

January 18, 2023

Dear Audit Firm:

We are writing on behalf of the Audit Committees of the Boards of Directors to request that your firm submit a proposal for auditing the books and records of the **Community Economic Development Assistance Corporation (CEDAC)** and its affiliate, **The Children's Investment Fund (CIF)**. It is CEDAC's policy to evaluate our corporate needs and re-bid the audit periodically. We are soliciting proposals from several firms and ask that all proposals for service cover a three-year period, with pricing for an optional extended three-year period. The firm selected will be hired to audit the books of the organizations beginning with the fiscal year ending June 30, 2023, through the year ending June 30, 2025, with the engagement during that period secured by annual contracts. This letter and the attached Exhibits provide the necessary background information about CEDAC and CIF.

Organization Description - CEDAC

CEDAC is a quasi-public agency of the Commonwealth of Massachusetts, established as a public corporation by state legislation in 1978 ([Chapter 40H](#)), to provide technical assistance to non-profit community-based organizations to help them carry out community economic development activities in distressed areas of the state. In addition to its quasi-public status, CEDAC is a 501 (c) (3) tax-exempt corporation. A nine-member board of directors drawn from the public and private development sectors is appointed by the Governor to oversee CEDAC's corporate affairs and set policy for the corporation. The Board chair is the designee of the Secretary of the Executive Office of Housing and Economic Development, currently the Undersecretary of the Department of Housing and Community Development. CEDAC currently has 25 employees.

CEDAC's major program area is affordable housing. CEDAC provides predevelopment and acquisition financing and technical assistance to non-profit community-based organizations for the development, preservation, and rehabilitation of affordable housing. CEDAC also works closely with the Department of Housing and Community Development (DHCD) and its state agency partners on several of the capital bond programs used to develop supportive housing for homeless families or other vulnerable populations. CEDAC is active in state and national housing preservation policy research and development and is widely recognized as a leader in the non-profit community development industry. Please visit CEDAC's website for more information CEDAC.org.

CEDAC is a quasi-public corporation which is discretely presented as a component unit in the Commonwealth of Massachusetts' (The Commonwealth) Comprehensive Annual Financial Report (CAFR). CEDAC follows the GASB standard, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting";

CEDAC has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standard Board (FASB) that do not conflict with or contradict GASB codifications. As a public instrumentality, CEDAC is exempt from filing a Form 990.

CEDAC's operating activities are supported primarily by fee-for-service contract revenues and interest earned on its lending activities. Government contracts fund most of the fee-for-service activities and include both State and local contracts. Starting in the fiscal year of 2023, CEDAC will be disbursing funds authorized under the American Rescue Plan Act of 2021 (ARPA) as a contractor for DHCD, not as a sub-recipient.

Audited Financial Statements for CEDAC for the period ending June 30, 2022 are enclosed as Exhibit A.

The bulk of CEDAC's activities are spent on providing technical assistance and early stage, below-market rate loans to non-profit affordable housing developers. Like a Community Development Financial Institution (CDFI), CEDAC manages revolving loan funds and dedicated lines of credit, totaling roughly \$84 million, to fund high-risk predevelopment and site acquisition needs of our borrowers. CEDAC has a 37-year history of providing this type of lending and has a loan loss rate of less than .5%.

In addition to its early stage lending, CEDAC serves as underwriter and manager for various bond programs of the Commonwealth of Massachusetts. These include the Housing Innovations Fund (HIF), Facilities Consolidation Fund (FCF), Housing Preservation and Stabilization Trust Fund (HPSTF), and Community Based Housing (CBH) administered by the Massachusetts Department of Housing and Community Development (DHCD) as well as the MetState Housing Creation Trust Fund (MetState) administered by the Department of Mental Health (DMH). In addition to these long-standing arrangements, CEDAC has taken on the underwriting and management of a newer funding source, Accessibility Affordable Housing Grants (AAHG). In addition, as mentioned above, CEDAC has just become a disbursing agent of ARPA, on behalf of DHCD. For these underwriting and loan management activities, CEDAC is paid a fee. Further details on these programs can be found in Note 3, beginning on page 29 of the accompanying Audited Financial Statements, enclosed as Exhibit A.

Since 2014, CEDAC has also provided underwriting and technical assistance to the Department of Early Education and Care (EEC) for administration of a bond program (EEOST Capital Program) which provides capital, by way of capital grants, to nonprofit center-based early education and out of school time programs. The program is described in the Management Discussion and Analysis, beginning on page 9, and in footnote 9 on page 35 of the accompanying Audited Financial Statements, enclosed as Exhibit A.

CEDAC serves as fiscal intermediary and program administrator through various collaborations, most significantly as fiscal intermediary for the Home Modifications Loan Program, a program of the Massachusetts Rehabilitation Commission (MRC). In this capacity, CEDAC has

disbursed approximately \$73 million to date as of September 30, 2022 to regional providers who underwrite and close loans to individuals. All intermediary activities are reported on a separate statement of fiduciary net assets included in our audit report.

Organization Description - CIF

CEDAC's affiliate, the Children's Investment Fund (CIF), provides financial and technical assistance for development of quality early education and out of school time facilities. CIF, an independent 501(c)(3) tax-exempt non-profit corporation, was established in 1990 and has become a national leader in integrating childcare within community development. CIF follows all FASB pronouncements applicable to 501(c)(3) entities. The auditor engaged to perform CEDAC's audit will also perform CIF's audit and complete CIF's federal form 990 and Massachusetts Form PC.

CIF is governed by a fifteen-member board of directors. CIF does not employ any staff but contracts with CEDAC for all staffing and administration of CIF's programs. In 2018, CIF became a federally certified Community Development Financial Institution (CDFI). CEDAC subcontracts with CIF to manage the EEOST Capital Program described above. Please visit CIF's website for more information CEDAC.org/CIF.

New for CIF FY23 Audit

CIF did not meet the A-133 Federal audit threshold for the fiscal year of 2022, but will meet it in the year ending June 30, 2023 for expenditures of federal funds awarded by the U.S. Treasury's CDFI Fund. The proposal for the CIF audit should incorporate the anticipated cost of a single audit. Audited Financial Statements for CIF for the period ending June 30, 2022 are enclosed as Exhibit B.

Technology

CEDAC and CIF use the Sage 100 accounting software to track all financial activity in two distinct sets of records in order to account for its operating activities and the accounting of all loan funds. Detailed information on all loan activity is maintained in a separate database that is reconciled monthly with Sage 100. The database also serves as CEDAC's loan monitoring program.

Staff Involvement in Audit

CEDAC staff prepare all work papers required for the annual audits, financial statements and footnotes for both CEDAC and CIF. For the CEDAC audit, the auditors prepare the Excel portion of the financial statements which are reviewed and approved by CEDAC staff. The audited footnotes are prepared by CEDAC staff. For CIF, the auditors prepare both the financial statements and the footnotes, which are then reviewed and approved by CEDAC staff. The auditor also prepares the Federal Form 990 and Massachusetts Form PC.

Deadlines

In order to present our board with timely audited financials and to make the deadline established by the Commonwealth for inclusion in the CAFR, we must have a draft audit in hand by mid-September, and request that the audit fieldwork occur in early to mid-August. The audit firm engaged will need to assure us that they have staff of appropriate experience and qualifications available to meet this timeline. We require that CEDAC's financial statements be completed along with CIF's, by late September, for ratification at the scheduled board meetings in late September for both entities. Please see the Draft Audit Schedule, attached as Exhibit C.

RFP Requirements

CEDAC is looking for a firm with proven experience auditing non-profit organizations, government entities, especially quasi-public corporations, and community development finance institutions (CDFI's). We also require an audit firm that is experienced in federal Single Audit requirements, reporting and testing. Familiarity with both FASB and GASB requirements is necessary. We are looking for a firm that will also serve as a resource to the board and staff on accounting issues and other questions that may arise during the fiscal year. CEDAC highly values doing business with diverse contractors and requires all prospective contractors to complete a demographic survey to provide diversity information (included as Exhibit D).

Your proposal should include:

- Completed cover page (see Exhibit E)
- The services you propose to offer, including any recent innovations related to working remotely, such as audit document upload via secure portals.
- A summary of qualifications of the firm's principals, particularly the person proposed to manage this relationship.
- Your firm's policy on Racial Equity and Inclusion and the metrics you have established to self-evaluate.
- A completed vendor demographic survey (Exhibit D)
- The level of staffing you anticipate for this engagement and a summary of their qualifications and experience auditing non-profit, governmental organizations, or CDFI's.
- A list of three clients that we may call for references, preferably with similar complexities in reporting.
- A summary of how your firm addresses new pronouncements, including education and implementation.

- Demonstrated experience with Single audit requirements, reporting and testing.
- Your proposed fee for service broken down annually over the three-year period identified above, as well as pricing for an optional three-year extension. Please provide separate fees for CEDAC and CIF. Also, please provide a separate fee for a federal audit for CIF.
- Any other information you feel would be useful in evaluating your proposal.

Evaluation Factors/Considerations

CEDAC and CIF will evaluate all submitted proposals based on the following considerations:

1. Completeness and clarity of submission;
2. Experience in and available resources to complete two organizational audits, including a federal CIF audit, within the timeframe required;
3. Demonstrated success in past similar engagements;
4. Competitive pricing;
5. Firm’s ownership diversity, firm’s proposed audit team diversity, and/or firm’s efforts to subcontract or partner with firms with additional diversity.

To evaluate the responses and identify any questions we might have, we ask that all proposals be submitted, via email to Drusilla Pratt-Otto, Associate Director of Finance @ dpratt-otto@cedac.org. After reviewing all proposals, we may contact respondents for additional information and may request interviews.

Response Deadlines

Task	Date
RFP available	January 18, 2023
Notice of Intent (NOI): Send an email to dpratt-otto@cedac.org that indicates the firm’s intention to submit a proposal. You will then be added to the email list to receive all questions and answers relating to the RFP.	Email NOI by: 5 PM on January 31, 2023
Question and Answer Period: we invite interested respondents to submit questions to: dpratt-otto@cedac.org	By 5 PM on January 31, 2023
Answers will be provided	By 5 PM on February 7, 2023

RFP Responses Due	By 5 PM on February 15, 2023
Respondents Notified of Decisions	By March 30, 2023
Approximate Start Date of Contract	April 1, 2023

Please note, CEDAC reserves the right to alter this timeline and request additional and clarifying information from respondents.

If you have questions, please make sure you email them in writing to dpratt-otto@cedac.org by 5 PM on January 31, 2023. We will email all questions and answers to all respondents who email us by January 31, 2023 that they are interested in submitting a proposal.

Sincerely,



Debbie Schnitzer
Director of Finance and Operations, on behalf of Peter Daly and Bruce Figueroa, Audit
Committee Chairs of CEDAC and CIF

Community Economic Development Assistance Corporation
Schedule of Exhibits

Exhibit A: CEDAC Audited Financial Statements for June 30, 2022

Exhibit B: CIF Audited Financial Statements for June 30, 2022

Exhibit C: Tentative Audit Schedule for both entities

Exhibit D: Firm Demographic Form: **To be completed and returned with proposal**

Exhibit E: Cover Page: **To be completed and returned with proposal**

Exhibit D

Firm Demographic Form

Company Name:

Date:

Contact Person and Title:

Email:

Phone Number:

If you are not certified by the Commonwealth's Supplier Diversity Office ([SDO](#)) Business Enterprise Program, click [here](#) for a link to the process. We **do not** require certification as part of our selection criteria, but your responses are helpful to our data collection.

1. Is your organization a business enterprise that falls under the definition of those listed under the SDO Business Enterprise Program? The Program includes business enterprises as defined by those within the Operational Services Division's Supplier Diversity Program (SDP), including Minority Business Enterprises (MBE), Women Business Enterprises (WBE), Disadvantaged Business Enterprises (DBE), Portuguese Business Enterprises (PBE), Veteran Business Enterprises (VBE), Lesbian Gay Bisexual Transgender Enterprises (LGBTBE), Service-Disabled Veteran-Owned Business Enterprises (SDVOBE), or Disability-Owned Business Enterprises (DOBE) and is registered as such.

- If so, under which categories? List all: _____
- No, we are not listed

Even if your company is on the SDO list, please complete the following information:

2. Please provide the **% of owners** that self-identify as being members of any of the following groups:

- ____ % Black, African American, or Caribbean American
- ____ % Latino/Latina/Latinx American or Hispanic
- ____ % Asian or Asian American
- ____ % Native Hawaiian or Pacific Islander
- ____ % Native American, First Nations, American Indian or Native Alaskan
- ____ % Middle Eastern or North African
- ____ % White/Caucasian
- ____ % Other, please specify: _____
- I do not collect this information

I prefer not to answer

3. Please provide the **% of owners** that self-identify as being members of any of the following groups:

____ % Veterans/US Service Members, either current or former

____ % Disabled persons (as per the legal definition by the [Department of Labor](#) or [Americans With Disabilities Act](#))

____ % Lesbian, Gay, Bisexual, Transgender, Queer, and Asexual (LGBTQA+)

____ % Women

____ % Other, please specify: _____

I do not collect this information

I prefer not to answer

4. Please provide the **% of your leadership team (principals and/or key employees, not owners)** of your organization who self-identify as being members of any of the following:

____ % Black, African American, or Caribbean American

____ % Latino/Latina/Latinx American or Hispanic

____ % Asian or Asian American

____ % Native Hawaiian or Pacific Islander

____ % Native American, First Nations, American Indian or Native Alaskan

____ % Middle Eastern or North African

____ % White/Caucasian

____ % Other, please specify: _____

I do not collect this information

I prefer not to answer

5. Please provide the **% of your leadership team (principals and/or key employees, not owners)** of your organization who self-identify as being members of any of the following:

____ % Veterans/US Service Members, either current or former

____ % Disabled persons (as per the legal definition by the [Department of Labor](#) or [Americans With Disabilities Act](#))

____ % Lesbian, Gay, Bisexual, Transgender, Queer, and Asexual (LGBTQA+)

____ % Women

____ % Other, please specify: _____

I do not collect this information

I prefer not to answer

6. Total number of **full-time** employees:

7. Total number of **part-time** employees:

8. Approximate percentage of total number of employees/workforce (**not inclusive** of leadership team, owners or principals) that self-identify into the following groups:

_____ % Black, Indigenous, or other People of Color

_____ % Veterans/US Service Members, either current or former

_____ % Disabled Individuals (as per the legal definition by the [Department of Labor](#) or [Americans With Disabilities Act](#))

_____ % Women

_____ % LGBTQA+

_____ % Other, please explain _____

I do not collect this information

I prefer not to answer

9. If you would like to provide more information than what is captured by these questions, please share here:

Exhibit E

Response to CEDAC’s RFP for Financial Audit Services

COVER PAGE

(Please use this page as the 1st page of your response.)

Firm Name: _____

Address: _____

Contact Name: _____

Contact Phone: _____

Contact Email: _____

Authorized Signatory

Date

Print Name of Authorized Signatory

Responses should be addressed to:

CEDAC
18 Tremont Street, Suite 500
Boston, MA 02108
Attention: Drusilla Pratt-Otto

BY: 5 PM on February 15, 2023

Please submit proposals 1) electronically to dpratt-otto@cedac.org and 2) to insure we do not miss your electronic submittal, mail one copy of the cover page to the CEDAC offices at the above address.