

REQUEST FOR PROPOSALS (RFP)
"Audit Services" and "Tax Preparation Services"

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand, CPA
Auditor of State

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REQUEST FOR PROPOSALS (RFP)
"Audit Services" and "Tax Preparation Services"

This letter constitutes a request for proposals for audit and tax return preparation services for the Iowa Fund of Funds, Fund A, L.L.L.P. ("IFOF"); the Iowa Capital Investment Corporation ("ICIC"); and the Iowa Designated Investor, Inc. ("IDI") for the years ending December 31, 2020, 2021 and 2022, with opportunity for extension of up to two additional years. Attached is information on specific requirements, data to be included in the proposal, evaluation criteria and entity profiles. The period covered by the first audits will begin January 1, 2020 and conclude on December 31, 2020.

Sealed proposals for audit services (4 copies) will be accepted until 3:00 p.m., November 20, 2020, as follows:

The Auditor of State will receive proposals for audit services for the IFOF at the following locations:

Office of Auditor of State
Attention: Dana Davis
State Capitol Building, Room 111
Des Moines, Iowa 50319-0001

Copy to:
Iowa Capital Investment Corporation
13905 Quail Pointe Dr., Ste A
Oklahoma City, OK 73134-1026

IDI will receive proposals for audit services for IDI at:

Iowa Designated Investor, Inc.
13905 Quail Pointe Dr., Ste A
Oklahoma City, OK 73134-1026

Those submitting sealed proposals should indicate on the outside of the envelope in the lower left-hand corner that it is a "Sealed Proposal for Audit Services".

Proposals for tax preparation services will be accepted until 3:00 p.m., November 20, 2020, as follows:

The IFOF and ICIC will receive proposals for tax preparation services for the IFOF and ICIC at:

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Iowa Capital Investment Corporation
13905 Quail Pointe Dr., Ste A
Oklahoma City, OK 73134-1026

IDI will receive proposals for tax preparation services for IDI at its offices:

Iowa Designated Investor, Inc.
13905 Quail Pointe Dr., Ste A
Oklahoma City, OK 73134-1026

The contract for audit services for IFOF will be awarded by Friday, December 11, 2020. With respect to the IFOF audit, there will be an executed agreement with the Auditor of State in the format provided, which must be approved by the ICIC Board of Directors;

Further information may be obtained from Rob McNaughton, Controller, at (405) 843-6550, or Marlys Gaston, Deputy Auditor of State, at (515) 281-8314.

Contracts for audit services for IDI and for tax preparation services for all three entities will be awarded as soon as possible, following receipt of proposals, review and approval by the appropriate body. There will be:

- with respect to the IFOF and ICIC tax preparation services, written contracts with ICIC, which must be approved by the ICIC Board of Directors; and
- with respect to the IDI audit and tax preparation services, a written contract with IDI, which must be approved by the IDI Officers.

Further information may be obtained from Rob McNaughton, Controller, at (405) 843-6550.

I. SPECIFIC REQUIREMENTS

1. The Office of Auditor of State reserves the right to reject any and all proposals received relating to the audit of the IFOF. The ICIC reserves the right to reject any and all proposals received relating to the IFOF and ICIC. The IDI reserves the right to reject any and all proposals received relating to the IDI.
2. The contract accepted for IFOF by the Office of Auditor of State is subject to approval by the Executive Council of the State of Iowa and will be effective only when such approval is granted.
3. Only audit proposals received at the locations described and in the time frame given will be considered.
4. Original and one copy of the enclosed agreement for IFOF audit services should be completed and manually signed by a partner of the firm submitting a proposal for audit services for the IFOF.
5. The audits shall be performed in accordance with U.S. generally accepted auditing standards.
6. The fees quoted in the proposals and included in the contracts will be the maximum paid per hour and in total, unless an amendment to a contract is completed and agreed to by all requisite parties.
7. The audit reports shall conform to any sample reports in existing AICPA Audit Guides.

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8. Fieldwork for the audits must be performed and draft reports available by May 15 and the final reports delivered by June 15.
9. The audit reports shall include management letters, if appropriate, which include recommendations affecting the financial statements, internal control, legality of actions, and any other matters reasonably considered appropriate by the auditor.
10. Five bound copies of each audit report including the management letter will be required to be typed and reproduced by the firm accepting the contract.
11. For each contract a detailed per diem audit statement that identifies the audit hours and cost shall be submitted prior to final payment for any of the audit services. Two progress invoices of 35% of the anticipated total cost will be permitted prior to the final invoice.
12. The tax preparation services must be performed and draft returns made available the earlier of June 30 or two weeks prior to relevant tax filing deadlines. Each entity expects to utilize available extensions for the filing of returns.
13. The audit services and the tax preparation services may be awarded separately and should be bid separately.

II. DATA TO BE INCLUDED IN PROPOSAL

In order to simplify the review process and to obtain the maximum degree of comparability, it is requested that proposals include the following items and be organized as specified below.

A. Letter of Transmittal

A letter of transmittal briefly outlining the proposer's understanding of the work and general information regarding the firm and individuals to be involved is permitted, but not required. If a transmittal letter is presented, it should clearly set forth the local address of the office that would perform the work, the telephone number and the name of the contact person.

B. Table of Contents

Include a table of contents which identifies the material by section, page number and reference to the following information to be included in the proposal. If a transmittal letter is not included, please state in the table of contents the local address of the office that would perform the work, the telephone number and the name of the contact person.

C. Profile of Firm Processing

1. State whether the firm is a local, national or international firm and a brief description of the size of the firm.
2. State whether the firm is in compliance with the registration and permit requirements to engage in the practice of public accounting within Iowa.
3. Describe the local office from which the work is to be performed.
 - a. Location of the office.

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- b. Current size of the office.
- c. Number of professional staff by level, such as partner, manager, supervisor, senior and other professional staff.
- d. Number of CPA's in the office.
- e. Other information needed to describe the office which would perform the work.

D. Qualifications

For audit –

1. Describe the recent local office auditing experience for entities involved in venture capital funds, private equity funds and funds of funds. If appropriate, include regional experience in auditing similar types of entities.
2. Include resumes of all key professional members who will be assigned to the audits. Resumes should be included for all members of the audit team from the audit partner through at least the on-site in-charge auditor. The resumes should include the amount of experience the individual has had in the auditing profession and a summary of projects involving venture capital funds, private equity funds and funds of funds on which the individual has worked.
3. Describe the firm's policy on notification of changes in key personnel.
4. Include a listing of or the number of professionals in the office who are experienced in auditing entities involved in venture capital funds, private equity funds and funds of funds.
5. Describe the availability of individuals within the firm, who are heavily involved in venture capital funds, private equity funds and funds of funds auditing and reporting, with which the audit team may consult.
6. Briefly describe the firm's system of quality control to ensure the audit is adequately performed and provide a copy of the firm's most recent external quality control review report.

For tax –

1. Describe the recent local office tax experience for entities involved in venture capital funds, private equity funds and funds of funds. If appropriate, include regional experience in preparing tax returns for similar types of entities.
2. Include resumes of all key professional members who will be assigned to the tax work. Resumes should be included for all members of the tax team from the tax partner and the ultimate partner in charge of tax positions through at least the on-site in-charge tax preparer. The resumes should include the amount of experience the individual has had in the tax profession and a summary of projects involving venture capital funds, private equity funds and funds of funds on which the individual has worked.
3. Describe the firm's policy on notification of changes in key personnel.
4. Include a listing of or the number of professionals in the office who are experienced in preparing tax returns for entities involved in venture capital funds, private equity funds and funds of funds.

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5. Describe the availability of individuals within the firm, who are heavily involved in venture capital funds, private equity funds and funds of funds auditing and reporting, with which the tax team may consult.
6. Briefly describe the firm's system of quality control to ensure the tax returns are adequately performed and provide a copy of the firm's most recent external quality control review report.

E. Scope of Services and Proposed Project Schedule

1. Briefly describe your understanding of the scope of services to be provided.
2. Indicate a proposed time schedule for completing the work, assuming the contracts will be issued on the date given in the cover letter.
 - a. Include the approximate dates you would perform field work, office review and report preparation.
 - b. Include the latest delivery date of the final reports.

F. Fees and Compensation

Provide the following information:

1. Estimated total hours.
2. Estimated out-of-pocket expenses.
3. The hourly rate by staff classification.
4. The all-inclusive maximum fee and out-of-pocket expenses, which will not be exceeded.
5. The frequency and timing of the billing process (see section I #11 above).

III. EVALUATION CRITERIA

The proposal will be evaluated by the Office of Auditor of State, the ICIC, and the IDI and the evaluation shall be based upon the following two areas:

1. Cost
 - a. Overall cost, including out-of-pocket expenses for performance of the audits.
 - b. Overall cost, including out-of-pocket expenses for performance of the tax returns. Include a per state range of costs for preparation of state returns based on the complexity of such returns.
2. Qualifications
 - a. Organizational structure and size of the firm.
 - b. Organizational structure and size of the office which would perform the work.
 - c. Recent experience in similar types of audits and tax assignments.

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- d. Qualifications of the audit team and the number of individuals experienced in auditing entities involved in venture capital funds, private equity funds and funds of funds.
- e. Qualifications of the tax team and the number of individuals experienced in serving entities involved in venture capital funds, private equity funds and funds of funds.
- f. Individuals with whom the audit team may consult.
- g. Individuals with whom the tax team may consult.
- h. Understanding of work and timetable to complete engagement.

IV. IOWA FUND OF FUNDS PROFILE

Overview

During its 2002 session, the Iowa Legislature enacted an economic stimulus measure designed to encourage private venture capital investment in emerging, expanding, and restructuring business enterprises in communities throughout Iowa. The legislation has been codified at Iowa Code Section 15E.61 and following. In order to facilitate the goals set forth in the Act, the Legislature authorized the formation of the Iowa Capital Investment Corporation (ICIC). ICIC was incorporated as a private, not-for-profit corporation under Iowa Code Chapter 504A on May 7, 2002. ICIC is not a public corporation or instrumentality of the state. In 2005, technical amendments to the original legislation removed unanticipated impediments to securing low-cost investment capital. As a result, the Fund of Funds, Fund A, L.L.L.P. (IFOF) was initially capitalized on June 28, 2005.

The funding for IFOF is currently provided by the Iowa Designated Investor, Inc.

Verification and past use of state of Iowa tax credits triggered an offsetting interest-bearing liability on the part of IDI to reimburse the State for the full amount of such verified tax credits used, which liability is represented by a Tax Credit Cost Reimbursement Agreement and Tax Credit Reimbursement Subordinated Promissory Note. IDI believes that this liability negates the potential for any taxable gain resulting from the application of the proceeds from verified tax credits to its prior line of credit.

IFOF is organized as a limited liability limited partnership under Iowa law pursuant to which the ICIC is the general partner and the entity which employs the fund manager. The IFOF is organized so as to provide for equity interests for designated investors which provide for a specified scheduled rate of return. The interest of the ICIC in the IFOF is to serve as general partner and to be paid a management fee for the service as provided in Iowa Code Section 15E.64, subsection 8, and to receive investment returns of the IFOF in excess of those payable to designated investors. The Iowa Designated Investor, Inc. currently serves as the sole designated investor. Any returns in excess of those payable to designated investors shall be paid to the general fund of the State of Iowa.

Under the provisions of the Iowa statute, the IFOF must principally make investments in high-quality venture capital funds or private equity funds managed by investment managers who have made a commitment to consider equity investments in businesses located within the State of Iowa and which have committed to maintain a physical presence with the State of Iowa during their active investment period. The investments by the IFOF must be focused principally on partnership interests in private venture capital funds or private equity funds and not in direct investments in individual businesses. The IFOF has invested in seven venture capital funds or private equity funds and pursuant to agreements of August, 2012, no additional investments will be made.

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The IFOF has the power to engage consultants, expend funds, invest funds, contract, bond or insure against loss, or perform any other act necessary to carry out its purpose, including, without limitation, engaging and agreeing to compensate a venture capital investment fund allocation manager. Such compensation may be in addition to the management fee paid to the ICIC. However, the ICIC may not hire employees except to administer its rural and small business loan guarantee and credit enhancement program.

The IFOF may issue debt and borrow such funds as may be needed to accomplish its goals. However, such debt may not be secured by State of Iowa tax credits. The IFOF may open and manage bank and short-term investment accounts as deemed necessary by the venture capital investment fund allocation manager.

The Iowa statute provides that each calendar year, the Auditor of State will engage an independent auditor to conduct the audit of the IFOF, provided that the independent auditor has no business, contractual, or other connection to the ICIC or the IFOF or the IDI. The IFOF must reimburse the Auditor of State for costs associated with the annual audit. The audit of the IFOF shall be delivered to the ICIC board each year and shall include a valuation of the assets owned by the IFOF as of the end of each year. The audit of the IDI shall be delivered to the IDI board each year.

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AGREEMENT BETWEEN
OFFICE OF AUDITOR OF STATE
AND _____

THIS AGREEMENT made and entered into this _____ day of _____ 2020 by and between the Office of Auditor of State, hereinafter called the Auditor of State and _____, hereinafter called "CPA."

WHEREAS, the Auditor of State wishes to obtain audit services of the CPA to perform the annual audit of the Iowa Fund of Funds, Fund A, L.L.L.P. required by Section 15E.65(2)(g), Code of Iowa for each of the years ending December 31, 2020, 2021 and 2022; and

WHEREAS, the CPA is equipped and staffed to assist in the above audit; and

WHEREAS, this agreement is in the public interest in fulfilling the requirements of the Code of Iowa;

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED:

1. That the CPA will:

- A. Provide auditors of various classifications and for estimated hours as detailed in 2.A of this agreement
- B. Begin work on the audit engagement as specifically agreed upon.
- C. Perform all work in accordance with U.S. generally accepted auditing standards.
- D. Immediately inform the Auditor of State and the County Attorney if the audit discloses any irregularity in the collection or disbursement of public funds.
- E. Provide access to the working papers to any appropriate federal agencies for the period of time specified in relevant statutes.
- F. Provide access to the working papers to the Auditor of State.

2. Conditions of Payment:

- A. It is understood that the fees for the services set forth above shall be reimbursed at the following hourly rates:

<u>Classification</u>	<u>Estimated Hours</u>	<u>Hourly Rate</u>
Director/Manager		
Senior II/Senior		
Staff		
Assistant		

- B. The CPA shall present an invoice for services in the following manner:
- C. Payment shall be made within 30 days of receipt of invoice.

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- D. The total reimbursement shall not be for more than \$ _____ for the year ending December 31, 2020; \$ _____ for the year ending December 31, 2021; and \$ _____ for the year ending December 31, 2022, except as specifically agreed by the Auditor of State and the CPA.

3. Termination of Agreement:

- A. The Auditor of State may terminate this contract without notice if the CPA fails to perform the covenants or agreements contained herein.
- B. The CPA shall be paid for all work satisfactorily performed to the date of termination.

IN WITNESS THEREOF, the Auditor of State and CPA have executed this AGREEMENT as of the date indicated below:

CPA

Auditor of State

By: _____

By: _____

Title: _____

Title: Auditor of State

Date: _____

Date: _____