MONTCLAIR STATE UNIVERSITY FOUNDATION, INC.
SCOPE OF SERVICES
REQUEST FOR PROPOSAL
AUDITING, ACCOUNTING AND TAX SERVICES

SECTION 1: PURPOSE AND INTENT:

This Request-for-Proposal ("RFP") has been issued for external audit, tax and related professional services for the benefit of Montclair State University Foundation, Inc. (the "Foundation").

Respondents to this RFP should take note that the operations and activities of Montclair State University (or the "University") are not part of this scope-of-services.

All firms responding to this RFP are expected to submit their proposals (six bound copies) by no later than February 3, 2014 to the attention of:

Jeff Campo, Associate Vice President University Foundation Financial Management
Montclair State University Foundation, Inc.
1 Normal Avenue
College Hall- Room 300
Montclair, NJ 07043

SECTION 2: BACKGROUND:

The Foundation was created in 1960 to support the operational and educational needs of Montclair State University. The Foundation operates as a separate not-for-profit 501(c)(3) corporation established under the laws of the State of New Jersey. Since its inception, the Foundation has received contributions from various sources including alumni, businesses, corporations, private foundations, and others. The Foundation has an endowment which is presently valued in excess of $50 million.

As part of its mission the Foundation ensures professional management and stewardship of donor contributions to support specific initiatives which are central to the success of the University, including support for fundraising and capital campaigns, administration of academic scholarships and a variety of other programs that are educationally focused.

Montclair State University is one of New Jersey’s largest and most well respected institutions of higher education. The University strives to create an exceptional student experience, driven by an environment of academic excellence, outstanding facilities, engaged professors/advisors, and strong connections to key centers of influence such as alumni, donors and the business community.
at large. The Foundation contributes to the University’s success, in part, because of the funds it
raises, which in turn helps the University maintain its long-time commitment of being an
“opportunity institution” which provides affordable access to a high quality education.

SECTION 3: SCOPE OF SERVICES:

The following outlines the Scope of Services being requested through this RFP and the related
activities that will be expected from the firm eventually selected:

Audit:

1. The selected firm will complete an annual audit of the Foundation’s June 30th financial
statements and a related financial statement on Supplementary Information (fund balances
and related activity) in accordance with Auditing Standards Generally Accepted in the
United States of America. These financial statements will be prepared in accordance with
Accounting Principles Generally Accepted in the United States of America.
2. In connection with the audit the selected firm will rely on schedules and analysis provided
by the Foundation staff in conjunction with their audit, as well as internally prepared
financial statements, footnotes and related support.
3. The selected firm will issue an opinion on the Foundation’s financial statements and
related Supplementary Information, and will provide an appropriate number of copies to
the Foundation staff.
4. The selected firm will issue their final audit report within a specific time period, which
typically is no later than the third week of August. This timeframe is based in part on the
needs of the University to blend its financial information with that of the Foundation. As a
result, the audit should be designed to consider the completion of interim audit procedures
as it relates to internal control and substantive testing of revenues, disbursements and
other areas as deemed feasible and appropriate.
5. The selected firm will issue appropriate Audit Communication Letters as required under
the current Audit Codification including observations regarding the Foundation’s internal
control structure identified during the audit, the adequacy of its accounting procedures,
and other matters of significance, along with recommendations for assisting the
Foundation in making management improvements and achieving operational efficiencies.

Tax:

6. The selected firm will prepare the Foundation’s Federal Income Tax Return (Form 990)
and related State tax filings, along with any required schedules or supporting
documentation (with the assistance of the Foundation staff).
7. The selected firm may be requested to provide tax advice and other assistance as to matters
relating to the Foundation and its tax matters, as needed.

Other:

8. The selected firm will attend an annual meeting of the Foundation’s Audit Committee to
present its audit and related findings. In addition, the selected firm will attend an annual
meeting with the Foundation’s Board of Trustees for the same purposes. Although not presently anticipated, the selected firm may be requested to attend other meetings of the Board or its functioning Committees.

SECTION 4: PERIOD COVERED BY THIS RFP:

The Foundation seeks to build a relationship with the selected firm which creates one of mutual understanding and effectiveness. As a result, this RFP addresses the following timeframe:

1. The initial audit period under this RFP will be for the fiscal year ending on June 30, 2014.
2. The initial engagement will be for one year with the Foundation having the option to extend the arrangement for up to four (4) additional one year periods.

SECTION 5: STATEMENT OF QUALIFICATIONS:

Each respondent should provide a Statements of Qualifications in accordance with the order of items listed below. As part of its submission, each responding firm should restate the question and respond to each item completely and clearly. Responding firms are also welcome to provide attachments that augment their responses or provide relevant illustrations of their experiences and credentials. Each Responding firm must include in its proposal an Executive Summary, not to exceed three pages, indicating why their firm should be selected.

Firm Background:

1. Describe your firm’s brand, mission, core values and approach to client service, emphasizing your advantages in the public accounting industry.
2. Given the current business and economic climate, describe your firm’s short and long-term business strategy including downstream mergers you are expecting to be completed within the next one to three years or your philosophy regarding upstream mergers.

Firm Expertise:

1. Describe your firm’s expertise in the non-profit sector identifying:
   a. The percentage of your net fees derived from the non-profit sector relative to total firm net fees for the past three fiscal years
   b. The number of non-profit audit clients relative to the total firm audit client base for the past three years
   c. Realization rates from your non-profit sector for the past three years, as well as overall firm realization rates for the past three years
   d. Firm standard billing rates for each staff level (including equity and non-equity partners)
   e. Number of partners serving in your non-profit sector and the percentage of their time devoted towards this practice area (bios for these partners should be attached as Appendix A)
2. Provide a list of no less than five client references representing foundations, non-profits, and colleges/universities audited by your firm. Your list should include the names and phone numbers of individuals whom the Foundation may contact at each organization.
3. Describe your firm’s involvement with professional associations, task forces or committees that are currently addressing of shaping the non-profit sector.

**Audit Approach:**

4. Discuss your audit approach to your clients in general, as well as your proposed approach to serving the Foundation, including the application of interim testing procedures (and their proposed timing) to meet the required objective of completing the audit by the third week of August.
5. Discuss the audit programs used (noting whether they were internally or externally developed) and explain your approach for testing of internal controls, use of sampling, application of risk assessments and the setting of materiality/tolerable misstatement/ISI.
6. Describe your proposed audit firm transition process including required communications with predecessor auditors and other steps necessary to effectuate as smooth of a transition as possible.
7. Discuss your expectations of the Foundation staff including the preparation of accounts analysis, supporting documentation, etc.

**Proposed Staffing:**

8. Discuss the proposed staffing from the office that your firm would be assigning to this engagement. In this regard identify the size of the staff in this office (by staff level and area of expertise).
9. Discuss the proposed staffing for this engagement. Include bios for assigned partners and managers (bios to be included as Appendix B).
10. Describe your firm’s approach regarding (i) the continuous assignment of a staff member to a client audit team and (ii) the replacement of a staff member on the audit team who is either promoted or separated from your firm.
11. Describe your firm’s continuing education approach and training programs, including discussion of training programs designed for the non-profit sector.
12. Provide staff turnover rates for the past three years.

**Firm Quality Control:**

13. Discuss your Firm’s Quality Control Review process, as applicable.
14. Discuss your policies regarding concurrent partner review within the context of this audit.
15. Identify, as applicable, any existing or potential relationships between your firm and (i) the Foundation and/or the University or (ii) any employee, officer, trustee or agent of the Foundation or the University which could lessen your independence and objectivity due to a perceived or actual conflict-of-interest.
16. Provide a copy of the letter from your most recent Peer Review process (include as Appendix C).
17. Provide a sample of an engagement letter for your services (include as Appendix D).
18. Within the framework of the current independence standards, describe your firm’s capabilities to provide management and/or consulting services to non-profit clients.

Other:

1. Identify publications, training programs, and/or other regular services offered to your clients that may be of interest to the Foundation.
2. Identify a summary of any and all problems that your firm may anticipate during the term of the engagement and, for each problem identified, provide a proposed solution.

SECTION 6: FEES:

The firm responding to this RFP shall submit the following fee information/budget (which is to be included as Exhibit E):

Audit Services:
1. Estimated hours for the audit engagement, listed by staff level and in total for each major audit area (a major audit area includes, but is not limited to, planning, supervision, internal control, material substantive testing areas, report review)
2. Hourly rates by staff and as expressed as an average relative to the total proposed fee
3. Fees at standard rates estimated for the audit engagement
4. An estimated realization rate for the audit engagement

Tax Services:
1. Estimated hours for tax preparation services, listed by staff level and in total
2. Hourly rates by staff and as expressed as an average relative to the total proposed fee
3. Fees at standard rates estimated for the tax engagement
4. An estimated realization rate for the tax engagement

Other Services:
Please provide average billings rates for special services, using firm experience and policies from other clients.

Billing Terms and Fee Estimates:

Please provide proposed payment terms, including expected progress billings, if any. All fees must be inclusive of estimates for all travel, technology and related costs. Firms are also requested to provide fee structures for two additional audit periods so that the Foundation can measure expected fees on a more prolonged basis.

SECTION 7: PROPOSAL EVALUATION:

The purpose of the evaluation process, either through an oral presentation or through follow-up written responses, is to provide an opportunity for a firm responding to the RFP to clarify or elaborate upon its proposal submission as needed. Original proposals submitted, however, cannot be changed or corrected in any way. Similarly, there will be no comments regarding presentations
made by competing firms.

The Foundation will make every effort to complete the selection process by Friday, March 14, 2014.

The proposal evaluation process will include the Foundation’s Audit Committee and selected members of its Board and staff. The following provides an overview of the evaluation process:

1. *Oral Presentation and/or Clarification of Proposal*: A firm responding to this RFP will be required to give an oral presentation concerning its bid proposal and may also be required to submit written responses to questions regarding its proposal.

2. *Evaluation Criteria*: The following criteria, while not limiting, may be used in the evaluation process:
   a. The ability of a firm to meet requirements of the audit as identified in the RFP.
   b. The quality of the responses to specific questions listed in the “Statement of Qualifications” section of this document.
   c. An evaluation of the capabilities for quality client service and an ability to meet the needs of the Foundation.

**SECTION 8: AUDIT AND TAX DATES:**

- *Audit*: Although they are subject to possible future change, the following represents the expected dates regarding the Foundation’s audit process:

  - **March to April**
    - Execution of formal engagement letter and convening of pre-audit conference meeting.
  
  - **Mid April to Mid-May**
    - Commencement of internal control testing and application of interim substantive audit procedures
  
  - **Mid to late July**
    - Commencement of remaining substantive field work
  
  - **August 15**
    - Submittal of draft Audit Reports, related Financial Statements, and appropriate Audit Communications Letters for Foundation staff review
  
  - **Third week of August**
    - Submittal of final draft Audit Reports, related Financial Statements, and appropriate Audit Communication Letters to the Foundation’s Audit Committee for approval and issuance of final Financial Statements and Audit Communication Letters. The Financial Statements (and not the Supplementary Information) will be submitted to the University for blending purposes
  
  - **Third week of September**
    - Attendance by Partner, Manager, and/or In-Charge Personnel assigned to the audit at a meeting of the Foundation’s Board of
Trustees for purposes of presenting the results of the audit and the related Financial Statements

- **Tax**: Although not an absolute requirement, it is expected that all related tax filings completed prior to the required filing deadline.