

SAN BRUNO

Community Foundation

REQUEST FOR PROPOSAL FOR NONPROFIT AUDIT AND TAX PREPARATION SERVICES

November 15, 2024

The San Bruno Community Foundation (“Foundation”) requests a proposal for the annual audit of its financial statements and preparation of state and federal information tax returns (IRS-990, CA-199, and RRF-1).

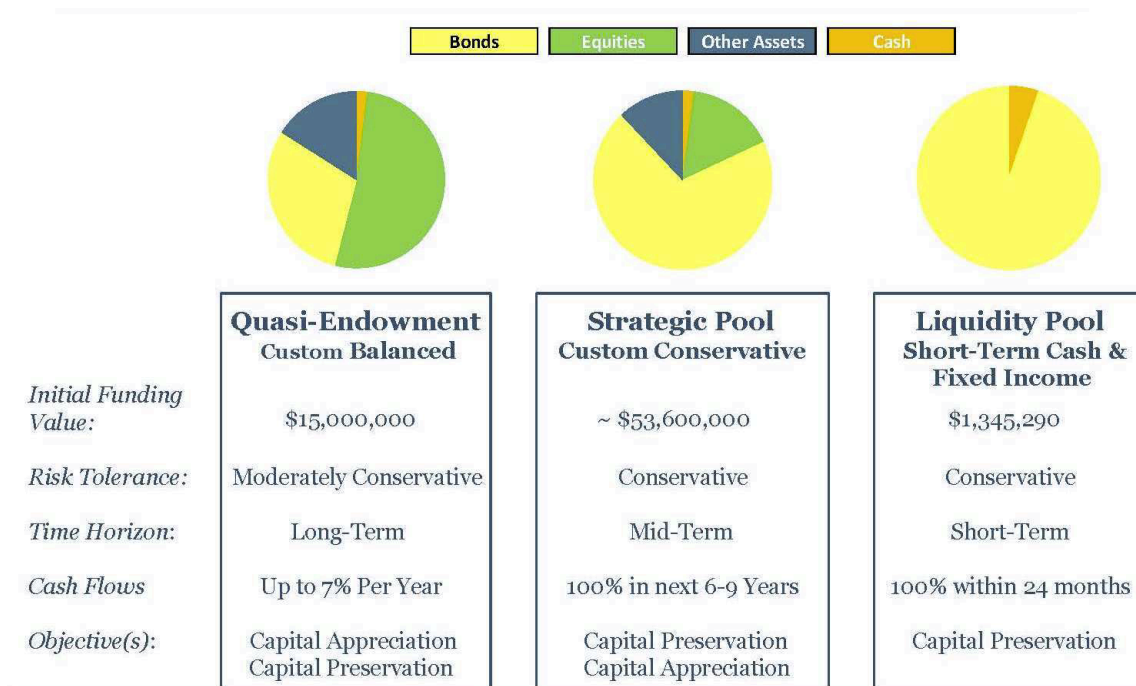
The Foundation is a nonprofit entity incorporated in California, with federal income tax exemption issued under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Foundation is classified as a public charity and, under Section 509(a)(3), as a Type I supporting organization.

The San Bruno City Council created the Foundation to administer the \$70 million in restitution funds resulting from the devastating 2010 gas pipeline explosion in San Bruno’s Crestmoor neighborhood. As stated in the Foundation’s Bylaws, the primary purpose of the Foundation is “to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term.”

The Foundation currently runs three main programs: the Crestmoor Neighborhood Memorial Scholarship (multi-year college scholarships to San Bruno students who have been actively engaged in the San Bruno community), the Community Grants Fund (community organizations are able to apply for grants of up to \$25,000 for programs benefiting San Bruno), and a portfolio of strategic grants. Of note, the Foundation has awarded a series of strategic grants totaling \$51.5 million to the City of San Bruno to fund the design and construction of a new Recreation and Aquatic Center (RAC) in San Bruno City Park. The RAC opened this past summer, and the Foundation is nearly done disbursing the grant funds to the City.

A seven-member Board of Directors appointed by the City Council governs the Foundation. The Board has a two-member Audit Committee that is overseeing the auditor selection process.

The Foundation was founded in 2013 and began independent operations in early 2015. In 2016, the Foundation developed its Investment Policy Statement; established three investment accounts, each with its own strategy, for holding the funds; hired an investment management firm (Sand Hill Global Advisors, LLC); and took possession of the restitution funds. The three investment accounts are as follows:



The Foundation’s fiscal year runs from July 1 to June 30. In fiscal year 2023-2024, the Foundation reported revenues of \$3,006,452 (primarily investment income), expenses of \$1,217,014, total year-end assets of \$30,600,145, total year-end liabilities of \$1,685,879, and total year-end net assets of \$28,914,266. Currently, the Foundation’s activities are primarily funded by investment income (from the Quasi-Endowment for the Crestmoor Scholarship and the Community Grants Fund, and from the Strategic Pool for other grants and operating expenses). Funding for the San Bruno RAC has significantly reduced the Strategic Pool from its initial funding value. For 2024-2025, total budgeted expenses are \$3,444,339 (\$2,975,000 for direct program expenses and \$469,339 for support costs). Most revenue is investment income, which is not projected or budgeted.

In 2025, the Foundation Board intends to conclude a strategic planning process to determine the organization’s post-RAC program and investment strategies. It is possible that the three-pool investment strategy highlighted above will be restructured to support the amended program strategy, beginning in fiscal year 2025-2026.

The Foundation employs one full-time (Executive Director) and one part-time (Program Manager) staff members and has one primary part-time contractor (accounting consultant/full charge bookkeeper). For the first three months of fiscal year 2024-2025, accounts payable payments have averaged \$114,030 per month. In addition to payroll and general checking bank accounts, the Foundation has a credit card account in the name of the Foundation and the Executive Director.

In accordance with the Foundation's Bylaws and Fiscal Policies and Procedures, the Foundation has its financial statements audited on an annual basis by an independent CPA. The Fiscal Policies and Procedures require the Foundation to issue a Request for Proposal (RFP) for nonprofit audit and tax preparation services at least every five years.

The Foundation's audited financial statements and federal tax returns can be downloaded at <https://www.sbcf.org/financials>.

EXPECTED ANNUAL AUDIT & TAX SERVICES DELIVERABLES

The selected auditor or CPA firm will be expected to do the following annually:

1. Conduct an audit of the Foundation's records, internal controls, and financial statements in accordance with auditing standards generally accepted in the United States of America.
2. Communicate with the Audit Committee as appropriate, before, during, and after audit fieldwork.
3. Complete audited financial statements report with appropriate accompanying notes by October 10.
4. Complete report or communication related to audit findings with Board of Directors (*e.g.*, AU-C 260 letter) by October 10.
5. Present in person both reports mentioned in numbers 3 and 4 above to the Foundation Board of Directors at its November meeting (typically the first Wednesday in November in person in San Bruno).
6. Complete IRS-990, CA-199, and RRF-1 by November 1, thereby allowing for timely filing of these forms on or before November 15 (or such extension as mutually agreed).

INFORMATION AND/OR RESPONSES TO BE PROVIDED

In order to assist the Board of Directors in its search for an auditor to provide the services described above, please provide, by Friday, January 10, 2025, a proposal that includes responses to the following:

1. Please describe your firm's background, history, and areas or industries of specialization. Highlight your experience with 501(c)(3) nonprofit organizations, particularly those with assets of at least \$25 million. Please include the names of any principals of the firm and their backgrounds who work with your firm's nonprofit clients. Also, provide a copy of your firm's annual report (if any) and/or other literature about your firm.
2. What makes your firm superior to other firms that the Foundation may be considering?

3. Provide a list of other nonprofit 501(c)(3) clients for whom your firm provides annual audit services. Also, please provide a sample of your audit reports for such organizations.
4. Please provide a reference to three of your nonprofit 501(c)(3) clients that have contracted with your firm for annual audit and tax preparation services during the past five years (organization, contact name, and phone number and email address for contact).
5. Please provide the location of your office(s) and the names and titles of personnel that are expected to be involved in the Foundation's annual audit and tax services.
6. Please provide a proposed timeline for fieldwork (including submission of all pre-audit requests for information) and final reporting for all services requested, assuming an on-time November 15 tax filing for fiscal year 2024-2025.
7. Include a copy of your firm's pre-audit requests for information that your clients are required to provide, including any worksheets and questionnaires.
8. What will be your projected fee for completing all services described above in the "Expected Annual Audit & Tax Services Deliverables" section of this RFP for fiscal year 2024-2025? Indicate how these fees may change for fiscal years 2025-2026, 2026-2027, and beyond. Do you provide any financial incentives for clients who are particularly well prepared and organized in preparing for the audit?
9. Does the fee described above differ from fees charged to other clients? If yes, please explain.
10. Describe any other potential fees the Foundation may be charged, based upon common situations with other clients.
11. Does your firm have a written Code of Conduct, Ethics Policy, or Conflict of Interest Policy? If so, please provide a copy of each.
12. Please describe the level of coverage for errors and omissions and professional liability insurance your firm carries. List the insurance carrier(s) supplying the coverage.
13. Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.
14. Has your firm, or anyone in your firm, provided any gifts, travel and room expenses, entertainment, or meals to any Foundation Board member or employee during the past 12 months? If yes, please describe in detail.
15. Provide any additional information that you believe to be relevant to the Request for Proposal and your capability to provide the services requested.

Basis for award of contract will include but not be limited to responsiveness to the RFP, interview performance, quality and timeliness of service, and price.

Only licensed Certified Public Accountants or firms may respond to this RFP. The Foundation reserves the right to reject all proposals or request additional information from one or more proposers. All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the proposer and will not be reimbursed by the Foundation.

The successful proposer agrees to execute a professional services agreement for the work in a form substantially similar to the agreement provided in Attachment A of this RFP. The successful proposer must also obtain a City of San Bruno business license during the term of the agreement.

Proposals must not be marked as confidential or proprietary. Information in submitted proposals shall be subject to public disclosure laws. All proposals shall become the property of the Foundation.

Submit proposals (one hard copy along with an electronic copy submitted by email) by Friday, January 10, 2025, to:

San Bruno Community Foundation
Attn: Audit Committee
901 Sneath Lane, Suite 209
San Bruno, CA 94066
lhatamiya@sbcf.org

Questions? Please contact Leslie Hatamiya, Executive Director, at lhatamiya@sbcf.org or (650) 763-0775.