



Chairperson
Vic Baker

President and CEO
Rudolph A. Johnson, III

Neighborhood House Association

REQUEST FOR PROPOSALS

For Audit Services for the Neighborhood House Association

Request # 2013-002

Issue Date: December 18, 2013

Response Due Date: January 31, 2014 no later than 4:30pm

Audit Committee Chair – Randy Frisch

Request

The Neighborhood House Association (“NHA”) is requesting proposals for a licensed, Certified Public Accountant firm or individual to conduct NHA’s financial and compliance audit for the fiscal year ending June 30, 2014 and a pension audit 401(k) for year ending December 31, 2013. Qualified businesses or individuals (“Offerors”) who are interested in providing such services must demonstrate the ability to perform the work described in the Scope of Services set forth in this Request for Proposal (the “RFP” or “Request”) and have significant experience successfully performing comparable work.

NHA is not required to engage in a public bidding process to solicit proposals, quotes, information or statements of qualification. This process is not subject to protest or appeal.

This Request is not an offer or commitment to purchase any goods or services or to award or enter into a contract.

Proposal Timelines:

RFP release – December 18, 2013

Offerors conference – January 6, 2014

Last day for questions – January 17, 2014

Proposal due – January 31, 2014

Selection date – February 28, 2014

Engagement letter – March 1, 2014

Compliance audit – May 2014

Draft of audit – October 31, 2014

Information on NHA

NHA is a nonprofit organization which serves the county of San Diego, California. NHA is a private, nonprofit corporation and has been determined to be exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is governed by a 19 member volunteer Board of Directors. Administrative offices and all records are located at 5660 Copley Drive, San Diego, CA 92111. Other offices are located throughout the County of San Diego.

NHA uses an automated accounting system called SAGE Fund accounting software. NHA reports on 13 funds (refer to Exhibit A, NHA's Budget Summary for Fiscal Year 2013/2014) which are a compilation of over 21 areas.

Financial statements are reported per GAAP with the program areas presented per grant / fund accounting. The main difference between the fund accounting presentation and GAAP is depreciation. Capital assets approved under the fund/grant accounting method are expensed in the year authorized where as GAAP requires the capitalization and depreciation of the same asset. This inherently brings reconciliation differences into NHA's accounting system.

NHA has a functioning audit committee and finance committee. NHA reports its financial condition on a monthly basis to the finance committee of the Board of Directors. The finance committee approves the agencies budget, approves policy and reviews budget to actual comparisons on a monthly basis. The audit committee oversees the audit process and the approval of the Form 990 tax filing and schedules required.

Some vital statistics of NHA:

- NHA operates out of one operational bank account but maintains several other bank accounts for fiduciary and investment purposes.
- Payroll is run biweekly or approximately 26 pay periods per year.
- NHA's payroll is processed in-house for 779 employees (approximately 675 regular employees with the remainder being substitutes or on contract) using the Abra software. Time is tracked electronically through Timestar. Payroll tax deposits and W-2 filings are processed through a third party provider. Payroll check registers are imported into the SAGE accounting software. An exception report is also run each pay period as part of risk management.
- Payroll and fringe benefits are approximately 41% of the total budget with delegate contracts at 44% followed by goods and services of 8%, contracted services at 3% and leases of 4%.
- Accounts payable averages 1,270 checks per month or 15,245 per year.
- In kind contributions are valued at over 19 million dollars.

Scope of Services for this Request

Scope of Services # 1 of 2

A. Scope of a Financial and Compliance Audit

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, (referred to herein as the "Offeror") to perform a financial and compliance audit of NHA.

Government Audit Standards, states on page 2-1:

Financial statement audits determine (1) whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash flows or changes in financial position in accordance with generally accepted accounting principles, and (2) whether the entity has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

B. Description of Programs/Contracts/Grants

- A budget summary for fiscal year 2013/2014, attached hereto as **Exhibit A**, has been included showing a budget of \$77.8 million dollars with contract years and funding source.
- A Schedule of Expenditure of Federal Awards (SEFA), attached hereto as **Exhibit B**, from prior year which listed the Federal programs to be audited.
- In that NHA is 95% Federal dollars, a single audit and the compliance supplement as required by OMB A-133 must be performed.
- The single audit must be submitted to the Federal Audit Clearinghouse.
- The State of California Department of Education has requirements and specific schedules regarding general child care and food reimbursement (a pass through from USDA).
- NHA maintains an indirect cost rate (currently at 10.5%) as approved by the Department of Health and Human Services of the Federal Government, NHA's cognizant agency.

C. Performance

The Offeror is required to prepare audit reports in accordance with the *Government Audit Standards*, and comply with State of California, Department of Education requirements. Single audit guide OMB A-133, Department of Education green book along with funding terms and conditions are required.

It has been past practice to present the A-133 audited financial statements in one report and the State awards or CDE required reporting under separate cover.

D. Delivery Schedule

Offeror is to transmit one (1) copy of the draft audit report to NHA's Audit Committee Chair. The draft audit report is due on October 31, 2014.

The Offeror shall deliver forty-five (45) final audit reports to NHA's Audit Committee no later than November 12, 2014.

Reports may be submitted earlier than the above schedule. However, if the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all of the provisions of this contract. NHA may, by written notice of default to the Offeror, terminate the whole or any part of this contract. Under certain extenuating circumstances the contracting agent may extend this schedule upon written request of the Offeror with sufficient justification.

E. Price

The Offeror's proposed price should be submitted separately. Include information indicating how the price was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should also be indicated. The pricing information should be in a separate sealed envelope.

F. Payment

Payment will be made when NHA has determined that the total work effort has been satisfactorily completed. Should NHA reject a report, NHA's authorized representative will notify the Offeror in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice for payment.

Progress payments will be allowed to the extent that NHA can determine that satisfactory progress is being made.

Upon delivery of the forty-five (45) copies of the final reports to NHA and their acceptance and approval, the Offeror may submit a bill for the balance due on the contract for the audit.

G. Audit Review

All audit reports prepared under this contract will be reviewed by NHA and its funding sources to ensure compliance with General Accounting Office's (GAO) *Government Audit Standards* and other appropriate audit guides.

H. Exit Conference

An exit conference with NHA's representatives and the Offeror's representatives will be held at the conclusion of the field work. Observations and recommendations must be summarized in writing and discussed with NHA. It should include internal control and program compliance observations and recommendations.

I. Work papers

- Upon request, the Offeror will provide a copy of the work papers pertaining to any questioned costs determined in the audit. The work papers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.
- The work papers will be retained for at least three (3) years from the end of the audit period.
- The work papers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and NHA.

J. Confidentiality

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to NHA, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit other to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to these employees on the Offeror's staff who must have the information on a "need-to-know" basis.

The Offeror agrees to immediately notify, in writing, NHA's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

K. AICPA Professional Standards

The AICPA Professional Standards state:

Ethics Interpretation 501-3 - Failure to follow standards and/or procedures or other requirements in governmental audits.

Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement, and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements.

Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his report the fact that such requirements were not followed and the reasons therefore.

Scope of Services # 2 of 2

The purpose of this second (2nd) Scope of Services is for Offeror to conduct an audit of NHA's accompanying statements of net assets available for benefits of NHA's 401(k) Plan as of December 31, 2013 and all relevant statements, schedules and financial records, including rendering a professional opinion on additional schedules as required. Offeror shall complete its Services and provide NHA not less than ten (10) bound final copies of NHA's financial statements and accompanying audit report not later than two weeks prior to the Form 5500 filing date or approved extension whichever applies.

The Services to be performed by Offeror shall include, but not necessarily be limited to:

- A. Conducting the audit, in accordance with Generally Accepted Audit Standards (GAAS) and Government Auditing Standards to the extent necessary to render a separate opinion on the following:
 - (1) Benefit Plan's Basic Financial Statements; and
 - (2) Footnote preparation.
- B. Offeror's audit of relevant statements and schedules shall be sufficient to:
 - (1) Enable it to express an informed written opinion on the fair presentation on the respective financial position of the Benefit Plan's activities for the period ended December 31, 2013 and the respective changes in financial position for the year ended in conformity with US Generally Accepted Accounting Principles (GAAP); and,
 - (2) Issue a management letter to the extent considered appropriate, or as requested by NHA and recommend improvement in any areas brought to Offeror's attention during the course of the audit;
- C. The Offeror also shall:
 - (1) Conduct an exit conference with NHA's Benefit Department and Finance Department Staff and Audit Committee prior to the issuance of its reports;
 - (2) Make a formal presentation of the audit findings and reports to NHA's Audit Committee and Board of Directors, as scheduled by NHA; and,
 - (3) Provide advice and periodic consultations for changes in accounting rules and regulations;

In the event that the audit discloses irregularities or unforeseen conditions requiring a

more extensive examination than contemplated in the Scope of Services set forth above, Offeror shall report such conditions to NHA's Audit Committee. In such event, the parties will negotiate for such supplemental services and compensation as may be required to complete the audit, without regard to any maximum fee.

If requested, NHA's Board of Directors may request that Offeror perform special purpose reviews or such other work as the Board of Directors may determine necessary. In such event, the parties will negotiate the terms and compensation for such services and incorporate the same into a separate engagement letter.

The projected start date for work included in each Scope of Work above is March 1, 2014.

Offeror's Technical Qualifications

A. Prior Auditing Experience

The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include the following categories:

1. Prior experience auditing nonprofit organizations.
2. Prior experience auditing similar programs funded by California Department of Education particularly general child care programs and the Child & Adult Care Food Program (CACFP).
3. Prior experience auditing programs financed by the Federal Government particularly Head Start and HUD
4. Prior experience auditing similar county or local government activities particularly HIV, Senior Nutrition, Medical Billing and Adult Day Health Care.

B. Organization, Size, and Structure

The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is a small or minority-owned business. Offeror should include a copy of the most recent Peer Review, if the Offeror has had a Peer Review.

C. Staff Qualifications

The Offeror should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup
2. Overall supervision to be exercised

3. Prior experience of the individual audit team members: Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience, continuing professional education, state(s) in which licensed as a CPA, etc. will be considered.

D. Understanding of Work to be Performed

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

E. Certifications

The Offeror must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offerors by NHA, because NHA desires to contract only with the Offeror who is already familiar with these publications.

Response Requirements and Content

Prior to submitting a response, Offeror must carefully review this Request and any addenda subsequently issued. The Offeror is responsible for seeking any clarification or information needed to respond. The Offeror is solely responsible for any deficiencies in the response submitted.

The Offeror must review the terms and conditions set forth in the specimen Engagement Letter attached hereto as **Exhibit C**, and, in the submittal, specifically identify any provisions the Offeror finds unacceptable or desires to negotiate.

The Offeror is solely responsible for all costs, direct or indirect, incurred responding to this Request. NHA will incur no obligation or liability in connection with the submittal of a response.

A responsive submittal must include the following:

- a completed and signed NHA Request Response Submittal Cover Sheet
- a brief description of the firm or business entity, including firm history, number of employees, organization structure, ownership structure and expertise, and resumes for principals or employees who would perform the Services in this Request, **or** in the case of an individual Offeror, a detailed personal resume or curriculum vitae
- a list of current and former clients to whom the Offeror has provided services similar or comparable to those described in this Request, and contact information (name and telephone or email address) for at least three (3) clients from whom NHA may obtain references, and clearly

identify any business relationship that the Offeror believes may give rise to a conflict of interest if selected to provide the Services in this Request

- a detailed listing and description of experience, specialized training, and other information that demonstrates the Offeror's expertise and capacity to provide the Services specified in this Request
- information demonstrating the Offeror's commitment to equal opportunity, such as efforts related to workforce diversity or contracting
- any other relevant information that Offeror believes would assist NHA in evaluating the submittal

Alternates/Deviations. A Offeror may recommend consideration of alternate or additional services or material not identified in this Request or deviations from the Scope of Services in this Request that Offeror believes will enhance the specified Services or more successfully achieve the outcome sought by this Request. Any alternates or deviations must be separately listed and described; however the submittal also must be responsive to the Scope of Services described in this Request.

Proprietary Information. Certain documents in NHA's possession are subject to inspection and copying pursuant to the Federal Head Start regulations; however, the regulations do not require disclosure of proprietary information that constitutes a trade secret under California law. NHA will attempt to protect legitimate proprietary information included in any submittal, but shall not be liable for the disclosure of any proprietary information.

Proprietary information included with a response submittal must be separately bound and clearly labeled with the words "Confidential Proprietary Information." Appropriate reference to this separately bound information must be made in the body of the submittal. ***Marking the entire submittal as proprietary will result in it being rejected and returned to the Offeror participant unread.***

Response Submittal Procedures

Clarifications & Inquiries. Requests for clarification regarding this Request must be directed to Kim Peck, Chief Financial Officer and submitted in writing, by facsimile to 858-715-2670 or by E-mail to **kpeck@neighborhoodhouse.org** prior to the submittal deadline. The last day for question submittal is January 17, 2013.

Addenda. Any material changes to this Request resulting from either a request for clarification or a business decision of NHA will be issued in written form in the same manner this Request was advertised. All changes in such addenda shall supersede or supplement this Request. Offerors are solely responsible for determining whether any addenda have been issued prior to submittal of a response.

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by NHA.

Response Submittal Package. Offeror must submit the following documents in a *properly sealed envelope*, as referenced below:

- Three (3) signed original and three (3) copies of the NHA Request Response Submittal Form, attached hereto as **Exhibit D**.
- Three (3) copies of a typed or printed document on 8½ x 11 white paper that is a compilation of all of the information set forth in the Response Requirements and Contents.
- One (1) Copy W-9 Form

The envelope must be addressed as follows:

Neighborhood House Association
Attn: Audit Committee Chair
5660 Copley Drive
San Diego, CA 92111

Additionally, it is important that the Offeror's proposal be marked in the lower left-hand corner with the following information:

Request for Proposal #2013-002
4:30 p.m. on January 31, 2014
Sealed Proposal
For Audit Services

Failure to do so may result in premature disclosure of your proposal.

Submittal Deadline. Submittals must be received by **4:30 pm (PST)** on **January 31, 2014**. **Proposals received after the submittal deadline may be rejected.**

It is the responsibility of the Offeror to insure that the proposal is received by NHA by the date and time specified above.

Right to Reject. NHA reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

Small and/or Minority-Owned Businesses. Efforts will be made by NHA to utilize small businesses and minority-owned businesses. A Offeror qualifies as a small business firm, if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.201).

Submittal Methods. Submittals may be sent by U.S. or private delivery mail service or by personal delivery to NHA's Administration Offices. Submittal by E-mail, in Adobe Acrobat (PDF) format, will be accepted provided the signed original NHA Request

Response Submittal Cover Sheet is received within twenty-four (24) hours after the submittal deadline.

Withdrawal of Submittal. A Offeror may withdraw its proposal by written request at any time prior to the submittal deadline. NHA will destroy and not return the submittal package.

Proposal Evaluation

A. Submission of Proposals

All proposals shall include two copies of the Offeror's technical qualifications, two copies of the pricing information (in a separately sealed envelope), and two copies of the signed Certifications. These documents may become part of the contract.

B. Non-responsive Proposals

Proposals may be judged non-responsive and removed from further consideration if any of the following occur:

1. The proposal is not received timely in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal does not include the Certifications.
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the *Government Audit Standards* of the U.S. Comptroller General.

C. Evaluation will be scored in the following factors:

1. Prior experience auditing similar programs funded by federal, state and local government entities and nonprofit entities.
2. Organization, size and structure of Offeror's firm.
3. Qualifications of staff assigned to the audits to be performed as well as prior experience of team members.
4. Offerors understanding of work to be performed.
5. Price

Selection Process

This Request is seeking to identify the entities and persons most qualified to provide the Services. NHA, in its sole discretion, will determine which Offerors are most qualified to provide the Services, based on the information in the response submittals and input from references provided. These Offerors may be asked to interview with NHA representatives and respond to questions regarding the submittal response. NHA may elect to negotiate pricing with one or more of the best-qualified Offerors. NHA, in its sole discretion, will make its final selection of the Offeror whose experience, expertise, reputation, capabilities, past performance and cost is determined to be most advantageous to NHA. NHA's decision is final and is not subject to any form of administrative review, appeal or protest.

Notification of Award

It is expected that a decision selecting the successful audit firm will be made within four (4) weeks of the closing date from the receipt of proposals or February 28, 2013.

Upon conclusion of final negotiations with the successful audit firm, all Offerors who have submitted proposals in response to this RFP will be informed, in writing, of the name of the successful audit firm.

The contract is for three (3) years. At the discretion of NHA, the awarded audit contract can be extended for two (2) additional one (1) year periods for a total of five (5) years of audit engagement. The cost for the option periods will be agreed upon by NHA and the awarded party. It is anticipated that the cost for the optional years will be based upon the same approximate cost per thousand dollars of audited expenditures as the contract for the initial year.

Contracting Process

Neither this Request nor the selection of a Offeror will create a binding commitment on NHA. Upon completion of the selection process, NHA will award a contract to the party whom it elects to provide the Services in this Request. A binding commitment will only occur when a contract between NHA and the successful Offeror has been fully executed.

Certifications

On behalf of the Offeror:

1. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.

2. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
3. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
4. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
5. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
6. The individual signing certifies that the Offeror is a properly licensed certified public accountant, or a public accountant licensed on or before *(date of licensing)*.
7. The individual signing certifies that the Offeror meets the independence standards of the *Government Auditing Standards*.
8. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours education will be in subjects directly related to the government environment and to government auditing for individuals.
9. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
10. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
 - *Government Auditing Standards (Yellow Book)*
 - *OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions*
 - *OMB Circular A-133 - Compliance Supplement*
 - *2 CFR 215, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations; formerly OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*

- 2 CFR 230, *Cost Principles For Non-Profit Organizations*; formerly OMB Circular A-122, *Cost Principles for Nonprofit Organizations*
 - *A Guide for Nonprofit Organizations: Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contract with the Department of Health and Human Services*
 - *Audits of Voluntary Health and Welfare Organizations* (AICPA Audit Guide)
 - *Audits of Certain Nonprofit Organizations* (AICPA Audit Guide) (NOTE: If the entity is a unit of government, replace 4-8 above with the following:)
 - OMB Circular A-102, *Uniform Administrative Requirements for Grants-In-Aid to State and Local Governments* including the Common Rule (Note: A-102 should be listed if funding source contracts require compliance with A-102/Common Rule.)
 - 2 CFR 225, *Cost Principles for State, Local, and Indian Tribal Governments*; formerly OMB Circular A-87, *Cost Principles for State and Local Governments* (Note: A-87 should be listed if funding source contracts require compliance with A-87.)
 - *Audits of State and Local Units of Government* (AICPA Audit Guide) (Note: The RFP should also list any regulations, publications, or audit guides that are relevant to specific programs to be audited. For example, if a Department of Energy weatherization program is to be audited, the Offeror should be familiar with 10 CFR Part 600, DOE's administrative requirements, and 10 CFR Part 400, DOE's weatherization program requirements.)
11. The individual signing certifies that he/she has read and understands all of the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.
12. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Successful bidder will be required to sign an Engagement Letter from the NHA Audit Committee, substantially in the format as set forth in Exhibit D, attached hereto.

(Dated this _____ day of _____, 20____.)

(Offeror's Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)

Disclaimers

NHA anticipates a single contractor will be selected as a result of this Request; however, NHA reserves the right, in its sole discretion, to award contracts to multiple contractors. NHA further reserves the right, in its sole discretion, to reject any or all response submittals, waive any informalities in this process or the submittal requirements; and/or cancel, in whole or in part, this Request.

Attachments

The following documents are attached hereto and incorporated herein:

- ***Critical Deadline Review***
- ***Exhibit A – Budget Summary for Fiscal Year 2013/2014***
- ***Exhibit B – Schedule of Expenditure of Federal Awards***
- ***Exhibit C – NHA Audit Committee Engagement Letter***
- ***Exhibit D – NHA Request Response Submittal Cover Sheet***

Critical Deadline Review

Offeror Deadlines:

- A. Offeror's Conference:
Date: January 6, 2014
Time: 9:00 a.m.
Location: 5660 Copley Drive, San Diego, CA. 92111
- B. Closing Submission Date: Proposals must be submitted **no later than 4:30 p.m.** (Pacific Standard Time) on **January 31, 2014.**
- C. Notification of Award: It is expected that a decision selecting the successful audit firm will be made within four (4) week of the closing date from the receipt of proposals or February 28, 2014.

Upon conclusion of final negotiations with the successful audit firm, all Offerors who have submitted proposals in response to this RFP will be informed, in writing, of the name of the successful audit firm.

Awarded Firm Deadlines:

- D. Draft of the Audit Report: Offeror is to transmit one copy of the draft audit report, for NHA's records for fiscal year ending June 30,2014, to NHA's representative. **The draft audit report is due: October 31, 2014.**

EXHIBIT A**NHA Budget Summary**

for Fiscal Year 2013 / 2014

Program	Funding Source	Funding Period	Total Budget	Finance Approval	BOD Approval	Subsidy
Head Start	Dept. of Health and Human Services	7/1/13 - 6/30/14	\$67,531,826	March-13	April-13	\$0
Child Development	California Dept. of Education	7/1/13 - 6/30/14	3,597,560	Automatic Renewal		0
First 5 - SD QPI	California Dept. of Education	7/1/13 - 6/30/14	257,620	May-13	June-13	0
Central Kitchen	Dept. of Agriculture	10/1/11 - 9/30/12*	2,208,303	Automatic Renewal		92,736
Project Enable - Clinic	County of San Diego	7/1/13 - 6/30/14	1,657,770	May-13	June-13	0
Project Enable - Clubhouse	County of San Diego	7/1/13 - 6/30/14	376,780	May-13	June-13	0
Project Enable - In-Reach	County of San Diego	7/1/13 - 6/30/14	350,000	May-13	June-13	0
Project Enable - Geriatric Specialty	County of San Diego	7/1/13 - 6/30/14	190,086	May-13	June-13	0
Adult Day Health Care	CA Dept. of Aging / Dept. of Agriculture	7/1/13 - 6/30/14	898,788	May-13	June-13	22,795
HIV/AIDS Case Management	Dept. of Health and Human Services	3/1/13 - 2/28/14*	374,627	January-13	February-13	0
HIV/AIDS Transportation	Dept. of Health and Human Services	3/1/13 - 2/28/14*	138,859	January-13	February-13	0
Senior Nutrition Programs	Dept. of Health and Human Services	7/1/13 - 6/30/14	196,161	May-13	June-13	83,610
HUD Housing Counseling	Dept of Housing and Urban Development	10/1/12 - 9/30/13*	89,444	December-12	January-13	12,982

TOTALS**\$77,867,824****\$212,123**

Indirect Cost ° Federal Approved Rate 10.5% 7/1/13 - 6/30/14 5,292,032

* Program Year is different from Fiscal Year

° Indirect cost is part of the total budget

EXHIBIT B

Schedule of Expenditure of Federal Awards

Neighborhood House Association

Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Award Number	Net Federal Program Expenditures
U.S. Department of Health and Human Services			
Head Start Program	93.600	09CH7015/47	<u>\$ 70,115,748</u>
Passed through from the County of San Diego:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	533569	12,400
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	533569	135,421
Nutrition Services Incentive Program	93.053	533569	<u>22,548</u>
Total Aging Cluster			<u>170,369</u>
HIV Emergency Relief Project Grants (Case Management)	93.914	537490	253,253 ⁽¹⁾
HIV Emergency Relief Project Grants (Case Management)	93.914	537490	102,451 ⁽²⁾
HIV Emergency Relief Project Grants (Transportation Services)	93.914	536702	114,705 ⁽¹⁾
HIV Emergency Relief Project Grants (Transportation Services)	93.914	536702	59,853 ⁽²⁾
Total for HIV Emergency Relief Project Grants			<u>530,262</u>
Total U.S. Department of Health and Human Services			<u>70,816,379</u>
U.S. Department of Agriculture			
Passed through from the State Department of Education:			
Child and Adult Care Food Program:			
Child Care Centers	10.558	04500-CACFP-37-NP-CS	1,152,971
Adult Day Care Centers	10.558	04500-CACFP-37-NP-CS	<u>46,065</u>
Total U.S. Department of Agriculture			<u>1,199,036</u>
U.S. Department of Education			
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-2239	148,142
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-2467	<u>141,477</u>
Total for Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>289,619</u>
Child Care and Development Block Grant	93.575	CCTR-2239	81,471
Child Care and Development Block Grant	93.575	CSPP-2467	<u>77,674</u>
Total for Child Care and Development Block Grant			<u>159,145</u>
Total CCDF Cluster			<u>448,764</u>
Passed through from the Rural Community Assistance Corporation:			
Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets	14.000		<u>83,679</u>
Total Department of Housing and Urban Development			<u>83,679</u>
Total Expenditures of Federal Awards			<u>\$ 72,547,858</u>
Notes:			
⁽¹⁾ Program year - July 2012 - February 2013			
⁽²⁾ Program year - March 2013 - June 2013			
Value of non-cash assistance (in - kind)			\$ 20,171,217
Amount of insurance expense during the year			160,788
Loan guarantees outstanding at year - end - Head Start only			47,721

See Notes to Schedules of Expenditures of Federal and State Awards.

EXHIBIT C
NHA Audit Committee Engagement Letter



Chairperson
Vic Baker

President and CEO
Rudolph A. Johnson, III

FISCAL DEPARTMENT
Kim Peck, Chief Financial Officer
Voice (858) 715-2642
Fax: (858) 715-2670
E-mail: kpeck@neighborhoodhouse.org

March 1, 2014

[Offeror Employee Name, Title]
[Offeror Company Name]
[Offeror Company Street Address]
[Offeror Company City, State, Zip]

Re: Neighborhood House Association - Employee Benefit Plan Audit YE 12/31/2013

Dear _____:

This letter will set forth our understanding of the audit services to be performed by _____ ("Offeror") pursuant to which Offeror will perform an independent audit of the Neighborhood House Association ("NHA") Employee Pension Benefit Plan for year ending December 31, 2012 ("Benefit Plan"). The purpose of this letter is to provide detail on the specific services that will be required by NHA.

Scope of Services

Offeror has been engaged to, and shall, conduct an audit of NHA's relevant statements, schedules and financial records, including rendering a professional opinion on additional schedules as required by NHA. Offeror shall complete its Services and provide NHA not less than 20 bound final copies of NHA's financial statements and accompanying audit report not later than two weeks prior to the Form 5500 filing date.

The Services to be performed by Offeror shall include, but not necessarily be limited to:

- A. Conducting the audit, in accordance with Generally Accepted Audit Standards (GAAS) and Government Auditing Standards to the extent necessary to render a separate opinion on the following:
 - (1) Benefit Plan's Basic Financial Statements; and
 - (2) Footnote preparation.
- B. Offeror's audit of relevant statements and schedules shall be sufficient to:
 - (1) Enable it to express an informed written opinion on the fair presentation on the

respective financial position of the Benefit Plan's activities for the period ended December 31, 2012 and the respective changes in financial position for the year ended in conformity with US Generally Accepted Accounting Principles (GAAP); and,

- (2) Issue a management letter to the extent considered appropriate, or as requested by NHA and recommend improvement in any areas brought to Offeror's attention during the course of the audit;

C. Offeror also shall:

- (1) Conduct an exit conference with NHA's Benefit Department and Finance Department Staff and Audit Committee prior to the issuance of its reports;
- (2) Make a formal presentation of the audit findings and reports to NHA's Audit Committee and Board of Directors, as scheduled by NHA; and,
- (3) Provide advice and periodic consultations for changes in accounting rules and regulations;

In the event that the audit discloses irregularities or unforeseen conditions requiring a more extensive examination than contemplated in the Scope of Services set forth above, Offeror shall report such conditions to NHA's Project Manager and Audit Committee. In such event, the parties will negotiate for such supplemental services and compensation as may be required to complete the audit, without regard to the maximum fee set forth below.

If requested, NHA's Board of Directors may request that Offeror perform special purpose reviews or such other work as the Board of Directors may determine necessary. In such event, the parties will negotiate the terms and compensation for such services and incorporate the same into a separate engagement letter.

NHA Obligations

NHA shall be responsible for the preparation of all trial balances, closing entries and financial statements. NHA will provide complete access to all records required by Offeror to perform the audit.

Project Managers

The parties' respective designated representatives shall be the day-to-day contact persons during the performance of the Services. Offeror's Project Manager shall be its _____. NHA's Project Manager shall be its **Chief Financial Officer**. NHA's Project Manager shall be consulted: (a) regarding the format of the final report(s) and deliverables; and (b) the adequacy of the final report(s) and deliverables. NHA's Project Manager may not: (a) award, renew, terminate or cancel this engagement contract; or (b) sign any documents binding NHA.

Compensation and Payment

The maximum compensation and expense reimbursement payable to Offeror shall not exceed _____ dollars. The preparation of the financial statements includes the cost of printing the annual financial reports.

No payments shall be made until Offeror submits itemized monthly invoices to Neighborhood House Association, Attn: VP, Chief Financial Officer. Invoices for Services performed during the month shall be submitted to NHA twice monthly by the 10th day and 20th day of the following

month. Such invoices shall (1) reference Purchase Order #_____ and (2) include a written description of Services performed and time spent during the previous month. Invoices approved by NHA shall be paid within thirty (30) days of receipt. NHA shall promptly notify Offeror of any disputed or disallowed charges for time or expenses.

Records

Offeror shall maintain full and complete records of the time spent performing the audit and/or additional services, and receipts for all expenses billed to NHA. Such records shall be retained for not less than three (3) years following completion of the audit and must be provided to NHA within five (5) business days following a written request. In addition, all working papers, audit programs and other documents prepared or obtained during the course of the audit must be retained by Offeror for a period of five (5) years and made available to NHA during this period, upon written request.

Offeror Proposal as Addendum

Offeror's proposal dated _____ ("Proposal"), attached hereto as **Exhibit I** and made a part hereof, shall be an Addendum to this Engagement Letter for Audit Services. Any applicable provisions in such Proposal shall apply to the Services performed by Offeror for NHA, to the extent such provisions do not conflict with the terms in this Engagement Letter.

Time of the Essence

Completion of the audit for NHA in a timely manner is essential. Offeror agrees that it shall not delay completion of Services for NHA due to work being performed for any of its other clients. In the event such delay occurs and will cause Offeror to not complete NHA's audit and related tasks within the timeframe referenced above, Offeror shall promptly notify NHA and NHA, in its sole discretion, may either extend the completion date or terminate the engagement.

Please indicate _____ concurrence and agreement with the foregoing terms by signing where indicated below. Please return one (1) fully signed original of this letter to the following address:

Kim Peck, VP – Chief Financial Officer
Neighborhood House Association
5660 Copley Drive
San Diego, CA 92111

The other original is for your file.

Very Truly Yours,

Audit Committee
Neighborhood House Association

I am authorized to and hereby concur and agree to the foregoing terms on behalf of _____.

Date:

[Authorized Employee Name]
[Authorized Employee Title]

Attachments: Exhibit I
cc: Rudolph Johnson III, President and CEO

EXHIBIT D



Chairperson
Gil Johnson

President and CEO
Rudolph A. Johnson, III

REQUEST RESPONSE SUBMITTAL FORM

NHA Request # _____

The undersigned has carefully examined this entire RFP and familiarized themselves with all conditions pertinent to this Request. The undersigned hereby proposes to furnish all Services necessary to completely fulfill the Scope of Services without restriction for the time period March 1, 2014 through July 30, 2014 for a stipulated sum of \$_____.

Offeror Name (Please Print) _____ Business Address: _____

Proprietorship Partnership Corporation LLC LLP FEIN # _____

If Partnership, list all general partner(s) _____

If LLC or LLP, list managing member(s)/partner(s) _____

Primary contact for the Request Process _____

Title _____ Phone _____ Fax _____ Email _____

Can Offeror commence work on the start date in the Request? Y / N If no, when? _____

Has the Specimen Contract attached to the Request been reviewed? Y / N

Are any terms unacceptable? Y / N If yes, specify the terms _____

Would Offeror seek to negotiate any terms? Y / N If yes, specify the terms _____

State Business License: _____

State Contractors License (where applicable) _____

CERTIFICATION

I declare that the foregoing is true and correct and that I am authorized to make this representation and submit the attached Response to NHA's Request # _____ on behalf of _____.

Date: _____

Signature

Type or Print Name