



Financial Audit Firm Request for Proposal (RFP)



1000 NORTH ALAMEDA STREET
LOS ANGELES, CA 90012

www.calendow.org

RFP Release Date:

March 2, 2026

Proposal Deadline:

5:00 pm PST

REQUEST FOR PROPOSAL

FINANCIAL AUDIT FIRM

The California Endowment is accepting proposals from CPA firms to provide financial statement audit and tax services beginning with our fiscal year ending December 31, 2026. Your organization is invited to submit a proposal for these services. The deadline for submitting proposals is March 31, 2026, and opportunities to meet with or speak to representatives of The Endowment virtually or by phone will be available during the deliberations process.

In seeking audit and tax proposals, The Endowment is not necessarily seeking the lowest price bid. Although total cost will be a significant factor, The Endowment is jointly looking for high quality advice and an efficient audit and tax process – experience, relationship and quality of process will be of utmost importance. The Endowment is open to considering different firms for audit and tax services. An overview of The Endowment, the services needed, and other pertinent information follows.

OVERVIEW

The California Endowment (“The Endowment” or “TCE”) is a private, statewide health foundation that was created in 1996 as a result of Blue Cross of California's creation of WellPoint Health Networks, a for-profit corporation. This conversion set the groundwork for our mission:

The California Endowment's mission is to expand access to affordable, quality health care for underserved individuals and communities and to promote fundamental improvements in the health status of all Californians.

TCE is a private non-operating foundation exempt under IRS code section 501(c)(3). With a staff of approximately 150, The Endowment is headquartered in Los Angeles with additional offices in Sacramento, Oakland, San Diego, and Fresno. As of its last fiscal year ended December 31, 2025, The Endowment had assets of approximately \$4.5 billion and is the largest private health foundation in the state. TCE accomplishes its mission to improve health for Californians through Health and Social Justice programs. For more information about The Endowment, please visit our website at: www.calendow.org.

BACKGROUND

The Endowment does not solicit or accept contributions or receive federal, state, or local financial assistance. Revenues consist mainly of investment income, with a small amount of PRI loan interest and tenant lease/sublease income. The net assets of the Endowment are all unrestricted.

The Endowment's fiscal year end is December 31. A copy of The Endowment's audited financial statements for the years ended in 2024 (March 31) and in 2024 (December 31) are enclosed.

Historically, fieldwork for the audit has occurred from May through end of June (approximately 6-8 weeks). Delivery of the draft report is expected by June in time for the quarterly Audit Committee meeting that is scheduled in mid-August.

The Endowment's annual federal tax returns (Forms 990-PF and 990-T) are filed when due with extensions filed. The Endowment receives over 300 Schedule K-1s related to its various limited partnerships and files various foreign returns including Forms 4720, 5471, 8621, 8865, 8886 and 926. A copy of the Endowment's filed 990-PF and 990-T for the years ended March 31, 2024 and December 31, 2024 are enclosed.

Historically, tax preparation occurs periodically during the year, but core work begins in September with all K-1's provided to the tax preparer by mid-October. The final tax return is presented in the November Audit Committee meeting.

FINANCIAL INFORMATION

The Endowment's 2025 core budget is \$340 million with approximately \$291 million for grants and direct charitable activities, \$46 million for direct and indirect program-related expenses and the balance for capital expenditures. The Endowment is currently invested in a diversified portfolio of equity funds, both domestic (5%) and international/global (29%), hedge funds (18%), fixed income funds (8%), alternative investments (39%) and cash (1%). Portfolio investments are actively managed in commingled and separate accounts by professional investment managers, as follows:

- \$199M/3 domestic equity managers/funds
- \$1,185M/15 international/global managers/funds
- \$326M/2 fixed income managers/funds
- \$709M/14 hedge funds
- \$1,605M/175 alternative inv. funds (113 private equity, 36 real estate, 24 real assets, and 2 private credit)

Mynor Veliz, Chief Operations and Financial Officer, is responsible for overseeing all aspects of The Endowment's financial and administrative functions, including accounting and audit, financial reporting, budget planning and analysis, audit, impact investing (both MRIs and PRIs), information technology, accounting, timekeeping, payroll, and purchasing.

Kelli Washington, Chief Investment Officer, is responsible for overseeing and managing The Endowment's investment portfolio and the shift to the "all-in" strategy.

The Audit Committee is comprised of five individuals, all members of The Endowment's Board of Directors. The Audit Committee is responsible for advising the Board of Directors on the internal and external audits, tax preparation and filing, the financial reporting processes within The Endowment, and the Endowment's Conflict of Interest Policy and Self-Dealing Policy. Key members of the CPA firm selected are expected to attend all Audit Committee meetings in person.

Another board committee, the Investment & Finance Committee, is comprised of eight individuals, all members of the Board. The Investment & Finance Committee is responsible for advising the full Board on investment policy, fund management, budget, financial management and capital expenditures for The Endowment.

BNY Mellon currently serves as custodian for the Endowment's \$4 billion investment portfolio. The Endowment relies on its custodian bank to keep detailed investment records. Individual security transactions are not posted to the Endowment's books. The custodian provides monthly reports of investment activity that are posted to the Endowment's books in summary form.

The Endowment has two retirement plans, a 401(k) plan and a cash balance plan, which is currently frozen. As part of the audit, the auditors work alongside TCE's actuaries in ensuring assumptions and disclosures for the cash balance plan are appropriate.

The Endowment periodically engages an outside CPA firm to conduct an internal audit function which includes a review of various aspects of regulatory and control standards within The Endowment.

Deloitte has served as our auditors and tax advisors for the last four years (since 2021), and with new senior leadership the Audit Committee believes it is prudent to conduct this RFP at this time. There are no disagreements between TCE management and Deloitte on accounting policies or the internal control environment.

SCOPE OF SERVICES

The basic services required are the annual audit of the financial statements, evaluation of The Endowment's internal controls and preparation of all tax filings that are required. The Endowment also expects the auditors to provide guidance on accounting and tax issues that may arise either out of their review of The Endowment's activities and investment portfolio or because of regulatory changes. Areas of interest currently include:

- Determining that The Endowment's investment assets and investment earnings are properly valued, reported and accounted for, especially with regards to alternative investments.
- Determining that The Endowment's grants payables and grants disbursements are properly valued, authorized by the Board, conform to the laws and regulations governing private foundations, and disbursements have been received by the designated organizations.
- Determining that The Endowment's PRI loans are properly valued and authorized by the Board, and have been received by the designated organizations.
- Determining that the other financial activities of The Endowment— e.g., payroll, accounts payable, taxes, fiscal year end close — are properly executed, controlled and accounted for.
- Ensuring that the audited financial statements are accurate and conform with generally accepted accounting principles in the United States.
- Meeting with the Audit Committee to establish audit scope, review findings, and make recommendations.
- Addressing various transactions affecting excise taxes on private foundations and ensuring compliance with the special rules under Sections 4940 through 4946
- Addressing potential issues regarding unrelated business income tax (UBIT) in relation to The Endowment's investment partnership interests and hedge fund investments.

The selected audit firm will:

- Conduct a financial audit for the fiscal year ending December 31, 2026.
- Review internal controls and compliance with nonprofit financial practices.
- Provide audited financial statements, including:
 - Statement of Financial Position
 - Statement of Activities
 - Statement of Functional Expenses
 - Statement of Cash Flows
 - Footnotes and supplemental schedules
- Deliver and present a report to the Board of Directors and/or Audit Committee.

- File IRS Form 990-PF and any required state and foreign filings by required deadlines.

The proposal is due on **March 31, 2026**.

PROPOSAL REQUIREMENTS

Minimum Requirements to Apply

Proposals that do not meet the following minimum requirements, or that do not comply with the specifications or material terms and conditions of this RFP, may be considered non-responsive and rejected. Firms must clearly demonstrate in their proposals how they meet the following minimum qualifications:

1. Firms must have experience with organizations with a minimum of \$1 billion in assets under management.
2. Firms must demonstrate extensive not-for-profit experience with private foundations.
3. Firms must have specialized experience with fund and investment accounting, tax treatment of not-for-profit/private foundation entities and audits of complex investment portfolios in excess of \$1 billion.

Interested CPA firms should include the following information in their proposal to perform the audit and tax services for the fiscal year ending December 31, 2026.

1. Firm Overview

- Firm profile - Describe your firm, discussing its audit and tax philosophy, including the use of technology, innovation in philanthropy and how it may differ from other firms.
- Office(s) location(s) - Describe in particular your firm's Los Angeles office, i.e. partners, staff, clients served.
- Summary of not-for-profit and foundation-related audit experience - Describe your firm's local and national not-for-profit practice and your commitment to the not-for-profit industry, including participation in professional, government, or other organizations affecting not-for-profit organizations.
- Provide a representative list of other nonprofit organizations your firm audits or provides tax services for with an emphasis on grant-making organizations with invested assets over \$1 billion. Include information about the total length of the relationship and the services provided during the past five years, highlighting where possible experience with similarly complex investment structures. Please also indicate

new clients obtained during the last three years and previous clients lost and the reason therefore during the period.

- Please provide references from grant-making clients for whom you provide similar services.
- Identify the partners, managers, seniors and other staff who will work on the audit and tax services, including staff from other than the local office and those who will provide tax consulting services. Résumés or brief bios including relevant experience and continuing education for the staff up to the individual with final responsibility for the engagement should be included.
- Describe what assurance can be given that staff assigned will have had experience at other not-for-profit organizations.
- Discuss how you will provide staffing continuity on the engagement.
- Describe your firm's policies on staff education, as they would relate to developing competence in not-for-profit accounting, auditing and taxation, including any local or national courses you offer in not-for-profit accounting for your staff.
- Describe your firm's capabilities and commitment to provide tax, information systems consulting and other management services in the field of not-for-profit. Identify any that are unique in this field.
- Your qualifications should contain an executive summary, not to exceed two pages, indicating why your firm should be selected.
- A positive statement that the following mandatory criteria are satisfied:
 - a. An affirmation of your independence with respect to The Endowment, its officers and directors and that your firm meets the independence requirements of the American Institute of Certified Public Accountants.
 - b. An affirmation that the firm is properly licensed for practice as a certified public accountant in the State of California.
 - c. An affirmation that the firm meets the continuing education requirements of the California State Board of Accountancy, and an affirmation that the firm meets external quality control review requirements of the California Society of Certified Public Accountants.

2. Team Qualifications

- Key personnel assigned to this engagement
- Resumes or bios
- Licensing and CPA qualifications

3. Approach to Audit

- Submit a general audit work plan to accomplish the scope defined in these guidelines. The audit work plan should demonstrate the firm's understanding of the audit requirements and the audit tests and procedures to be applied in completing the audit plan specific for audits of private foundations. The plan should detail the expected number of audit hours by staff level. The planned use of specialists should also be specified.
- Describe the firm's experience in conducting financial audits, assurance services and tax services for not-for-profit organizations, specifically private foundations/grant-making organizations.
- Describe the firm's policy on staff and management rotation, both during and between audits and tax years.
- Describe the firm's commitment to serving not-for-profit clients, including percentage of time resources spent dedicated to not-for-profit organizations. Specific examples should include expertise in areas other than audit, including tax and management services and investment industry specialization.
- Describe the firm's procedures for ongoing executive management communications and support. Specific examples should include mechanisms and procedures for keeping executive management and the Audit Committee informed of current developments in the not-for-profit field that may have an effect on TCE.
- Describe the firm's approach to containing the costs of the financial statement and compliance audits and tax engagements for not-for-profit clients, including any guarantees that can be given regarding increases in future years and whether the timing of services affects pricing.
- Describe the firm's commitment, policy and/or approach to diversity.
 1. It is TCE's belief that selection of diverse businesses will improve the economic stability and vitality of the populations and communities The Endowment serves.
 2. The objective of our vendor policy is to provide a fair and equitable process by which diverse businesses can compete on the basis of their service delivery and pricing.
 3. Prospective and current vendors are asked to provide a summary reflecting the diversity status of the organization's board, executive leadership and staff, as well as general practices or policies related to diversity.

4. Time Requirements

- Timeline and deliverables - Indicate the proposed timeline for fieldwork and final reporting for the audited financial statements.

- Indicate the proposed timing of audit and scope of work, including preparation of forms 990-PF, 990-T, CA-199, CA-109, RRF-1, various state returns and all other related tax filings.
- Client involvement

5. References

- Three (3) references: current or former not-for-profit clients, preferably healthcare-related
- For each reference, please provide the following information about the client organization:
 1. Organization name;
 2. Contact person's name and title; and
 3. Contact person's email address and phone number.

6. Fees

- Submit a bid for the engagement - Estimated total cost
- Fixed fee or hourly rates - Provide the billing rates, estimated number of billable hours, other billable expenses and not-to-exceed fee for the audit and tax services, inclusive of travel, per diem and all other out-of-pocket expenses.
- To ensure continuity of audit and tax services, we would expect retaining the selected accounting firm for the succeeding years, contingent on satisfactory performance of the 12/31/2026 year-end audit and tax year filing. Although not a requirement, it would be helpful for you to provide on an annual basis for the next 3 years "not-to-exceed" fee information as an assurance to us that your current bid reflects a reasonable fee structure for audit and tax services for the next 3 years.
- Any additional costs for out-of-scope work

7. Insurance and Legal

- Proof of professional liability and all other business insurance policies
- Statement of independence and absence of conflicts of interest (see below)

8. Conflict of Interest

- Disclose any conflicts of interest the firm or individuals within the firm may have with organizations or entities the firm intends to utilize during the search process, TCE staff or existing Board members, or organizations similar to TCE. Note, the existence of a conflict will not necessarily prohibit firm selection.

RFP Maximum Length: 50 pages (inclusive of exhibits)

CONTRACTUAL ARRANGEMENTS

1. Invoices for services will be paid within 30 days from receipt. The total amount to be invoiced shall not exceed the amount of the bid unless other arrangements have been negotiated with the Endowment in advance. The cost of the audit and tax services for subsequent years will be negotiated each year, subject to the “not-to-exceed” fee in the first 3 years of engagement. The Endowment reserves the right to terminate the contract at any time.
2. Forty-five days prior to the commencement of the audit, the auditor will send to The Endowment a list of requested schedules, reconciliations and documents required for the audit (“PBC list”).
3. The Endowment staff will prepare all schedules, trial balances, and provide documentation to assist the auditor and tax preparer as their schedules permit during the course of the audit and tax engagement.

EVALUATION CRITERIA

Proposals will be evaluated based on the following:

1. Technical Factors:

- Responsiveness of the proposal in clearly stating an understanding of the audit and tax services to be performed.
- Appropriateness and adequacy of proposed procedures.
- Reasonableness of time estimates and total audit hours.
- Appropriateness of assigned staff levels.
- Technical experience of the firm, including in the areas of alternative investments, MRIs, PRIs, defined benefit plans.
- Qualifications of staff.
- Size and structure of firm, considering the scope of the audit.
- Geographic location of key personnel and responsible office.
- Commitment to diversity.

2. Cost of the Audit and Tax Services

The Endowment reserves the right to reject all proposals submitted and to request additional information from all firms. Any contract awarded will be made to the independent certified public accounting firm which, based on evaluation of all responses, applying all criteria and oral interviews, if necessary, is determined to be the best qualified to perform the audit and tax services.

TIMELINE

Milestone	Date
RFP Issued	March 2, 2026
Deadline for Questions	March 20, 2026
Proposals Due	March 31, 2026
Interviews with Finalists (if any)	April 2026
Selection and Notification	June-November 2026
Contract Start Date	January 2027
Audit Begins	May 2027
Final Report Due	June 2027

SUBMISSION INSTRUCTIONS

Proposals must be submitted in PDF format via email to AuditTaxRFP@calendow.org

Subject: TCE RFP Response – Audit Services – [Your Organization Name]

Deadline: Proposals must be received no later than 5:00 pm on March 31, 2026.

Once bids are received, a selection team (Endowment management & staff) will review each proposal and select the finalists. Finalists will be invited to meet with the selection team, including a member of The Endowment’s Audit Committee and senior staff. These meetings will occur virtually in April. The finalists may be asked to meet again with members of the Board of Directors in their May meeting. The full Board will approve the selection at this meeting, and notification will be made to the successful firm at that time.

Please direct any questions to AuditTaxRFP@calendow.org.

THANK YOU FOR YOUR INTEREST IN WORKING WITH THE CALIFORNIA ENDOWMENT.