

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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CONSIDER A CAREER WITH US

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August, 2006

Gronewold, Bell, Kyhnn & Co. P.C. is a firm committed to providing a top quality service to our clients by employing outstanding personnel and by adhering to exceptional quality control standards. This commitment is evidenced by our membership in the Private Companies Practice Section of the American Institute of Certified Public Accountants. Our primary service area is western Iowa although we perform services for clients in all parts of Iowa and beyond.

We provide services to clients in a wide variety of industries, but, we have also developed recognized expertise in several industries. To enable us to tailor our services to the needs of our clients while maximizing the capabilities of our staff, we have developed four service areas.

## AUDITING

Performing the audit function is the attribute which sets certified public accountants apart from other professionals or consultants. As a part of our ongoing effort to maintain quality within the profession and for our firm, we have successfully completed several peer reviews. We subscribe to periodicals and audit services which assure us of remaining up-to-date on audit theory and practices. Approximately 28% of the services we perform are in the audit area.

## TAXES

In today's increasingly complex business world, individuals and businesses are finding the need to rely on knowledgeable tax consultants...because tax laws from federal, state and local governments are becoming increasingly complex. At Gronewold, Bell, Kyhnn & Co., we've succeeded in helping our clients solve their tax problems.

Our experience spans the tax gamut, from preparing multi-state tax returns for large corporations to counseling on tax problems for individuals and small businesses. We keep constantly updated with changing tax rules concerning federal and state income, gifts, estates, sales, payroll and property. We also help clients minimize taxes associated with liquidations and reorganizations, sales of businesses, mergers and acquisitions.

## MANAGEMENT ADVISORY SERVICES

The demands made on businesses require careful attention and how those demands are met can spell the difference between a profitable or unprofitable operation. We often consult with our clients on how best to manage their businesses. We advise them in manpower planning, raw material and finished goods control, profit planning, automated and manual accounting systems, and accounting systems controls and review. We help our clients, too, with personal financial planning, estate planning, pension and profit sharing plans, deferred compensation programs, investment analysis, and stockholder relations.

August, 2006

ACCOUNTING AND DATA PROCESSING

We also offer our clients the general accounting services essential to operating an effective business. These services take on many forms...including bookkeeping for small businesses, adjusting and closing books, preparing payroll tax reports, and training client personnel in accounting procedures. We utilize our in-house computer to process accounting data with programs customized to provide each particular client with monthly or quarterly financial statements in the most beneficial format.

We believe our growth is a result of our ability to help our clients succeed regardless of their size and a belief at all levels within our firm that quality work and client satisfaction are the keys to our success.

We are constantly looking for bright, aggressive professionals to contribute to and grow with our firm. We believe we offer a competitive salary and excellent individual development opportunities and fringe benefits as explained on the following pages. Our location provides the benefits of a smaller city while being only an hour away from both Des Moines and Omaha. If you are seeking a professional opportunity with a high quality firm which also provides you with a high quality of life, consider Gronewold, Bell, Kyhnn & Co. P.C.

GRONEWOLD, BELL, KYHNN & CO. P.C.

GRONEWOLD, BELL, KYHNN & CO. P.C.  
Schedule of Fringe Benefits

- I. Group Medical Insurance Benefits
- II. Cafeteria Plan Covering Excess Medical and Dependent Care Expenses
- III. SIMPLE - IRA Deferred Compensation Plan
  - A. Covers all employees who earn a minimum of \$5,000 in a calendar year.
  - B. Firm matches participating employees' voluntary contributions up to 1% or 3% of annual compensation.
  - C. All amounts are 100% vested.
- IV. Practice Development Incentive Plan
  - A bonus is paid to employees for new clients they develop for the firm.
- V. Holidays - Seven Annually
- VI. Vacation
  - A. First year through September 30, earn 10/12 of a day for each month completed, to be taken in the following year.
  - B. Two weeks is earned thereafter up to ten years when three weeks are earned.
- VII. Sick Days - 5 days allowed per year. One-half of any unused sick pay earned will accumulate up to 10 additional days.

GRONEWOLD, BELL, KYHNN & CO. P.C.  
Schedule of Fringe Benefits

VIII. Memberships Paid by Firm

- A. All CPA and client industry professional memberships.
- B. Specified civic organization memberships.

IX. Miscellaneous Benefits Provided

- A. The firm pays a bonus to an employee notified of passing the exam.
- B. The firm pays the cost of the first sitting of the CPA exam incurred while the person is employed.
- C. Time spent during first sitting for CPA exam considered hours worked.
- D. Firm pays for a minimum of forty hours of continuing education programs attended and hours are considered hours worked.
- E. Travel expenses related to work are paid (mileage plus actual other costs).
- F. Travel time to and from clients' offices is considered hours worked.

GRONEWOLD, BELL, KYHNN & CO. P.C.  
Excerpts from Firm Administrative Policies Manual

10.0 INDIVIDUAL DEVELOPMENT

10.1 ORIENTATION

The firm recognizes the importance of each member being familiar with all phases of our operations. An orientation checklist has been adopted to assure that new persons are made aware of all firm departments and how they may fit into the future of each.

The Director of Personnel will be responsible for the orientation process. He will issue all manuals, see that all required administrative forms are filled out, that all important administrative policies are made known, and that the new employee meets with the office director of each service department (Auditing, Accounting, Tax and MAS) sometime during his first week of employment.

10.2 EVALUATION

The firm's intention is to hire the most qualified people and to provide them maximum opportunity for advancement. Promotions are based not on seniority but on technical ability, leadership, willingness to accept responsibility and practice development achievements.

All management and staff personnel are evaluated once a year on the effectiveness of their performance and progress on goals established is reviewed periodically. This evaluation will include an analysis of the person's past performance and the setting of goals to be used in future evaluations. The evaluations and reviews will be conducted by members of management. Salary adjustments are made annually effective January 1. During October of each year a conference will be held with each employee of the P.C. to discuss budgeted hours for the next year. During January of each year a conference will be held with each employee to discuss salary adjustments.

Staff members are expected to demonstrate improvement in their work and knowledge.

GRONEWOLD, BELL, KYHNN & CO. P.C.  
Excerpts from Firm Administrative Policies Manual

INDIVIDUAL DEVELOPMENT, continued

10.2 EVALUATION, continued

As long as staff members are with Gronewold, Bell, Kyhnn & Co. P.C., they are invited to express their opinion to the owners regarding the firm's operations.

Every effort is made to receive and act upon new or alternative views.

10.3 COUNSELING

The firm recognizes the need for an informal as well as a formal counseling process. One-on-one conferences between an employee and a member of the owners group are encouraged concerning problems and interests of the employee both within the firm and in community life.

10.4 ADVANCEMENT

The P.C. is structured in a manner to facilitate the best operation of a public accounting firm.

Each individual is assigned a level within the firm depending on acquired knowledge and skills.

The five levels and approximate expected times to reach or stay in those levels are listed below:

<u>Level</u>	<u>Time at Level</u>	<u>Time with Firm</u>
Staff Accountant	1 - 2 years	0 - 2nd year
Senior	1 - 4 years	2 - 6th year
Supervisor	2 - 3 years	5 - 9th year
Manager	2 - 5 years	7 - 14th year
Principal	to Separation	8 and/or after

The approximate times indicated are not standards, however, they are estimates of the amount of time that a member of the firm can expect to stay at any level. It is the philosophy of the firm to promote an individual through these levels as quickly as they show the ability and desire to undertake the responsibilities of the next level. Normally, promotions are effective on January 1.

GRONEWOLD, BELL, KYHNN & CO. P.C.  
Excerpts from Firm Administrative Policies Manual

INDIVIDUAL DEVELOPMENT, continued

10.4 ADVANCEMENT, continued

Each promotion brings with it additional responsibilities. Below is a list of many of the responsibilities associated with each level:

Staff Accountants. Staff accountants are expected to -

- Work on portions of audit and accounting engagements.
- Assume full responsibility under supervision for small accounting engagements involving unaudited financial statements or tax returns.
- Draft complete financial statements.
- Become familiar with the contents of the firm manuals.
- Know the rules, regulations, and code of ethics of the AICPA and the (state) Society of CPAs.
- Be familiar with the pronouncements of the Financial Accounting Standards Board (FASB) and the AICPA, such as the statements on auditing standards (SAS's) and Accounting Principles Board opinions (APB's), and all other pronouncements.
- Progress professionally by working toward passing the CPA examination as soon as possible.
- Work on tax returns of all types and become familiar with tax regulations.
- Begin to develop contacts for practice development.



GRONEWOLD, BELL, KYHNN & CO. P.C.  
Excerpts from Firm Administrative Policies Manual

INDIVIDUAL DEVELOPMENT, continued

10.4 ADVANCEMENT, continued

Senior Accountant. A senior accountant is expected to -

- Assume full responsibility for small and medium-size audit engagements requiring the services of one or two people and large accounting engagements involving unaudited financial statements or tax returns.
- Work on (and research) assignments involving "theory" and such "conceptual" areas as materiality and interrelationships of accounts.
- Review and analyze internal control.
- Prepare audit programs and time budgets.
- Draft management letters.
- Train and supervise the staff assistants assigned to the engagement.
- Recognize, in advance, the possible problem areas of an engagement.
- Pass the CPA examination, if not already certified.
- Participate in practice development through community activities.

Supervisor. A supervisor is expected to -

- Establish expertise in one department of client services.
- Assume responsibilities in the management review process of the firm in his area of expertise.
- Assume full responsibility for large audit assignments falling within his expertise.
- Supervise the assignment of duties to, and the training of, personnel assigned to the engagement.
- Participate in practice development by seeking opportunities to make presentations to groups.

GRONEWOLD, BELL, KYHNN & CO. P.C.  
Excerpts from Firm Administrative Policies Manual

INDIVIDUAL DEVELOPMENT, continued

10.4 ADVANCEMENT, continued

Manager. A manager is a CPA and is expected to -

- Supervise a number of engagements at one time.
- In connection with engagement, be responsible for personnel scheduling, compliance with due dates, and monitoring time budgets.
- Adequately review all working papers and the completed reports to ascertain that both meet firm standards.
- Resolve all problems prior to the submission of the report for final principal review.
- Motivate and assist staff in their professional development.
- Represent the firm in professional and service organizations.
- Enhance the firm's reputation and his own through conducting seminars, making speeches, and the like.
- Assist principals with practice development and practice management.

Principal. In addition to attaining the responsibilities required of a manager, a principal must demonstrate -

- Leadership. Leadership means the ability to motivate, develop and be respected by subordinates; to conceptualize a problem; to be innovative and creative in reaching a solution; to inspire clients; to take a positive and aggressive attitude in approaching one's own responsibilities; to assume responsibility and authority with discretion and judgment; to effectively manage one's own time and that of subordinates.

GRONWOLD, BELL, KYHNN & CO. P.C.  
Excerpts from Firm Administrative Policies Manual

INDIVIDUAL DEVELOPMENT, continued

10.4 ADVANCEMENT, continued

- Technical Competence. This attribute requires having acquired a body of knowledge in a field of specialization coupled with the ability to apply that knowledge in reaching sound business decisions for clients and the firm; keeping current with new technical developments; demonstrating technical competency to clients and the public by one's expressed comfort with technical matters; having a breadth of knowledge about all services offered by the firm to insure optimal client service and resulting firm profitability.
- Ability to Contribute to Firm Growth. This ability enables a principal to contribute to firm growth by being aware of and encouraging existing clients to utilize all the firm's services; being alert to opportunities to obtain new clients; making high quality, successful presentations; bringing in new clients; making positive contributions to the firm's recruitment, education, development, and staff retention efforts.
- Business Sense. The good business person in any firm utilizes sound business knowledge and judgment on an ongoing basis; makes sound business decisions about client acceptance and retention; applies good business strategy in setting fees; is profit oriented; is timely and aggressive in billing and collection efforts; is efficient and effective in performance of administrative activities; and is mature in his or her outlook toward business reversals.
- Executive Presence. Executive presence is the image an individual portrays in the company of others. A principal has individual stature, integrity, moral courage, and leaves a lasting positive image in the minds of others; he or she demonstrates a positive enthusiastic attitude toward the firm, personal conduct and grooming, and the development of subordinates. An effective executive's subordinates seek his or her advice and counsel and superiors seek his or her opinion.

GRONEWOLD, BELL, KYHNN & CO. P.C.  
Excerpts from Firm Administrative Policies Manual

INDIVIDUAL DEVELOPMENT, continued

Within its organization structure the firm has been divided into various departments (Auditing, Accounting, MAS, Tax, Personnel, etc.). An individual accepting the responsibility to develop these departments will be assigned the title, Director of Tax, etc. These positions will be assigned to individuals who have reached the level of Senior or above. Job descriptions for each Director will be provided to define authority and responsibility.