**General**

1. The state put out a RFP (68-SOAS0125) for audits of associated entities of the UNC system.  Is this different from your RFP?

**Yes, it is different from our RFP.**

**There was a new regulation on affiliated entities from the UNC System that requires us to either use a firm from the preapproved list or approval from the head of the approving institution to deviate from that list.  We were advised to continue with our RFP process since we do not know the timeline for that RFP to be complete.**

* Could you please share why the Associated Entities are going out to bid? Are there any specific challenges or pain points in the current audit process that we should be aware of?

**The RFP process is initiated every three years as a matter of best practice. No specific challenges or pain points in the current audit process. ECU Foundation and its consolidated affiliates do have a shorter turn around time due to their inclusion in the University’s ACFR as a discretely presented component unit. Medical Foundation could meet those thresholds for inclusion in the next few years and would need to follow the same timeline if/when that occurs.**

* May proposers take the Execution of Cost Proposals (page 9 and 10) and create a one-page version of it, using the same language and information? **Yes**
* The RFP notes that there needs to be separate proposals for each individual foundation, in addition to a collective one. Is this a separate fee proposal or entire proposal package?

**Separate fee proposal. Only one technical proposal is needed. Historically, we have seen all entities have the same audit firm as it creates efficiencies for both the external audit firm and our teams; however, it is not a requirement. We have an RFP committee comprised of representatives from each entity that will make a recommendation to each entity’s audit committee; however, the ultimate decision of the firm to engage is made by each entity’s audit committee and they could choose different firms if they feel that is what best fits that entity’s needs.**

* What were the prior year fees? Were there any additional billings that took place during any of the prior 2-3 years?

**We are choosing not to disclose the audit and form 990 fees currently being charged by our external audit firm. No additional billings during any of the prior 2-3 years.**

* In reviewing the 2024 ECU audit report, we saw that the last page stated the audit took 725 hours and cost $112,375. Can you confirm these were the hours and fees associated with the audit(s) for all foundations included in the RFP for FY25.

**No, that is the hours and cost solely for the University’s audit. This requirement was included in the RFP at the request of the University Controller. We have not historically had our firms disclose the hours and cost of each audit; however, given that Medical and Health Sciences Foundation is bordering the discretely presented threshold, he asked that we include it in case it does become required or is asked for by the state auditors.**

* What do you enjoy most about your relationship with your current firm?

**We appreciate the team’s responsiveness and willingness to talk through different scenarios that may arise throughout the course of the year.**

* What is important to you in the team that serves you?

**We value partnership and open line of communication throughout the year, not just once or twice a year during interim or year-end fieldwork. We value being able to go to our auditors when questions or unusual situations arise and be able to work through those scenarios with our audit firm.**

* What are your biggest concerns for the upcoming year?

**Ability to meet required deadlines for audit and 990 filings in a timely and efficient manner. We do not have any significant operational changes/concerns that we have currently.**

**The college athletic landscape is changing constantly. Personally, I’m looking for someone that we go to and say “Leadership is wanting to do “x,” have you seen any other schools do this? Are there any accounting/compliance implications we should consider from doing this?” etc. We are looking for general support or network that we can use to bounce ideas off of.**

* Confirming that ECU Foundations wants to receive a total of two separate documents: 1) a technical proposal and 2) a cost proposal that contains four separate costs for each option listed on page 6 of the RFP.

**Yes. Each of the cost proposals should include costs for three years (FY2025, 2026, and 2027). The RFP is for a one-year contract with potential to extend for two years. If extended, we would use the pricing included with the proposal for subsequent years.**

* Do we need to sign and submit the “Execution of Cost Proposals” section on pages 9 and 10 of the RFP for each cost proposal we submit? (I.e., do we sign and submit it four (4) times?)

**Each proposal must be signed/executed. You can use your own template and provide either 4 separate cost proposals or one document that includes all 4 cost proposals as long as the same information requested on page 9 and 10 is included and the proposal is signed.**

* Is the Alumni Association excluded from the RFP process this year? We noticed we proposed on that entity last time.

**Alumni Association was dissolved in November 2023. Its activities are included under ECU Foundation now and will be included as part of that audit.**

**Audit**

Can you provide prior year management letters? **Uploaded as supplemental documents to the RFP.**

* What is your preferred timeframe for interim work? **Interim work is typically completed in May.**
* Approximately, how many days were the auditors on site for fieldwork?  How many auditors were on the team typically?

**Typically, the team spends 1 week on-site combined for ECU Foundation and Medical and Health Sciences Foundation. For the past several years, all of Pirate Club’s fieldwork has been completed remotely.**

**There is typically a team of 3 – manager, senior, and staff.**

* RFP says the audit will be conducted on Foundation premises.  Can audit wrap up be completed remotely?

**Yes, our expectation is that staff will be onsite for fieldwork for ECU Foundation and Med Foundation. We have historically seen one week of on-site field work and the remainder is completed remotely. There is a potential that Pirate Club fieldwork could be done remotely for FY25 due to the timing of that audit compared to the others.**

* Are there any nuances with the state that ECU has encountered that would impact our audit?

**The only nuances we have encountered in the past that impact the audits is the timeline for ECU Foundation’s audited trial balance and statement issuance since it is a discretely presented component unit of the University. As mentioned above, Med Foundation could be placed on that same timeline in the next 2-3 years if it crosses the threshold.**

* Do you want your audit firm to perform services such as preparation of financial statements, calculation of depreciation, or calculation of leases? **We prepare the financial statements and MD&A. We will rely on the audit firm to review and prepare the final PDF version of the statements from a Word/PDF version we provide. We do utilize a lease software available through our current external firm. Pirate Club has a few vehicle leases (around 5) that. The University has access to DebtBook and they have launched a FASB component, but we are still working through if that is going to be a viable option for us to use. Support around lease calculations may be needed.**
* Are the accounting functions for all entities centralized? If not, could you please elaborate on how the accounting functions are structured?

**The accounting functions for all of the entities are not 100% centralized. Each of the entities uses the same ERP (Banner) and utilize the University processes (accounts payable, cashiers office, etc.), but there is a specific accounting team for each of the affiliated entities. We have one accountant who oversees investment/endowment accounting for ECU Foundation and Medical and Health Sciences Foundation, but Pirate Club is managed separately. However, all three use Fundriver for the endowment management software. Currently, ECU Foundation and Medical and Health Sciences Foundation have a central Gift Records department and use the same donor software (Agilon ONE). Pirate Club has a separate gift processing team and uses Paciolan.**

* Does management anticipate any of the Affiliated Entities being subject to Single Audit for 2025? **No**
* Can you describe the current audit process?  What is working well and what are some opportunities for improvement?

**Historically, ECU Foundation and Medical and Health Sciences fieldwork has been the second and third week of August. Typically, auditors will start with ECU Foundation and then move to Medical and Health Sciences Foundation. ECU Foundation is a discretely presented component unit of the University and the audited trial balance is needed by the end of August and statements issued by mid-September. Medical and Health Sciences Foundation is bordering the thresholds to be included as a discretely presented component unit and could cross those thresholds in the next 2-3. Once it crosses that threshold, it would need to be on the same timeline as ECU Foundation.**

**Pirate Club fieldwork has historically been the second week of September. Our goal is to be issued by the end of October, but with me having ECU Foundation as well, that has been later the past two years.**

**We have historically seen one week of on-site field work and the remainder is completed remotely. There is a potential that Pirate Club fieldwork could be done remotely for FY25 due to the timing of that audit compared to the others.**

**Our audit process typically runs smoothly.**

* How are the contributions and other revenues and releases tracked and monitored for conditions and restrictions.

**We use Banner for our General Ledger and ONE/Paciolan as the donor softwares where pledges and gifts are recorded. Pledges from ONE/Paciolan are tracked on internal spreadsheets and summary entries to record changes in pledges are recorded in Banner. There is not an integration between Banner and Paciolan, but there is an integration between Banner and ONE. For gifts entered in ONE, the detail feeds to Banner; for gifts entered in Paciolan, summary entries to record the receipt are posted to Banner. Banner tracks balances by fund, which are “tagged” with the appropriate donor restriction.**

* Typically, how many audit entries are there?

**For FY24, there was one audit entry for Pirate Club. We typically seem minimal to no audit entries.**

**Med Foundation – 1 (this position is expected to be liquidated by June 30, 2025)**

* How many cash/investment accounts does each entity have?

**Medical and Health Sciences Foundation has 1 cash account (State Treasurer’s account) and 1 investment account with UNC Investment Fund. They have two other smaller investment accounts that they plan to close before June 30.**

**ECU Foundation has 3 cash accounts (one State Treasurer’s account, one used for bank drafts that is kept at around a $600 balance, and one with Truist that is a deposit account as part of a debt covenant). There is one investment account for ECU Foundation that holds our mutual funds, securities, etc. ECU Foundation also has an account with UNC Investment Fund and there are around 30-35 private equity investment accounts.**

**Pirate Club has 2 cash accounts (State Treasurer’s account and one used for bank drafts). There is a single investment manager for Pirate Club that provides a consolidated statement, but there are around 25 individual accounts.**

**All of the foundations have an account that is used solely for stock gifts, so positions held in there are liquidated upon receipt and cash from the proceeds is withdrawn and deposited in the cash account.**

**Tax**

* Will you be providing tax returns for each entity, including Form 990-T, Form 5471 and any other applicable state and foreign filings?

**Uploaded as supplement documents to the RFP. We’ve also included Alumni Association’s 990T for FY23.  Alumni Association was dissolved during FY24.  A final return for Alumni association has been filed and the remaining of Alumni Association’s FY24 activity will be included with ECU Foundation’s 990T for FY24.  We provided both so you could have a more complete picture of what ECU Foundation will look like going forward.**

* Regarding your 990-T and state return, which revenue streams are subject to UBTI? Is it generated from your alternative investment K-1s or another unrelated business activity?

**Med Foundation and ECU Foundation revenue streams subject to UBTI have been related to alternative investment K-1s.**

**ECU Foundation – 10-15 (note: ECU Foundation had an increase in private equity holdings in FY24 and we have not received Calendar Year 2024 K-1s yet so this is an estimate)**

 **Med Foundation – 1 (position is expected to be liquidated by June 30, 2025)**

**Alumni Association was dissolved during FY24.  A final return for Alumni association has been filed and the remaining of Alumni Association’s FY24 activity will be included with ECU Foundation’s 990T for FY24.  Alumni’s UBTI streams have been related to affinity revenue and merchandise sales**

**In the past, Pirate Club’s UBTI has been related to commissions from alcohol sales at external rental events in areas Pirate Club held the alcohol permits. Unless Pirate Club engages in another activity, we expect FY24 to be the last year we have 990-T and state return filing requirements as those permits have transitioned to our third-part concessions vendor and the commissions are now going to Athletics versus Pirate Club. We left this as part of the proposal in the event that Pirate Club engages in other activities that require 990-T filing.**

* Can you share typical or preferred timing related to the 990 process.

**Medical & Health Sciences Foundation typically has their 990 PBC items ready by mid-late October and would like to see a quick turnaround. The preference would be to have the 990 filed before the Christmas holiday, if not earlier.**

**ECU Foundation and Pirate Club follow more of the May 15 filing. I typically try to have PBC items to our external firm by end of February/beginning of March.**

* Are there any foreign holdings and/or tax filings? **No foreign holdings and/or tax filings.**

**Other**

* Could you please provide the Board of Directors listing for ECU Innovation Foundation?

**Christopher Dyba – President**

**Stephanie Coleman – Treasurer**

**Steven LaFevers – Board Chair**

**Sharon Paynter**

**Mark Faulkner**

**Michelle Logan**

**Mark Phillips**

* Any changes to the current structure or number of entities?

**No changes to the current structure or number of entities that we’re aware of. We’ve included a note below on Medical Foundation.**

**Effective December 31, 2022, the Medical Foundation and University Health Systems of Eastern Carolina Foundation, Inc., d/b/a Vidant Health Foundation (“VHF”) entered into a joint operating agreement (JOA) to move towards an aligned and consolidated fundraising and stewardship operations. Under the JOA, the Foundation and VHF will retain their separate 501(c)(3) legal entities and continue to report to their respective Boards, but will operate as a single philanthropic enterprise with an integrated fundraising and stewardship operation under a new, shared brand known as ECU Health Foundation. There are no changes to the employment status or benefits of current employees and no assets will be exchanged as a result of the JOA; however, the JOA will operate under the single leadership of the Chief Philanthropic Officer who fills both the role of the President of both the ECU Medical & Health Sciences Foundation and Vidant Health Foundation. The Chief Philanthropic Officer position is dually employed by both the University and ECU Health. A joint operating committee (“JOC”) of eleven members was formed and serves as a non-fiduciary, oversight and advisory committee responsible for providing advice, guidance and oversight to the Chief Philanthropic Officer/President regarding management and oversight of the ECU Health Foundation. The fiduciary authority and responsibility for each organization remains with the respective Boards, but the JOC will provide routine oversight and governance to the integrated ECU Health Foundation, including the areas of strategic planning and budgeting, fundraising, donor stewardship and engagement, marketing, and program development.**