



September 4, 2024

## OPEN INVITATION FOR REQUEST FOR PROPOSAL FOR AUDIT & TAX SERVICES

Our 501(c)(3) tax-exempt organization, The Thresholds (“Thresholds”) and its affiliated organizations, are requesting a three-year audit and tax proposal from several CPA firms with experience providing audit and tax services to not-for-profit organizations.

### A. Overview

Since 1959, Thresholds has been transforming the lives of thousands of persons with mental illness with award-winning recovery services. We believe that recovery from mental illness is possible, and we make it happen with healthcare, safe and affordable housing, employment, advocacy, research, and most importantly, hope. Thresholds offers 30 innovative programs at more than 90 locations throughout the Chicagoland area. Each year, we serve over 8,000 people with nearly 90% of services delivered out in the community.

Our current annual budget is roughly \$132M. That includes several affiliated entities that consolidate on Thresholds’ financial statements, but require their own tax return. A detailed list of required reports and tax returns is provided in Appendix A.

### B. Audit Timing and Scope

Our agency requests a proposal from your firm to provide the following:

- 1) Audited financial statements and Single Audits for the three years beginning with the fiscal year 2025 (July 1, 2024 – June 30, 2025).
- 2) Preparation of management letters (including our management action plan as part of final submission to the Board of Directors).
- 3) Preparation of IRS Form 990s and applicable state forms for each year. Required state filings will be in Illinois.
- 4) Preparation of ERISA Section 103(a)(3)(C) audits of 403(b) plans.
- 5) Planning meetings in preparation for audits.
- 6) Presentation of final audited financial statements and management letter to our Board Audit & Finance Committees, including executive sessions if requested.
- 7) Availability to answer questions throughout the entire year.
- 8) Preparation of reports to comply with OMB’s Uniform Guidance.



9) Submission of audits to the Federal Audit Clearinghouse (FAC).

We anticipate that we would be prepared for the audit of the fiscal 2025 financial statements to begin preliminary fieldwork in June, main fieldwork in mid-August and would expect the delivery of financial statements and the management letter by December to be presented to the Audit & Finances Committees. We would also expect the timely preparation and filing of tax returns. Single Audit fieldwork would be expected to be completed by November with statements provide by the end of December.

If you are interested in submitting a proposal, please contact Thresholds' CFO: Al Shoreibah at (773) 572-5262 or [al.shoreibah@thresholds.org](mailto:al.shoreibah@thresholds.org) and we will make available to you:

- ▶ current financial statements,
- ▶ latest audited financial statements, single audits, and tax returns,
- ▶ annual budget,
- ▶ other documents as requested by you for preparation of a proposal

All requests must be submitted by September 30, 2024.

### **C. Proposal Specifications**

Please provide the following information in your proposal. Since we will be comparing the qualifications of a number of firms, please provide the information in the order requested.

1. Provide a description of your firm. (staff size, number of professionals, industries served, etc.)
2. Describe engagements your firm currently conducts in the not-for-profit sector. Include a list or description of not-for-profit clients that you believe are comparable to our organization in size, mission focus and complexity. If partners or other employees serve in an advisory/consultative capacity within the not-for-profit sector, please list such positions as well. Please provide client references.
3. Describe the level of non-profit experience of the individuals who would be assigned to our account, and the level of non-profit experience in the case of a partner rotation.
4. Describe your firm's basic approach to performing an audit and the resulting advantages that will accrue to our agency. Include descriptions of the activities undertaken by your firm to promote/ensure audit quality.
5. Describe your firm's method of compliance with OMB's Uniform Guidance.
6. Describe the extent to which our organization's personnel will be expected to contribute to the work effort.

# THRESHOLDS

7. Describe any existing or potential relationships between your firm and our agency and any employee or officer of the agency that could affect your independence and objectivity because of an actual or perceived conflict of interest.
8. Please include your peer review report with your proposal.
9. Describe your capacity to perform and manage virtual audits. Describe any tools/applications you have to use with a virtual audit.
10. Describe other resources available within the firm that may be beneficial in a relationship with Thresholds.
11. Describe if and how you intend to use service centers or sub-contractors, including those located overseas.
12. Describe your firm's commitment to diversity, equity, and inclusion.

## D. Scheduling and Staffing of Engagement

1. Identify the engagement team that would be performing our audit and include a resume of the qualifications and experience for partners and managers.
2. Indicate the expected timing and completion of the audit and the expected delivery of the financial statements and management letter.

## E. Fees

1. Provide information regarding your audit and tax fees for each of the three years of this engagement, including the estimated number of hours to be spent by each person and the expected rate per hour of each. Be sure to include out-of-pocket expenses in your fee structure and indicate how these are calculated.
2. Describe whether and how you bill for overruns. State how you manage against overruns and how we can be assured of no "surprise" billings.

## F. Other Proposal Information

1. Please give any additional information, not specifically requested above, considered essential to your proposal.
2. It should be noted that either party may cancel the audit for the second or third year by written notice to the other party no later than six months after the start of the Thresholds' fiscal year.

## G. Proposal Deadline

The deadline for receipt of your proposal submission is **November 30, 2024**. Documents should be emailed to Thresholds' CFO: [al.shoreibah@thresholds.org](mailto:al.shoreibah@thresholds.org). No proposals received after this date will



be considered. All proposal submissions will be responded to once they have been evaluated. The Committee contemplates interviews with finalists in December 2024/January 2025.

#### H. Other Proposal Instructions


Consideration may be given to such matters as contractor integrity, reputation, diversity of staffing, and financial and technical resources. Upon request, bidders must be willing to provide information concerning these matters.

For any additional questions or clarifications, please contact Thresholds' CFO: Al Shoreibah at (773) 572-5262 or [al.shoreibah@thresholds.org](mailto:al.shoreibah@thresholds.org). All questions and requests must be submitted by September 30, 2024.

Sincerely,

A handwritten signature in black ink, appearing to read "James Kolar III", written over a horizontal line.

James Kolar  
Chair, Audit Committee of the Board of Directors  
The Thresholds & Affiliated Entities

	A	B	C	D
1			SUMMARY OF AUDIT & TAX	<b>APPENDIX A</b>
2				
3				
4				
5		<b>Audit Deliverable / Opinion</b>	<b>Purpose</b>	<b>Does the Audit Committee Review?</b>
6		Report to the Audit & Finance Committees	Main communication directly addressed to the Audit & Finance Committees that gives an overview of the audit, material estimates, findings, and any disagreements with mgmt.	Yes
7		Report on Internal Controls	Limited opinion on the auditor's assessment of internal controls and definitions of severity between material weakness, significant deficiency, and other findings.	Yes
8		Consolidated Financial Statements	The main audit. Gives assurance that the various financial statements are materially accurate and in accordance with generally accepted accounting principles (GAAP)	Yes
9		Single Audit Reports (Thresholds & Affiliated Entities)	1. Audit of Financial Statements in Accordance with Government Auditing Standards (GAS)	Yes
10			2. Report on Compliance of Major Federal Programs and the Schedule of Federal Awards (SEFA)	Yes
11		Single Audit Reports (THI-8)	1. Audit of Financial Statements in Accordance with Government Auditing Standards (GAS)	No
12			2. Report on Compliance of Major Federal Programs and the Schedule of Federal Awards (SEFA)	No
13		Illinois Consolidated Financial Report (CFR) and Consolidated Year-End Financial Report (CYEFR)	Reports required by Illinois on grants and other funding. CFR required by DCFS. CYEFR required by various other State agencies.	No
14		Audit of 403(b) Plan	Required by the U.S. Dept. of Labor for employers to offer to their employees	Yes

	A	B	C	D
15				
16		<b>Tax Deliverable</b>	<b>Purpose</b>	<b>Does the Audit Committee Review?</b>
17				
18		990 for The Thresholds	Required by the IRS to keep tax-exempt status	Yes
19		990 for 16 Affiliated Entities	These various entities consolidate into The Thresholds & Affiliated entities financial statements. They are primarily legal entities which provide housing to low-income individuals. One entity is a health center.	No
20		990-T for The Thresholds	Required if a nonprofit has taxable revenue. THI-15 (a disregarded entity) rents out unused parking spaces.	No
21		990-T for 1 Affiliated Entity	Required if a nonprofit has taxable revenue. Transitional Housing Inc. rents out unused parking spaces.	No
22		AG990-IL for The Thresholds	Required by Illinois if a federal return is filed	Yes
23		AG990-IL for 16 Affiliated Entities	Required by Illinois if a federal return is filed	No



## **Appendix B: Select Biographies & Finance Organizational Chart**

### **Mark Ishaug (President & Chief Executive Officer)**

Mark Ishaug has served as CEO of Thresholds for over a decade, leading the organization through growth initiatives and driving a culture that embraces change, innovation, and transparency. Ishaug is a dedicated civic leader. He has played a critical role in statewide efforts to increase Illinois' Medicaid, mental health and substance use treatment funding, allowing organizations across Illinois to further invest in life-saving services. Prior to his appointment to Thresholds, Ishaug served as the first president and CEO of AIDS United, a national AIDS organization that formed from the merger of AIDS Action Council and the National AIDS Fund with the objective of uniting AIDS policy advocacy, fundraising, and community capacity-building.

### **Al Shoreibah (Chief Financial Officer)**

Al Shoreibah has served as Chief Financial Officer of Thresholds since 2016 and has 30+ years of work experience. He is a licensed CPA in the State of Illinois and holds a MBA degree from the University of Illinois, Urbana. Al has held CFO, VP of Finance, Controller, and Director level positions at various large hospitals and universities, including the Cleveland Clinic, Loyola University Medical Center, Milwaukee Area Technical College, and Kindred Healthcare.

### **Timothy Lowder (Sr. Vice President, Finance)**

Timothy Lowder has been with Thresholds over a decade and served in a senior leadership role with Thresholds since 2017. Tim, concurrently, serves as the Chief Financial Officer of Thresholds Health, a wholly-owned affiliate of Thresholds. Tim is the primary contact for the external audit and tax preparation.

### **Adrian Ortega (Controller)**

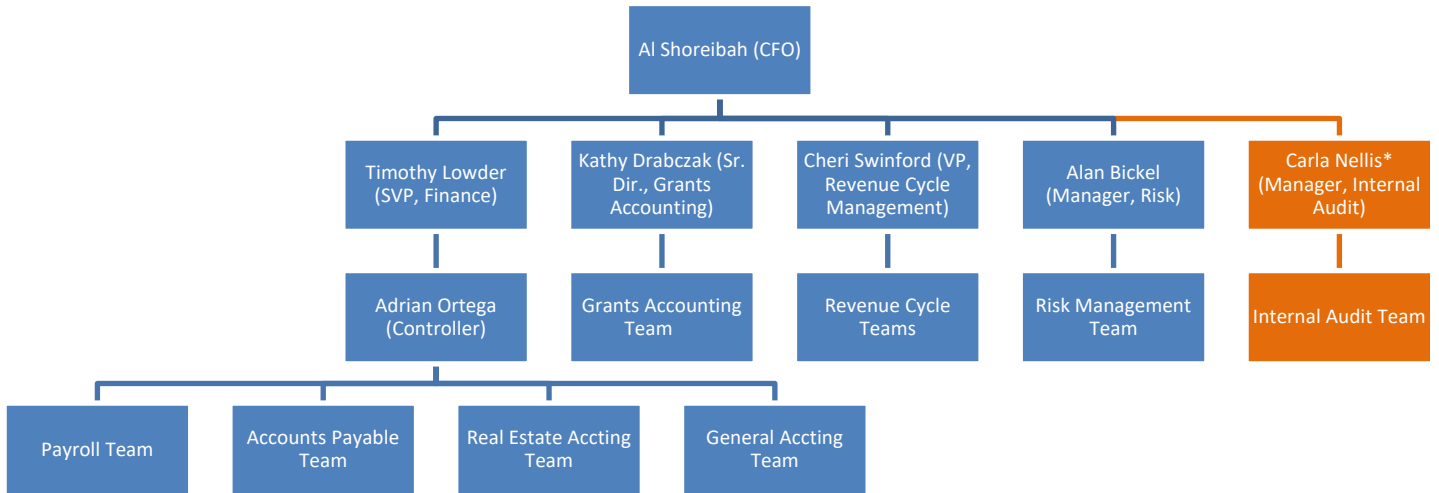
Adrian Ortega has worked with Thresholds in various capacities since 2017, totaling 5+ years. He is a licensed CPA in the State of Illinois and has been serving as Controller since late 2023.

### **Kathy Drabczak (Sr. Director, Grants Accounting)**

Kathy Drabczak leads Thresholds grants accounting area and is the main contact for the Single Audit. She has been with Thresholds since 2016 and served in her current role since 2020.



Finance Organization Chart



\*Internal Audit Manager directly reports to the Audit Committee.