

## Addendum # 1

### Informal Solicitation No. 816981 for Condominium, Homeowner Associations & Other Entities Audit & Tax Services

**Date of Addendum # 1: May 16, 2017**

The Informal Solicitation No. 816981 for the above named project is amended as noted in this Addendum. This Addendum consists of three pages plus an attachment.

This Addendum lists questions received and SHA's responses below.

**The following is a list of questions received and SHA's responses to those questions.**

Question 1. Can you please provide a listing of the number of condominium, homeowner associations & other entities that this Solicitation is seeking Audit/Tax work?

Response: *Condominiums and other associations that may be included (but not necessarily limited to) in the resulting Contract for this service are as follows:*

- *Campus of Learners Foundation;*
- *Seattle Community Investments;*
- *S.P.A.C.E. Foundation;*
- *Yesler Terrace Owners Association;*
- *Upton Flats Owners Association (currently under construction at High Point);*
- *Main Street Place;*
- *Ravenna School Condominium Association.*

Question 2. Can you please provide one copy of a recent audit of one of the entities?

Response: *See "Campus of Learners Foundation – 2013 Audit Report" attached to this Addendum No. 1.*

Question 3. What were the fees for audit and tax services in the prior year for one entity?

Response: *Typical charges for last year are as follows:*

|                     |                    |
|---------------------|--------------------|
| <i>Annual Audit</i> | <i>\$6,600.00;</i> |
| <i>Form 990</i>     | <i>\$1,200.00</i>  |

Question 4. Where are the records maintained?

Response: *Records pertaining to the entities included in this Solicitation are maintained at SHA's Central Office, 190 Queen Anne Avenue N, Seattle.*

Question 5. Was the work provided by the auditors conducted onsite or remotely?

Response: *Work was performed remotely.*

Question 6. Can we get a copy of any specifications and/or documents associated with this Solicitation?

Response: *Please go to the following web page for the actual Solicitation. Also see the attachment to this Addendum.*

Question 7. The Solicitation states the types of entities to be audited and the fee range; however, it does not specify the number of entities to be audited. Please specify.

Response: *See Response to Question 1 above.*

Question 8. Have there been any significant changes in your operations, programs or personnel recently or contemplated for the future that would impact the scope of services as compared to prior contracts for the same work? (Ex: changes in the audit process or those involved with the process, current year budget vs. prior year budget?)

Response: *There have been no significant changes that would impact the scope of services.*

Question 9. What are the most challenging aspects of the audit process?

Response: *The most challenging aspects are the timeframes for which the audits and tax returns are due.*

Question 10. Has the current auditor met all required deadlines? Is the Authority satisfied with the incumbent auditor's timeliness?

Response: *The current auditor has met all required deadlines. The Authority is satisfied with the incumbent auditor's timeliness.*

Question 11. Are any of the accounting functions outsourced to another accounting firm? If so, which functions?

Response: *No accounting functions are outsourced to another accounting firm.*

Question 12. Is there any specific expertise and advice the organization looking for that it may not be receiving from its current provider?

Response: *There is no additional expertise that the organization is not receiving from its current provider.*

Question 13. What is management's and the board's view on the desirability of transitioning to new auditors?

Response: *The reason for this solicitation is to develop a list of available providers so that the concentration of the services is spread among various providers in addition to having a list for future entities.*

Question 14. How long has the Authority been with the auditor that provides services for the related entity audits?

Response: *Currently there are various Auditors for the different entities. SHA Contracts are for up to a total of five years, and as managing agent for these entities, SHA keeps the same requirements on these Contracts. Since some of the current Contracts are at the five year point, we would like to get them all on the same schedule through this solicitation, selection & contracting process.*

Question 15. Is the current provider bidding on the engagement?

Response: *This Solicitation is open to any qualified firms. It has been advertised in the Seattle Daily Journal of Commerce newspaper and posted on SHA's website; therefore, we don't know who will be submitting a Proposal.*

Question 16. In the Scope of Work, the types of entities identified are condominiums, homeowners associations and "other entities". In the Evaluation Criteria, #1 references Low-income housing tax credit partnerships. Can you clarify what types of entities, and a ballpark of how many?

Response: *See Response to Question 1 above.*

Question 17. I understand that this solicitation is looking for audits and tax preparation for both LIHTC partnerships, as well as HOA Associations, is that correct? How many approximately are part of this solicitation?

Response: *See Response to Question 1 above.*

**As a reminder, Proposals are due by 2:00 p.m., Tuesday, May 23, 2017 to the following e-mail address: [don.tucker@seattlehousing.org](mailto:don.tucker@seattlehousing.org).**

See attached "CAMPUS OF LEARNERS FOUNDATION INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS" – Year Ended December 31, 2013.

**CAMPUS OF LEARNERS FOUNDATION**

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**

# CAMPUS OF LEARNERS FOUNDATION

Year Ended December 31, 2013

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FINNEY, NEILL & COMPANY, P.S.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Campus of Learners Foundation

We have audited the accompanying financial statements of Campus of Learners Foundation, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Campus of Learners Foundation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Finney, Neill & Company, P.S.*

May 8, 2014

**CAMPUS OF LEARNERS FOUNDATION**  
Statement of Financial Position  
December 31, 2013

**Assets**

Current assets:

|  |                |
|--|----------------|
| Cash and cash equivalents                    | \$ 758,058     |
| Cash held for others under agency agreements | 63,124         |
| Grants receivable                            | <u>2,980</u>   |
| Total current assets                         | <u>824,162</u> |

Fixed assets:

|                         |               |
|-------------------------|---------------|
| Construction in process | <u>96,684</u> |
| Fixed assets, net       | <u>96,684</u> |

|              |                          |
|--------------|--------------------------|
| Total assets | <u><u>\$ 920,846</u></u> |
|--------------|--------------------------|

**Liabilities and Net Assets**

Current liabilities:

|   |               |
|---|---------------|
| Accounts payable and accrued liabilities        | \$ 3,400      |
| Amounts held for others under agency agreements | 63,124        |
| Payable - related party                         | <u>8,475</u>  |
| Total current liabilities                       | <u>74,999</u> |

Net assets:

|                        |                |
|------------------------|----------------|
| Unrestricted           | 130,017        |
| Temporarily restricted | <u>715,830</u> |
| Total net assets       | <u>845,847</u> |

|                                  |                          |
|----------------------------------|--------------------------|
| Total liabilities and net assets | <u><u>\$ 920,846</u></u> |
|----------------------------------|--------------------------|

*The accompanying notes are an integral part of these financial statements.*

**CAMPUS OF LEARNERS FOUNDATION**  
Statement of Activities  
Year ended December 31, 2013

**CHANGES IN UNRESTRICTED NET ASSETS**

|  |                |
|--|----------------|
| Unrestricted public support and other revenue          |                |
| Grants   | \$ 11,227      |
| Contributions  | 2,376          |
| Investment income                                      | <u>160</u>     |
| Total unrestricted public support and other revenue    | <u>13,763</u>  |
| Net assets released from restrictions                  |                |
| Satisfaction of program restrictions                   | <u>96,684</u>  |
| Total unrestricted support, revenue, and other support | <u>110,447</u> |
| Expenses   |                |
| Programs   | 13,602         |
| Management and general                                 | <u>440</u>     |
| Total expenses   | <u>14,042</u>  |
| Increase (decrease) in unrestricted net assets         | <u>96,405</u>  |

**CHANGES IN TEMPORARILY RESTRICTED NET ASSETS**

|  |                          |
|--|--------------------------|
| Contributions  | 61,169                   |
| Net assets released from restrictions                    | <u>(96,684)</u>          |
| Increase (decrease) in temporarily restricted net assets | <u>(35,515)</u>          |
| Increase (decrease) in net assets                        | 60,890                   |
| Net assets at beginning of year                          | <u>784,957</u>           |
| Net assets at end of year                                | <u><u>\$ 845,847</u></u> |

*The accompanying notes are an integral part of these financial statements.*



**CAMPUS OF LEARNERS FOUNDATION**  
Statement of Cash Flows  
Increase (Decrease) in Cash and Cash Equivalents  
Year ended December 31, 2013

Cash flows from operating activities:

Receipts:

|  |                |
|--|----------------|
| Receipts from grants                             | \$ 419,416     |
| Receipts from interest and other sources         | 2,536          |
| Payments to employees and vendors                | <u>(244)</u>   |
| Net cash provided (used) by operating activities | <u>421,708</u> |

Cash flows from investing activities:

|  |                 |
|--|-----------------|
| Purchase of fixed assets                         | <u>(93,284)</u> |
| Net cash provided (used) by investing activities | <u>(93,284)</u> |

Net increase (decrease) in cash and cash equivalents 328,424

Cash and cash equivalents at beginning of year 429,634

Cash and cash equivalents at end of year \$ 758,058

Cash flows from operating activities:

|   |                   |
|---|-------------------|
| Increase (decrease) in unrestricted net assets  | \$ 60,890         |
| Adjustments to reconcile change in unrestricted net assets<br>to net cash provided by operating activities: |                   |
| (Increase) decrease in assets:  |                   |
| Grants receivable   | 347,020           |
| Cash held for others under agency agreements  | (500)             |
| Increase (decrease) in liabilities:   |                   |
| Intercompany payable  | <u>14,298</u>     |
| Total adjustments   | <u>360,818</u>    |
| Net cash provided (used) by operating activities  | <u>\$ 421,708</u> |

*The accompanying notes are an integral part of these financial statements.*

# CAMPUS OF LEARNERS FOUNDATION

Notes To Financial Statements

Year ended December 31, 2013

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Campus of Learners Foundation (the Foundation) is a Washington nonprofit corporation formed in 1999 by Seattle Housing Authority. The Foundation's purpose is to support the provision of services and facilities which will enable public housing residents and their low and moderate income neighbors to achieve self-sufficiency by: (a) raising funds to support Seattle Housing Authority projects; (b) planning and/or administering programs of employment and training, education, and individual and family counseling, as well as other community and support services that target low income persons and lead to self-sufficiency; (c) providing consultation and training to public housing authorities and other entities which house or plan to house low and moderate income people.

### Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Presentation of Financial Statements for Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor imposed restrictions. Accordingly, the net assets of the Foundation have been reported as follows:

- *Unrestricted net assets* are those currently available at the discretion of the board for use in the activities of the Foundation.
- *Temporarily restricted net assets* are those stipulated by donors for specific operating purposes. The Foundation had temporarily restricted net assets of \$715,830 at December 31, 2013.
- *Permanently restricted net assets* are in the form of endowment or sustaining funds in which only the income from such funds may be expended. The Foundation had no permanently restricted net assets at December 31, 2013.

Net assets of the temporarily and permanently restricted class are created only by donor-imposed restrictions on the use of funds. All other net assets, including board-designated or appropriated amounts and are reported as part of the unrestricted class.

### Cash and Cash Equivalents

The Foundation periodically maintains cash and investments in financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) and other insurance limits. The excess balances are subject to the risk of financial institutional failure since they are not covered by the FDIC or other insurance. The Foundation has not experienced any losses with these accounts, and management believes it is not exposed to any significant credit risk.

*These notes are an integral part of the financial statements.*

# CAMPUS OF LEARNERS FOUNDATION

Notes To Financial Statements, continued

Year ended December 31, 2013

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### Cash and Cash Equivalents, continued

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

### Cash Held for Others Under Agency Agreements

Campus of Learners is the custodian of the Dream Big Scholarship Fund. Funds related to this program are reflected on the statement of financial position as cash and amounts held for others under agency agreements.

### Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life. Significant renovations or improvements, which extend the economic life of the property, are capitalized. Expenditures for repairs and maintenance are expensed as incurred. Depreciation expense for the year ended December 31, 2013 was \$0.

### Impairment of Long-lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the year ended December 31, 2013.

### Restricted and Unrestricted Support and Revenue Recognition

Contributed support is recorded when cash is received or when ownership of donated assets is transferred. The Foundation has adopted the Revenue Recognition for Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. In accordance with this Topic, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions.

Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted resources, whose restrictions are met in the reporting period received, are recorded as unrestricted support.

# CAMPUS OF LEARNERS FOUNDATION

Notes To Financial Statements, continued

Year ended December 31, 2013

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the Functional Expenses note. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

### Income Tax Status

Pursuant to a letter of determination from the Internal Revenue Service, the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation under Section 509(a)(3). Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

The Foundation accounts for tax positions in accordance with the Recognition and Initial Measurement Sections of the Income Taxes Topic of FASB Accounting Standards Codification. With few exceptions, the Foundation is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed the Foundation's tax positions and determined there were no uncertain tax positions as of December 31, 2013.

The Foundation recognizes income tax related interest expense and penalties in operating expenses. During the year ended December 31, 2013, the Foundation recognized no income tax related interest or penalties.

### Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 8, 2014, which is the date the financial statements were available to be issued.

## 3. RELATED PARTY TRANSACTIONS

The Foundation was formed by Seattle Housing Authority. Seattle Housing Authority is considered to be a related party and has representatives serving on the Board of the Foundation.

Due to Seattle Housing Authority's use of a centralized system to receive revenue and disburse expenses, the Foundation has recorded a payable amount due to other funds operated by Seattle Housing Authority of \$8,475 as of December 31, 2013.

**CAMPUS OF LEARNERS FOUNDATION**  
Notes To Financial Statements, continued  
Year ended December 31, 2013

4. ECONOMIC CONCENTRATIONS AND CONTINGENCIES

The Foundation's revenues are principally derived from private grants. During the year ended December 31, 2013, 97% of grant funds received in the current year were from one granting organization and are recorded as temporarily restricted net assets. The use of the grant funds is limited to the purposes expressed in the associated grant proposal and must be returned to the granting organization if they are not used or if compliance with the grant terms is not met.

5. FUNCTIONAL EXPENSES

The operating costs of providing various programs and other activities are summarized on a functional basis as follows:

|                       | <u>Programs</u>  | <u>Management<br/>&amp; General</u> | <u>Total</u>  |
|-----------------------|------------------|-------------------------------------|---------------|
| Community development | \$ 13,602        | -                                   | 13,602        |
| Miscellaneous         | -                | 50                                  | 50            |
| Professional fees     | -                | 390                                 | 390           |
| Total expenses        | <u>\$ 13,602</u> | <u>440</u>                          | <u>14,042</u> |