Mahoney
CPAS AND ADVISORS

November 4, 2021

To the Board of Directors
and Management
Cantus
Minneapolis, Minnesota

We have audited the financial statements of Cantus for the year ended July 31, 2021, and have issued our report thereon dated October 25, 2021. Professional standards require that we communicate to you certain matters related to our audit. The appendixes to this letter cover these topics as follows:

Appendix I – Communications relating to significant audit matters.

Appendix II – Additional comments and suggestions.

This information is intended solely for the information and use of the Board of Directors, management and others within Cantus and is not intended to be and should not be used by anyone other than these specified parties.

We thank management and staff for the courtesies extended to us during the course of our work. If there are any questions regarding our audit or this letter, we would be happy to discuss them with you.

Mahoney Ulbrich Christiansen Russ P.A.

10 River Park Plaza, Suite 800 | Saint Paul, MN 55107 | Phone: 651.227.6695 | Fax: 651.227.9796 | www.mahoneycpa.com

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 22, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cantus are described in Note 2 of the financial statements. In 2021, Cantus implemented FASB Accounting Standards Update No. 2014-09*, Revenue from Contracts with Customers (Topic 606)*. No other new accounting policies were adopted and the application of existing policies was not changed during the current year. We noted no transactions entered into by Cantus during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the valuation of in-kind contributions and the allocation of expenses by function.

Management's estimate of the in-kind contributions is based on values provided by the donor. Management's allocation of indirect expenses by function is based on estimates of how employees spend their time. We evaluated the key factors and assumptions used by management to develop these estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

A subsidy of $5,500 provided by the Ordway related to the Brave Concert was not recognized as an in-kind contribution. Revenues and expenses are understated by this amount.

General Artistic

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cantus' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Cantus' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

New Accounting Standards

The following accounting standards updates (ASU's) have been adopted by the Financial Accounting Standards Board and will be effective in future periods. Changes to Cantus' accounting system may be necessary to implement some of these updates.

ASU 2016-02 Leases - The update replaces the existing accounting model for leases and requires that lessees put most leases on their balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021. Early implementation is permitted.

ASU 2016-13 Financial Instruments - Credit Losses (Topic 326) - Current GAAP requires an "incurred loss" methodology for recognizing credit losses. As a result, losses are not recognized until it is probable that a loss has been incurred. This update replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of information when estimating expected losses. The amendments affect loans receivable, trade receivables, and certain other financial assets that are not excluded from the scope. The requirements will be effective for fiscal years beginning after December 15, 2022.

ASU 2020-07 Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets - In September 2020 the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under the new standard, not-for-profits are required to show contributed nonfinancial assets as a separate line item in the statement of activities. Not-for-profits will need to provide enhanced disclosures about in-kind contributions received including: disaggregating by category depicting the type of contributed nonfinancial asset, disclosing qualitative information about whether the contributed nonfinancial assets were either monetized or used during the reporting period, and describing any donor-imposed restrictions associated with the contributed assets. In addition, the valuation techniques and inputs used to arrive at a fair value measure must be disclosed. The rules will take effect for annual reporting periods beginning after June 15, 2021, and must be applied on a retrospective basis.