



Michigan Saves®

The Nation's First Nonprofit Green Bank

Request for Proposals: Nonprofit Bookkeeping/Accounting Services

Purpose

Michigan Saves seeks a qualified accountancy/professional services firm to provide bookkeeping and accounting services.

Overview of Michigan Saves

Michigan Saves, the nation's first nonprofit 501(c)(3) green bank, is dedicated to accessible, equitable, and just investments in energy efficiency and clean energy to support healthy and thriving communities. Established in 2009 through a grant from the Michigan Public Service Commission (MPSC), Michigan Saves believes in an equitable transition to a carbon-free Michigan where everyone has access to the benefits of clean energy and climate-resilient solutions. Michigan Saves is part of this transformation by offering the financing solutions and contractor network that make energy efficiency and renewable energy improvements easy and affordable and by advancing a more energy-conscious culture in Michigan. While more than half of the residential lending has been in communities with low to moderate incomes, Michigan Saves expects to accelerate the development of financing solutions that resolve race- and income-related energy equity disparities.

To date, Michigan Saves has facilitated over \$500 million in clean energy investments by offering a loan loss reserve to mitigate risk for local lenders that finance these projects. Michigan Saves also manages a statewide network of more than 1,300 authorized contractors with expertise in energy efficiency and onsite renewable energy systems. Additionally, Michigan Saves makes innovative, affordable financing for energy improvements through a network of authorized residential lenders (credit unions) and commercial lenders (banks), financial institutions, and equipment-leasing companies. Finally, through a network of community and utility partners, Michigan Saves accelerates demand for greater energy efficiency and renewable energy through education and communication.

Michigan Saves uses public funds, which have been endowed to the organization, as a credit enhancement to leverage private capital for energy efficiency and renewable energy improvements. Michigan Saves' credit enhancement is in the form of a loan loss reserve fund that reduces each lender's default risk, allowing them to offer below-market rates, expanded underwriting criteria, and

greater access than they otherwise would have through traditional financing products. Michigan Saves' credit enhancement uses public funds to leverage private capital at a rate of \$30 to \$1, which is one of the highest leverage rates in the nation. Michigan Saves also manages several grants from the State of Michigan, foundations, and utilities, and manages a small revolving loan fund.

The annual operating budget of Michigan Saves is approximately \$4.5 million. The public funds mentioned above are held in an investment account with a third-party investment advisor. Michigan Saves has a management services agreement with Public Sector Consultants to provide staffing and other services. Twelve full-time staff and several part-time staff are assigned to Michigan Saves.

Michigan Saves is governed by a 14-member board of directors. The board includes a nonvoting board member appointed by the chair of the MPSC. See MichiganSaves.org for more information.

Services Requested

Michigan Saves seeks an established and well-respected accountancy/professional services firm to provide the following services while adhering to Michigan Saves internal management controls:

- Accounts receivable: Receive and record grants and other income, invoice customers as needed, collect on delinquent accounts
- Accounts payable: Receive and distribute vendor bills for approval, make biweekly payments to vendors, prepare annual form 1099 filings
- Maintain income/costs by class and/or grant designation
- Maintain virtual customer and vendor files
- Monthly reconciliation of bank accounts as well as reconciliation of all balance sheet accounts
- Prepare monthly financial statements and other reports as necessary
- Complete all month-end items by the 15th of the month
- Follow accrual accounting method for maintaining the books
- Audit preparations
 - Participate in financial audits and reviews, including document preparation and onsite support (if required)
 - Prepare year-end reports, schedules and other documents requested by auditor
 - Provide audit process support as needed, research and resolve issues as they arise
 - Provide reports and data as requested for the completion of annual tax returns
- Accounting functions
 - Manage release of restricted funds
 - Manage accounting procedures for direct lending programs
 - Maintain fixed asset inventory and depreciation
 - Develop accounting procedures, as needed, for new programs

- Prepare periodic reports as required by the president and CEO and/or board of directors
- Identify areas for management review regarding process and practice to improve efficiency and ensure compliance

Selection Criteria

Michigan Saves expects to award a contract to a firm that has the best combination of experience with similar work and reasonableness of costs. Selection will be based on the following:

Qualifications and Experience

- Substantial prior experience performing accounting functions for nonprofit organizations
- Experience providing accounting services for organizations of similar size—both for profit and nonprofit—with multiple revenue/expenditure accounts
- Experience with various lending approaches, including credit enhancement structures deployed to attract private capital and direct lending using a revolving loan fund
- Appropriate qualifications and previous experience of staff assigned to work with Michigan Saves (both supervisory and day-to-day staff)
- Consideration of any conflicts of interest (please disclose any potential conflicts of interest including work with a lender, contractor, vendor, or staff involved with Michigan Saves programming)
- Satisfactory feedback from references

Fees

- Satisfactory justification for proposed fees and costs

Applicants may be individual contractors or established firms.

Submission Requirements

To respond to this request for proposals (RFP), please submit a narrative that includes the following.

Qualifications and Experience

- Qualifications and experience in providing bookkeeping/accounting services for nonprofit organizations, including organizations of comparable type and size
- The size and organizational structure of the accounting firm
- Statement of the firm's understanding of the work to be performed
- Qualification of the person(s) responsible for performing the bookkeeping/accounting services (please note if the person responsible is a firm partner) and their expected role and involvement

- Qualifications and experience of the staff (or others if subcontracting) who may work on the project and their roles
- Assurance that providing services to Michigan Saves under this RFP does not constitute a conflict of interest for the firm, Michigan Saves, or Public Sector Consultants
- A list of the nonprofit clients the firm has performed work for in the past three years and the names and telephone numbers of three of these clients whom Michigan Saves may contact
- A completed Michigan Saves diverse vendor form (Appendix A)

Approach

- A description of how the firm will perform the accounting needs of Michigan Saves, including a timeline and key benchmarks, areas of emphasis, use of technology in the audit, and the communication process the firm will use to discuss issues with management and the board finance committee

Fees

- The firm's proposed fee structure for a one-year proposal period and the maximum fee that would be charged
- A description of the firm's billing rates and procedures for technical questions that may come up during the year or whether these occasional services are covered in the proposed fee structure

Prospective firms may include any other information that Michigan Saves should consider. All responses will be treated as confidential. Michigan Saves is not liable for any costs incurred by applicants in responding to this RFP.

Timeline

Please submit responses via email to Kelsey Smith at ksmith@michigansaves.org by 5:00 PM EST on September 29, 2023. If applicants have any questions in advance of the proposal deadline, please email Kelsey no later than 5:00 PM EST on September 20, 2023. Responses to questions will then be circulated to all interested parties in one email. If you would like to be on that distribution list, please email Kelsey.

After reviewing the responses, Michigan Saves may interview one or more respondents and engage in negotiations regarding the scope of work, roles, and other details to award a contract in November 2023.

Appendix A



Michigan Saves®

The Nation's First Nonprofit Green Bank

Internal Management Controls

Background and Purpose

Michigan Saves is a nonprofit green bank dedicated to making energy-efficiency and renewable energy upgrades easy and affordable for all types of Michigan energy consumers.

In accordance with standard industry practice, Michigan Saves and its subsidiaries (e.g., the Fund for Energy Efficiency, LLC) (herein, “parties”) will adopt a separation of duties approach to internal financial processes. The responsibilities for reviewing and approving expenses, maintaining records of incoming invoices and outgoing payments, as well as physically issuing checks and maintaining accounts will be separately assigned. In addition, an annual audit will be conducted by an outside party.

A separation of duties, as well as a series of written procedures outlined in this internal management controls document, will help the organization manage its response to financial risks. These risks include:

- **Fraud:** Trust fund and operational dollars held by the organization must be used for legitimate purposes by approved vendors and staff.
- **Complexity:** Managing multiple funding sources, especially from various divisions of both state and federal government, creates a complex environment to track both revenue and expenditures.
- **Lack of transparency:** When programs are complex, it can be difficult to accurately track and report financial transactions.
- **Improper cost accounting:** With multiple programs and jobs/cost categories, it is critical to ensure that legitimate expenses are charged against the correct program or job/cost category.

Types of Income and Expenses

Parties expect the following types of income and expenses:

Income

Program-related income may include:

- Grant awards, donations, or other fundraising by staff

- Program rebates, administrative fees, and fees for service
- Contractor fees (e.g., application fees and per-job fees)
- Interest earned on account balances held at financial institutions and on energy improvement loans to customers

Expenses

- The parties' trust fund will primarily serve as a loan loss reserve (LLR), portions of which will be allocated to participating lenders. Should a program borrower default, the loss reserve will be used to compensate the lender according to the terms in the loan loss agreements. The trust may be used to pay other programmatic expenses such as interest rate buy-downs, audit rebates, or other expenses as authorized by the board.
- The organization will also incur operational expenses such as payroll, marketing, travel, and professional services. Parties currently have no employees, as the organizations have elected to enter into a contract with Public Sector Consultants (PSC) to provide staff, payroll, accounting, and other general office support functions via a services contract.

Staff Roles

Current key staff roles and assignments are listed below.

Title	Function	Staff
Acting President and CEO	Serves as program director, highest level of program management by staff	Todd Parker
Director of operations	Oversees lender relationships and operationalizes products, processes, and program enhancements	Kaitlyn Wyckoff
Senior advisor	Advises on program design fundraising for of new programs	Julie Metty Bennett
Director of marketing	Coordinates and implements marketing and communication plans	Lateshia Parker
Director of outreach	Builds contractor network and develops utility relationships	Todd O'Grady
Contractor account manager	Manages contractor accounts and implementation of contractor segmentation strategy	Mac McCabe
Director of business development	Manages contractor accounts and develops relationships with potential funding partners to further the mission	Patrick O'Boyle
Customer service representative	Serves as primary contractor liaison, ensures excellence in customer service, and supports outreach team	Katie Rose

Title	Function	Staff
Director of programs and information security coordinator	Designs, implements, manages, and monitors success of programs	Todd Parker
Director of clean energy financing	Secures capital sources to design and implement new financing programs	Eli Lieberman
Senior project manager	Manages and implements grants and special programs	Nishaat Killeen
Data analyst and accounting specialist	Standardizes and manages data and reports to support program objectives. Manages accounting of all program and administrative funds	Tina Andrews
Fund investment manager	Provides investment counsel and fund management services	Matthew Budd, Comerica Institutional Services Group
Executive assistant	Supports program staff, coordinates events, and provides logistical support to program activities	Kelsey Smith

Directors with involvement in the internal management of funds may include:

Title	Function	Staff
President	As described in bylaws	Paul Schutt
Treasurer	As described in bylaws	David Wible

I. Procedure for Management of Funds Received and Payment of Expenses

Parties will have two types of accounts: savings/investment account(s) used to hold credit enhancement funds and a checking account(s) used to fund operational activities. Separate checking account(s) may be arranged to fund operational activities of subsidiaries. The accounting specialist handles all accounting, including maintaining the general ledger, all financial transactions, and all necessary filings (except taxes); *Comerica Institutional Services Group* serves as our investment manager. *Yeo & Yeo* prepares, reviews, and files income taxes. A record of funds received and accounts payable will also be maintained in electronic or written records by program staff as they are involved in the flow of funds through the organization.

All documents that have financial implications for parties, including executed contracts for services, executed loan loss agreements, invoices, contractor registration forms with electronic payment account information, executed grant awards to the organization, and checks must be

submitted at least twice per month to the accounting specialist for processing so the income/expense can be recorded to the general ledger in a timely manner.

All incoming postal mail should be delivered, **unopened**, to the locked drop box. All unopened Michigan Saves postal mail is secured in a locked office during nonbusiness hours. All financial-related emails should be forwarded to the accounting specialist.

A. Accounts Receivable (funds owed to Michigan Saves): receipt, logging, and deposit

1. Preparation of invoices for services

Parties will need to prepare invoices for services rendered (e.g., contractor loan fees).

In general terms, invoice requests are prepared by the appropriate staff person and then forwarded to the accounting specialist to create an invoice. All invoices are delivered to the customer by the accounting specialist, primarily through the accounting software (QuickBooks).

Specific steps for collecting contractor fees from contractors and lenders for loan programs are located in the Michigan Saves Operation Manual.

2. Receipt of funds

Parties anticipate grant awards, rebate payments, advance payments, contractor fees, fees for service, and interest earned on the trust and operations accounts as a regular source of incoming funding. Funds may arrive electronically or via postal mail.

In general terms, the executive assistant identifies funds received via the mail. The accounting specialist identifies funds received through online payment system(s) (e.g., PayPal, Stripe). At least once per week, the executive assistant (or director of operations, in their absence) stamps “For Deposit Only” on the back of the check received through postal mail, deposits the checks into the checking account within a week of receipt (checks are placed in a locked office until deposited), and forwards deposit receipt and supporting documentation to the accounting specialist. The accounting specialist reviews electronic bank statements and identifies electronic funds transfer (EFT) deposits and records them, along with any checks received and online payment system transfers, into QuickBooks and ensures that the funds received match the invoice amount (if applicable).

In the event of an office closure, mail will be checked, opened, and routed intermittently by employees of Public Sector Consultants (PSC). PSC staff will notify the executive assistant if any checks, invoices, or other urgent communications were received. Mail may be scanned and sent to the executive assistant for routing except for any materials containing personally identifiable information of customers (e.g. loss

claim invoices, bankruptcy notices, etc.). The director of operations will be alerted to any communications received that contains personally identifiable information for further instruction. All unscanned mail will be secured by the executive assistant in a locked office until the office reopens. Checks will be deposited at least twice a month.

B. Accounts Payable (monies Michigan Saves owes to other entities)

1. Receipt and review of vendor invoices and requests for disbursement

Parties anticipate spending money on a variety of goods and services to complete its general operations. Examples include payments to financial institutions for nonperforming loans, marketing and outreach material, office supplies, and subcontracts with partner organizations. Invoices for goods and services may arrive electronically or via postal mail.

In general terms, all incoming invoices are sent by any staff to the accounting specialist to process. The accounting specialist routes the invoice to the appropriate staff for review and approval. Staff code the invoice to the appropriate account code and class then returns it to the accounting specialist. The accounting specialist batches invoices twice a month.

2. Preparation and signature of checks

The accounting specialist will hold items in accounts payable until funds are available for each item. It is the goal of the parties to pay all accounts payable within 30 calendar days of receipt when funds are available, and as soon as funds are received if funds are not available within 30 calendar days.

Certain vendor invoices may require payment before net 30 calendar days based on the program or negotiated contract (e.g. revolving loan fund contractor payments). If an invoice requires more immediate processing, the staff member responsible for approving the invoice will indicate so on the invoice.

In general terms, the accounting specialist will print checks at least twice a month for signature. Checks are authorized by two authorized signers, and the supporting documentation is maintained by the accounting specialist in the organization's official records.

Specific steps for disbursement of funds are located in Attachment 1 (Disbursement of Funds and Check Signing).

II. Management of Trust Assets

A. Investment of Assets

1. Loan loss reserve (LLR) business rule

The finance committee of the Michigan Saves Board of Directors has adopted a business rule to ensure adequate cash reserves are maintained for the organization's LLR accounts. The president and CEO will maintain 1.5 times the committed LLR balance or \$500,000—whichever is less—in FDIC/NCUA-insured deposit accounts, and remaining funds according to our investment policy statements. The president and CEO can use their discretion based on projections of loans to be made in the next 12 months to annually set a written policy naming the multiplier.

2. Investment policy

The assets of Michigan Saves are invested according to an investment policy statement adopted by the board of directors consistent with the provisions of the Michigan Saves bylaws and state law. Investment advice and brokerage services for Michigan Saves are provided by the fund investment manager, which will be a contracted, independent investment advisor.

3. Approval of equity and bond purchases

The fund investment manager makes trades as well as equity and bond purchases within the confines of the investment policy statement without first having to seek approval from Michigan Saves personnel.

III. Management of Accounts

A. Receipt of Bank and Investment Statements

1. Statements

Mail that contains bank or investment statements and cancelled checks is immediately forwarded to the accounting specialist. In some cases, the accounting specialist receives statements directly from the banking and investment institutions, with a duplicate statement to the president and CEO.

2. Reconciliation of monthly bank statements and investment accounts

- a. The accounting specialist reviews all bank or investment statements and cancelled checks.
- b. By the 15th of the month:
 - i. The accounting specialist reconciles all bank or investment statements to the general ledger.

- ii. The accounting specialist then prepares a document containing investment activity, the general ledger recording, and a trial balance report. This report is initialed by the accounting specialist at time of preparation and returned to the president and CEO. The president and CEO conducts a financial review. During the financial review, the president and CEO must verify that the cleared checks match the check log.
- c. The president and CEO or, in his or her absence, the director of programs reviews, dates, and initials all investment activity reports within ten days of receipt.
- d. The executive assistant sends the financial and investment statements to the Michigan Saves Finance Committee quarterly.
- e. All bank and investment statements, cancelled checks, and investment activity reports are filed appropriately by the executive assistant.

IV. Oversight by Finance Committee

A. Annual Budget

The finance committee of the Michigan Saves Board of Directors reviews and recommends the adoption of the annual budget developed by staff for the operation of the parties.

B. Annual Meetings and Review

The finance committee meets periodically throughout each year to review various aspects of the finances of Michigan Saves. At least once each year, the finance committee meets with the fund investment manager to evaluate the investment portfolio performance. The finance committee also meets at least once each year to review the results of the independent review or auditing of parties' accounts.

C. Treasurer Oversight of Investments

The president and CEO, in consultation with the treasurer and on behalf of the finance committee, periodically directs Michigan Saves income into either investments or to the Michigan Saves bank accounts based upon the operation budget adopted and anticipated disbursements.

V. Confirmation of Management Controls and Procedures

A. Confirmation

The signatures at the end of this document confirm that staff and agents mentioned in this document have each received a copy of this document and have reviewed and understand their responsibilities as identified in the document.

B. Ensuring Continuity

The entity that serves as contracted services provider to the parties, PSC will ensure, as evidenced by the signature of the senior vice president of the entity below, in the event that the individuals currently serving as parties staff are reassigned or leave the firm—or the accounting specialist is released from service—that the president and CEO will take the following actions:

1. Reassign responsibilities identified in these procedures and ensure that newly assigned employees have a copy of this document and understand their responsibilities.
2. Revise this document as needed to reflect changes in assignments and provide a revised copy to all employees with responsibilities for providing services to the parties.
3. Obtain signatures from employees with responsibilities for providing services to the parties confirming that they have received a copy of the revised procedures and understand their responsibilities.

C. Periodic Updates

At the request of the parties, or at his or her own initiative, the president and CEO shall periodically update this document to incorporate changes or add new procedures. Any updates or changes made to this document will be forwarded to members of the finance committee of Michigan Saves for their information.

VI. Controlling Staff Access to Confidential Information

As Michigan Saves grows and becomes more involved in lending activities, staff have access to confidential personal information, also known as personally identifying information, and financial information. Confidential information includes the individual's first and last name or first initial and last name in combination with any one or more of the following data elements,

or any of the following data elements standing alone or in combination, if such data elements could be used to commit identity theft against the individual:

- email address with security code, access code, or password
- date of birth
- state or government-issued identification numbers (e.g., driver's license, passport, tribal)
- social security number
- credit bureau report, credit rating, or credit or payment history
- income
- financial account numbers (checking or savings account numbers)
- loan information, including active, closed, or defaulted loans or loan applications

Personal information does not include lawfully obtained information that is available to the public, such as publicly available information from federal, state, or local government records.

All staff are expected to protect confidential information and follow the policies and procedures outlined in the Michigan Saves Written Information Security Program and Information Technology Policies (WISP). As part of the WISP, a Michigan Saves staff member, who is designated as the information security coordinator (ISC), must create procedures that document how staff are given access to file folders and systems where confidential information is stored.

A. Granting Access

The ISC must train all staff on the importance of protecting confidential information. If new staff require access to confidential information as part of their job duties, the ISC must follow the procedures below for granting access.

- The ISC reviews the WISP with new staff members during the onboarding process and with all other staff annually.
 - The ISC will document the date that the WISP is reviewed with staff.
- The ISC determines if staff need access to confidential information based on their responsibilities at Michigan Saves
 - If a staff member needs access to the master loan lists or other documents containing confidential information, the ISC asks Michigan Saves' information technology provider to grant access to the secure drive
 - If a staff member needs access to the loan origination system (LOS), the ISC asks the loan origination system technology provider to provide that access
- The ISC keeps a list of all staff members with access to confidential information

These procedures are supplemental to any procedures mandated by PSC. All staff are expected to sign this document annually, acknowledging that they have received, reviewed, and understand their responsibilities.

B. Revoking Access

When a staff member leaves Michigan Saves or no longer needs access to confidential information, the ISC must follow the procedures below for revoking access.

- The ISC contacts the Michigan Saves' information technology provider within 24 hours of the staff members last day or when they no longer need to view confidential information and asks them to revoke access to the secure drive
- The ISC contacts the loan origination system technology provider within 24 hours of the staff members last day or when they no longer need to view confidential information and asks them to revoke access to the loan origination system
- The ISC updates the list of staff with access to confidential information

These procedures are supplemental to any procedures mandated by PSC.

C. Annual Review

Annually, the ISC must review the written procedures to ensure that they are still effective and update as necessary. The ISC must review all individuals who have access to confidential information to be sure that they still need access.



Michigan Saves[®]

The Nation's First Nonprofit Green Bank

Request for Vendor Information

Michigan Saves is committed to engaging with vendors that reflect the diversity of the many communities we serve. Our Diverse Vendor Program is an intentional opportunity for Michigan Saves to support our mission and break down barriers to growth that exist for minority business owners and ensure that everyone—without exception—has access to the benefits of energy efficiency.

Vendor Name: _____

Date: _____

Signature: _____

Please check all that apply to your company:

- Disability-owned Business Enterprise
 - People with disabilities own and control at least 51 percent of the company.
- Lesbian, Gay, Bisexual, and Transgender Business Enterprise
 - LGBTQ+ individuals own and control at least 51 percent of the company.
- Minority-owned Business
 - Minority group members own and control at least 51 percent of the company.
- Service-disabled Veteran-owned Business
 - Service-disabled veterans own and control at least 51 percent of the company.
- Social Enterprise Business
 - A for-profit or nonprofit organization or venture that achieves its primary social or environmental mission using business methods.
 - Surplus is principally reinvested in social activities, not driven by need to maximize profit for shareholders and owners.
- Supported Business
 - Over 50 percent of the business's workforce are disabled individuals.

- Veteran-owned Business
 - Veterans own and control at least 51 percent of the company.
- Women's Business Enterprise
 - Women own and control at least 51 percent of the company.
- Women-owned Small Business
 - The company must be a small business.
 - Women own and control 51 percent of the company.
- None of these

Michigan Saves understands that the complex, and at times high-cost, diverse business certification process can present inequitable barriers for small businesses and thus does not require diverse business certification from a national, state, or locally recognized third-party certification agency. Please self-certify if any of the above apply to your business.

While Michigan Saves does not guarantee business to any vendor, we are committed to providing diverse companies an opportunity to compete on a fair and equal basis for our business.