or reporting matter. When a question arises regarding technical or reporting matters, the engagement team members consult with the engagement quality reviewers assigned to the engagement and discuss the relevant facts to resolve the matter. If the engagement team and engagement quality reviewers believe additional consultation is necessary, the matter is discussed with another partner in our firm who has appropriate knowledge and experience with the matter. Because of our extensive SEC reporting experience, it is highly unlikely that the firm will encounter situations that it would lack experience to deal with and resolve; however, if such situations occur, we have access to technical resources outside the firm with the professional qualifications and reputations to assist us in resolving the matter. These technical resources have experience with international CPA firms and are nationally published authors of leading accounting and auditing guides.

Staying Current on Accounting and Industry Trends

Our firm continuously prepares our professionals for the ever-changing accounting and auditing environment by requiring our professionals to participate in both internal and external training seminars. The firm's professionals currently meet and will maintain the continuing education requirements as set forth by professional standards. Members of the firm also attend the annual AICPA Conference on Current SEC and PCAOB Developments, which provides the latest in accounting and reporting guidance.

Use of Technology

Our firm utilizes audit software which enables our audit process to be paperless. We are able to share electronic files with our clients in a fully secure environment.

Client Satisfaction

We make it a point to discuss the audit process with our clients during and after the completion of the engagement to ensure that we provided the highest level of customer service. The engagement partner and/or the managing partner will discuss with management the quality of the service we provided and if there are any issues to address. We believe our proactive approach to discussing the satisfaction of our clients is a significant reason for our high client retention rate.