



303 McQueen Avenue, PO Box 729
Newport, North Carolina 28570
T 252.223.1630 F 252.223.1689
www.coastalca.org

Request for Proposal for Annual Audit and Tax Services

For the period of October 1, 2022 to September 30, 2023

Proposals should be directed to:

Matt Banko, CPA
Chief Financial Officer
Coastal Community Action, Inc.
303 McQueen Avenue
Post Office Box 729
Newport, NC 28570
matt.banko@coastalca.org
Phone: 252.223.1632

Today's Date: December 11, 2023

Due Date: Proposals to be received on or before

January 10, 2024

General Information

Purpose

The governing board of Coastal Community Action, Inc.. (hereinafter called “CCA”) invites qualified independent auditors (hereinafter called “auditor”) having sufficient nonprofit accounting, auditing and tax experience in performing an audit and preparing tax services in accordance with the specifications outline in the Request for Proposal (“RFP”).

This RFP is to contract with CCA for the fiscal year ending September 30, 2023, which includes options for three (3) additional years. The auditor will be providing the following services:

1. Financial and compliance auditing
2. Prepare Draft Financial Statements
3. IRS form 990 Tax preparation and filing services for the year ending September 30, 2023.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by CCA. The bidder consents to personal and business jurisdiction and venue in a state court of competent jurisdiction in Carteret County, North Carolina.

Who May Respond

Only Licensed Certified Public Accountants.

Inquiries: Inquiries concerning this RFP should be submitted by email to:

Matt Banko, Chief Financial Officer

matt.banko@coastalca.org

Instructions on Proposal Submission:

1. Closing Submission Date: Proposals must be received no later than 4:30 p.m. on January 10, 2024

2. Your proposal should be addressed as follows:

Matt Banko, Chief Financial Officer
Coastal Community Action, Inc.
303 McQueen Avenue
Post Office Box 729
Newport, NC 28570

Electronic Submissions: Proposals CAN be submitted electronically to the following Email address: matt.banko@coastalca.org by the closing submission date noted above.

3. It is important that the Auditor's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

Request for Proposal
Sealed Proposal for Audit Services

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

It is the responsibility of the Auditor to ensure that the proposal is received by CCA by the date and time specified above. Proposals received after 4:30 on January 10 will not be considered.

4. Conditions of Proposal: All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Prospective Auditor and will not be reimbursed by CCA.
5. Right to Reject: CCA 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.
6. Presentations: At the discretion of CCA, auditors submitting proposals may be requested to make oral presentations as part of the evaluation process. Reasonable advance notice will be provided to selected auditors. Not all auditors submitting a proposal will be asked to participate in oral presentations.
7. Small and/or Minority-Owned Businesses: Efforts will be made by CCA to utilize small businesses and woman- or minority-owned businesses. An Auditor qualifies as a small business firm, if it meets the definition of "small business" as established by the Small Business Administration (2 CFR Part 200.321).

Notification of Award:

- It is expected that a decision selecting the successful audit firm will be made in January 2024
- Upon conclusion of final negotiations with the successful audit firm, all auditors submitting proposals in response to this RFP will be informed, in writing, that an award has been made.
- It is expected that the contract shall be a one-year fixed price contract with options for three (3) additional one-year periods.

Description of Entity and Records to be audited:

CCA is a North Carolina private, nonprofit corporation chartered in 1965 and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CCA is governed by a 15-member volunteer board of directors.

For fifty-eight (58) years CCA has served the poor of Eastern North Carolina operating federal, state and locally funded programs targeting families who live on low income, raise people from economic dependency and eliminate social barriers to economic security serving children, families, senior citizens and/or disabled persons. The Agency is operating as a Community Action Agency under the endorsement of county, state, and federal governments.

Administrative offices and all financial records are located at 303 McQueen Avenue, Newport, NC.

The Agency negotiates an annual indirect cost rate with the U.S. Department of Health and Human Resources, Division of Cost Allocation. This rate agreement provides the Agency with provisional rates used to allocate Indirect facilities and administrative costs.

CCA. Fiscal Information:

- Fiscal Year: October 1 to September 30
- Annual operating budget: approximately \$ 14 Million
- Grant Years: variable
- Funding: Federal, State, Local, Private Donations, Fundraising
- Automated Accounting System: Grants Management System – accrual basis
- Type of funds: Unrestricted, Restricted,
- Number of Employees: 105 to 120
- Payroll (automated): in-House by Automatic deposit, Bi-weekly
- Checking accounts: Central Depository, Housing & Urban Development Escrow Account

Assistance Available to the Auditor

CCA will make available to the auditor sufficient help to pull and re-file records and prepare and mail all necessary confirmations. By February 6, 2024, a trial balance will be made available via Excel (or hard copy, email, etc.), and at this time all accounting procedures will have been completed and documents including supporting schedules that reconcile to the financial statements will have been prepared by CCA staff. (CCA is aware of and understands the need to provide this assistance to the auditor and will make every attempt to meet these deadlines).

The staff of our financial department consists of a Chief Financial Officer with over 30 years' experience in accounting and finance, including 8 years in a financial leadership position for a state entity. His most recent experience includes 4 years as a Chief Financial Officer in the North Carolina Community Colleges System. CCA has a Senior Accountant and an Accounting Technician with a combined total of 35 years' experience with CCA.

Tax Services

The Auditor will prepare federal informational returns and supporting schedules consistent with IRS rules and regulations for 2023 (10/1/2022 to 9/30/2023) and subsequent years (if contract is extended).

Options

At the discretion of CCA this audit/tax preparation contract can be extended for three (3) additional one-year periods on the basis of annual negotiation after the completion of the first year contract. The remaining years of the agreement are subject to annual governing board approval. The cost for the option periods will be agreed upon by CCA and the Auditor. It is anticipated that the cost for the optional years will be based on the same approximate cost per thousand dollars of audited expenditures as the contract for the initial year.

CCA reserves the right to request proposals at any time following the first year of this contract. Thus, the **auditor will prepare proposals** for the following years, with Year one (1) being the only obligated year:

October 1, 2022 to September 30, 2023 - first year of contract)

October 1, 2023 to September 30, 2024 (Option year 2)

October 1, 2024 to September 30, 2025 (Option year 3)

October 1, 2025 to September 30, 2026 (Option year 4)

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will need to be reviewed and approved by CCA's governing board.

Specification Schedule

Scope of Audit and Tax Services

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. The auditor will perform a financial and compliance examination plus tax services of CCA's basic financial statements, supplementary information and compliance reports.

The auditor will perform the audit in accordance with Government Auditing Standards and *(include any other pertinent requirements that the auditor must comply with, such as specific audit guides or specific North Carolina State funding source requirements, which include requirements for the minimum scope of the audit)*. To perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the North Carolina Single Audit Implementation Act; and any other applicable procedures, laws and regulations for the audit of CCA's financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP).

An audit that includes, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit that also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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. An audit to include the review of CCA's internal control over financial reporting and tests of its compliance with certain provisions of laws, regulations and contracts and grants. The auditor will issue a financial audit opinion that will cover the financial statements, which collectively constitute the basic financial statements of CCA. The auditor will render any other audit opinion required.

The auditor is required to prepare audit reports in accordance, Federal Head Start Program required compliance audit steps, with sufficient understanding and documentation of internal controls, overview and application of Head Start compliance supplement and Head Start reporting.

Requirements

The audit must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); *Government Auditing Standards*, July 2011 revisions issued by the Comptroller General of the United States; Office of Management and Budget Uniform Guidance, the State Single Audit Implementation Act of 1996, and any other applicable procedures for the audit of CCA’s financial statements prepared in accordance with GAAP.

The Auditor must understand the FASB’s new Nonprofit ASU including accounting standards update 2016-14 as they related to the new reporting requirements.

The Auditor will prepare most year-end adjusting journal entries. The auditor will be responsible for the preparation of draft financial statements to include the new format as outlined by the financial accounting standards board (FASB) Accounting Standards Update (ASU) 2016-14 for nonprofits, related footnotes as well as all supplemental information and other financial and nonfinancial schedules hereby referred to as the “audit report”. To see the minimum information needed, please review our most recent audit report for the fiscal year ending September 30, 2022 located at www.coastalca.org.

The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, supplementary information and compliance reports. CCA’s Chief Financial Officer will be actively involved in the Management Discussion and Analysis (MD&A), and other supporting schedules. An auditor opinion will not be given on the MD&A; however, the auditor will review the MD&A for continuity.

B. Description of Programs/Contracts/Grants

CCA currently administers federal and state grants either directly or indirectly from pass through Agencies. These grant programs include Head Start, Early Head Start, Community Service Block Grant, NC Pre-K, Child Care Services, Child and Adult Care Food Programs, Housing & Urban Development, Single Family Rehabilitation, Healthy Home initiatives, Weatherization, several Senior Programs and others.

CCA service area includes nine (9) counties including Beaufort, Carteret, Craven, Duplin, Jones, Lenoir, Onslow, Pamlico and New Hanover counties.

Federal Program Funding Sources include:

U.S. Department of Health and Human Services (HHS)

U.S. Department of Agriculture, Child and Adult Care Food Program (CACFP)

N.C. Department of HHS, Division of Social Services, Office of Economic Opportunity

U.S. Department of Housing and Urban Development (HUD)

U.S. Department of Energy

Corporation for National and Community Service, various Aging programs

Delivery Schedule

Audit is to be performed after the closing of the Agency's fiscal year. The fiscal year ends September 30th. Actual audit dates will be determined by the Chief Financial Officer and Auditor but the Audit is to commence no later than early December with the Draft Audit Report completed by January 15th for detail review by the Agency's Chief Financial Officer.

The Chief Financial Officer should return the draft with proposed revisions within 10 working days. **The timing of this should ensure final completion of the Financial Statements and final audit report no later than May 31, 2024.**

The Auditor shall deliver final audit reports in the form of bound, unbound and digital formats to the Chief Financial Officer by early February. The Auditor will present the audit report to the Board of Directors in February (typically the 4th Wednesday of the month).

The IRS Form 990 will be completed, reviewed by CCA and then filed by the Auditor by the required due date as established by the Internal Revenue Service.

The audit, compliance and tax reports ("reports") may be submitted earlier than the above schedule. However, if the Auditor fails to make delivery of these reports within the time schedule specified herein, or if the Auditor delivers reports, which do not conform to all of the provisions of this contract, CCA may, by written notice of default to the Auditor, terminate the whole or any part of this contract.

The Chief Financial Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

Fifteen (15) copies of the final audit report, management letter, and other applicable reports must be supplied to the Chief Financial Officer within the period cited above. Any other copies required will be charged on an as needed basis in addition to the quoted fee.

Price

The Auditor's proposed price should include a not-to-exceed breakdown of the fees as follows:

1. Fee for audit services
2. Fee for preparation of the entire "audit report" including draft financial statements, supplemental information, compliance section, etc... As noted earlier a copy of our five most recent "audit report" is on our website (<https://coastalca.org/Resources>) which will identify what the auditor needs to prepare on a draft basis
3. Fee for tax services

Include information indicating and itemized listing of how the price was determined for the initial audit year 10/1/2022 to 9/30/2023. For example, the Auditor 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 including travel, cost of supplies and materials and other costs (all itemized). For the three audit years, which follow, the auditor would list the estimated costs. The cost for the audit year ending 9/30/2023 is binding, while the second, third and fourth years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a "not-to-exceed" amount, please note your method of determining increases in audit costs on a year-to-year basis.

PLEASE KEEP IN MIND THAT COST, WHILE AN IMPORTANT FACTOR WILL NOT BE A SOLE DETERMING FACTOR. UNUSUALLY LOW BIDS FOR EXAMPLE THAT ARE OBVIOUSLY OUT OF LINE WITH OTHER BIDDERS OR ARE SIGNIFICANTLY LOWER THAN OUR CURRENT FEES WILL RAISE CONCERN. THE LOWEST BID WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION

Payment

Payment will be made when CCA has determined that the total work effort has been satisfactorily completed. Invoices may be subject to approval by the appropriate Grantor Agency, if applicable, prior to processing by CCA. Should CCA reject a report, our authorized representative will notify the Auditor 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 Auditor submits the final invoice for payment.

Progress payments will be allowed to the extent that CCA can determine that satisfactory progress is being made. This should be scheduled as part of the contract – or Auditor should propose a payment schedule. In the event of termination of this contract by CCA for cause, all progress payments will be returned within 30 days of written notice of termination to Auditor.

Exit Conference

An exit conference with CCA representatives will be held at the conclusion of the fieldwork in early December. Observations and recommendations must be summarized in writing and discussed with CCA. It should include internal control and program compliance observations and recommendations.

Work papers

1. Upon request, the Auditor 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.
2. The work papers will be retained for at least three years from the date of the audit report.
3. The work papers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and CCA.

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/she 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.

Continued on Next Page

Auditor's Technical Qualifications

The Auditor, in its proposal, shall, as a minimum, include the following:

A. Prior Auditing Experience

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

1. Prior experience auditing an organization operating with multiple funds/programs.
2. Prior experience auditing a Community Action Agency that receives Federal funds
3. Prior experience auditing a Head Start program that receives Federal Funds.
4. Prior experience auditing programs funded by the Federal Government.
5. Prior experience auditing similar county or local government activities.
6. Prior experience auditing nonprofit organizations.

B. Organization, Size, and Structure

The Auditor should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is a small or woman- or minority-owned business. Auditor should include a copy of the most recent Peer Review, if the Auditor has had a Peer Review. Auditor may not be disbarred from receipt of federal funds as indicated in the SAM.gov registry.

C. Staff Qualifications

The Auditor 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.
4. Head Start audit experience.

D. Understanding of Work to be Performed

The Auditor should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information as well as information about tax services.

E. Audit Approach to the Engagement

The Auditor should describe its approach to the work to be performed, including audit procedures, estimated hours, and other pertinent information.

F. Certifications

The Auditor 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 Auditors by CCA.

Proposal Evaluation

A. Submission of Proposals

All proposals shall include three (3) copies of the Auditor's technical qualifications, three (3) copies of the pricing information, and three (3) copies of the signed Certifications. These documents will become part of the contract.

B. Nonresponsive Proposals

Proposals may be judged nonresponsive 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. Review Process

The auditing firm that best meets CCA's expectations for experience, audit approach, and cost requirements will be selected.

Preference will be given to Auditors with Head Start audit experience. CCA may, at its discretion, request presentations by or meetings with any or all Auditors, to clarify or negotiate modifications to the Auditors' proposals.

However, CCA reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints.

CCA reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserve the right to make the award in the best interest of CCA.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid.

Continued on next page

Certifications

Please Review & Sign Below and include with your Proposal

On behalf of the Auditor:

1. The individual signing certifies that he/she is authorized to contract on behalf of the Auditor.
2. The individual signing certifies that the Auditor 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 Auditor.
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 Auditor prior to an award to any other Auditor or potential Auditor.
5. The individual signing certifies that there has been no attempt by the Auditor to discourage any potential Auditor from submitting a proposal.
6. The individual signing certifies that the Auditor 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 Auditor 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. At a minimum, the individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
 - Government Auditing Standards (Yellow Book)
 - Uniform Grant Guidance, Audits of Institutions of Higher Education and Other Nonprofit Institutions
 - Uniform Grant Guidance - Compliance Supplement

- Uniform Grant Guidance, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- Uniform Grant Guidance, 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
- FASB Nonprofit Accounting Guidelines including the new FASB ASU 2016-14
- 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 :)
- 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 Auditor should be familiar with 2 CFR 910, DOE’s administrative requirements, and 2 CFR 200, 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 Auditor, 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 Auditor 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.)

Dated this _____ day of _____, 20__.

 (Auditor’s Firm Name)

 (Signature of Auditor’s Representative)

 (Printed Name and Title of Individual Signing)