

Request for Proposal #10-02

BIOBAT, INC.
REQUEST FOR PROPOSAL
FOR AUDIT SERVICES

I. GENERAL INFORMATION

A. Purpose

The purpose of this Request for Proposal (“RFP”) is to solicit a proposal from qualified firms for financial and compliance audit services for BioBAT, Inc. (“BioBAT”) during a three-year period.

B. Contract Period

The term of the contract(s) resulting from this RFP (the “Contract”) will be three (3) years. The Contract will cover the three fiscal years ending June 30, 2008; June 30, 2009; and June 30, 2010.

C. Who May Respond

Only Licensed Certified Public Accountants may respond to this RFP.

D. Instructions on Proposal Submission

1. Closing Submission Date

Proposals must be received no later than 3:00 p.m. on March 31, 2010. Offeror must submit three (3) signed copies of its proposal, each bearing an original signature. Offerors sending proposals by mail should allow sufficient time for mail delivery so as to ensure receipt of their proposals by the time specified. Proposals must be sealed in an envelope clearly showing the bidder’s name and address and the proposal due date and this RFP (10-02) number on the outside.

a. References

In addition to the proposal, Offerors must submit contact information for three (3) references for which Offeror has provided financial and compliance audits. References should include clients’ current contact information, telephone number, email address and mailing address. Such references should include at least two (2) not-for-profit clients with assets comparable to BioBAT.

2. Inquiries

Inquiries concerning this RFP should be directed to Tim Herzog at (718) 270-2704. No inquiries received after 10:00am on March 29, 2010 will be addressed.

3. Proposals

By submitting a proposal in response to this RFP, the Offeror acknowledges that the Offeror understands and agrees to all terms and conditions set forth in this RFP.

4. Conditions on Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by BioBAT.

The Offeror must fully disclose and describe any previous, current or other relationship with BioBAT, Inc., the New York City Economic Development Corporation, the Research Foundation of State University of New York, or with The Health Science Center at Brooklyn (also known as Downstate Medical Center).

5. Instructions to Prospective Contractors

Your proposal should be addressed to:

Tim Herzog
Downstate Medical Center
450 Clarkson Avenue, Box 13
Brooklyn, NY 11203

The proposal should be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

Request for Proposal #10-02
3:00 p.m. on March 31, 2010
SEALED PROPOSAL
For Audit Services

It is the responsibility of the Offeror to insure that the proposal is received by BioBAT. by the date and time specified above. Late Proposals will not be considered.

6. Right to Reject

BioBAT. reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

7. Small and/or Minority Owned Businesses

Efforts will be made by BioBAT to utilize small businesses and minority-owned businesses. An Offeror qualifies as a small business firm if it meets the definition of a “small business” as established by the Small Business Administration (13 CFR 121.201), by having average annual receipts for the last three years of less than six million dollars.

8. Interview and Selection

BioBAT’s Subcommittee on Finance will review the responses to this RFP. The Committee(s) may request presentations by or meetings with any or all Offerors to clarify or negotiate modifications to the Offeror’s proposals.

9. Notification of Award, Right to Negotiate

After due deliberation has been completed, BioBAT's Subcommittee on Finance and Investment will select the "successful bidder". BioBAT reserves the right to negotiate with the "successful bidder," and the contents of the selected proposal and any written questions and answers made during the proposal process may be incorporated into and made part of the final contract at the option of BioBAT. Should negotiations fail to result in an acceptable contract, BioBAT reserves the right to terminate negotiations with the "successful bidder" and to commence negotiations with next highest scoring bidder.

The Contract resulting herefrom will be for the equivalent of three years starting with the first fiscal year July 1, 2007 to June 30, 2008 and ending with the fiscal year July 1, 2009 to June 30, 2010. The Offeror should state the fee for each fiscal year of the contract.

E. Description of Entity and Records to be Audited

BioBAT, Inc. is a New York not-for-profit corporation created in 2006 by the Research Foundation of State University of New York (the "Research Foundation") and the New York City Economic Development Corporation ("NYCEDC") to redevelop a portion of the Brooklyn Army Terminal for use as biotechnology expansion and manufacturing space. The corporation has no employees. It is the recipient of approximately \$42 million in grant funds from New York State to support its mission.

BioBAT is governed by a Board of Directors consisting of up to ten natural persons, four named by the Research Foundation, four named by NYCEDC and two elected jointly. Administrative offices are located at 450 Clarkson Avenue, Brooklyn, NY 11203.

BioBAT has no formal accounting system. Its funds are held by the Research Foundation and disbursements are made through the Research Foundation's requisition process. Expenses include insurance, attorneys' fees, accountant's fees, architectural design fees and filing fees. Additional details are available upon request.

F. Indemnification for Professional Liability

To the fullest extent permitted by law, the Offeror shall indemnify and hold harmless BioBAT, the Research Foundation, NYCEDC, their respective agents, representatives, officers, directors and officials from and against all claims, damages, losses and expenses, including but not limited to attorney fees, court costs, expert witness fees, and the cost of proceedings, relating to, arising out of, or alleged to have resulted directly or indirectly from the Offeror's negligent acts, errors, omissions or mistakes related to professional services in the performance of the Contract resulting from this RFP, including any person for whose negligent acts, errors, omissions or mistakes the Offeror may be legally liable.

G. Options

Amendments to the Contract resulting from this RFP must be in writing and signed by all parties. The Contract resulting from this RFP may be terminated by either party by giving 30 days written notification.

II. SPECIFICATION SCHEDULE

A. Scope of a Financial and Compliance Audit and Financial Services

The purpose of the RFP is to obtain the services of a public accounting firm (the Offeror) whose principal officers are independent certified public accountants and who are certified or licensed by regulatory authority to perform a financial and compliance audit of BioBAT based on Government Audit Standards.

The Auditor's opinion is to include the scope of the examination, the fact that the audit was performed in accordance with generally accepted auditing standards, and an opinion as to whether the statements conform to generally accepted accounting principles.

A management letter is required and should include statements on audit findings and recommendations affecting the financial statements, internal control, accounting system, legality of actions, instances of noncompliance with laws and regulations and any other material matters. A draft of the letter is to be reviewed by the Treasurer of BioBAT prior to its release.

The Offeror is responsible for preparing tax filings for BioBAT including IRS form 990 Return of Organization Exempt From Income Tax and New York State CHAR 500 financial report.

The Offeror is responsible for A133 audits as necessary. The Offeror will prepare an Engagement Letter for such audits which will include scope of audit and fees.

Upon request, the Offeror will attend BioBAT meetings to review audits and to discuss pertinent matters and respond to questions.

B. Delivery Schedule

The Offeror is to transmit one copy of the draft audit report to BioBAT's Treasurer no later than September 30th for review by the Treasurer. The final audit should be completed no later than October 30th. The Offeror is responsible for timely filing IRS Form 990 and New York State Char 500 financial report. Fifteen (15) copies of the Financial Statements and Auditor's Report must be provided.

Non-Compliant Audits

If the Offeror fails to make delivery of the audit reports within the time schedule specified herein, or if the Offeror delivers audit reports which do not conform to all of the provisions of this contract, BioBAT may, by written notice to the Offeror, terminate the whole or any part of the contract, pursue an alternative auditor to perform said audit and seek any additional relief to which it may be entitled in law or equity.

C. Fees

The Offeror's proposed fees should include information indicating how the fee was determined. For example, the Offeror should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. BioBAT requires that the audit firm's partner(s)

must be involved in some aspect of the audit fieldwork and preparation. Any out-of-pocket expenses should also be indicated.

D. Payment

Payment will be made when BioBAT has determined that the total work effort has been satisfactorily completed. Should BioBAT reject a report, the Treasurer of the organization will notify the Offeror in writing of such rejection giving the reasons therefor. The right to reject a report shall extend throughout the term of this contract and for ninety (90) days after the Offeror submits the final invoice for payment.

E. Audit Review

All audit reports prepared under this contract will be reviewed by BioBAT to ensure compliance with the General Accounting Office's Government Audit Standards and other appropriate audit guides.

F. Exit Conference

An exit conference with BioBAT's representatives and the Offeror's representatives will be held at the conclusion of the fieldwork. Observations and recommendations must be summarized in writing and discussed with BioBAT. It should include internal control and program compliance observations and recommendations.

G. Workpapers

1. Upon request, the Offeror will provide a copy of the workpapers pertaining to any questioned costs determined in the audit. The workpapers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.

2. The Offeror will retain the workpapers for at least three (3) years from the end of the audit period, or any period thereafter required in accordance with applicable law.

3. The workpapers will be made available upon request for examination by authorized representatives of the relevant federal or state audit agency, the General Accounting Office, and BioBAT.

H Confidentiality

Except where disclosure is a necessary component of performance under the contract resulting herefrom, the Offeror agrees to keep any information obtained, encountered or otherwise discovered, regardless of the means obtained or the form in which such information is contained (documentary or otherwise), either during its preparation of its Proposal in response hereto or during performance under the contract resulting herefrom, in strict confidence. Other than the reports submitted to BioBAT, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to those employees on the Offeror's staff who must have the information on a need-to-know basis. The Offeror agrees to immediately notify in writing the Treasurer of BioBAT in the event the Offeror determines or has reason to suspect a breach of this requirement.

I. AICPA Professional Standards

The AICPA Professional Standards state that if a member has accepted an engagement for audits of government grants, government units or other recipients of government monies, he/she is obligated to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his/her report the fact that such requirements were not followed and the reasons therefor.

III. OFFEROR'S TECHNICAL QUALIFICATIONS

In its proposal, the Offeror shall, as a minimum, include the following:

A. Prior Auditing Experience

The Offeror should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include the following categories:

1. Experience auditing nonprofit organizations;
2. Experience auditing organizations of similar size;
3. Experience auditing similar organizations;
4. Experience auditing programs funded by New York City;
5. Experience auditing programs funded by New York State;
6. Experience auditing programs funded by the Federal government.

B. Organization, Size, and Structure

The Offeror should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is small or minority-owned business. If Offeror has had a Peer Review, include a copy of most recent Review.

C. Staff Qualifications

The Offeror should describe the qualifications of staff to be assigned to the audits, including:

1. Audit team makeup;
2. Overall supervision to be exercised; and
3. Prior experience of the individual audit team members.

The Offeror should also provide a general organizational chart applicable to its firm and include the resumes of staff to be assigned to the audits. Consideration will be given to education, position in firm, years and types of experience, continuing professional education, state in which licensed as a CPA, etc.

D. Understanding of Work to be Performed

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information.

E. Certifications

The Offeror must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Offeror by the BioBAT because BioBAT would like to contract only with an Offeror who is already familiar with these publications.

IV. PROPOSAL EVALUATION

A. Submission of Proposals

All proposals shall include two copies of the Offeror's and staff technical qualifications, pricing information, and the signed Certifications. These documents will become part of the contract.

B. Non-Responsive Proposals

Proposals may be judged non-responsive and removed from further consideration if any of the following occur:

1. The proposal is not received in a timely manner in accordance with the terms of this RFP;
2. The proposal does not follow the specified format;
3. The proposal does not include the Certifications; or
4. The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the Government Audit Standards of the U. S. Comptroller General.

C. Evaluation

Evaluation of each proposal will be based on the following criteria:

	<u>Point Range</u>
1. Prior auditing experience.	
a. Experience auditing nonprofit organizations	0-15
b. Experience auditing organizations of similar size	0-5
c. Experience auditing similar organizations	0-5
d. Experience auditing programs funded by New York City	0-5
e. Experience auditing programs funded by New York State	0-5
f. Experience auditing programs funded by federal government	0-5
g. Experience with tax creditor development projects	0-5

BioBAT will contact prior audited organizations to verify the experience provided by the Offeror.

2. Organization, size, and structure of Offeror's firm. (Considering size in relation to audits to be performed.)
 - a. Sufficient staff 0-10

3. Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Education, position in firm, years and types of experience, continuing professional education, and state in which licensed as a CPA will be considered.

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| a. Audit team makeup and experience of members | 0-20 |
| b. Overall supervision to be exercised | 0-5 |

4. Offeror's understanding of work to be performed.

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| a. Realistic time estimates of each audit step | 0-5 |
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5. Price	<u>0-20</u>
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MAXIMUM POINTS	100
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D. Review Process

BioBAT's Subcommittee on Finance and Investment may request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offeror's proposals. However, the committee reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms the Offeror can propose, from both technical and price standpoints.

The Subcommittee contemplates award of the Contract to the responsible Offeror with the highest total points, provided that such Offeror's references are acceptable.

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RFP FOR AUDITING SERVICES FOR BIOBAT, INC.

BIOBAT, INC.
REQUEST FOR PROPOSAL
FOR AUDIT SERVICES

CERTIFICATIONS

On behalf of the Offeror:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror;
- B. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- C. The individual signing certifies that the prices quoted in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that the Offeror is a property licensed certified public accountant.
- G. The individual signing certifies that the Offeror meets the independence standards of the Government Auditing Standards.
- H. The individual signing certifies that he/she is aware of and will comply with the GAO Continuing Education Requirement.
- I. The individual signing certifies that he/she is aware of and will comply with the GAO requirement of an external quality control (peer) review.
- J. The individual signing certifies that he/she has read and understands the following publications relative to the proposed audits:
 - 1. Government Auditing Standards;

2. OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions;
3. OMB Circular A-133 – Compliance Supplement;
4. OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations;
5. OMB Circular A-122, Cost Principles for Nonprofit Organizations;
6. Audits of Voluntary Health and Welfare Organizations (AICPA Audit Guide);
7. Audits of Certain Nonprofit Organizations (AICPA Audit Guide).

- K. The individual signing certifies that he/she has read and understands all the information in this Request for Proposal.
- L. The individual signing certifies that the Offeror and any individuals to be assigned to the audits do not have a record of substandard audit work with any federal, state or local government. If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.

Dated:_____

Offeror's Firm Name

Signature of Offeror's Representative

Printed Name and Title of Individual Signing