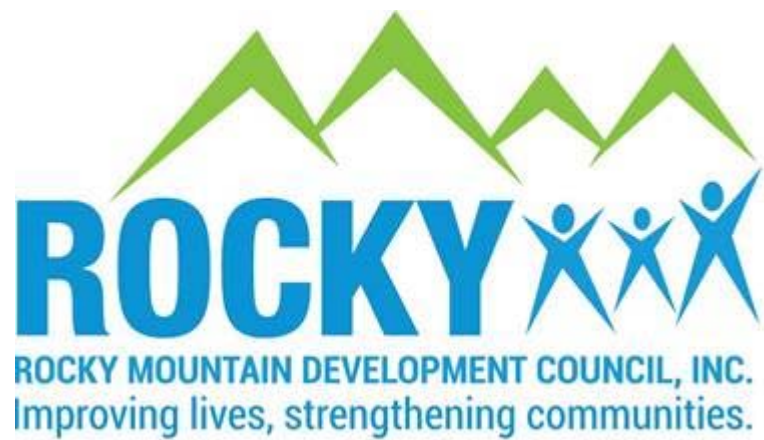


Rocky Mountain Development Council, Inc. (Rocky)

Request for Proposals  
Audit Services

May 2020



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Appendix A – Rocky Mountain Development Council, Inc. Organization Chart

## **Section I – General Information**

Rocky Mountain Development Council, Inc. (Rocky) is a non-profit 501(c)(3) organization created and operated for the purpose of (in a broad definition) serving low-income families and individuals of all ages in the Lewis and Clark, Broadwater and Jefferson Counties of the State of Montana, to achieve economic betterment and relief of poverty. RMDC is designated as a Community Action Agency as defined in 42 U.S. Code, Sections 2781 and 2837, and as such aids in the delivery of social services and stimulation of county development through its own activities or through collaboration with other appropriate agencies. Rocky is directed by a fifteen-member Board of Directors. Daily management is provided through an Executive Director who is hired by and responsible to the Board.

Rocky's headquarters are located in the Neighborhood Center, 200 South Cruse Avenue, Helena, Montana. The mailing address is Rocky Mountain Development Council, Inc., P.O. Box 1717, Helena, Montana, 59624-1717. Rocky provides services primarily within the counties of Broadwater, Lewis and Clark, and Jefferson. Some programs serve larger areas.

Rocky is seeking proposals for auditing services from qualified accounting firms. Rocky is subject to an annual audit under the Uniform Guidance (2 CFR Part 200). In addition, Rocky's Retirement Plan is subject to an annual audit in accordance with the Employment Retirement Security Act of 1974. Qualified firms may submit proposals for one or both audits.

The selected audit firm for Rocky's annual audit will also prepare Rocky's annual Form 990 and 990T. Corporate and Partnership tax returns for all other entities listed below are separate engagements and not part of this request for proposal.

Additional information concerning Rocky, the required audit services, and the request for proposal process follows.

## **Section II – Description of Entity to be Audited**

### **Financial Statement and Single Audit**

This audit covers Rocky's consolidated financial statements, accompanying notes, and schedules. Rocky operates on a fiscal year, which runs July 1 through June 30. Rocky has established several entities to own and operate various housing facilities it has developed through its affordable housing program. As required by U.S. GAAP, Rocky's financial statements include the consolidated activity of Rocky and the following housing affiliates: Rocky Mountain Front Properties, Inc., RMDC Eagle Rock, Inc., Eagle Manor II Residences, LP, Eagle Manor III Residences, LP, Penkay Eagles Manor, Inc., Eagle Manor Project No. 2, Inc., Big Boulder Residences, LP, River Rock Residences, LP, Ptarmigan Residence LLLP, Pheasant Glen LLLP, Red Alder Residences 4% LLLP, and Red Alder Residences 9% LLLP. A description of the entities follows.

Rocky Mountain Front Properties, Inc. (RMFP) – For Profit Entity

RMFP is a wholly owned for-profit subsidiary of Rocky, created in June 2004 by Rocky to own and operate an eight-unit low-income senior-housing complex located in Augusta, Montana. Rocky holds the majority of the Board of Directors positions.

RMDC Eagle Rock, Inc. (ERI) – Not-for-Profit Entity

ERI was organized in November 2003 by Rocky as a 501(c)(3) supporting organization and as such provides supportive services to the properties managed by Rocky. These services primarily relate to the provision of a congregate meal program to the residents in the Eagles Manor complex, and maintenance and housekeeping services. Rocky holds the majority of the Board of Directors positions and has provided financial support to ERI.

Eagle Manor II Residences, LP (EMII) - Partnership

EMII was organized in December 2006 by Rocky to develop and operate affordable housing. RMDC Eagles Manor II, LLC is the general partner and MPEG Special Fund II, L.P. and MPEG Acceptance Corporation, SLP are the limited partners. In January 2008 EMII acquired Eagles Manor II, which adjoins Penkay Eagles Manor. EMII operates and maintains 44 units in the Eagles Manor complex in Helena, Montana.

Eagle Manor III Residences, LP (EMIII) - Partnership

EMIII was organized in July 2006 by Rocky to develop and operate affordable housing. Penkay Eagles Manor, Inc. is the general partner and Homestead Equity Fund VI and Homestead SLP, LLC are the limited partners. EMIII operates and maintains 30 units in the Eagles Manor complex in Helena, Montana.

Penkay Eagles Manor, Inc. – Not-for-Profit Entity

Penkay Eagles Manor, Inc. was formed in June 2006 by Rocky to develop and operate affordable housing. The organization serves as the general partner for EMIII and the sole member of RMDC Eagles Manor II, LLC, which is the general partner for EMII. This entity serves as the sole member of both Red Alder 4% LLC and Red Alder 9% LLC, the general partners for the Red Alder Residences project. Rocky holds the majority of Penkay Eagles Manor, Inc.'s Board of Directors positions.

Eagles Manor Project No. 2, Inc. – Not-for-Profit Entity

Eagles Manor Project No. 2, Inc. was formed in December 1975 to develop and operate affordable housing. The organization serves as the sole member of RMDC Big Boulder, LLC and RMDC River Rock LLC, which are the general partners for Big Boulder Residences, LP and River Rock Residences, LP, respectively. Rocky assumed majority membership of the organization's Board of Directors in March 2008.

Big Boulder Residences, LP (Big Boulder) - Partnership

Big Boulder was organized in April 2009 by Rocky to develop and operate affordable housing. RMDC Big Boulder, LLC is the general partner and Rocky is the limited partner. Big Boulder operates and maintains 36 units in Boulder, Montana.

#### River Rock Residences, LP (River Rock) – Partnership

River Rock was organized in December 2010 by Rocky to develop and operate affordable housing in Helena, Montana. This 33-unit project was completed in August 2013. RMDC River Rock, LLC is the general partner and American Express Utah Equity Fund is the limited partner.

#### Ptarmigan Residence LLLP (Ptarmigan) – Partnership

Ptarmigan was organized in 2000 to develop and operate affordable housing in Helena, Montana. Construction of the 22-unit single-family residence was completed in 2001. RMDC Ptarmigan, Inc. is the general partner and Rocky is the limited partner.

#### Pheasant Glen LLLP (Pheasant Glen) – Partnership

Pheasant Glen was organized in 2002 to develop and operate affordable housing in Helena, Montana. Construction of the 32-unit single-family residence was completed in August 2003. RMDC Ptarmigan, Inc. is the general partner and Rocky is the limited partner.

#### Red Alder Residences 4% LLLP (RA4) - Partnership

RA4 was organized in August 2018 to develop and operate affordable housing in Helena, Montana. Red Alder 4% LLC is wholly owned by Penkay Eagles Manor, Inc. and is the general partner. Community Affordable Housing Fund, LLC is the limited partner. Construction of the 48-unit project began in September 2019 and the anticipated completion date is January 2021.

#### Red Alder Residences 9% LLLP (RA9) - Partnership

RA9 was organized in August 2018 to develop and operate affordable housing in Helena, Montana. Red Alder 9% LLC is wholly owned by Penkay Eagles Manor, Inc. and is the general partner. Community Affordable Housing Fund, LLC is the limited partner. Construction of the 37-unit project began in September 2019 and the anticipated completion date is October 2020.

#### **Retirement Plan and Trust Audit**

This audit covers the Rocky Mountain Development Council, Inc. Retirement Plan and Trust. Rocky has both a defined contribution profit sharing plan and a 401(k) option for its employees. The plan operates on a fiscal year which runs July 1 through June 30.

The organization makes regular contributions to the plan and generates an annual accounting for the plan administrator of the exact contribution for each employee. Rocky currently does not offer a matching contribution for the 401(k) option. Administrative services for the plan are provided by Randall + Hurley through May 17, 2020. Effective May 18, 2020, Big Sky Retirement will become the third party administrator for Rocky's plan. The assets are invested in a variety of funds as determined by Rocky's Retirement Committee.

### **Budgets**

The organization prepares an annual budget and maintains projections for each fund or group of funds (a program). Budget information is provided to the Board on a regular basis.

### **Central Administration**

Rocky provides centralized administration and support for Rocky, the RMDC Retirement Plan and Trust, and its affiliated entities. Rocky has approximately 19 programs funded by various federal, state and local government agencies. Rocky accounts for its centralized administrative costs in a separate program called the Indirect Cost Pool (IDC). Rocky utilizes a federally approved indirect cost rate to charge individual programs for centralized administrative and support costs.

### **Financial Management**

Rocky's Finance Department is comprised of eight staff. The Finance Director is a CPA with over ten years of experience, including both non-profit and public accounting positions. The finance team includes an Accounting Manager who supervises an Accounts Receivable Specialist and an Accounts Payable/Payroll Specialist. Rocky employs three Budget Analysts who work directly with Program Directors to monitor budgets for each program. Rocky also employs a Property Management Accountant who is dedicated to the daily accounting functions of Rocky's Affordable Housing and Property Management program. In addition, Rocky's Executive Director (and former Finance Director) is a CPA with over 30 years of experience.

Rocky's accounting system is Abila MIP Fund Accounting. This is a fund based application designed specifically for grant management. It maintains financial information for Rocky's fiscal year (June 30) as well as the various grant periods. This feature provides Rocky with the ability to produce financial data for each grant and related time period. Rocky maintains approximately 100 funds. The accounting system maintains a detailed general ledger utilizing standard double-entry accounting. The system generates budget to actual income statements and trial balances, and accounting data is maintained in accordance with Generally Accepted Accounting Principles. The accounting system also maintains a complete subsystem for accounts payable and payroll. The subsystems post directly to the general ledger and contain a complete set of reports and on-line inquiries. Source documents are referenced and easily traced through the accounting system.

Rocky currently utilizes Boston Post property management and accounting software for activity related to most of its affordable housing partnerships. Rocky expects to transition to MRI Affordable Housing software within the next year.

Internal controls and processes are documented in Rocky's Financial Policies and Procedures Manual. The manual covers procedures for routine maintenance of accounts, cash controls, payroll, accounts payable, travel, property management, leases, contracts, insurance, and budgets. The manual contains references to OMB

Circulars for cost principles and uniform requirements for grants administration. The manual is reviewed periodically to ensure appropriate and adequate policies are in place.

To help provide adequate segregation of duties, each program director is assigned the responsibility for managing the program, authorizing expenses to a specific grant, and monitoring budgets. The finance staff is responsible for processing the receipts and disbursements, ensuring all transactions are properly authorized and coded, generating monthly reports and budget/projection review documents and preparing reports to funding sources.

#### **Transaction Activity**

Rocky received approximately \$10.8 million of funding during the fiscal year ended June 30, 2019 from numerous sources of which approximately \$6.1 million is from federal grants.

#### **Sub-Recipients**

Rocky has a number of sub-recipients. Each sub-recipient is responsible for their own audit, if required. Rocky has a monitoring program in place to obtain and review audits when required. Therefore, sub-recipient audits are not included in this request for proposal.

### **Section III – Nature of Services Required**

#### **Rocky Mountain Development Council, Inc.**

The auditor will examine the consolidated financial statements of Rocky Mountain Development Council, Inc. as of and for the years indicated in Section V – Period of the Audits. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance. This will include tests of the accounting records of Rocky and its consolidated entities and other procedures necessary to express an opinion that the financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles and to report on Rocky's compliance with the laws and regulations and its internal accounting controls as required for a Single Audit.

This audit will include a determination of major program(s) in accordance with the Uniform Guidance, as well as tests of transactions of federal awards for compliance with applicable laws and regulations.

Rocky staff members will prepare the financial statements and footnotes and accompanying information.

#### **RMDC Retirement Plan and Trust**

The auditor will perform an audit of the Plan's financial statements as of and for the years listed in Section V – Period of the Audits. Rocky serves as the trustee, and therefore, the Plan is subject to a full audit as required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security act of 1974 (ERISA). The auditor is required to express an opinion on the financial statements and schedules taken as a whole.

The audit will be performed in accordance with generally accepted auditing standards which will include a review of internal control and tests of transactions to the extent necessary.

Rocky will prepare the draft financial statements and schedules.

### **Section IV – Mandatory Qualification of the Auditor**

Rocky will only consider auditors possessing the following qualifications:

- Is properly licensed for public practice as a certified public accountant or a public accountant in the State of Montana.
- Meets the independence requirements of the Government Auditing Standards issued by the Comptroller General of the United States.
- Does not have a record of substandard audit work.
- Is in compliance with applicable per review and continuing professional education standards.

### **Section V – Period of the Audits**

#### **Rocky Mountain Development Council, Inc.**

Each Rocky financial statement audit covers a one-year period, from July 1 through June 30.

#### **RMDC Retirement Plan and Trust**

Each audit of the RMDC Retirement Plan and Trust covers a one-year period, from July 1 through June 30.



## **Section VI – Term of the Engagement**

### Entity:

Rocky Mountain Development Council, Inc.

RMDC Retirement Plan and Trust

### Audit Year Ended:

June 30, 2020

June 30, 2021

June 30, 2022

June 30, 2020

June 30, 2021

June 30, 2022

The initial contract will be for three years. The audit contract may be extended for two years up to a total of five years at Rocky's option and with the agreement of the audit firm. The price of each additional year will be negotiated at the time of the extension. The contract will not be extended past a five year period.

## **Section VII – Entrance/Exit Conference Requirements**

### Entrance Conference

An entrance conference will be held with appropriate Rocky staff, members of the Finance Committee of the Board and any other interested Board members. Board members will be given the opportunity to meet with the auditors without staff present.

### Exit Conference

An exit conference is required before submission of the final report. The audit firm will notify the Rocky Finance Director of any findings so responses can be prepared prior to the exit conference. An exit conference will be held with appropriate Rocky staff, members of the Finance Committee of the Board, and other interested Board members. The conference will generally focus on findings and the Rocky recommended responses. The firm may wish to review the financial statements, highlight certain areas or offer additional comments.

The firm will also be asked to make a brief appearance at the full Board meeting to discuss the audit and answer any questions before the Board acts on acceptance of the audit.

## **Section VIII – Assistance Available to Proposers**

### Previous Auditors

Previous audit working papers will be made available to the successful proposer. Arrangements must be made with the prior CPA firms. Contact information for each firm follows.

#### Rocky Financial Statement and Single Audit

Anderson Zurmuehlen & Co., P.C., P.O. Box 1040, Helena, MT 59624

Phone: 406-442-1040

A copy of the most recent audit report is available on the Rocky website in the same location as this Request for Proposal.

#### RMDC Retirement Plan and Trust Audit

Douglas Wilson and Company, PC, 1000 1<sup>st</sup> Ave. S., Great Falls, MT 59401

Phone: 406-761-4645

A copy of the most recent audit report is available on the Rocky website in the same location as this Request for Proposal.

#### **Staff Available for Assistance – During the RFP Process**

Firms may request information for the purpose of clarification of points necessary for the successful completion of their proposals. Please contact Chrisy Irej, Finance Director, at 457-7353 or cirej@rmdc.net for answers to questions that arise as a result of the request for proposal. Such questions will in no way extend the deadline for proposal submission.

#### **Staff Available for Assistance – During the Audit**

The Finance staff will be available to prepare schedules requested and will prepare the financial statements and notes.

Rocky staff is accustomed to preparing the necessary schedules, information and reports for the financial and single audit. The audit firm will need to provide their own list of basic requirements each year.

Rocky staff is accustomed to preparing the necessary schedules, information and reports (or requesting this from investment advisor or TPA) for the Retirement Plan and Trust audit. The audit firm will need to provide their own list of basic requirements each year.

#### **Representation Letters**

Representation letters will be signed by either the Executive Director or Finance Director.

#### **Location of Work Areas**

A conference room that will accommodate four staff members will be made available.

#### **Proposers Conference**

A proposers' conference will not be held.

#### **Federal Oversight Agency**

The Federal cognizant agency responsible for audit review is:

U.S. Department of Health and Human Services  
Office of Inspector General

The Federal agency responsible for the approval of the indirect cost allocation plan is:  
U.S. Department of Health and Human Services  
Division of Cost Allocation  
[CAS-SF@psc.hhs.gov](mailto:CAS-SF@psc.hhs.gov) (send all correspondence electronically due to limited  
staffing in CAS Federal offices)

### **Section IX – Reports Required**

Please see Section VIII for references to the previous audit reports issued for Rocky and the RMDC Retirement Plan and Trust. These reports reflect the anticipated content of future audit reports. As circumstances and regulations change, the report content requirements must be modified to comply.

### **Section X – Time Requirements**

#### Proposed Time Schedule for Selection and Engagement of Auditors:

Mail request for proposal	May 18, 2020
Return deadline for RFP	June 15, 2020
Make final selection and notify proposer	June 30, 2020

#### Tasks and Tentative Schedule for 2020 Rocky Audit:

List of reports and schedules to be prepared by organization staff	September 10, 2020
Organization staff completion of all schedules and draft reports	September 24, 2020
Entrance conference	September 24, 2020
Field work to begin	October 19, 2020
Completion of field work	October 30, 2020
Exit conference, finalize financial statements and report to Board	December 17, 2020

#### Tasks and Tentative Schedule for 2020 RMDC Retirement Plan and Trust Audit:

List of reports and schedules to be prepared by organization staff	September 7, 2020
Organization staff completion of all schedules and draft reports	September 14, 2020
Entrance conference	September 14, 2020
Field work to begin	September 21, 2020
Completion of field work	September 23, 2020
Exit conference, finalize financial statements and report to board	October 29, 2020

#### **Section XI – Contractual Arrangements**

Payment for services rendered will be made monthly as work progresses.

#### **Section XII – Report Timing**

For Rocky's audit, a formal exit conference is to be held with the Finance Committee upon completion of the fieldwork. The auditor will participate with Rocky management in the presentation of the final report to the full Board. Refer to Section X for the proposed audit time schedule.

Management reports should be submitted as part of the audit report.

Instances of fraud, and/or illegal acts, or indications of such, including all questioned costs, must be covered by separate written report to the federal department or agency which provided the federal assistance funds.

#### **Section XIII – Working Papers**

The successful firm will retain the working papers for a minimum of three years after the date of the audit report issuance to the auditee, unless the State notifies the contractor to extend the retention period. The working papers must be available for examination by the authorized representatives of the federal audit agency, the Inspector General, state agencies, county government, and Rocky.

## **Section XIV – Right to Reject**

The Board reserves the right to reject any or all proposals received as a result of this request. The Board will not pay for any information contained in the proposals. The Board will not be liable for costs incurred by firms prior to issuance of an agreement. The Board may negotiate separately with any source in any manner necessary to serve the best interests of Rocky. The award will be made to the firm which, in the opinion of Rocky, is best qualified to perform the audit.

## **Section XV – Format of RFP Response**

To simplify and expedite the review process and obtain the maximum degree of information for evaluation purposes, the proposal must be organized in the manner specified below. Firms seeking both engagements must submit a separate proposal for each audit.

### **Title Page**

Show the RFP subject, the name of the proposer's firm, physical and mailing addresses, telephone number, name of contact person, and date of submission with the period which the proposal is effective.

### **Table of Contents**

Include a clear identification of the material submitted by section and by page number.

### **Letter of Transmittal**

Briefly state the proposer's understanding of the work to be done and make a positive commitment to perform the work within the time period. Include the names of persons authorized to represent the firm, their title, email and physical addresses, and telephone number. Limit the letter to two pages. A person authorized to contractually commit the firm must sign the letter.

### **Profile of the Audit Firm**

State whether the firm is local, regional, or national.

Give the location of the office from which the work is to be performed and the number of partners, managers, supervisors, and other professional staff employed at that office.

Describe the range of activities performed by the local office such as audit and accounting, tax and/or management advisory services. (There is the potential that RMDC will seek tax preparation or tax advisory services).

Describe the firm's experience with performing audits comparable to those required by Rocky or the RMDC Retirement Plan and Trust.

State whether the firm's staff are properly licensed to practice as certified public accountants.

State whether the firm meets the independence, due professional care and quality control standards as required by Government Auditing Standards, including the requirements for continuing professional education and external peer reviews. Please include copy of the firm's most recent Peer Review report (we may ask for the related letters of comments).

State if the firm does or does not have a record of substandard work. If there is a record of substandard work, please explain.

State whether the firm has been the object of any disciplinary action by an oversight body or legal challenges during the last three years. Provide a description of any actions and the outcome.

#### **Audit Team's Qualifications**

Identify the staff members who will work on the audit; noting staff members not located in Helena. Include brief resumes for each person to be assigned to the audit. The resumes should include a description of professional work experience in the area of non-profit and single audits or retirement plans, and a listing of continuing education received in the applicable subject area within the past three years. The resumes may be included as an appendix. Indicate each individual's responsibility relative to the audit and the approximate amount of time he or she will devote.

Please include the firm's approach to maintaining audit staff continuity, including the firm's staff turnover experience in the last two years. How will Rocky be notified if key engagement personnel changes are made?

#### **References**

Provide the names and telephone numbers of three client officials who can be contacted as references. The audits performed for these clients must be comparable in complexity and scope with those required by Rocky or the RMDC Retirement Plan and Trust.

#### **Additional Technical Information**

Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be included in this section. The proposer's general information publications, such as directories or client lists, should not be included. If there is no additional information to present, state "There is no additional information we wish to present."

#### **Proposer's Approach to Examination**

Submit a work plan to accomplish the scope of the audit. The work plan should include time estimates for each significant segment of work and the staff level to be assigned,

and how those time estimates fit the proposed time line of the audit. Please include the firm's use of technology in the audit.

### **Compensation**

A cost schedule stating the number of hours necessary, an hourly rate by staff classification including the resulting totals per staff category, and a schedule of travel costs and other out-of-pocket expenses should be submitted to justify the all-inclusive maximum fee to be stated in this section of the proposal.

The fee must be stated separately for each of the three years of the proposal period. The Rocky Form 990 (including 990T) fee should not be included in the total audit fee and should be stated separately for each of the three years of the proposal period.

Describe the firm's approach and billing rates for questions on technical matters that may arise throughout the year, or whether these occasional services are covered in the proposed fee structure.

## **Section XVI – Submission of Proposals**

Rocky must receive each proposal by 5:00 PM on Monday, June 15, 2020. Proposals may be submitted electronically to [cirey@rmdc.net](mailto:cirey@rmdc.net) or submitted by mail.

## **Section XVII – Evaluation of the Proposals**

Rocky will form a committee to evaluate proposals received. This committee will present the results of its evaluation to the Board's Finance Committee. The Finance Committee will recommend to the full Board which proposal or proposals to accept. Rocky will complete this process in a timely manner. At a minimum, the selection will be based upon the following factors.

Efforts will be made by Rocky to utilize small businesses and minority- or women-owned businesses. A proposer 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).

- The proposer's commitment to meet audit requirements.
- The proposer's qualifications including independence, peer review results, depth of services, and record of disciplinary action.
- The proposer's prior experience and success with similar engagements.
- The qualifications of proposed audit staff and managers.
- The level of direction and supervision to be exercised over audit team.
- The cost of audit services.
- The viability of the proposed work plan. Does the work plan reflect how the audit objectives will be successfully accomplished?

- Positive references from organizations receiving services from the firm that are comparable to those sought by Rocky.





# Organizational Chart

Revised June, 2019

