

Experience the Eide Bailly Difference



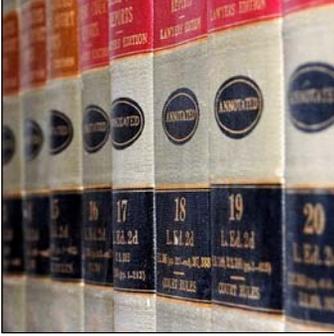
August 12, 2016
Proposal for Audit and Tax Services

Cantus



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Executive Summary

Thank you for giving Eide Bailly LLP the opportunity to propose on audit and tax preparation services. We believe Eide Bailly is the right firm for Cantus for the following reasons:

Nonprofit Experience

We are confident Cantus will benefit from working with Eide Bailly. Our extensive nonprofit experience and knowledge positions us to be the right Firm for you. Eide Bailly currently serves over 1,900 nonprofit organizations, including over 100 in Minnesota. The Eide Bailly team to serve Cantus is comprised of people who spend the majority of their time working with nonprofit clients. Each team member has significant experience in the financial aspects of nonprofits and will bring this experience to all interactions with Cantus' management and Finance Committee. In addition, our service philosophy is to have the most experienced industry people – our partners and managers – work closely with clients so that we can provide forward-thinking advice regarding the financial, operational and business issues they face.

Personal, Customized Service

As a regional firm, Eide Bailly is large enough to provide clients with access to significant, industry-specific resources, yet small enough to provide personal and high level, technical assistance tailored to your needs. As accounting professionals, we offer vital services to organizations facing an ever-changing business environment. Delivering a high level of service to clients is a priority at Eide Bailly, and therefore, our staff members realize the importance of building strong business relationships and staying abreast of current issues impacting the nonprofit industry. During your engagement, we will work closely with your management team to identify issues and provide responsive solutions that are tailored to your organization. In addition, you will experience partner involvement during all phases of the engagement, as well as throughout the year. At Eide Bailly, we make it a priority to be accessible to our clients, which includes returning phone calls and e-mails in a timely manner.

Executive Summary

Because our service model does not view the audit and tax processes as annual “events” we communicate with management on an ongoing basis and keep you apprised of accounting pronouncements, pending and approved IRS changes, changes in regulations and other issues that may impact Cantus. Our communication will include occasional webinars and seminars on topics of critical interest to nonprofits, electronic nonprofit newsletters and access to our blog *NonProfits Talk*.

We realize other firms are knowledgeable as well; however, we believe what differentiates us is personal and attentive service from all members of our service team, including partners and senior-level staff. We will get to know you and your staff and take the time to understand your specific challenges and opportunities. We pride ourselves on delivering honest and insightful advice beyond what is normally experienced in the public accounting industry.

We Want to Work with You

The following pages highlight our strengths as a Firm and demonstrate why Eide Bailly merits serious consideration. Know that you will be a highly valued client. Our people would be proud to work with Cantus and build a trusting relationship with your team. Please contact Beth Bird at 612.253.6565/bbird@eidebailly.com or Kim Hunwardsen at 612.253.6517/khunwardsen@eidebailly.com if you would like to discuss any aspect of this proposal.

Sincerely,

Eide Bailly LLP



Beth Bird, CPA
Partner, Nonprofit Director



Kim Hunwardsen, CPA
Partner, Exempt Organization Tax Practice Director



About Eide Bailly

When you work with Eide Bailly, your experience will be different than working with other CPA firms. Our professionals deliver genuine and insightful advice, and strive to become your trusted business advisors. Founded in 1917, Eide Bailly is a Top 25 CPA firm in the nation, a top 10 CPA firm within Minnesota and has 29 offices in 13 states. We serve 1,900 nonprofit clients Firmwide, and over 100 in Minnesota who benefit from local, personal service and, at the same time, enjoy access to 1,600 professionals with diverse skill sets and experiences.



top 25 CPA firm
in the nation



59,000
clients served



1,600
talented professionals



29 offices
in 13 states

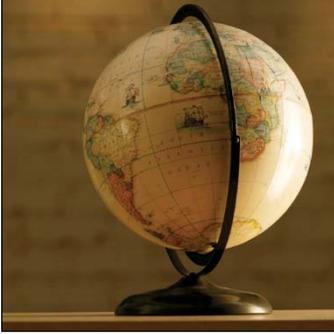


in business
since 1917

So that we can best serve the needs of our clients, Eide Bailly offers a full range of services to clients in the nonprofit sector some of which are as follows:

- Audit and Assurance
- Tax
- Board education
- Forensic and valuation
- Health Care Reform consulting
- Unrelated business income studies
- Compensation and benefits
- Technology consulting





Eide Bailly's Experience



Nonprofit Entities Eide Bailly Serves

- Arts organizations
- Foundations
- Membership organizations
- Public policy advocate organizations
- Educational organizations
- Community involvement and economic development agencies
- Health and human service organizations
- Health care entities

Nonprofit Experience

Nonprofit organizations represent one of the top five industries we serve, both as a Firm and in our Minneapolis office. With more than 1,900 nonprofit clients Firmwide, and over 100 in Minnesota, Eide Bailly works with the entire spectrum of entities to address not only their financial issues, but their business and operational issues as well.

As with most other public accounting firms, the core services of tax and assurance form the foundation of amenities offered to our nonprofit clients. However, unlike many other firms, Eide Bailly is able to offer a diverse set of additional services, beyond audit and tax, some of which are stated on the previous page and highlighted further in Appendix B of this proposal.

Eide Bailly's strong financial foundation, continued growth and commitment to the nonprofit industry ensures our clients that we can maintain a long-term relationship with them. Clients will work with a team of professionals who are highly qualified and experienced and who truly understand the nonprofit industry.

A Highly Experienced and Dedicated Nonprofit Team

Our firm has set up industry groups to focus on the needs of each industry we serve—with one group dedicated to nonprofit organizations. Our nonprofit team has made a career commitment to working with nonprofits and, therefore, they focus their training and education to align with this sector. These staff members and partners understand the matters faced by nonprofits and are in a better position to provide solutions to any issues and needs that may affect your organization. This focus also ensures that our staff members stay abreast of current regulations and issues. Through our nonprofit industry group, we have established relationships within the community of nonprofit organizations—including attorneys, financial advisors and industry associations. Such relationships enable us to work together effectively as a team to our clients' benefit.

Firmwide, over 150 staff are part of the nonprofit audit and tax teams. This size and depth of resources ensures management and the Board of Directors that, as your organization grows and your needs change; we will have the knowledge and resources to support your growth.

Eide Bailly's Experience



Nonprofit Team Statistics

1900	Clients Firmwide
100	Minnesota Clients
150	Nonprofit audit and tax team staff
5 20	Minneapolis partners dedicated to the nonprofit practice

Locally, there are 20 partners in our Minneapolis office, 5 with whom have nonprofit organizations as a significant component of their client base. Beth Bird, the audit partner serving on this engagement, is Eide Bailly's Firmwide Nonprofit Industry director with your tax partner, Kim Hunwardsen, serving as the Firmwide director of Exempt Organization tax practice. In these roles, Beth and Kim are responsible for setting the Firm's strategic vision and structure within the nonprofit industry.

As Firm leaders and active industry participants our nonprofit team members are regularly involved in speaking to groups on issues of importance to the nonprofit communities. Examples of recently presented topics include:

- Financial and governance concerns for board members
- The impact of changing regulations
- Enterprise risk management
- Detecting and addressing fraud
- Reporting of charitable contributions
- Topics related to health care reform
- Subjects specific to private foundations

To further their expertise and knowledge within the industry, members of Eide Bailly's nonprofit team are regularly involved with the national standard-setting organizations which set the tone for nonprofit regulations. Our involvement in these organizations means your team will have access to important regulation changes and issues facing the nonprofit industry. When working with you we will not only look at today's issues, but we also proactively address issues that may affect Cantus in the future. We do this by developing deep relationships with our clients, other professionals that serve these clients and the trade organizations that provide a vital education component to nonprofits.



Eide Bailly's Communication Outlets

- Direct Communication with Clients (phone calls, emails, etc.)
- Webinars
- Seminars
- Electronic Nonprofit Newsletters
- Blog updates on our blog *NonProfits Talk*
- Presentations to Boards
- Speaking at Conferences

Eide Bailly's Experience

Thought Leadership, Communication and Value Added Service

As we work with clients and better understand their organizations, we have the opportunity to provide recommendations that address specific financial, operational or business concerns. We will continue to have the knowledge and resources to support your growth and unique business issues. Examples of ways that we have worked with clients include the following:

- Development and/or improvement of budgeting processes
- Board education in areas such as fiduciary responsibility, effective meetings and governance best practices
- Documentation of financial policies and procedures
- Recommendations for improved internal controls and financial reporting, including controls specifically related to federal programs
- Determination of what qualifies/does not qualify as unrelated business income and the implications for the organization
- Completion of information technology needs assessments
- Assistance in the screening and hiring of financial personnel
- Strategic planning
- Reporting effectively to granters
- Fraud prevention, detection, and investigation services

One of our strengths is our ability to answer operational and advisory questions. Our clients feel comfortable calling us for input and advice on their ideas. Consulting with Eide Bailly can help a nonprofit organization “look before they leap” into projects and fund-raisers, and allows us to be proactive in helping the organization structure the events or projects to their best advantage.

Because our service model does not view the audit and tax processes as annual “events” we communicate with management on an ongoing basis and keep you apprised of accounting pronouncements, pending and approved IRS changes, changes in regulations and other issues that may impact Cantus.



Resourcefulness Award

Details:

Grand Prize: \$10,000

Runner-up: \$3,000

Honorable Mention: \$2,000

Apply:

Closed August 10, 2016

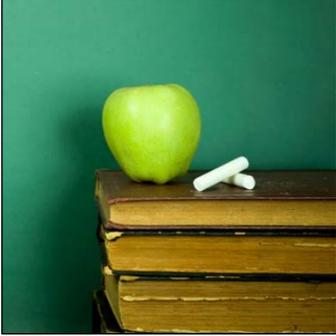
Winners Announced:

October 5, 2016

Eide Bailly's Experience

Going Beyond Accounting Services - Helping to Strengthen the Nonprofit Community

In addition to our daily interaction with nonprofits through the services we provide and the organizations in which we are involved, Eide Bailly has committed to strengthening the nonprofit community through the Eide Bailly Resourcefulness Award. This award was created to provide recognition and support to 501(c)(3) organizations that have undertaken sustainable, creative, and impactful revenue generating initiatives. Following the awards, we provide a number of learning events which bring lessons learned through the process to the nonprofit community as a whole. These events spark conversations within and between organizations which strengthens their revenue-generating approaches. It is our hope that our award winners, coupled with these events, assist the nonprofit community in critically thinking about their operations and how they can better approach them.



Industry Associations

Our commitment to serving nonprofits goes beyond providing a full array of services; we are also committed to supporting the causes of nonprofits through the donation of time, talents and other resources. So that we can continuously deliver value and new ideas to our clients, Eide Bailly's nonprofit professional staff is actively involved in industry-specific organizations and associations.

Nationally, one of our nonprofit industry partners represents the Firm on the Pacific Coast Region Exempt Organization Tax Exempt/Governmental Entity ("TE/GE") Council, comprised of legal and accounting practitioners who specialize in working with exempt organizations as well as high-level representatives from select exempt organizations. Another partner is involved in the AICPA where he served for four years on the National Nonprofit Organization Expert Panel and Audit Guide Task Force, which was responsible for the complete revision of the AICPA Audit and Accounting Guide, *Not-for-Profit Entities*, issued in 2013. He was also a member of the AICPA Alternative Investments Task Force, which authored the AICPA Practice Aid for Auditors, *Alternative Investments—Audit Considerations*.

You can feel confident that Eide Bailly has the quality reputation and experience required to serve as your professional services firm.

Eide Bailly currently does not perform audit or tax services to any related industry associations or groups. However, we have provided audit and tax services in the past to the Minnesota Council of Nonprofits.

Eide Bailly is actively involved in the leadership of the Twin Cities Nonprofit Finance Group with Senior Tax Manager Deb Nelson serving as the program Chair and a Board member and Senior Audit Manager Maria Schwingler serving on the Strategic Planning Committee. Our involvement in this organization in leadership roles reflects our commitment to the local nonprofit industry.



Independence

Our firm is independent of Cantus as defined by generally accepted auditing standards and Governmental Auditing Standards issued by the Comptroller General of the United States. None of the members of the Firm have a direct or indirect interest in Cantus.

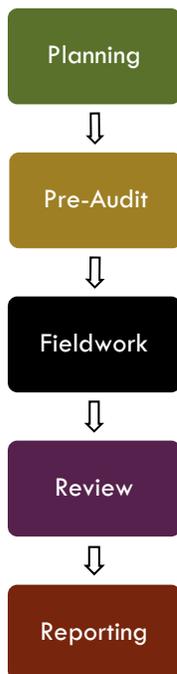
The second general standard for auditing requires the audit organization and the auditors be free from personal and external impairments to independence. As defined by these standards, Eide Bailly is independent in fact and in appearance, and no relationships, either personal or professional, exist that would cause the Firm to be impartial in dealing with Cantus. In the past five years, Eide Bailly has had no professional relationships with Cantus.



Audit and Tax Approach



Tailored Approach



At Eide Bailly, we do not use a “cookie-cutter” approach. We tailor our services to meet the unique needs of each client.

Audit Approach

Eide Bailly’s audit approach is customized to the nonprofit sector and the issues most important to this industry. We do not take an approach used for other industries and “make it fit” for nonprofits. We understand the unique nature of auditing nonprofits and Cantus in particular, and incorporate that into our methodology. This approach starts with pre-audit planning and carries forward to the management letter provided at the conclusion of the audit. Following is a synopsis of what you can expect within each stage of your audit.

Planning:

- Gain knowledge of Cantus and its environment
- Perform analytical procedures to identify audit risk areas
- Consider fraud through inquiry and brainstorming
- Develop audit budget

Pre-Audit:

- Determine audit procedures by area, based on results of audit planning
- Review of internal controls
- Determine confirmation needs
- Prepare listing of audit information requested from Cantus

Fieldwork:

- Audit areas based on risk assessment
- Obtain and prepare schedules and analyses supporting the financial information
- Provide preliminary statements
- Review of tax information
- Discuss findings with management
- Discuss proposed journal entries with management
- Provide preliminary draft of financial statements

Audit and Tax Approach



“Our board members really appreciate how Eide Bailly's annual presentation goes beyond the numbers and talks about the issues most important to our organization. The trends and analyses presented by the team are extremely beneficial in our planning.”

Robert Pickering
Vice President, Finance and
Administration
Lifetrack Resources

Review Draft Statements and Management Letter:

- Provide draft of management letter
- Review draft of financial statements and management letter with management and the Finance Committee

Reporting:

- Present audit and tax returns to the Finance Committee
- Present at Board meeting

In addition to presenting the financial statements to the Board of Directors, we will provide you with a trends report that shows trends within your organization over the years as well as benchmarking information to compare your organization with your peers. A sample of this report is included in Appendix C for your reference.

Tax Approach

When preparing and reviewing the Form 990s for our clients, we do so in light of the fact that these records are available to the public – including the media. In the first year of our relationship, we will review prior years’ returns in significant detail to determine issues that may be of concern. Our review will consider Internal Revenue Service reporting requirements and will include recommendations for how we can jointly improve the preparation of the Form in the future. We do not anticipate significant changes in the presentation of information in the returns; however, experience has shown this review to be very valuable and that we regularly uncover opportunities that the organization was not aware of.

We work closely with the audit team to use the information they have collected in the audit process in our preparation of the tax returns. We will also communicate with the audit team to understand any financial or operational changes that may affect preparation of the Form.

As part of our information-gathering process, we will conduct an interview with Cantus’ staff, management and appropriate Board members to accumulate the majority of the information needed for the tax return and discuss the questions on the return. We believe this will result in less time needed from you in gathering information and interpreting the questions on the Form.

Audit and Tax Approach

In addition, we will provide management and Board members with insight on IRS best practices and help you develop responses to narrative information required on the Form 990 in light of the increased scrutiny by the IRS. We will be available to present the Form 990s to the Finance Committee or the Board to provide an overview of the areas of significance prior to filing the tax returns.

Areas of Emphasis

The audit planning process is designed to determine the areas of audit emphasis. These areas will be developed through discussions with management and staff, as well as a review of existing policies, procedures and internal controls. The areas of emphasis will be confirmed with management prior to beginning fieldwork. Based on our past work with nonprofits, we anticipate the following could be areas of emphasis:

- Risk assessment
- Internal controls
- Revenue recognition and related receivables
- Reporting and disclosures

Proposed Timelines

It is our goal to have substantially completed all the audit procedures by the time we leave the work site with finalization of the reports to meet our agreed upon timelines.

The following is the anticipated workplan for this engagement. This plan is a broad outline that will be discussed in more depth with management and the Board of Directors upon award of the engagement. We will customize this workplan to fit your organization’s timing and needs.

Audit Timeline												
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Planning/Interim Testing												
Pre-Audit												
Fieldwork												
Review												
Reporting												
Ongoing Communication												

Audit and Tax Approach

Additional Value

In addition to our supplementary resources, as a client you will also have access to all of our nonprofit seminars, conferences, trainings and events along with our yearly Audit and Assurance update and Tax update. This additional education will provide you with a great deal of education.

Specific ways in which our audit and tax approach will provide value to Cantus include the following:

- Staff, managers and partners who will be on-site during fieldwork are experienced in working with nonprofit entities. These individuals spend the majority of their time working with clients in these industries; they know what to look for and which financial issues and risk areas are of most importance.
- We build a high level of partner and manager involvement into our audit and tax services so that clients have access to our most experienced people. This allows our partners and managers to identify critical issues early in the audit and tax processes and to work with management to address these issues.
- Collaborative, not combative, communication is a hallmark of our communication style. We do not “dictate” a response to our clients, but instead work to develop solutions that are acceptable to all parties.
- We focus on being proactive in communication so that management and the Board of Directors are able to use information in a timely manner. This approach makes the audit a better experience for everyone and avoids surprises.
- Timely does not mean “just in time.” By focusing on planning and communicating with management throughout the audit and tax processes, we are able to create a better overall experience that goes beyond the delivery of the audit report or tax return by a certain deadline.
- We employ a “peer to peer” versus “teacher to student” relationship. We view our clients as peers. While this may seem like an obvious practice that should be found across the industry, our clients tell us that our relationship focus is different – and refreshing.



Staffing

An Experienced Firm

We are passionate about our work—and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the nonprofit industry. These individuals have not had any complaints filed against them.

Your service team has extensive experience in the nonprofit industry, and will serve as valuable resources. You will find comprehensive profiles for each team member in Appendix A. The following information will provide an overview of your service team, all of whom are conveniently located in Minneapolis:

Beth Bird, CPA, Partner, Director of the Firmwide Nonprofit Practice



Beth Bird will serve as the engagement and audit partner and will be responsible for leading the engagement team serving Cantus. Beth is the director of Eide Bailly's Nonprofit Practice, which sets the Firm's strategic direction for this industry. Her experience in this role allows Beth to provide significant industry knowledge to her clients. She works extensively with the finance and audit committees of her clients to address the challenges facing these organizations. Additionally, Beth serves on several nonprofit boards, which provides her with further perspective on the role of board members.

Maria Schwingler, CPA, Senior Audit Manager



Maria Schwingler will serve as the senior audit manager and will be responsible for ensuring the timely delivery of quality services to Cantus. She has more than 11 years in public accounting with a focused experience in the nonprofit and employee benefit plan industries, including extensive experience working with nonprofit organizations with complex consolidations. Her understanding in this role allows Maria to provide significant nonprofit and ERISA knowledge to her clients and to address the challenges facing these organizations. She leads engagement teams in planning and reviewing audit activities and drafting financial statements.

Staffing

Hannah Horn, CPA, Senior Audit Associate



Hannah Horn will serve as the in-charge and will have primary responsibility for the completion of the engagement for Cantus. Hannah has more than three years of experience in the nonprofit industry. She will be on-site throughout fieldwork and available to your management and staff for questions and discussion of issues. She will work closely with your team and ours to ensure we are meeting your timelines and expectations.

Kim Hunwardsen, CPA, Director of the Firmwide Exempt Organization Tax Practice



Tax partner **Kim Hunwardsen** leads Eide Bailly's Exempt Organization Tax Practice and will lead the tax team serving Cantus. During her over 23 years serving nonprofit organizations, Kim has developed an extensive understanding of the issues affecting tax-exempt organizations. She will be responsible for the final review of the tax returns and for working with Cantus to develop and maintain tax strategies to maximize the benefits of tax-exempt status. Kim speaks regularly to nonprofit and health care groups throughout the country on issues related to their tax-exempt status. In addition, Kim serves as President of the Board of Directors at a nonprofit organization and uses this experience to provide perspective on issues of importance to boards.

Deb Nelson, CPA, Senior Tax Manager



Senior tax manager **Deb Nelson** will work closely with Kim on tax-related matters. Deb has more than 11 years of tax experience and currently works with nonprofit clients on the preparation of the Form 990 and on various tax-consulting projects. Deb leads Firmwide training sessions on issues of significance related to tax-exempt organizations and speaks on issues related to tax-exempt organizations with outside institutions. In addition, Deb serves on the finance committee of a nonprofit organization. This opportunity provides further prospective that Deb will bring to this engagement.



Continuity

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. We understand that Cantus' management and staff need to focus on doing *your* jobs – not training our people to do theirs. As a result, we are committed to maintaining continuity of staff from year to year so that the process is efficient for both your team and ours.

Compared to the national average, Eide Bailly experiences a high staff retention rate, which provides greater stability in our client relationships. We are able to maintain such high levels of staff continuity through a culture that focuses on providing our people with challenging work assignments, advancement opportunities, flexibility in work arrangements and a positive work environment.



The team we have selected to serve Cantus has a significant number of years of experience. Should there be a need to change one of the key members of the team, we will discuss this with management and gain your perspective on the proposed new team member before making a change.



Use of Technology

Eide Bailly operates within a paperless system, which enables us to achieve greater efficiencies within the audit. Our digital system allows the entire team to access audit information throughout the audit process. Additionally, this system enables your staff to share any supporting information prepared electronically, with us in an efficient manner. Our software uses Word and Excel as platforms, so we can effortlessly access requested schedules directly from your emails and import trial balances into our systems easily. As a result, your staff will not need to spend time reformatting existing information so that it can be used for the audit.

Data extraction software is used regularly to analyze data. We also employ the use of client portals that allow for information sharing between your team and ours. These portals are in a password-protected, secure environment so that Cantus' information is kept confidential from other clients' information.



Communication

Our service philosophy is one of working *for* the Board and *with* management. This approach has proven beneficial in that it assures the proper communication channels exist while also avoiding last minute surprises that can be frustrating to finance committee members and management. We view all parties as an important part of the overall process of providing audit and tax services. Specifically, we have found the following communication protocols to be effective:

Management: We base our relationship with management on strong, two-way communication. The auditors and management must work together to ensure a timely and effective audit is performed, as well as to collaboratively address any issues that arise. We will meet with management during audit planning to gain a thorough understanding of Cantus' expectations and any changes to the organization. At the conclusion of the work, we will jointly evaluate the effectiveness of the audit and any recommendations for changes in the future.

Board of Directors: We will meet with appropriate members of the Board and the Finance Committee in the planning phase of the engagement to explain our approach and to ask for input on their areas of concern. At the conclusion of the audit, we will meet with the Board and share the results, including the management letter, to ensure that our findings represent the facts and that our recommended solutions are practical. We will also work with the Board and its appropriate committees to address financial and operational issues that impact Cantus.

While we are proactive in our communication we encourage Cantus' Boards, management and staff to call us with any questions they may have, not just during audit and tax time, but throughout the year.



Professional Fees

We propose the following fees based on our understanding of the scope of work and the level of involvement of Cantus' staff:

Professional Fees	
	2016
Financial Statement Audit	\$12,800
Form 990 and MN Annual Report	2,000
Total	\$14,800

The fees listed are net of Eide Bailly's expected investment in the relationship. They are based on our normal audit approach of performing preliminary fieldwork in addition to audit fieldwork. Should there be significant changes in the scope of the audit or major changes in accounting pronouncements or regulations that cause fees to increase more than 5% of what is quoted above, we will meet with management to discuss the situation. We will not begin any work until the appropriate fee has been agreed to by all.

From year to year you can anticipate a 5% increase in fees. Should our fees raise more than 5% from one year to the next due to organization growth or operations expanding, we will notify and work with management on the adjustments of these fees.

Fee Philosophy

Our fees are based on the complexity of the issue and the experience level of the staff members necessary to address it. In the event you request additional services, Eide Bailly will obtain your agreement on fees before such work would commence. In other words, there will be no "surprises" or hidden fees.

Billing Policy Regarding Inquiries

We have found that clients appreciate access to all of their service team members. We embrace this need and will ensure all of our team members are available to service your questions and issues. This level of service is included in the scope of the engagement. If a particular issue surfaces that falls outside the scope of this engagement, we will bring it to your attention and obtain approval before proceeding on a path of resolution.



Professional Fees

The Best Value For Your Dollar Spent

Eide Bailly understands we are not the lowest cost provider, however, our clients understand that our fees encompass far more than just the requested services. Our staff works hard to build a long trusting relationship with our clients; one with free year-round communication, invitations to educational events and access to resources that will keep you up to date on any accounting announcements, IRS and regulation changes, among other topics of specific interest to the nonprofit community. Our current clients like this all encompassing approach over a lower fee with additional charges being added for any involvement beyond the conclusion of their audit and tax work.



Value Added Services

Following are value added services that are encompassed in the fees quoted on the previous page:

Year Round Access – We have found that clients appreciate access to all of their service team members. We embrace this need and will ensure all our team members are available to service your questions and issues. While we are proactive in our communication we encourage Cantus' Board, management and staff to call us with any questions they may have throughout the year, not just during audit and tax time. If a particular issue surfaces that falls outside the scope of this engagement, we will bring it to your attention and obtain approval before proceeding on a path of resolution.

Use of Specialized Service Team – When you work with Eide Bailly you will be working with a group of individuals selected for your engagement based on their experiences and expertise working with the nonprofit industry. Your proposed team is actively involved in the Minnesota Council of Nonprofits and the Nonprofit Financial Group of the Twin Cities, among other industry-specific organizations and associations. This involvement allows them to stay abreast of and have input into new issues involving the nonprofit sector, which translates directly into additional value for our clients.

In addition to their involvement in industry specific associations, the team to serve Cantus is regularly involved in speaking to groups on issues of importance to the nonprofit community. Recent examples of topics they have spoken about include financial and governance issues for board members, the impact of changing regulations, enterprise risk management, detecting and addressing fraud, reporting of charitable contributions, issues related to Health Care Reform.

Trends Reports – We believe the information in the annual financial statements is an extremely important snapshot of the financial health of an organization. However, to truly understand its strengths and opportunities for improvement we also feel it is important for an organization to look at the current financial information in a larger context. As such, we provide our clients with a trends report that shows organizational trends over the years and also provides you with benchmarking information enabling you to compare your organization with your peers. We believe this report is a valuable tool your board can use to have further discussions about where the organization has been and where it is going in the future. In Appendix C you will find sample pages to provide you with insight into the information provided in this report.



We asked our clients to describe Eide Bailly ...

*“... invaluable to our success
... leading-edge experts ...
resourceful in recommending
strategies ... there for us ...
treats us as a valued customer
... passionate about helping
clients ... valued business
advisors.”*

We encourage you to contact

Client References

As a top 25 CPA firm with 29 offices in 13 states, Eide Bailly is the firm of choice for 59,000 clients. We recently asked our clients what they valued most about their relationship with our firm. Industry knowledge, attentive service, genuine advice and friendly people were just a few of the responses we received. Our clients are truly the best critics of our service. We have selected several clients who have similarities to your company as references; we encourage you to contact these clients to learn more about their Eide Bailly experiences.

Minnesota Opera

Jeff Couture
Finance Director
612.342.9551
Financial Statement Audit, Tax Compliance, General Operational Consulting

Children’s Theatre Company

Jill Jensen
Controller
612.872.5126
Financial Statement Audit, Tax Compliance, General Operational Consulting

Freshwater Society

Julie Fliflet
Chief Executive Officer
651.292.3241
Financial Statement Audit, Tax Compliance, General Operational Consulting

Dodge Nature Center

Beverly Sargent
Director of Finance
651.789.5209
Financial Statement Audit, Tax Compliance, General Operational Consulting



Why Choose Eide Bailly



The Eide Bailly Difference

Many people ask what the “Eide Bailly Difference” is. The difference is the *client experience*. At Eide Bailly, we promise our clients an experience, second to none, where they feel **understood**, **connected** and **confident**.

We Want to Work with Cantus

In the final analysis of the auditor review process, management and members of the Board of Directors must determine which of the firms that they would like to have work with Cantus and that will provide the greatest value to the organization at the fairest fee. We believe Eide Bailly will add value to the relationship with Cantus in the following ways:

- Eide Bailly believes in and supports the mission of Cantus to engage audiences in meaningful music experience and ensure the future of ensemble singing. We will be proud to work with the organization and create trusting relationships with your team and Board.
- When working with Eide Bailly you can be sure that our fees are as stated and encompass value beyond just the audit and tax work. From year round education to phone inquiries we work to be your business advisors.
- The leaders of our nonprofit team are fully engaged in the nonprofit sector – including serving on nonprofit Boards, advocacy for specific parts of the sector and commitment to furthering the causes of nonprofits through participation in industry groups. These deep personal connections with and commitment to the sector means our clients work with people who truly understand and care about the nonprofit sector. These people view their work as more than just “a job.” We look forward to being a valued resource to the organization as we provide support and insight to your staff and Board.
- Deep understanding and analysis of industry trends and issues, as well as significant involvement in industry organizations, provides us with strong insights that help clients address the most significant issues impacting them. This information is regularly shared with management and the Board to aid in your decision-making while giving you the tools needed to be the best at what you do.
- We will work closely with your management team to customize our audit and tax services to your needs to ensure we are timely and efficient. We believe in clear, up-front and open communication with *no* surprises.

The bottom line is that our industry experience means we are able to provide recommendations that help clients enhance their organizations. Our recommendations are realistic, actionable and highlight the potential impact of your decisions, thereby helping reduce the risk in your decision-making.

Why Choose Eide Bailly

Our work with clients is more than an engagement. It's a relationship, built on value, trust and results. When working with Eide Bailly, you will be:



Understood

You have goals and dreams. We listen carefully to learn how we can help you now and in the future. By applying our technical and industry knowledge, we make the complex simple. If it's important to you, it's important to us.

Connected

Our professionals bring their expertise and thought leadership to every interaction with you. You will benefit from new ideas, opportunities and solutions as they happen. We'll connect you with the right resources and deliver comprehensive solutions in a respectful, peer-to-peer approach. We keep the answers within your reach.

Confident

With Eide Bailly beside you, you'll feel confident addressing challenges and embracing opportunities as they arise. We go the extra mile to deliver unmatched solutions for your business. Success is demanding. We've got your back.

Our people are excited about the opportunity to work with you and build a trusting relationship with your team. We look forward to working with Cantus.



Peer Review

Eide Bailly is a member of the American Institute of Certified Public Accountants. Our membership with the AICPA requires a third-party peer review of our audit and accounting practice every three years. Our most recent peer review, as seen below, resulted in a *pass*.

We are also currently registered with the Public Company Accounting Oversight Board (PCAOB), for which the portion of our practice related to PCAOB/SEC engagements is subject to an inspection of the PCAOB at least once every three years. A copy of our most recent PCAOB inspection report can be found on the PCAOB website at www.pcaobus.org.



System Review Report

To the Partners of Eide Bailly LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2014. 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 a 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.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2014, 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*. Eide Bailly LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
December 12, 2014



Appendix A – Team Profiles



Beth Bird, CPA

Partner, Director of Nonprofit
612.253.6565 | bbird@eidebailly.com

Knowledge and Experience

- More than 30 years public accounting experience.
- Significant experience transitioning new nonprofit audit clients to Eide Bailly.
- Conducts single audits of nonprofit entities.
- Works with nonprofit boards in the areas of governance, compensation and board responsibilities.

Professional Memberships

- American Institute of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Nonprofit Financial Group of the Twin Cities
- Eide Bailly Nonprofit Industry Group, Chair
- Recognized as one of the “Top Women in Finance” by Finance and Commerce magazine, 2007 and “Circle of Excellence,” 2011
- Board member of Give Us Wings
- Board member of Sisters of St. Joseph Ministries Foundation
- Board member of IFP Minnesota

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Arts, Accounting - Luther College, Decorah, Iowa



Maria A. Schwingler, CPA

Senior Audit Manager
612.253.6555 | mschwingler@eidebailly.com

Knowledge and Experience

- More than 11 years of public accounting experience providing audit, accounting and consulting services to a variety of clients and industries, specializing in nonprofit organizations and employee benefit plans.
- Provides single audits to nonprofit organizations that receive federal funding.
- Knowledgeable of generally accepted accounting principles (GAAP), single audit requirements, and Department of Labor ERISA requirements.
- Leads engagement teams in planning and providing a technical review of audit engagements and drafting financial statements to ensure compliance with GAAP, single audit requirements and Department of Labor ERISA requirements.
- Works with organizations to understand the impact of accounting changes, single audit changes and disclosure requirements.
- Communicates audit results through reports and presentations to management, audit committees and boards.
- Serves on Eide Bailly ERISA Assurance Committee which develops firm wide strategic direction, processes and training.
- More than nine years of experience recruiting Eide Bailly staff from college campuses, with an emphasis at the University of Minnesota – Carlson School of Management.

Professional Memberships

- American Institute of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Nonprofit Financial Group of the Twin Cities, Strategic Planning Committee and Member
- Eide Bailly ERISA Assurance Committee
- TeamWomen MN, Young Professionals Advisory Board Member

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Science, Accounting - University of Minnesota, Minneapolis



Hannah M. Horn, CPA

Senior Audit Associate
612.253.6645 | hhorn@eidebailly.com

Knowledge and Experience

- Public accounting experience, providing audit and assurance services to insurance, health care, manufacturing and nonprofit organizations.
- Knowledgeable of U.S. Generally Accepted Accounting Principles.
- Plan and perform audit engagements.
- Provide OMB Uniform Guidance and Circular A-133 audits to health care and nonprofit organizations receiving federal funds.

Professional Memberships

- Minnesota Society of Certified Public Accountants

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Accountancy, Accounting - University of North Dakota, Grand Forks
- Bachelor of Business Administration, Management - University of North Dakota, Grand Forks



Kim C. Hunwardesen, CPA

Tax Partner, Director of Exempt Organization Tax Practice
612.253.6517 | khunwardesen@eidebailly.com

Knowledge and Experience

- More than 23 years of experience serving tax-exempt and health care clients.
- Provides tax consulting, planning and compliance services to a variety of nonprofit organizations.
- Works with organizations in developing overall mission, vision, and designing policies and procedures to support the mission.
- Consults on mergers and acquisitions, formation of tax-exempt entities, unrelated business income studies, compensation and benefits issues, IRS examinations, charitable giving and restructuring health care systems.
- Directs IRS contact on exams, rulings and appeals.
- Develops corporate restructuring strategies to minimize tax costs.
- Performs unrelated business income studies to identify potential unrelated activities, develops positions for treatment as related and develops cost allocation methodologies.
- Works with organizations to understand the impact of tax law changes and reporting changes and develops planning strategies to address the changes.
- Frequent speaker regarding tax issues that impact nonprofit organizations including impact of Health Care Reform.

Professional Memberships

- American Institute of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Health Care Financial Management Association
- Nonprofit Financial Group of the Twin Cities
- Women's Health Leadership Trust
- Recognized as one of the "Top Women in Finance" by Finance and Commerce Magazine, 2008
- ResourceWest, President

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Arts, Accounting - Luther College, Decorah, Iowa



Deb D. Nelson, CPA

Senior Tax Manager
612.253.6560 | ddnelson@eidebailly.com

Knowledge and Experience

- More than 11 years public accounting experience.
- Assists with tax consulting, planning and compliance services for a variety of nonprofit organizations and private foundations.
- Assists with unrelated business income studies to identify potential unrelated activities, develop positions for treatment and cost allocation methodologies.
- Works with private foundations and nonprofits to develop overall policies and procedures to ensure compliance with IRS rules.
- Works with organizations to understand the impact of tax law and reporting changes and develops strategies to address these changes.
- Performs research on specific client inquiries related to tax-exempt organizations.
- Serves on Eide Bailly Nonprofit Editorial Board which identifies topics of interest to clients and prospects and drives the creation of related content and communications.

Professional Memberships

- American Institute of Certified Public Accountants
- Minnesota Society of Certified Public Accountants
- Nonprofit Financial Group of the Twin Cities, Board Director and Programming Committee Chair
- Fourth Generation Grantmakers Committee (Minneapolis Foundation)

Designations & Licensures

- Certified Public Accountant

Education

- Bachelor of Arts, Accounting - Minnesota State University, Mankato



Appendix B – Additional Eide Bailly Resources

Additional Services Offered

So that we can best serve the needs of our clients, Eide Bailly offers a full range of services to clients in the nonprofit sector. As with most other public accounting firms, the core services of tax and assurance form the foundation of services offered to clients. However, unlike many other firms, Eide Bailly is able to offer a diverse set of services, some that are highlighted below.

Board education – We have provided educational sessions to many of our clients as they experience changes in their operations or governance structures. Specific ways we have worked with clients include providing background and education on understanding financial statements and the Form 990, understanding the Board’s fiduciary responsibility, developing Board committees and other Board governance issues. These educational meetings reflect our commitment to helping clients achieve their mission and objectives.

Forensic and valuation – Our forensic and valuation team is experienced in reviewing and analyzing internal controls and suggesting specific and effective changes in processes. Additional expertise includes fraud investigations, digital forensics, anonymous fraud hotline, employee background checks, economic damage calculations, valuation services, insurance claim examinations and criminal/civil litigation support services.

Health Care Reform consulting – Eide Bailly’s Health Care Reform consultants have spent a considerable amount of time reading, reviewing and learning the intricacies of how Health Care Reform impacts businesses. We can help you see the cost differentials and the projected effect on your organization. We can also assist employers with identifying their measurement periods, as well as understanding the new reporting requirements.



Appendix B – Additional Eide Bailly Resources

Unrelated business income studies – Our professionals will help you analyze activities that may be subject to unrelated business income tax. When activities are determined to be potentially unrelated, we evaluate various planning alternatives to support treating the activity as nontaxable, including restructuring. We also develop cost allocation methods for taxable activities that can help minimize your tax liability.

Compensation and benefits – Eide Bailly’s tax professionals have worked with numerous organizations to develop benefit plans, including qualified plans and health and welfare plans. In addition to helping nonprofits structure their benefits packages, we work with organizations to minimize tax costs associated with benefits and to address situations where the IRS could assess automatic excess benefit penalties. We also work with organizations to structure deferred compensation plans that ensure the rules for proper deferral are met, including use of appropriate substantial risk of forfeiture and plan documentation.

Technology consulting – Our technology consultants are committed to helping organizations with their technology and enhancing productivity and profitability. They will help you to prioritize technology project initiatives to maximize your available resources. They offer a variety of services including IT value assessments, technology planning, technology systems selection, project management and IT resource identification.



Appendix C – Sample Trends Report

Following are a couple of sample pages to provide you with insight into the information provided in the trends report.

Performance Review and Observations

Five-Year Financial Review (from audited financial statements)

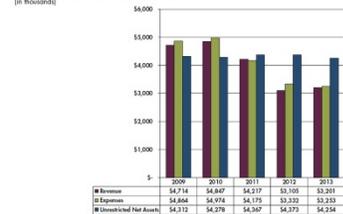
(in thousands)

	2009	2010	2011	2012	2013
Public Support					
United Way contribution	\$ 1,076	\$ 1,353	\$ 1,058	\$ 1,106	\$ 1,028
Other public support	507	615	649	424	581
Total Public Support	1,582	1,968	1,707	1,530	1,609
Revenue					
Program service fees	6,135	4,959	4,389	3,639	3,101
Government	1,192	1,200	1,232	1,088	1,169
Management service fees	2,768	1,600	1,286	1,001	867
Other revenue	851	323	137	44	170
Total Revenue	10,951	7,882	7,043	6,071	5,247
Total Public Support and Revenue	12,533	9,850	8,790	7,601	6,856
Expenses					
Program services	10,748	8,422	7,393	6,611	5,914
General and administrative	652	798	760	821	681
Fundraising	318	205	281	311	300
Total Expenses	11,688	9,425	8,434	7,743	6,895
Nonoperating Activity			(8)		
Change in Net Assets	\$ (75)	\$ 425	\$ 200	\$ (82)	\$ (10)

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Performance Review and Observations

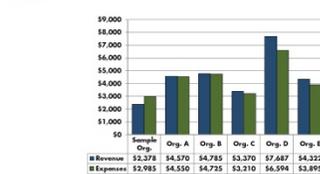
Unrestricted Revenue, Expenses, and Net Assets



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Industry Comparison

Revenue and Expenses



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Discussion Points - Industry

Industry Update

Opportunity: Generational Wealth Transfers Signal Golden Age of Philanthropy
Transfers of wealth through estates – a key source of support for many nonprofits – remain on track to reach historical highs, despite a slight dampening during the late-2000s recession. A new study conducted by Boston University's Center on Wealth and Philanthropy indicates that some \$59 billion from more than 90 million US estates will be divided among heirs, charities, taxes, and estate closing costs over the next 55 years. The total exceeds the \$40.6 billion estimated in a 1999 study, despite a 25 percent reduction in aggregate household wealth between 2007 and 2009 due to the recession. According to the study, wealth transfers could yield about \$6.3 billion for charitable nonprofit organizations over the 55-year timeframe. The report also projects a 12 percent increase in lifetime giving from wealthy donors, which could result in another \$20.6 billion in charitable donations over 55 years.

Industry Impact

Though economic conditions have impacted aggregate household wealth, the passing aging baby boomer population creates sizable financial opportunities for nonprofit organizations.

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Nonprofit Accounting Developments

FASB Project – Financial Statements of Nontax-Profit Entities

- Net asset classification requirements
- Information provided in financial statements and notes
 - Liquidity – access to funding and restrictions on cash
 - Financial performance
 - Cash flows
- Exposure draft scheduled for 2nd half of 2014

Leases – FASB and IASB

- Final standard expected to be released in 2015

OMB Circular A-133

- Raise threshold to \$750,000
- Effective for years beginning after 12/26/14

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CULTURE

The Foundation of Success

Caring for our external and internal clients
with a passion to go the extra mile.

Respecting our peers and their
individual contributions.

Conducting ourselves with the highest level
of integrity at all times.

Trusting and supporting one another.

Being accountable for the overall success
of the firm, not just individual or office success.

Stretching ourselves to be innovative and
creative, while managing the related risks.

Recognizing the importance of maintaining
a balance between work and home life.

Promoting positive working relationships.

And, most of all, enjoying our jobs ...
and having fun!



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