CA HOPE for Children Trust Account Program Board
Request for Proposals No. HOPE01-26
Audit Services

June 22, 2026

The following information is provided in response to questions received by the California HOPE for Children Trust Account Program Board (HOPE) regarding Request for Proposals (RFP) No. HOPE01-26 for Audit Services.

<u>Responses to Written Questions</u>

1. Has the HOPE for Children Trust Account Fund (Fund) been previously audited? If so, may we receive copies of the prior year(s) audit report(s), management letter(s), and any communication of findings or deficiencies?

   No, the HOPE for Children Trust Account Fund (Trust Fund) and HOPE for Children Trust Account Program Board (Board) Administrative Fund (Fund) have not been previously audited.

2. Are there any outstanding management letter comments or prior audit findings that remain unresolved from any prior audit or review?

   See response to Question 1. Not applicable.

3. Has the Fund previously prepared GASB-compliant financial statements? If so, may we receive copies of the most recent financial statements (audited or unaudited) for reference?

   See response to Question 1. Not applicable.

4. If no prior audit has been conducted, what is the current status of the accounting records for FY2025? Are opening balances established and documented?

   The financial statements for Fiscal Year (FY) 2024-2025 are complete. For FY 2025-2026, the STO accounting department is in the process of reconciling the remaining months in the fiscal year with financial statements ready in late August. Therefore, the selected Contractor would have to take FY 2024-2025 financial statements and adjust to their recommendation to establish opening balances.

5. The RFP references the "Administrative Fund" and the "HOPE for Children Trust Account Fund." Please clarify whether the scope of the audit is limited to the Board's administrative operations or also encompasses the individual trust accounts established for eligible children.

   The scope is the audit is limited to the Board's Administrative Fund only. See Addendum No. 1 to the RFP posted on June 12, 2026.

6. Under GASB, what fund type classification does the Fund use (e.g., fiduciary fund, custodial fund, special revenue fund)? Has this determination been documented?

   According to State of California Manual of State Funds, the Fund is classified as a Governmental/General Fund.

7. The RFP specifies the audited financial statements shall include a "Statement of Operations," "Statement of Assets and Liabilities" (Balance Sheet), and a "Statement of Cash Flows." Are these the titles currently used by the Fund, and have these statements been mapped to GASB presentation requirements (e.g., Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position)?

   See responses to Questions 1 and 3. These titles are not currently being used by the Fund and will need to be created by the selected Contractor.

8. What is the approximate total value of assets held in the Fund as of the most recent fiscal year-end (June 30, 2025)?

   The approximate fund balance for the Board's Administrative Fund as of June 30, 2025, was $140,743,977.74.

9. How many individual trust accounts currently exist, and how many eligible children/participants are enrolled in the program?

   Currently, 11 eligible participants have enrolled out of 58,000 potentially eligible Foster Youth and 10,000 estimated COVID-19 Bereaved Youth.

10. What is the approximate annual revenue and expenditure level of the Fund? Please provide an estimate of total transaction volume (number of transactions processed annually).

The Fund had a total of $8,490,544 in interest revenue with expenditures at approximately $1.1 million. The estimated total number of transactions per fiscal year is 220.

11. How are the trust fund assets invested? Are funds held in the Surplus Money Investment Fund (SMIF) through the State Treasury, or are there external investment managers?

The Trust Fund assets are held in the Vanguard Treasury Money Market portfolio invested in the Vanguard Treasury Money Market Fund pursuant to the Board's program administration service agreement with TIAA-CREF Tuition Financing, Inc. (TFI).

The Board's Administrative Fund assets are held in the Surplus Money Investment Fund (SMIF) through the State Treasury.

12. Does the Fund utilize any third-party service organizations (e.g., investment managers, custodians, record keepers, fiscal agents)? If so, are SOC 1 or SOC 2 reports available for these organizations?

Yes. HOPE currently contracts with TFI for program administration services, which includes providing investment services for the Trust Fund as described in Question 11. In addition, HOPE contracts with NonProfitly to utilize its Outcome Tracker recordkeeping platform. The SOC 1 or SOC 2 reports are not currently available for these organizations.

13. What types of expenditures does the Fund incur? For example, administrative costs, investment fees, trust account disbursements, consulting fees, etc.

The Fund primarily incurs personnel costs including salaries and benefits, as well as administrative costs such consulting fees, service contracts, equipment, travel, and general expenses.

14. How are direct and indirect costs allocated to the Fund, and is there a documented cost allocation methodology?

    Cost allocations are not applicable to this fund.

15. What accounting software or financial management system does HOPE use to maintain the Fund's accounting records? Are there any planned changes to the system?

    The internet-based FI$Cal system is used to maintain the Fund's accounting records. No changes to the system are planned.

16. How many staff members are dedicated to the Fund's accounting and financial reporting functions? Has there been any turnover in management or accounting staff during the past year?

    There are two (2) specific accounting team members (plus four (4) accounts payable team members) dedicated to the accounting and financial reporting function for HOPE and other programs and departments within the State Treasurer's Office (STO).

17. Who is responsible for preparing the financial statements — HOPE staff, the State Controller's Office, or an outside accounting consultant? Will the auditor be expected to assist with financial statement preparation (and if so, how does HOPE address independence considerations)?

    See Section 1.3 (Scope of Work) of the RFP. The STO accounting department submits a governmental Financial Statement packet to the State Controller's Office. The selected Contractor would audit that and other reports from FI$Cal and is responsible for the preparation of the financial statements, with support from HOPE staff and the STO accounting team.

18. Are the Fund's financial records maintained electronically? What format are records available in (e.g., general ledger exports, PDF reports)?

    Yes, they are available on Microsoft Excel worksheets as well as PDF documents.

19. WIC Section 18997.60 requires the audited financial report to be submitted by August 1 annually, yet the RFP specifies draft reports due November 1 and finals due November 15. Please clarify how the August 1 statutory deadline is reconciled with the November reporting dates in the RFP.

Although the statutory deadline is currently August 1st, HOPE staff are seeking to have this date moved through legislation, as it believes the August 1st deadline is not tenable due to its proximity to the end of the fiscal year. Please also reference question #21.

20. Year One requires 300 hours and includes audits for both FY2025 (Previous Year) and FY2026 (Current Year), with both drafts due November 1, 2026. Please confirm that the 300 hours in Year One are intended to cover two separate fiscal year audits and that two separate audit reports will be issued.

Yes, 300 hours in Year One is intended to cover two separate fiscal year audits (for FY 2024-2025 and FY 2025-2026). Two separate audit reports will be issued.

21. When does HOPE anticipate the FY2025 books will be closed and ready for audit? Similarly, when will FY2026 records be available for audit fieldwork?

HOPE anticipates that books for the current fiscal year (FY 2025-2026) and each subsequent FY (FY 2026-2027) will be available for audit fieldwork by the end of August, however, additional reports and information for the audit are provided by the State Controller's Office, timing of which can range and is outside the control of HOPE.

22. How many in-person HOPE Governing Board meetings per year require auditor attendance in Sacramento? What is the typical frequency and duration of these meetings?

It is anticipated that the auditor may be required to attend a HOPE Board meeting once a year, if any. Depending on the findings, virtual participation may be permissible. Board meetings typically are held on a quarterly basis with an estimated duration of 90 minutes.

23. Is remote/virtual auditing acceptable for the fieldwork portions of the engagement, or is on-site presence required at the Sacramento offices?

Remote/virtual auditing is acceptable for the fieldwork portions of the engagement as long as all required activities can be completed virtually.

24. What is the expected format and content for the "statement of material audit findings and recommendations regarding... legality of actions for the Fund" referenced in Section 1.3(b)(ii)? Is there a prescribed template or prior example available?

There are currently no expected format and content for that item. This will be determined by the Board and selected Contractor.

25. Are there any compliance requirements beyond WIC Section 18997.60 that the auditor should be aware of (e.g., other state mandates, federal requirements, or regulatory examinations)?

No, all known compliance requirements are identified in the RFP.

26. Has the Fund been subject to any audits, inspections, or reviews by the California State Auditor, the State Controller's Office, or any other regulatory agency? If so, may we receive copies of any findings or reports?

No.

27. Are there any pending or threatened litigation matters, claims, or legal proceedings involving the Fund or the HOPE Program?

No.

28. Have there been any known or suspected instances of fraud, irregularities, or illegal acts related to the Fund?

No.

HOPE
Trust Account Program

29. Has there been any significant change to the governance structure, Board composition, or executive leadership of HOPE during the past year? *(We note the Interim Executive Director designation for Cassandra DiBenedetto.)*

No. Cassandra DiBenedetto remains the Program's Interim Executive Director.

30. Is the incumbent auditor (if any) invited to bid on this RFP?

See response to Question 1. Not applicable.

31. What were the audit fees for the prior year (if applicable)?

See response to Question 1. Not applicable.

32. The RFP references travel to Sacramento for board meetings. Are travel costs expected to be included within the 300/150-hour budget and the $140,000 contract maximum, or will travel be reimbursed separately per CalHR rates as referenced in Exhibit B?

Travel costs, if any, are expected to be included within the $140,000 contract maximum. See Addendum No. 1 to the RFP posted on June 12, 2026. The rates for necessary travel expenses and per diem shall be set in accordance with the rates of the California Department of Human Resources (CalHR) and will be reimbursed separately. Please also reference Question 22.