



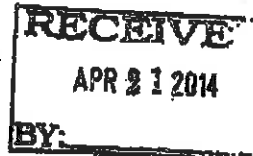
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April 14, 2014

Ms. Veloria Kelly
DIRECTOR
FLORIDA BOARD OF ACCOUNTANCY
DIVISION OF CERTIFIED PUBLIC ACCOUNTING
240 NW 76th Drive, Suite A
Gainesville, FL 32607



DS 2014-056

Dear Members of the Florida Board:

We wish to confirm our understanding of the current Occupations Code Section 901.003 with respect to the practice of public accountancy. We are a specialist CPA firm (Oregon #157157-90, Florida #AD68318, PCAOB #P05537) providing assurance services to the investment management industry. Approximately 22 of our over 700 client firms operate in Florida and the primary service we provide is attestation of investment performance returns. We invite you to examine further detail on our firm, its executives, and our services on our website: www.ashlandpartners.com.

We respectfully request the Board's opinion on the matters presented below. As we expect that the Board is unfamiliar with these specific services, for your convenience we have prepared and attached a description of the GIPS Standards, verification, performance examination, and the REIS Standards, along with hyperlinks to more detailed source documentation.

Our questions are these:

1. Is an entity (licensed or unlicensed) that advises an investment management firm on the policies and procedures associated with a claim of compliance with the Global Investment Performance Standards (GIPS[®]) engaged in the practice public accountancy as defined in Section 473.302 (B)(a) of Title XXXII - Regulation of Professions and Occupations, Chapter 473 ("Statute")?
2. Is an entity (licensed or unlicensed) that conducts a "Verification" or otherwise prepares a letter "verifying" an investment management firm's claim of compliance with the Global Investment Performance Standards (GIPS[®]) engaged in the practice of public accountancy as defined in Section 473.302 (B)(a) of the Statute?
3. Is an entity (licensed or unlicensed) that conducts a "Performance Examination" or otherwise prepares a letter "examining" an investment management firm's investment performance record engaged in the practice of public accountancy as defined in Section 473.302 (B)(a) of the Statute?
4. Is an entity (licensed or unlicensed) that conducts a "verification," however so named, or otherwise prepares a letter attesting to a real estate firm's claim of compliance with the Real Estate Information Standards (REIS) engaged in the practice of public accountancy as defined in Section 473.302 (B)(a) of the Statute?



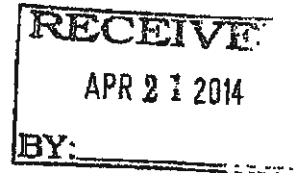
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Our questions are these:

1. Is an entity (licensed or unlicensed) that advises an investment management firm on the policies and procedures associated with a claim of compliance with the Global Investment Performance Standards (GIPS[®]) engaged in the practice public accountancy as defined in Section 473.302 (8)(a) of Title XXXII - Regulation of Professions and Occupations, Chapter 473 ("Statute")?
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Underlying each of our questions is the assumption that the provider offers to prospective clients to perform for compensation, or who does perform on behalf of clients for compensation, those professional services described above. We do not assume that such providers are registered as CPAs or otherwise operating under practice privilege or reciprocity. In fact, we know this to not be the case. We estimate that unlicensed or unregistered practitioners attest to roughly 75 billion dollars in assets managed in Florida.

Should you have any questions, please feel free to reach out to any of our partners directly.

Sincerely,

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Ashland Partners & Company LLP

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The Global Investment Performance Standards (GIPS®)

For detailed information, visit www.gipsstandards.org

The Global Investment Performance Standards (GIPS) (“GIPS Standards”) are a voluntary set of ethical guidelines for investment advisor firms developed by the CFA Institute (formerly the Association for Investment Management and Research). Based on the principles of full disclosure and fair representation, the GIPS standards strive to create an environment in which potential and existing investors can make a fair comparison of performance returns between firms. Firms must adopt the GIPS Standards in their entirety and are prohibited to make a partial claim.

The GIPS Standards are recognized as the industry best practice and a de facto regulatory standard. Prospective investors, comprised primarily of institutions such as public pension funds, have a greater level of confidence in the integrity of the performance information presented as well as the internal controls and business practices of firms that claim GIPS compliance. The GIPS Standards also allow firms to compete globally while holding each individual firm to standard calculation and presentation requirements.

Before the introduction of the Standards in 2006 (and predecessor AIMR Performance Presentation Standards in 1992), investment managers would present performance through a variety of means, including selection of a “representative account”, cherry picking accounts to include in their calculations, or applying different calculation methodologies to different periods. Such practices ranged from window-dressing to outright fraudulent misrepresentation of investment performance.

The “final product” of the GIPS Standards could be considered the investment performance presentation that is provided to prospective investors. These presentations consist of required performance data such as total firm assets, composite assets, composite return(s), number of accounts, an applicable benchmark return, and calculations to indicate risk. In addition to the required performance data firms must be accompanied by all applicable disclosures.

Verification

For detailed information, visit

http://www.gipsstandards.org/standards/guidance/develop/pdf/gips_verification_clean.pdf

Firms may voluntarily seek independent assurance that their claim of compliance with the GIPS standards is accurate and complete. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. A verification is conducted by an independent third-party “verifier”.

Verification is a public attestation to a firm’s investment performance record methodologies and internal controls vis-a-vis GIPS compliant policies and procedures. This involves understanding the firm and their interpretation of the GIPS. In the industry, a verified firm would reasonably be considered more credible than a firm that is claiming GIPS compliance without an independent

verification. Verification offers a marketing advantage to firms because the GIPS Standards now require that firms publicly state if they have been verified and for what period(s).

A verification is not an audit and is substantially less in scope than such. However, like an audit, the verifier uses sample selection using criteria such as number of portfolios and total firm assets. Verification procedures are extensive and testing requirements include

- Classification of receipts, disbursements, dividends, interest, fees, and taxes);
- Accounting treatment of income, interest, and dividend accruals and receipts;
- Accounting treatment of taxes, tax reclaims, and tax accruals;
- Accounting treatment of purchases, sales, and the opening and closing of other positions; and
- Accounting treatment and valuation methodologies for investments, including derivatives.

The verifier issues an opinion letter attesting to the firm's composite construction (performance calculation) practices and policies and procedures. The AICPA has issued guidance to CPA firms on verification in the form of SOP 06-1, "Reporting Pursuant to the Global Investment Performance Standards".

There is no licensing, accreditation, or otherwise formal training or certification of verifiers. The verification must simply be performed by a "verifier" with appropriate professional abilities and experience, and a practical level of expertise regarding investment management practices, including performance calculation procedures and business processes. Verifiers must be knowledgeable about the GIPS standards and must understand all the requirements and recommendations of the GIPS standards, including any updates, Guidance Statements, interpretations, Questions & Answers (Q&As), and clarifications published by CFA Institute and the GIPS Executive Committee, which are available on the GIPS standards website (www.gipsstandards.org) as well as in the GIPS Handbook. Verifiers must also be knowledgeable of applicable laws and regulations regarding the calculation and presentation of performance.

The verification must be performed by a verifier who is independent of the investment management firm. Verifiers must maintain fairness and independence at all times when performing procedures to evaluate a firm's claim of compliance as well as in expressing their opinion in the verification report.

The GIPS standards do not include additional qualification requirements to conduct a verification.

Performance Examination (Audit)

For detailed information, visit

http://www.gipsstandards.org/standards/guidance/archive/pdf/gips_perf_examination_gs.pdf

In addition to verification there is the second level of attestation that can be provided by a verifier under the GIPS standards. A verification report (described above) does not opine to the performance of any specific composite. However, a firm may elect to have a performance examination (or performance audit) conducted to test whether the composite has been constructed,

calculated, and presented in compliance with the GIPS Standards. It should be noted that a firm cannot have a performance examination completed on a specific composite without having a firm-wide verification completed.

A performance examination is most commonly conducted on composites that are being actively marketed. This is imperative with most institutional prospects and in cases where consultants ask if the performance has been "audited." Firms whose composites have been examined must state so, and this further implies greater integrity and accuracy to the values presented. Performance examination provides a further marketing advantage and distinction to the examined firm over and above that of verification.

During a performance examination, the verifier will conduct testing on a sample of the composite's portfolios. The sample selection must be based on knowledge of the investment management firm, the GIPS standards, and of applicable country-specific laws and regulations as well as knowledge of the firm's policies. Criteria outlined to consider when selecting the sample include the number of portfolios in the composite, definition of the composite, total assets of individual portfolios relative to total composite assets, internal control structure at the firm, number of years under examination, and use of technology and external service providers. Verifiers must determine whether capital contributions and withdrawals, income, expenses, purchases and sales have all been recorded properly and at the correct amounts on a timely basis. In addition, verifiers must determine whether beginning and ending valuations of security positions are valued correctly on the appropriate dates. The GIPS standards also require Verifiers to provide assurance that computation of the portfolio and composite returns are appropriate and consistently applied through sample testing. Lastly, Verifiers are tasked with determining whether the composite performance presentation includes all information and disclosures required by GIPS and can be supported by available documentation. As indicated above, a performance examination requires testing the transactional detail of the sampled accounts to provide assurance that the performance is representative of the strategy implemented.

Performance Examination guidance for CPA firms is also found in SOP 06-1 but is more broadly covered under principles set forth in AT-101. Language that a firm's performance has been examined is typically into the firm's verification opinion, and so represents a public attestation that a firm's investment performance record has undergone considerable scrutiny at the transactional level.

The Real Estate Information Standards (REIS)

For detailed information, visit www.reisus.org

The Standards incorporate by reference governance from its foundational standards bodies, where applicable, to the institutional equity real estate investment management community (Industry). The Foundational standards of REIS are established standards from authorized bodies including but not limited to valuation standards established through Uniform Standards of Professional Appraisal Practice (USPAP), accounting standards established by accounting principles generally accepted in the United States of America (GAAP), and the performance measurement and reporting standards promulgated by the CFA Institute known as the Global Investment Performance Standards (GIPS).

The REIS Standards provide guidance in specific areas where accounting standards are silent or subject to interpretation. For example, the REIS Standards do not contradict GAAP and compliance with the REIS Standard for Accounting is predicated on compliance with GAAP. Where options exist under GAAP, the REIS Standards aim to promote consistency and comparability. The purpose of the fair value accounting standards contained within the REIS Standards is to provide current accounting standards and related guidance (in the form of required and recommended practices) that are useful to users and preparers of financial information and that can be complied with and subject to independent verification. These standards promote consistent, comparable, transparent, and verifiable financial information to the U.S. private, tax-exempt institutional real estate community.

REIS is in its infancy and as such is not widely adopted. However, as alluded to above, the REIS Board envisions that once a firm claims compliance with the REIS Standards, it could be "verified" (or some other term) in a manner similar to that of GIPS.