



December 27, 2017

Senator Patricia Farley
Chair, Commission on Special License Plates
% Marjorie Paslov Thomas
Research Division, Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701

Dear Senator Farley:

This letter is written in response to your letter dated October 4, 2017, addressed to the Horse Power Executive Director. This letter includes facts, evidence and other information that Horse Power has implemented or is well on its way to implement recommendations from the *Performance Audit Horse Power Special License Plate 2017*.

Specifically, this letter specifically addresses seven bullet points from the October 4th letter:

1. Regarding recommendation 6 of the *Performance Audit* (executive a contract between the Board and the Executive Director), Appendix A includes the contract (scope of work) signed on September 18, 2017, that started October 1, 2017. Regarding recommendations 3 (work to obtain ownership records) and 4 (change ownership for equine supported by special license plate funding), Horse Power does not own equine. Equine are owned by groups, organizations and individuals who care for them. Also, please see response to bullet point 7 in this letter.
2. Regarding the requirement that Horse Power revise its Bylaws, Appendix B includes an amendment to its Bylaws (approved by the Board on 12-2-17) that additional Board positions are created for a member who represents the business community, a member who is a licensed accountant in Nevada, and a member who is a licensed veterinarian in Nevada. Appendix C includes an amendment to its Bylaws (approved by the Board on 12-2-17) that the Executive Director of Horse Power may not serve on the Board.
3. Appendix A includes the executed contract between the Executive Director and Board of Directors that specifies duties, responsibilities and cost, as requested.
4. Regarding written policies and procedures to meet or exceed the deficiencies defined in the Performance Audit:

Agenda Item VI A-3 - SPPLATES Meeting Date: 01-04-18



- a. Methods to save money by bulk purchasing were implemented within weeks of the Performance Audit (recommendation 1).
- b. We have discontinued the use of the Horse Power debit card for fuel and vehicle expenses (recommendation 5).
- c. A contract with the Executive Director has been executed (recommendation 6). See scope of work in Appendix A.
- d. Appendix D includes a 2018 Travel Reimbursement Sheet developed by a licensed accountant in Nevada for your approval, as you requested, which addresses recommendation 7 and recommendation 8.
- e. An accounting firm has been hired to review expenditures quarterly and assist the Board with expenditure oversight (recommendation 9). Appendix E includes the scope of work between Horse Power and the accounting firm.
- f. As per recommendation 10, percentages for a budget estimate for 2017 were approved by the board on April 8, 2017. The line-item amounts were input into QuickBooks by our accountant (see Appendix E) on December 18, 2017. This will allow the board may be able to periodically prepare, present and review a comparison between budgeted and actual amounts (recommendation 10). This line-item budget for 2017 was submitted to Mr. Cooper with the Legislative Counsel Bureau (LCB) on December 19, 2017. Moving forward, Horse Power is in a good position to more easily and quickly submit an approved, line-item budget estimate annually as part of fulfilling its NRS 482.38277 reporting requirements.
- g. As per recommendation 11, the financial information that includes all transactions was submitted to the LCB on September 1, 2017, and a revised check register for 2016 was submitted to LCB on December 19, 2017. A report of all transactions will be submitted as part of compliance with NRS 482.38277 annual reporting requirements.
- h. As per recommendation 12, on December 15, 2017, I was notified by our accounting firm that the latest backup of QuickBooks has been received and restored to an online system supported by InsynQ, which will allow for record keeping to be maintained and easily retrievable for all expenditures. Also, an accounting firm has been hired to review expenditures quarterly (recommendation 9). See Appendix E for scope of work.
- i. The 2018 guidelines for grants are being modified to further ensure an unbiased, fair process for providing funds (recommendation 13). The 2018 grant application form are being revised to obtain information regarding whether applicants are known to Horse Power management and board members (recommendation 14).



- j. Regarding recommendation 15, Board discussion regarding the merit of three (3) grant applications is documented in the Board minutes from the Board meeting on November 1, 2017.
5. As requested in the October 4 letter, I am hereby notifying staff that I will be making my presentation on January 4, 2018, in Room 3137 of the Legislative Building, 401 S. Carson St., Carson City, NV. At the January 4, 2018, rehearing, I plan to provide an overview and written documentation of the Executive Director and members of the Board's experience and expertise in running a nonprofit organization.
6. To demonstrate how an accountant, currently being utilized by Horse Power, is meeting or exceeding deficiencies contained in the Performance Audit, Horse Power has hired an accounting firm (Appendix E). This firm is assisting in training in QuickBooks, setting up QuickBooks online, assisting in making journal entries, making quarterly reviews of QuickBooks, entering budget estimates into QuickBooks, completing the NRS 482.38277 required Balance Sheets, and helping keep the books correct. In fact, I met with the accounting firm on December 18, 2017, and they assisted me by entering our line-item budget estimate for 2017 into QuickBooks, generating a corrected Balance Sheet for fiscal year ending 12-31-16 and generating a check register. I included these with the letter I submitted by the Legislative Counsel Bureau on December 19, 2017, to clear up the two remaining, outstanding compliance issues.
7. During the Board Meeting on December 2, 2017, the Board determined that Horse Power needs to focus more on giving grants to groups, organizations and individuals that care for wild, estray or second chance horses, burros or mustang mules. Moving forward, the 2018 line-item budget will specify that at least fifty percent of the revenue received from the sale or renewal of the special license plates will be specified as "grants".

If you have any questions or concerns about this letter, please contact me at (702) 518-8756 or email at Phil@NVHorsePower.org.

I look forward to meeting you and the other members of the CSLP on January 4, 2018.

Respectfully Submitted,

Phil Johncock
Executive Director
Horse Power

Appendix

A

SCOPE OF WORK

PHIL JOHNCOCK & HORSE POWER

Starts October 1, 2017

OVERVIEW

1. Background

Phil Johncock, Consultant, agrees to serve as Executive Director of Horse Power starting October 1, 2017. This scope of work -- pursuant to Horse Power bylaws -- outlines duties to be performed by the Executive Director.

2. Duties

- ☐ Proper communication with the board of directors on issues related to the development of the organization;
- ☐ Ensures that good use is made with the money that has been raised by the organization;
- ☐ Allots different purposes to ensure that financial assistance reaches the needy;
- ☐ Supervises consultants and recruitment processes by giving proper instructions to recruiters regarding qualifications and qualities which applicants should possess;
- ☐ Is able to look into matters to ensure successful running of the launched programs;
- ☐ Manages day-to-day functions of the organization including ensuring working alone or with others on the team to create and develop events, fundraisers, strategies and enhancements that will raise public awareness of the underlying cause of the organization;
- ☐ Helps secure the future function of the organization;
- ☐ Functions as the spokesperson and issues statements to the media; and
- ☐ Performs other duties as required and determined by the resolution of the board of trustees not inconsistent with bylaws and the organization's articles of incorporation.

3. Cost & Payment

- ☐ The total cost of this scope of work is \$1,700 per month starting October 1, 2017.
- ☐ \$1,700 per month is to be paid to the order of Phil Johncock Network for consulting work performed by Phil Johncock.
- ☐ Automatic payments will be deposited in the account of Phil Johncock Network.
- ☐ Automatic payments will be processed on the 15th day of each month.

4. 30-Day Written Notice

Either party -- Horse Power or Phil Johncock -- may request to discontinue this scope of work with a 30-day notice in writing.

Signed this 18th day of September, 2017

By:


Official, Horse Power



By:

Phil Johncock, Consultant

Appendix

B

Amendment to Bylaws

Horse Power A Nevada Nonprofit Corporation

Pursuant to provisions of Article 9.1 of the Bylaws adopted
12-28-06

Article 1.1, Members of the Board, is hereby amended to read as follows:

(c) Additional board positions include: 1) a business community representative, 2) a licensed accountant in Nevada and 3) a licensed veterinarian in Nevada. In the case of a vacant position, an ad hoc recruitment committee may be established and process created at the next possible board meeting to recruit and recommend candidates to fill the vacancy.

Approved 12-2-17

Appendix

C

Amendment to Bylaws

Horse Power A Nevada Nonprofit Corporation

Pursuant to provisions of Article 9.1 of the Bylaws adopted
12-28-06

Article 5.1, Offices and Qualifications, is hereby amended to
read as follows:

(c) The Executive Director is an ex-officio or non-voting
member of the board so that he or she may participate in board
meetings but still avoid any conflicts of interest.

Approved 12-2-17

Appendix

D

Horse Power
2018 Travel Reimbursement Sheet

Date:

Name:

Miles

X

0.54

Total Miles

Total Meals

Total AirLines

Total Motel

Total Other

Total

Approved:

Date:

Appendix

E



206 SOUTH DIVISION STREET
CARSON CITY, NV 89703

PHONE 775.882.4459
FAX 775.882.4809
www.bullisandco.com

1502 EAST AULTMAN
ELY, NV 89301

Engagement Letter

December 13, 2017

Horse Power
Phil Johncock, Executive Director
3235 Eastlake Blvd, No. 26
Washoe Valley, NV 89704

Good Morning Phil,

It is a pleasure to present this proposal for the scope of work you have requested.

Your signature at the bottom of this proposal confirms your understanding of the terms and objectives of our engagement and the nature and limitations of the services we have been hired to perform. We will perform the following services:

Scope of Work

Accounting & Bookkeeping Services

(check all that apply)

Description

- Expense Entry
- Accounts Payable
 - Enter Bills
 - Pay Bills
 - Print Checks
 - Mail Checks
- Accounts Receivable
- Bank Reconciliations
- Accountant accuracy-check

• None at this time

A \$250 Set-up Fee is normally included in your first Invoice in addition to our regular Bookkeeping Fee.

***BOOKKEEPING SERVICE REQUIREMENTS:** All bills must be scanned & sent to our office as soon as they are received. We are not responsible for late payments if the Bill was not given to us for recording at least 5 business days prior to due date. Bank statements need to be emailed to our office as received. Bank accounts cannot be reconciled without the bank statements.

If errors, discrepancies or suspicious items are identified, a report will be submitted to you itemizing noted items.

- We will suggest correcting Adjusting Journal Entries to be recorded directly into QuickBooks and identify the specific source of each adjustment. We will inform you of these suggested adjustments & if necessary, await your approval.
- When requested we will provide interim financial statements. The financial statements will not be accompanied by a compilation report. You represent and agree that the financial statements are intended solely for your information and use and are not intended to be, and should not be, used by third parties. You also represent and agree that you will not distribute the statements to such third parties.

We will not audit or review the accompanying financial statements for we are not independent with respect to your company and, accordingly, do not express an opinion or any other conclusion about whether the financial statements are in accordance with generally accepted accounting principals (GAAP).

Notwithstanding these limitations, you represent that you have knowledge about the nature of the procedures applied and the basis of accounting and assumptions used in the preparation of the financial statements that allows you to place the financial information contained in the statements in the proper context.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform you of any material errors, and any evidence or information that comes to our attention during the performance of our compilation procedures, that fraud or consequential illegal acts that may have occurred. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

We will use amounts recorded in your general ledger by your prior bookkeeper without making any changes or corrections. You understand that correcting errors made by prior bookkeepers takes time and would require us to charge additional fees. Therefore, we are not responsible for the accuracy of any transactions recorded prior to the date this engagement letter is signed by you. We will keep an electronic copy of your accounting software company file as it was provided to us, before we record any transactions. We urge you to keep a copy of the file that you give us as well.

We will be responsible for all transactions recorded by us from the date of your acceptance of this engagement letter only. If we find errors in transactions recorded by your prior bookkeeper, we will notify you of these errors and it will be your responsibility to decide whether or not these errors will be corrected. If you decide to engage us to correct them, you agree to pay our normal hourly billing rates for us to perform this additional service.

If we prepare your federal and/or state tax returns (income/payroll/etc.) based on accounting records that we are not responsible for, as described in the two preceding paragraphs, we will not be responsible for the accuracy of the transactions we did not record. We will be prepared to defend the accuracy of all transactions recorded by us in the event of an audit by tax authorities, but we will not be prepared to defend transactions not recorded by us. We will, of course, be prepared to give our professional advice and recommendations for how to respond to inquiries by tax authorities, whether or not we were involved in the recording of the transactions in question.

The distribution of any accounting related reports (with or without our name associated) is restricted to the internal use of the management of your company, and, accordingly, will not be distributed to outside parties to obtain credit or for any other purpose without our prior express written consent. Our compilation engagement will not be planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.

Should you require any reports to outside parties, you agree to notify us so that we can do a Compilation engagement for that purpose.

Fees

The fee for the services outlined in this agreement may be billed as incurred on a monthly basis according to our standard billing rates. The work will be completed by our personnel at the appropriate level for the task being performed based on our knowledge of the expertise of each staff accountant, partner or support personnel. If you choose to use our online QuickBooks hosting service **the Online QuickBooks Hosting will be billed directly to you by Insynq at an estimated monthly rate of \$60.00**

Bullis and Company regularly upgrades the version of QuickBooks on our Online Hosting. Once a QuickBooks data file has been updated to a new version, Intuit **does not allow** the data file to be "downgraded" to a prior version of QuickBooks. If for some reason you would no longer like your QuickBooks to be hosted on the internet, it is understood and accepted that you may be required to purchase the most recent version of QuickBooks.

We are waving the one-time setup fee of \$250 for all new bookkeeping engagements.

Fees are payable as billed. There will be an additional charge of 1.5 percent per month for past due amounts. Additionally, we will bill you for out-of pocket disbursements, if any. Also, you should be aware that all work performed by firm personnel on or off premises is considered work for Bullis and Company.

Since your total monthly statement may reflect services charged on several different matters, it would be difficult, and thus it is not our firm's policy, to itemize the exact time devoted to each and every task. Therefore, it is understood and agreed that our firm will not routinely provide you with itemized breakdowns but, rather the invoices will consist of a sufficiently descriptive reference to the work performed and attributed to the specific tasks assigned. We do retain billing records for a period of time consistent with accepted regulations. However, if you have any questions regarding your statement you should call promptly upon the receipt of said statement.

Unanticipated Services

In addition to the services mentioned above that we are to provide, we can provide the following additional services if requested in writing, orally, or in person at our standard billing rates:

- Tax Preparation Service
- Audits & Financial Reviews
- Payroll
- Monthly Interim Financial Statements
- QuickBooks Training
- Consultation
- Responding to inquires or examination by taxing authorities regarding the returns.
 - We will be available to represent you regarding inquiries in writing, orally or in person from the taxing authorities.

It is understood that our fees for such services will be billed at our standard rates.

Furthermore the parties agree that if an anticipated need arises (such as, but not limited to, an audit by a taxing agency or any other service not anticipated in this agreement by the parties) that there may be additional charges for which we will be pleased to discuss our fee arrangements for these assignments with you.

Payments

A bill may be issued each month for time that has accumulated during the 1st through the end of each month. Billings become delinquent if not paid within 60 days of the invoice date. If billings are past due in excess of 60 days, we reserve the right to discontinue services until your account is brought current, or withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable for any damages that occur as a result of our ceasing to render services.

December 13, 2017

Any unpaid balance will accrue interest at 1.5% compounded monthly (18% A.P.R.). You have 60 days to challenge any part of our invoice, after which, the invoice becomes accepted as correct by you.

If any dispute arises, if the amount is larger than the maximum for small claims court, we both agree to try first in good faith to settle the dispute by mediation. Fees charged by any mediators or arbitrators shall be shared equally by all parties. We both acknowledge if the dispute controversy cannot be resolved through mediation; the next step will be binding arbitration.

We appreciate your confidence in our firm and shall be pleased to discuss this letter with you at any time.

If this letter correctly expresses your understanding, please sign the enclosed copy, in the space provided, and return it to us.

Sincerely,
Bullis and Company, LLC

By:

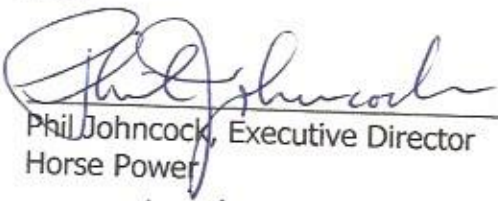

Kelly J. Bullis, CPA

Date

12/13/17

Accepted:

By:


Phil Johncock, Executive Director
Horse Power

Date

12/14/17