



## **Audit and Tax Services Proposal for Cantus**



**Prepared by:**

**Mahoney Ulbrich Christiansen Russ P.A.**  
Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

10 River Park Plaza, Suite 800 | Saint Paul, MN 55107  
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August 11, 2016

Chuck Peterson, Treasurer  
Cantus  
PO Box 2379  
Minneapolis, MN 55402

Thank you for the opportunity to submit this proposal for 2016 audit and tax services. This proposal describes our firm and responds to the questions in your request for proposal.

Every organization is unique. When we perform an audit, we recognize the importance of understanding your organization's activities. We develop a thorough understanding of your activities, operating systems, personnel and special needs. We use this information to plan a complete but efficient audit.

Feel free to call us at (651)-227-6695 with questions regarding our Firm or the proposal.

Thank you again for this opportunity. We are confident we will do a great job for you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marc A. Kotsonas', with a long horizontal flourish extending to the right.

Marc A. Kotsonas, CPA  
Audit Services Officer  
(651) 281-1863

A handwritten signature in black ink, appearing to read 'Rozalyn Allyson', written in a cursive style.

Rozalyn Allyson  
Audit Services Shareholder  
(651) 281-1833

## **Firm Information**

We are committed to providing timely, responsive service of the highest technical quality. Mahoney Ulbrich's structure allows us to have partner-level accountants working directly on your account to provide you with greater insight and in-the-field experience than you would get from less experienced auditors. This will assure efficient resolution of any audit, accounting or tax problems we may encounter. By using experienced auditors, we will reduce the amount of time your staff spends with the auditors.

Mahoney Ulbrich is a full service public accounting firm known for our expertise in the not-for-profit industry. Mahoney Ulbrich was founded in 1989 and has one office in Saint Paul, Minnesota.

We have approximately 50 professionals on our staff. Our firm enjoys a low professional employee turnover rate compared to other CPA firms. We are proud of our staff continuity record, which also benefits our clients.

Mahoney Ulbrich is licensed in the State of Minnesota and several other states and is a member of the Private Companies Practice Section of the American Institute of CPA's (AICPA). Membership in this section requires we meet strict quality control standards and requires us to be "peer reviewed" every three years to ensure compliance with those standards. We have successfully completed our most recent peer review. In the years we are not "peer reviewed," we perform an internal inspection of our work files. This helps assure we are maintaining quality at a high technical standard.

We are also proud to be a member of the AICPA Government Quality Audit Center (GAQC), which promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

## Responses to Requested Information

- 1. Detail your firm's experience in providing auditing services to companies in the not-for-profit sector, as well as other arts organizations of a comparable size to Cantus.**

We currently provide audit and tax services to approximately 150 not-for-profit organizations of varying sizes. Revenues of client not-for-profit organizations range from under \$100,000 up to \$60,000,000. Client organizations include social service providers, civic and trade associations, religious and fraternal organizations, schools, environmental groups, community centers, neighborhood groups, youth athletic associations, arts organizations, theatre groups, and not-for-profit real estate developers.

- 2. Provide information on your relationships with related industry associations or groups.**

Marc is a member of the Nonprofit Financial Group of the Twin Cities. Marc is also a member of the AICPA Not-for-Profit section which provides resources to support not-for-profit professionals and business advisors.

- 3. Discuss the firm's independence with respect to Cantus.**

We are independent with respect to Cantus.

We strive to be independent and objective on a daily basis. We work to help our clients achieve their goals and use our experience and resources to do the best job we can while remaining independent and unbiased.

- 4. Describe how your firm will approach the audit of the organization, including the use of any association or affiliate member firm personnel, the areas that will receive primary emphasis and a projected timeline to complete the FY16 audit.**

In planning and performing our audit, we will gain an understand of your internal controls over financial reporting and design and implement audit procedures whose nature, timing and extent are responsive to the risks we have assessed for the purpose of expressing our opinion on the financial statements. In meeting these requirements, we will report to you any significant deficiencies or material weaknesses in internal control that come to our attention.

We will also prepare the required communication with those charged with governance and the management letter. The management letter may include suggestions for improvements to operations and internal controls.

We will not use any association or affiliate organizations to provide services to Cantus.

The projected timeline to complete the FY16 audit is to conduct the fieldwork approximately two to three months after year end and issuance of final reports by December 31, 2016. We are flexible and can work with management to arrange a timeline that is suitable to their schedule.

Our detailed approach is described below:

- Upon selection as auditor, we will contact the predecessor audit firm and review their workpapers
- Upon selection as auditor we will meet with management to discuss current year activity, plan the audit, discuss audit workpaper schedules, and review any areas requiring special attention or emphasis
- Upon selection as auditor we will contact a member of the Finance Committee to discuss the past year and their concerns
- Prior to fieldwork we will update our understanding of internal controls and changes in your systems during the past year
- Prior to fieldwork we will arrange audit confirmations
- Prior to fieldwork we will request copies of new documents that have audit and financial implications
- At a time arrange with you, we will perform audit fieldwork with areas of emphasis including earned revenue and support, restricted net assets, and significant assets on the statement of financial position
- Upon completion, we will review draft reports, management letter and Form 990 with management
- We will also review draft reports, management letter and Form 990 with the Finance Committee
- We will finalize the financial statements after you approve
- We will finalize the Form 990 and Attorney General annual reports after you approve

5. **Identify the partner, manager, and in-charge accountant who will be assigned to our job if you are successful in your bid, and provide biographies. Indicate any complaints against them that have been leveled by the state board of accountancy or other regulatory authority. Indicate any corrective actions that have been taken by the firm with respect to these people.**

Outstanding professional service requires the commitment of experienced personnel. The individuals who will work on your account and their respective roles include the following:

***AUDIT SERVICES OFFICER – MARC A. KOTSONAS, CPA***

Marc has been employed in public accounting since 2005. He has experience in providing audit services to not-for-profit organizations and real estate entities (including those with HUD, MHFA, and tax credit reporting requirements).

Marc is a graduate of Western Michigan University. He is a member of the American Institute of Certified Public Accountants, the Minnesota Society of Certified Public Accountants and the Nonprofit Financial Group of the Twin Cities. Marc is also a member of the AICPA Not-for-Profit Section and has completed the Not-for-Profit Certificate II training program, requiring 30 CPE hours of comprehensive overview of the Not-for-Profit industry. He is a graduate of Leadership Saint Paul and has served on boards of local not-for-profit organizations.

***AUDIT MANAGER – ZULAA LEFEBVRE***

Zulaa is a graduate of Metropolitan State University. She has been employed in public accounting for ten years. Zulaa has specialized in providing audit and accounting services to nonprofit organizations including arts organizations.

Zulaa is a member of the Minnesota Society of Certified Public Accountants.

***NOT-FOR-PROFIT TAX SERVICES PARTNER – BONNIE R. RUSS, CPA***

Bonnie is a shareholder and officer of MUCR. Her primary emphasis is coordinating services to individuals, businesses and not-for-profit organizations in the areas of tax, financial and general consulting and advisory projects. She has extensive experience working with clients in service industries, including consultants, health care providers, attorneys and not-for-profit organizations.

Bonnie is a member of the American Institute of Certified Public Accountants, the Minnesota Society of Certified Public Accountants, and the American Women’s Society of Certified Public Accountants. Bonnie serves on the Board of Directors of Lifetrack, is a past president of the National Association of Women Business Owners, and is a past chair of the State of Minnesota Board of Accountancy. In 2013, Bonnie was recognized as one of Finance and Commerce Top Women in Finance.

Other staff will be assigned to your audit at the time the work is scheduled.

No complaints have been leveled by the state board of accountancy or other regulatory authority against members of our firm.

**6. Discuss commitments you will make to staff continuity, including your staff turnover experience in the last three years.**

Staff continuity is a key differentiator for Mahoney Ulbrich from other firms. We are known throughout the industry for attracting – and most importantly retaining – people who genuinely enjoy their work and are eager to provide consistent, personal relationships you can count on over time. We believe in maintaining consistency in staffing year-to-year.

Mahoney Ulbrich enjoys a low professional employee turnover rate. Staff turnover over the last three years has ranged from 5% to 10%. Most of this turnover is at the entry staff level.

Many of our clients stay with us due to our commitment to client service. Our dedicated staff has the experience and expertise to deliver outstanding client service.

**7. Discuss the use of technology during the audit.**

Mahoney Ulbrich uses leading edge technology and communication processes to make our staff efficient and provide our clients with fast, convenient solutions.

- **Paperless Audit Process** - By maximizing the use of electronic documents, we reduce processing time and save paper. We prefer to receive most schedules and documents in electronic form, and will provide you with both electronic and hard-copy reports.
- **Secure Online Portal** - We have a secure portal for online transmission of documents.
- **Reference Library** - We subscribe to an extensive and powerful electronic reference library of accounting, auditing, and tax literature.

**8. Describe the communication process used by the firm to discuss issues with management and the finance committee of the board.**

Our communication is tailored to your needs and our findings. During the audit, we will maintain constant communications with management. We would expect to meet with your Finance Committee to discuss the audit. In addition, communication may be scheduled as needed during the course of the audit work via phone or in-person meetings, mail or email. We would use these opportunities to discuss any questions you might have, and any issues or changes in accounting standards that may arise.

**9. Set forth your fee proposal for the FY2016 audit, with whatever guarantees can be given regarding increases in future years.**

Our proposal is based on the information you provided us. We have estimated our fees as follows for the year ended July 31, 2016:

Annual audit and management letter	\$ 8,500
Form 990 and Minnesota Attorney General Annual Report	1,500
Less not-for-profit discount	<u>(1,500)</u>
Total fee (not to exceed)	<u><u>\$ 8,500</u></u>

Our fees for services will be based on the actual time spent at our standard hourly rates plus other out-of-pocket costs (such as report production, typing, postage, travel, copies, telephone, etc.). These are not-to-exceed fees. If the actual hours are less, you will be billed based on the actual time.

The fee estimate above assumes that you will prepare necessary schedules before we arrive for fieldwork. It is our intention to be as informative as possible concerning services and fees.

Our fees reflect a not-for-profit / non-busy season discount and will not increase more than 3% annually. Fee increases dependent upon changes in audit, financial reporting and regulatory standards, plus inflationary increases.

We may need to adjust our fee estimate for significant changes to your programs (examples include the addition or closure of a large program, requirements of a new fund source, merger, addition of a new entity). We will discuss the change with you and agree upon the fee adjustment.

**10. Provide any value added services that are included within the fee quote set forth related to number 9.**

We are available to you by phone or in person to discuss audit, accounting, or tax questions you may have throughout the year. Time spent answering questions is included in our fee, unless the question involves complex technical research. If extensive time is for complex technical questions is required, such services will be billed separately, but only after the scope of work has been approved by you.

As part of the audit, we will prepare a report for discussion with the finance committee that will highlight any items that arose during the audit, observations of the organization's financial statements, and review of emerging accounting issues for not-for-profit organizations.

In addition, our firm publishes a monthly Not-for-profit e-newsletter.

**11. Provide the names and contact information for other, similarly sized clients of the partner and manager that will be assigned to Cantus for reference purposes.**

- Ms. Dawne Brown White at Compas  
651-292-3261
- Ms. Shannon Freeby at Mu Performing Arts  
651-789-1012
- Ms. Michelle Pett at The Steppingstone Theater  
651-225-9265

- 12. Describe how and why your firm is different from other firms being considered, and why our selection of your firm as our independent auditor is the best decision we could make.**

Mahoney Ulbrich is a Twin Cities based CPA firm with a commitment to super-responsive service. Our experts are available and accessible like no others. We are small enough to provide personalized service and large enough to offer depth of expertise.

Our goal is to provide more than just technical capabilities. Our objective is to serve as integral, dedicated business advisors offering personal service designed to address your most demanding business challenges. We are focused on providing keen insights and success-oriented strategies.

As a CPA firm dedicated to not-for-profits for more than 25 years, we are active in the industry and are here to stay. We look forward to serving the needs of Cantus.

- 13. Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.**

A copy of our May 2015 recent peer review report issued by KerberRose SC is attached. The report indicates that we passed our review, and we are pleased to note that no letter of comments was issued in connection with this review.



System Review Report

To the Owners of Mahoney, Ulbrich, Christiansen & Russ, P.A. and the  
Peer Review Committee of the Minnesota Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Mahoney, Ulbrich, Christiansen & Russ, P.A. (the firm) in effect for the year ended May 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Mahoney, Ulbrich, Christiansen & Russ, P.A. in effect for the year ended May 31, 2015 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Mahoney, Ulbrich, Christiansen & Russ, P.A. has received a peer review rating of *pass*.

*Kerber Rose SC*

**KerberRose SC**  
September 17, 2015