Proposal to Perform Audit, Tax and Advisory Services for Construction Management Association of America

February 15, 2010

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February 15, 2010

Ms. Laura Blake, COO
7926 Jones Branch Drive, Suite 800
McLean, Virginia 22102-3303

Dear Ms. Blake:

We are pleased to present the following proposal to provide audit, tax and advisory services for the Construction Management Association of America (CMAA).

We are confident that we will show that we have the ideal mix of experience, resources and knowledge needed to continue to deliver the proactive, industry-specific service that you deserve. CMAA will enjoy several distinct advantages to having us continue to handle your professional service needs, including:

- Our local Not-For-Profit Services Team provides audit, tax and consulting services to over 650 not-for-profit organizations in the Mid-Atlantic region, including various trade associations with structures similar to CMAA, with a related Foundation, many of which we perform audits of the consolidated financial statements, similar to CMAA.
- With over 600 local professionals, we have the resources, specialized knowledge and expertise to serve complex entities in the Mid-Atlantic region.
- Our partner-to-staff ratio is similar to small, local firms, allowing our senior level professionals to be involved throughout the entire planning and audit process.
- Our commitment to staff continuity means more personal attention and less staff retraining from year to year.

We believe our commitment to quality and timely service, our locally available range of services, and our depth of not-for-profit industry experience will serve you well. We do whatever is required to get the job done, on time, without compromising quality.

Our clients deserve only the best, and we deliver nothing less. We place a premium on client relationships, building a high level of trust and commitment to your success. Our clients look on us as a valued resource for advice, ideas, and solutions. If we are chosen to partner with you, we will use all of our resources to help you succeed.

I want to assure you that the CMAA will receive great service from us. We want your business. If you have questions about this proposal, please call. We would be honored to have your organization as a client, and are excited about the opportunity to be a partner in your success.

Sincerely,

McGladrey & Pullen LLP

E. Albert Weber, CPA
Partner
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Preliminary Observations

CMAA is the trade association representing construction management professionals within the construction industry, with approximately 5,500 members worldwide. You need a business advisor such as our organization to partner with you, making your mission our mission. From a financial perspective, we are prepared to help you reach that mission.

Your Needs

It is our understanding that your needs are:

- Consolidated audit of the financial statements of CMAA and the related Foundation for the years ending December 31, 2009, 2010 and 2011.
- Management letters containing comments and recommendations with respect to accounting and administrative controls and efficiency;
- Preparation of CMAA Form 990
- Preparation of CMAA Foundation Form 990
- Availability for providing rapid response to any questions throughout the year;
- Other work as assigned.
- Timely completion of audit, with final statements delivered by July 9, 2010.

1. Experience Serving Not-for-Profit Entities

Experience Serving Similar Not-for-Profits, and Specifically Trade Associations

As a not-for-profit organization organized under the IRC as a tax exempt c(6) organization, we understand that CMAA operates in a unique business environment – one which requires experienced advisors that will not only look at the financials, but also provide specialized insight and advice on the issues facing your specific industry.

We are committed to provide knowledgeable, high quality services to organizations like CMAA. In fact, our professionals provide audit, accounting, tax and other services to more than 3,000 not-for-profit organizations throughout the nation, and have established the not-for-profit industry as one of our core industry sectors.

Locally, our Not-for-Profit Services Team serves over 650 not-for-profit clients throughout the Mid-Atlantic region, including various organizations with structures similar to ABA.

For a list of client references from similar organizations, please see Section 9, Client References, on page 15.

“Allison J. Foster
Deputy Executive Director
Association of Schools of Public Health

“McGladrey & Pullen has been ASPH’s auditing firm for nine years. During that time, we have received nothing less than stellar service from their staff. Not only are they top-notch in their field, but more importantly they provide ongoing support throughout the year.”
In addition to audit and tax services, our local professionals have extensive, specialized experience in many additional areas critical to not-for-profit organizations. For example, members of our local Not-for-Profit Services Team maintain specialties in:

- Federal grants management consulting
- Human resources
- Technology
- Dues structures
- State and Local Tax (SALT)

We understand not-for-profit organizations. We recognize the unique daily challenges, such as compliance, assurance, specialized not-for-profit tax issues, budget preparation and funding for expansion of services that ABA faces. Through our team’s extensive experience and local resources, we can continue to help you face the challenges and opportunities of today, along with those that will impact your operations tomorrow.

**National and International Resources That May Correspond with CMAA’s Current and Future Needs**

We are the ideal blend of big and small. In addition to our dedicated local presence, we are a leading provider of audit, tax and business consulting services to not-for-profit organizations across the country and around the world. With over 8,000 professionals and combined annual revenues of more than $1.5 billion, McGladrey & Pullen and RSM McGladrey together rank as the fifth largest accounting, tax and business consulting organization in the United States (source: *Accounting Today*). We also extend our reach through the RSM McGladrey Network, an affiliation of 92 independent accounting firms with 209 locations in 42 states and Puerto Rico.

**Extended Services**

Increasingly, our not-for-profit clients seek our assistance in connection with planning strategies, developing information on costs, and setting up new foreign operations and administration. When ABA needs help abroad to deal with special problems in the setup and/or operation of your foreign operations, we are ready to help with the people and flexible solutions needed to get the job done.
2. Experience Serving Related Organizations

As previously stated, our professionals currently serve more than 3,000 not-for-profit organizations, including over 650 in the Mid-Atlantic region. In addition to organizations like CMAA, our not-for-profit clients include membership and advocacy associations, foundations, and human service, religious, educational and civic organizations.

Participation in Related Not-for-Profit Industry Organizations

In addition to our engagements in the not-for-profit industry, our local professionals are part of the associations, regulatory bodies, and organizations that influence and affect ABA. Our partners have developed relationships with and are actively involved in boards and committees with the express ability to help shape practice standards.

A sampling of industry organizations and regulatory bodies that our local professionals are currently involved with includes:

- Accounting Standards Executive Committee
- American Society of Association Executives
- Auditing Standards Board
- Finance & Administration Roundtable (FAR)
- Greater Washington Society of CPA’s
- InsideNGO (formerly the APVOFM and The Personnel Co-op)
- National Grants Management Association
- Virginia Society of Association Executives

In addition, we participated as an advisor to the President’s Council on Integrity and Efficiency through the Quality of Audit Roundtable, and were a founding member of the American Institute of Certified Public Accountants (AICPA) Government Audit Quality Center. We also maintain relationships with key officials at the Office of Inspector General, General Accountability Office, and Office of Management and Budget.

Our active participation in industry organizations ensures that we will continue to provide CMAA with the most up-to-date information and ideas to help you control costs and improve internal controls and operational matters.

Commitment to Providing Not-for-Profit Education and Updates

We understand the importance of being kept abreast of topics and issues that affect you and your industry. Therefore, we provide each of our not-for-profit clients with frequent updates and communication of relevant accounting developments and changes in standards throughout the year.

Following is a sampling of ways in which we provide our not-for-profit clients with timely news and education:

- **Seminars and Business Roundtables.** We host seminars and quarterly Business Roundtables, designed to provide valuable education and networking opportunities for not-for-profit financial personnel. Recent discussion topics have included changes to the 2008 Form 990, how to prepare for an audit, employee benefit costs, worker compensation, internal controls and banking for not-for-profits.
• **Webcasts.** We provide Webcasts as well as year-round email alerts regarding news specific to the not-for-profit industry. Recent topics have included “The Effect of SOX on Not-for-Profits,” “Federal Grants Management Update,” “The New Form 990,” and “Cost Allocation.”

• **Audit Committee Guide for Not-for-Profit Entities.** This informative publication was created to assist not-for-profit audit committees responsible for the accuracy of their organization’s financial statements.

• **Newsletters.** We produce various publications targeted to not-for-profits like BOMA, such as *Not-for-Profit Muse*, an electronic newsletter issued monthly to our not-for-profit clients.

You can view current and archived issues of all our not-for-profit articles and publications at [www.rsmmcgladrey.com/Industries/NotForProfit/](http://www.rsmmcgladrey.com/Industries/NotForProfit/).
4. Commitment to Staff Continuity

We understand that the best way to provide CMAA with responsive, quality services is to assign the most qualified individuals to the engagement and maintain continuity of staff on successive engagements. We are committed to maintaining the same staff on engagements year-after-year, and have one of the lower turnover rates in the accounting profession. In fact, our local offices have maintained an approximately 10 percent annual turnover rate in the last three years, compared to an industry average of 27 percent.

Our corporate focus is to attract and to retain the best people and to provide them with superior development opportunities. In fact, BusinessWeek named us as one of its “Best Places to Launch a Career in 2008” in the publication’s third annual ranking of best companies for new college graduates. In addition, Accounting Today recently named us to its “Best Accounting Firms to Work For” list.

Our ability to retain the best people and provide project team stability comes from our significant focus on our people – the individuals who make our business what it is today and what it will be in the future. This focus has led us to implement a variety of work-life initiatives that improve our retention and allow us to serve you better. For example, we implemented an innovative Flex-Year work-life initiative to help attract and retain workers in a competitive environment. This initiative was recently highlighted in various national publications.

If a situation should arise where there is a key personnel change, we will notify appropriate management as soon as possible. As changes in key personnel cannot always be prevented, it is important that competent replacements are available. Due to our extensive involvement with similar organizations, we have a wealth of professionals available with the requisite industry experience and training to provide you with quality service on an ongoing basis.
5. Engagement Team

Engagement Team Structure
The engagement team we have assembled for you includes the following key members of our Not-for-Profit Services Team. Additional senior associates and associates will be assigned as deemed necessary with relevant experience. These staff members will be determined based on the final scheduling of audit tasks with management.

Engagement Team Roles and Qualifications
Our firm is structured to be able to continue to provide CMAA with the most qualified, experienced professionals for your engagement. None of the following team members have had complaints against them by the state board of accountancy or other regulatory authority. Furthermore, no corrective actions have been taken by the firm with respect to these people. Complete biographical information for each engagement team member has been included in Appendix A.

Al Weber, CPA
Engagement/Audit Partner
703.336.6531
Al.Weber@rsmi.com
Years of Experience: 20
Engagement Role: Al will be responsible for the overall engagement. He will assess risk and audit procedures, manage preparation of financial statements, offer quality management advice, advise CMAA on accounting policies and technical issues, and oversee all non-audit work assignments and projects.

Bob Billig, CPA
Quality Control Partner
240.994.2161
Bob.Billig@rsmi.com
Years of Experience: 22

We take a team approach that is heavy on partner involvement. Our senior level professionals will be involved throughout the entire planning and audit process.
Engagement Role: Bob will perform a secondary review of the engagement, ensuring that all firm and professional standards are adhered to.

**Jim Sweeney, CPA, MBA, MTAX**  
Tax National Lead  
703.336.6400  
James.Sweeney@rsmi.com  
Years of Experience: 23  
Engagement Role: Jim will oversee the review of the tax filings of BOMA, and will provide valuable tax insights and assistance throughout the year.

**Bill Turco, CPA**  
Director, Tax Services  
301.296.3496  
Bill.Turco@rsmi.com  
Years of Experience: 11  
Engagement Role: Bill will supervise the tax services on your engagement, and will identify potential obstacles and develop strategies for future vision.

**Christian Spencer, CPA**  
Director, Audit Services  
703 336-6400  
christian.spencer@rsmi.com  
Years of Experience: 12  
Engagement Role: Christian will coordinate the planning and implementation of audit processes, ensuring that day-to-day audit functions are performed in an efficient manner.

**Michelle Pak**  
Supervisor, Audit Services  
703.336.6431  
Michelle.Pak@rsmi.com  
Years of Experience: 4  
Engagement Role: Michelle will assist Christian in implementing audit processes and will lead the performance of fieldwork, ensuring that day-to-day audit functions are performed in an efficient manner.
6. Audit and Tax Methodology and Approach

Our Approach to CMAA’s Audit

Rooted in auditing standards generally accepted in the United States, our audit approach places a heavy emphasis on early planning and a continued understanding of how specific organization functions. This will enable us to identify critical audit components, provide your staff with a better understanding of what assistance is expected of them, and tailor our procedures to the unique aspects of CMAA. The benefit to you is a more efficient audit approach, performed within your time requirements while minimizing disruptions to your staff’s daily work schedule.

Following is an overview of the key phases of our approach to CMAA’s audit:

Phase 1 – Preplanning
The first step of the audit is preplanning, which consists of a meeting with CMAA’s management to clearly identify the lines of communication, perform a risk analysis, discuss any concerns or issues you have and set expectations. We will also establish a preliminary timetable to ensure a smooth audit process.

The proper analysis and consideration of your risk environment is an important part of this phase. Our risk assessment process encompasses:

- An assessment of inherent risks, both at the financial statement and account balance levels
- An evaluation of internal control structure and the subsequent assessment of control risk
- An assessment of the effectiveness of analytical procedures in controlling and detecting risk
- An analysis of business risks

We will work with CMAA’s financial team to ensure that the audit effort gives proper consideration to the risk environment. To decide how limited audit resources can be utilized in the most cost-effective and efficient manner, there must be a detailed risk assessment of all business activities of the organization.

Phase 2 – Planning and Timing
The next step is to develop an audit plan, which includes tailoring audit programs and procedures specific to CMAA, agreeing on information to be provided by your staff, arranging the exact time of preliminary and final fieldwork, and performing analytical procedures prior to the audit date. This step ensures that all risks have been addressed. We will actively involve our tax professionals throughout the planning process to ensure that all related internal deadlines are met.

Phase 3 – Fieldwork
Fieldwork is the largest part of the audit process and consists of both substantive audit tests and analytical review. In future years, we would expect to perform many of our audit procedures on a preliminary basis. By performing many of our audit procedures before year-end, there is less strain on your accounting staff during the fiscal year-end.

“Your firm’s approach toward the whole audit process could not have run more smoothly...switching to your firm to provide audit work and other business consultation was one of the best decisions I have made in my 23 years with the American Public Human Services Association.”

Eric Risteen
Director of Finance
American Public Human Services Association
At the conclusion of the preliminary and final fieldwork, we will discuss the results of our work and our preliminary recommendations with CMAA’s management.

**Phase 4 – Reviews and Wrap-Up**

In order to ensure that our final audit is of the highest quality, the files and reports will pass through several reviews, many of which will be performed in the field. Upon completion of our reviews, we will meet with you before the financial statements are finalized to discuss the results of the audit process.

**Phase 5 – Report Issuance**

At the end of our engagement, we will meet with CMAA’s management and the Audit Committee to present our reports and letters. We will provide a memorandum on business matters, which includes our recommendations for improving your operations, as well as information regarding any new accounting pronouncements, tax issues and other issues that impact your organization. We will work with you to understand the impact to your organization and to provide you meaningful implementation advice. We will also be available to you throughout the year to answer any questions that may arise.

**Commitment to Audit Quality**

The importance of an independent, unbiased and objective audit cannot be overemphasized. We demand compliance with the profession’s ethics and independence standards, and our over 80-year history of operating with integrity and objectivity confirms our commitment to excellence. While we maintain a local, Washington, D.C., presence, our National Office of Audit and Accounting provides a valuable resource for our clients. All audit techniques, internal control review methodology and forms, and industry specialized audit programs used by our staff have been developed by this Office.

Every audit is subject to a “cold review” by a local partner. In addition, we are a member of the AICPA Center for Public Company Audit Firms and therefore have a peer review of our quality control policies and procedures every three years. For more information regarding our most recent peer review report, please see Section 11, *Peer Review Report*, on page 18.

**Assistance from CMAA’s Accounting Staff**

We anticipate that we will continue to receive support from CMAA’s accounting personnel necessary for the preparation of requested schedules and other supporting documentation before we commence fieldwork. By utilizing our extensive knowledge of similar entities, we will limit the assistance required from your staff as much as possible – saving you time and money.

**Use of Technology in the Audit**

We have developed specific, computerized audit programs, allowing us to gain maximum flexibility in designing the audit approach at the lowest possible cost. Our staff and managers have undergone extensive training on the use of these audit techniques and relevant applications of these software programs.

Our audit staff also uses software programs to simplify the routine aspects of audit fieldwork. We have incorporated other audit software into the process to perform...
analyses or analytical procedures on downloaded client files. These steps help to ensure that your audit team spends its time on substantive audit matters, not on routine clerical aspects of the audit.

**Timely Resolution of Audit Issues with Management**

We are dedicated to continue to proactively address any issues during the engagement with CMAA’s management. Our approach to resolving an issue, if one should arise, during the course of the engagement regarding management’s recording, presentation of an accounting transaction, or the application of a new accounting standard, is as follows:

- **Proactive Approach.** Our approach to this engagement will include regular meetings with BOMA’s management and viewing of your interim financial information. Therefore, we should become aware of any accounting related issues as early as possible.

- **Understanding of Your Organization.** Most conflicts or accounting issues arise from a misunderstanding of the facts, circumstances and complexities unique to an organization and its industry. As a result of our extensive experience serving similar entities and tailored approach to your audit, we are confident that we are best equipped to understand the issues surrounding management’s position on accounting and reporting matters.

Within the United States, our national resources include individuals who are active members of key professional standards setting bodies. As a result, our professionals can stay abreast of key issues affecting your industry and will communicate to you any pronouncements that will impact your organization.

**Proactive Tax Approach**

Maintaining tax-exempt status and avoiding various IRS enforcement sanctions are vital to our tax-exempt clients. We will continue to keep CMAA aware of changes in tax laws and enforcement policies, structuring transactions to avoid private inurement issues, minimizing unrelated business income and the related income tax, as well as other needed services. You will also continue to benefit from our in-depth knowledge of not-for-profit issues and our experience in working with diverse tax-exempt entities.

We encourage our staff, where appropriate, to look beyond ordinary tax preparation and compliance work to develop tax planning opportunities and offer pragmatic and insightful tax strategies. In addition, our tax professionals have experience solving complex tax issues common to not-for-profit organizations. Some of the relevant services we provide are:

- Related party transactions
- Allocation of costs between unrelated business organizations and exempt operations
- Addressing potential state nexus issues that may arise as organizations expand or shift their geographic operations
- Determining proper filing and registration requirements for multi-state operations while minimizing any potential state tax liabilities
- Interpreting tax court rulings and legislative changes as well as determining the practical applications of newly issued Internal Revenue Service regulations
Coordinating complex corporate structure and operations with appropriate tax planning to ensure that tax strategies are favorable to all parties, and do not provide any threat to the tax-exempt status

Our Approach to CMAA’s Tax Services
As part of the preparation of your tax returns, we offer a tax return package which includes:

- Extensive, customized “prepared by client” work papers to assist you with gathering the information necessary to help us prepare complete and accurate tax returns
- An active link from the audit work papers to the tax preparation system to eliminate redundancy in the information you have already provided to auditors
- A review of tax-fixed asset schedules regarding proper classification, lives, methods and, most importantly, application of bonus depreciation options

As you make expand your organization or look to cut expenses, you need solid advice and long-term planning. We focus on serving similar not-for-profit organizations, and will continue to proactively work with you to keep you up to date on the ever-changing tax laws affecting CMAA. We can continue to help you make decisions that benefit you now and in the future.

As a firm focused on serving similar not-for-profits, we have the insight and resources to provide CMAA with up-to-date information on the ever-changing tax laws affecting specific areas of your organization.
7. Professional Fees and Expenses

Our goal is to provide high-quality, reliable service at reasonable fees. Our fees are based on estimated hours and hourly rates, determined by each professional’s level of experience. Unless there are significant changes in your operations, the increase in fees for 2010 and 2011 would be for CPI only.

Following are our professional fees for the 2009 engagement:

<table>
<thead>
<tr>
<th>Years ending</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits of the consolidated financial statements of CMAA – 12/31</td>
<td>$20,000</td>
<td>$20,600</td>
<td>$21,200</td>
</tr>
<tr>
<td>Preparation of Forms 990, 990T and Virginia Form 500 for AAPA</td>
<td>$3,500</td>
<td>$3,600</td>
<td>$3,700</td>
</tr>
<tr>
<td>Preparation of Form 990EZ for CMAA Foundation</td>
<td>$2,000</td>
<td>$2,100</td>
<td>$2,200</td>
</tr>
<tr>
<td>Meet with the Audit Committee as necessary*</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Provide routine consultation throughout the year*</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$25,500</td>
<td>$26,300</td>
<td>$27,100</td>
</tr>
</tbody>
</table>

** Increase based on the new form 990 requirements and information

These fees include all direct and indirect costs, including out-of-pocket expenses.

Our proposed fees are based on the following assumptions:

- The overall condition of your financial and accounting records is satisfactory.
- We will receive support from your accounting personnel necessary for the preparation of requested schedules and other supporting documentation before we commence fieldwork.
- There will not be a need for substantial research of any unforeseen technical issues or new accounting or auditing pronouncements in order for us to complete our audit.

Our fee estimate is a “not to exceed” commitment. Should any additional work be required or requested that exceeds our fee estimate, this work will only be performed if agreed-to by both our Firm and CMAA.

“I’ve enjoyed working with McGladrey for several reasons; their competitive rates, their staff is professional and easy to work with, and the engagement team is very responsive to last minute phone calls and questions.”

Dave Fitzsimmons
Vice President,
Finance and Accounting
National Association of Chain Drug Stores, Inc.
8. Estimate Number of Hours

The hours of our professionals vary according to the degree of responsibility involved and the skill required. Our standard billing rates, by staff level, for each of the last three years are as follows:

<table>
<thead>
<tr>
<th>Staff Level</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>8</td>
</tr>
<tr>
<td>Director</td>
<td>22</td>
</tr>
<tr>
<td>Supervisor</td>
<td>40</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>65</td>
</tr>
<tr>
<td>Staff / Clerical</td>
<td>32</td>
</tr>
</tbody>
</table>
9. Client References

We understand that quality of service will be a key factor as you prepare to select a firm to serve ABA. We encourage you to contact the following client references to learn more about our experience and commitment to quality client service in the not-for-profit industry. The first three references are served by the prospective partner on your engagement.

National Association of Chain Drug Stores  
Dave Fitzsimmons, VP of finance  
703.837.4615

Navy League of the United States  
Howard Siegel, CFO  
703.312-1565

National Organization for Life and Health Guaranty Association  
Gus Estrada, Chief Financial Officer  
703.313.9600

American Association of Airport Executives  
Tyra Harpster, VP Finance  
703-824-0504

The American Academy of Facial Plastic and Reconstructive Surgery  
Lisa Sargge, CFO  
703.725.9084
10. Why Choose McGladrey?

We understand that you want to work with pragmatic people who know your industry and can offer an objective perspective to help you make those decisions. We are confident that our unparalleled experience, resources and approach make us the best suited to serve CMAA. Following is a sampling of qualities that set us apart:

- **Not-for-Profit Experience.** With over 650 not-for-profit clients in the Baltimore/Washington DC area, including American Sportfishing Association, Travel Industry Association, Transportation Intermediaries Association, Pharmaceutical Care Management Association, the American Council of Life Insurers, American Association of Airport Executives and the Urban Land Institute, our local professionals have a thorough understanding of the unique daily challenges faced by entities like ABCMAA. We have the knowledge and insight to effectively recognize opportunities and identify specific areas of your organization that can be strengthened.

- **Staff Continuity.** We are committed to maintaining the same staff on engagements year-after-year. Our turnover rate is among the lowest in the accounting profession, allowing our professionals to develop valuable, time-saving relationships with our clients’ staff and organization.

- **Resources.** ABCMAA requires the resources of a large firm and the local insight of professionals experienced in serving similar based not-for-profits. Our professionals will provide ABCMAA with the best of both accounting worlds – the personal service and understanding of over 600 local professionals, supplemented by the extensive, specialized knowledge of over 8,000 professionals nationwide.

- **No Surprises.** We are dedicated to providing our not-for-profit clients with personal attention and a “hands on” approach to avoid any surprises throughout the year. Our professionals will continue to solicit your input in advance of the engagement to incorporate your input in our risk assessment process, fraud risks, business changes and the audit approach.

- **Quality.** Our quality control assurance system is rated among the best in the accounting profession. Our external review by the PCAOB, as well as peer and interoffice inspection reviews, have demonstrated a consistent approach to extremely high quality audits. You can depend on the accuracy and quality of our work to help you make sound business decisions.

- **Communication.** We will provide you with frequent updates and communication of accounting developments and changes in standards that affect you and the not-for-profit industry. In addition, our senior level professionals will be committed to staying abreast of specific issues at ABCMAA, and will take a proactive role in addressing them.

Our local professionals have earned a reputation for helping similar not-for-profit entities meet their goals and fulfill their long-term missions — we will do the same for CMAA.

With a partner-to-staff ratio of 1-to-7, compared to 1-to-15 for most Big Four firms, McGladrey & Pullen is structured to provide you with personalized service from seasoned professionals.
11. Peer Review

Our firm is subject to the peer review requirements of the AICPA Center for Public Company Audit Firms. Given the Public Company Accounting Oversight Board's (PCAOB) inspection of a registered accounting firm's SEC audit practice, the peer review program focuses on the member firm's non-SEC audit practice. The purpose of the Center's peer review program is to serve as a bridge between the PCAOB's inspection program and the firm's state licensing and other federal regulatory practice monitoring requirements.

Our system of quality control for the accounting and auditing practice applicable to non-SEC issuers in effect for the year ended April 30, 2007 was subject to peer review by the firm of BKD, LLP, which issued an unmodified opinion dated November 30, 2007 on our system of quality control. As is customary in a peer review, BKD, LLP also separately commented on our practice, providing its observation and recommendation on one area of our practice.

BKD, LLP's report, letter of comments, and our letter of response to the letter of comments are included in Appendix B.
Conclusion

Our professionals want to be a key part of ABCMAA’s future success.

Our local professionals have developed a reputation for helping similar not-for-profit organizations meet their goals and fulfill their missions. With the close, personal involvement of senior professionals on engagements, the extensive experience and insight of our local not-for-profit professionals, and our commitment to staff continuity and meeting engagement deadlines, we can continue to help you accomplish your goals.

ABCMAA faces challenges today that will undoubtedly affect your future. We understand that these challenges require more than ordinary solutions; they require forward-thinking, creative solutions now that will help carry you into the future. We will take this proactive approach throughout the engagement.

We appreciate the opportunity to present this proposal, and look forward to building a long-lasting relationship with CMAA.

If you have any questions or comments, please contact Al Weber at 703.336.6531 or Al.Weber@rsmi.com.

“Our relationship with the McGladrey team goes far beyond the audit of the basic financial statements. I value their insight and opinion on other matters affecting our Association and view them as a true business partner.”

Richard Wong
Executive Director
American School Counselor Association
Appendix A: Engagement Team Biographies
E. Albert Weber, CPA
Audit Engagement Partner
O 703.336.6531
F 703.336.6401
Al.Weber@rsmi.com

Summary of Experience
Al has over 19 years of audit and accounting experience, specializing in not-for-profit organizations. Al is the leader of our local Not-for-Profit Service Team’s association practice. Prior to beginning any engagement, Al studies the client’s financial picture and gets to know the organization’s management team. He keeps them informed, makes practical recommendations and monitors the progress of the job.

Al plans engagements, oversees fieldwork, composes management letters, prepares financial statements and tax returns, and assists with compliance issues. He is involved in a wide range of assignments for many of the firm’s most complex not-for-profit clients. He often handles cash management studies, feasibility studies and operational audits. In addition, Al has significant experience evaluating and developing accounting systems, structuring cost allocation plans and developing strategic planning strategies for not-for-profit organizations.

Professional Affiliations
- Certified Public Accountant
- Member, American Institute of Certified Public Accountants
- Member, Greater Washington Society of Certified Public Accountants
- Member, American Society of Association Executives

Community Involvement
- Member, Host Committee for the GWSA Foundation

Education
- Bachelor of Science degree in Accounting, Loyola University, New Orleans, Louisiana
- Ongoing continuing education on the not-for-profit industry
Summary of Experience
Bob has over 22 years of audit and accounting experience, specializing in not-for-profit organizations. Prior to beginning an engagement, Bob studies the client’s financial picture and gets to know the organization’s management team. He keeps them informed, makes practical recommendations and monitors the progress of the job. He plans engagements, oversees fieldwork, composes management letters, prepares financial statements and tax returns, and assists with compliance issues. Bob is also involved with the preparation of 990s and 990-Ts and works to solve issues pertaining to tax exemption.

Bob frequently writes articles and speaks on issues relating to not-for-profit organizations. His continuing professional education focuses on the not-for-profit industry and its membership/tradeshow concerns. Bob continues to take continuing education on the not-for-profit industry and federal awards concerns.

Professional Affiliations
- Certified Public Accountant
- Member, American Institute of Certified Public Accountants
- Member, Greater Washington Society of Certified Public Accountants
- Member, Association of PVO Financial Managers
- Member, Grants Managers Association
- Member, American Society of Association Executives

Education
- Bachelor of Science degree in Accounting, University of Maryland at College Park
Summary of Experience
Christian has over 12 years of audit and accounting experience, specializing in not-for-profit organizations. As the lead accountant for various association and other not-for-profit clients, his responsibilities include supervising engagements, drafting financial statements, composing management letters, advising clients on accounting policies and technical accounting issues, and ensuring that critical audit deadlines are met.

Christian sits on the board of directors and finance committee of a large 501(c)(3) Washington, D.C.-based not-for-profit organization that focuses on providing a lifetime of opportunities for individuals with developmental disabilities. In addition, he participates in ongoing continuing education courses for not-for-profit accounting.

Professional Affiliations
- Member, American Institute of Certified Public Accountants
- Member, Virginia Society of Certified Public Accountants

Education
- Bachelor of Science degree in Accounting, University of Virginia
Summary of Experience

Jim has been a practicing CPA for 23 years, focusing his tax practice in the exempt organizations area for the last 15 years. Jim is the leader of RSM McGladrey’s national and Mid-Atlantic not-for-profit tax practices. He oversees the quality and timeliness of service to all of the firm’s not-for-profit clientele.

With a focus on tax consulting and complex structure planning for not-for-profit organizations tax exempt under all paragraphs of Section 501(c), Jim’s tax expertise is a true asset for not-for-profit clients and professionals. He actively communicates valuable information to all of the firm’s not-for-profit clients to assist management in taking a more proactive approach to managing the affairs of not-for-profit organizations from the tax perspective. For example, as an appointed member of the TE/GE Gulf Coast Council Liaison group, he meets quarterly with National IRS EO Examination Chiefs to discuss the current focus and efforts of the IRS in the EO, and relays the information to our not-for-profit clients.

Jim has sat on the AICPA’s National Tax Exempt organizations committee, where he was the principal author of public comments papers issued to the Commissioner of Internal Revenue on behalf of this organization. In addition, he has been an invited discussion leader to the AICPA’s National Tax Education Program, considered the premier technical development training program in taxation offered by the AICPA, held annually at the University of Illinois. He also provides CPE training nationwide and internationally as a member of the AICPA Speakers Bureau and as a Faculty member of the National Tax Institute.

Professional Affiliations

- Member, American Institute of Certified Public Accountants
- Member, Florida Institute of Certified Public Accountants
- Current Faculty Member, National Tax Institute, speaks nationally and internationally on matters of taxation
- Member, AICPA Speakers Bureau, speaks national and internationally on matters of taxation
- Licensed accountant in state of Florida

Education

- Master of Taxation degree, Drake University
- Master of Business Administration degree
- Finance degree, University of South Dakota
- Bachelor of Science degree in Accounting, Nova Southeastern University
Bill Turco, CPA
Director, Tax Services
O 301.296.3496
F 301.296.3601
Bill.Turco@rsmi.com

Summary of Experience
Bill has over 11 years of not-for-profit, corporate and individual tax experience, specializing in employee benefit plans. He focuses on coordinating tax compliance services and provides consulting advice for a variety of tax clients from professional membership organizations and schools to for-profit organizations.

Professional Affiliations
- Certified Public Accountant
- Member, Maryland Association of Certified Public Accountants

Education
- Bachelor of Science degree in Economics, University of Maryland

Michelle Pak
Audit In-Charge
O 703.336.6431
F 703.336.6401
Michelle.Pak@rsmi.com

Summary of Experience
Michelle has over five years of audit experience, and is a member of the firm’s not-for-profit services team. She has audit experience with numerous not-for-profit organizations, including foundations, associations and other organizations. She works on all phases of the audit engagement including planning, supervision of staff levels, review of work papers, and preparation of the financial statements.

Education
- Bachelor of Science degree in Accounting, George Mason University
Appendix B: Peer Review Report
To the Partners of McGladrey & Pullen, LLP
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of McGladrey & Pullen, LLP (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2007. The Firm’s accounting and auditing practice applicable to SEC issuers was not reviewed by us, since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the Firm’s accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the Firm’s organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the Firm. Our responsibility is to express an opinion on the design of the system, and the Firm’s compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of McGladrey & Pullen, LLP in effect for the year ended April 30, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the Firm with reasonable assurance of complying with applicable professional standards.

* * *

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

November 30, 2007
Attachment to the Peer Review Report of McGladrey & Pullen, LLP
Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objectives of evaluating the following:

- Whether the reviewed firm’s system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.
- Whether the reviewed firm’s quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm’s system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently, a peer review on the firm’s system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center’s Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer’s competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center’s staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms’ responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up actions requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the firm’s accounting and auditing practice applicable to SEC issuers.

Planning the Review for the Firm’s Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of McGladrey & Pullen, LLP, we obtained an understanding of (1) the nature and extent of the firm’s accounting and auditing practice, and (2) the design of the firm’s system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm’s practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm’s personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm’s system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm’s system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review for the Firm’s Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm’s system of quality control. The engagements selected for review included engagements performed under the Government Auditing Standards, audits performed under FDICIA, multi-office audits, and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm’s accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm’s policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.
To the Partners of McGladrey & Pullen, LLP
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of McGladrey & Pullen, LLP (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2007. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report, which should be read in conjunction with this letter.

Engagement Performance

Comment – The firm has followed two different methodologies for supporting a low control risk assessment for certain relevant assertions for significant account balances. Substantially all audits in a niche industry practice are performed using one methodology, while the rest of the firm uses the methodology in the firm’s commercial audit manual. The alternative niche practice allowed for lower testing requirements than the standard approach in the manual. The support for the alternative approach for sampling is not documented in the manual, however, no departures from generally accepted auditing standards were noted.

Recommendation – We believe the alternative approach should be reconsidered. Any approved alternative methodology should be appropriately documented in the audit manual.

November 30, 2007
November 30, 2007

Center for Public Company Audit Firms Peer Review Committee
C/o American Institute of Certified Public Accountants
Practice Monitoring Department
220 Leigh Farm Road
Durham, NC 27707

Ladies and Gentlemen:

This letter represents our response to the letter of comments issued in connection with our firm’s peer review for the year ended April 30, 2007 and should be read in conjunction with that letter. Implementation of the actions set out in this letter will be monitored in connection with our annual inspection program.

Prior to January 31, 2008, the Firm’s National Office of Audit and Accounting will reconsider the methods used for testing key controls in this niche industry and either conform the methodology to the methodology specified in the commercial audit manual or document the basis for any approved alternative methodology in the respective industry manual.

McGladrey & Pullen, LLP

McGladrey & Pullen, LLP is a member firm of RSM International, an affiliation of separate and independent legal entities.