



## Request for Quotation for Audit Services

Connected Nation, Inc. (CN) is accepting proposals from CPA firms to provide audit services for its organization in the future. CN invites your firm to submit a proposal by October 24, 2016. A description of CN, the services needed, and other pertinent information follows:

### Background of Connected Nation

Connected Nation is an internationally recognized 501(c)(3) nonprofit organization whose mission is to improve digital inclusion for people and places previously underserved and overlooked. Connected Nation believes that states, communities, families, and individuals can realize great economic and social advantages when we accelerate broadband availability and increase broadband use in all areas—rural and urban alike. Connected Nation facilitates public-private partnerships to increase access, adoption, and use of broadband and related technology, creating dramatic results that translate into economic and community growth, better education, higher quality healthcare, more efficient public service, and improved quality of life. Connected Nation is a leader among organizations that work in the trenches to bridge the digital divide and increase opportunities that are enabled when people have the ability and desire to connect.

Connected Nation is a consolidated entity comprising the parent organization and 54 subsidiary organizations; one subsidiary for each state, the District of Columbia, and Puerto Rico, one for-profit entity, and an asset holding company. Attached as Exhibit A is a listing of the consolidated companies along with annual revenue for 2015 and projected annual revenue for 2016. Of Connected Nation's 54 subsidiaries, less than 10 had considerable activity in 2016.

Connected Nation currently employs 35 people in multiple locations throughout several states including, but not limited to, Kentucky, Nevada, Ohio, Tennessee, and Washington DC. Connected Nation and its subsidiaries have a December 31 fiscal year end, with a preference to file an audited financial statement with the board of directors at their first semi-annual meeting in mid-May. In addition, included in this proposal, is a companion organization, Connected Nation Development Corporation, a 501(c)(4) organization that promotes the mission of Connected Nation.

For more information about Connected Nation, Inc., visit [www.connectednation.org](http://www.connectednation.org).

### Services to Be Performed

Your proposal is expected to cover three consecutive consolidated annual audits for Connected Nation. Historically Connected Nation has had substantial federal grants; however, in 2016 Connected Nation will not be subject to the provisions of the Single Audit Act. There is a possibility that CN may be required to have a Single Audit in 2017 and 2018, but it does not currently have federal grants or sub-awards executed that will exceed the \$750,000 threshold in federal funds.

Tax returns will also need to be prepared each year for the following entities:

- Connected Nation, Inc. consolidated 990
- Connected Nation, Inc. 990T (if applicable)
- CN Ventures, Inc. 1120 and related Kentucky and Local Returns
- Connected Nation Development Corporation 990

Even though your proposal will include a three-year period, Connected Nation's Board of Directors will select and approve the auditing firm annually.

Connected Nation's audited financial statements will be presented to the Board of Directors by the selected firm at their first meeting of the year in mid-May in Washington DC or other location to be determined. In addition, the selected firm may also participate in one additional Board of Directors meeting via telephone or videoconference in mid-November.

### **Key Contact**

The key contact for information you may seek in preparing your proposal is Ms. Bernie Bogle, CPA, Interim Chief Financial Officer, at [bbogle@connectednation.org](mailto:bbogle@connectednation.org). Requests for additional information, review of prior financial statements, and/or budgets and tax returns should be coordinated through the Bowling Green office. Please return the completed proposal to the Interim Chief Financial Officer electronically at the e-mail address listed above or at P.O. Box 3448, Bowling Green, KY 42102-3448.

Connected Nation's Interim Chief Financial Officer is a highly qualified CPA with auditing experience. Additionally, the Accounting Manager is also a CPA. Work papers, reconciliations, and related reports will be provided to the auditors.

### **Relationship with Prior CPA Service Provider**

These services have previously been provided by Blue & Co., LLP. In preparing your proposal, be advised that management will give permission to contact the prior auditors. Connected Nation's operating policies and procedures require a review of the selection of an auditor periodically to ensure competitive pricing and a high quality of service and for the auditor to be selected and approved by the Board of Directors annually.

### **Other Information**

Connected Nation has contracts for broadband mapping or broadband adoption programs in Iowa, Michigan, Minnesota, Nevada, Ohio, and Puerto Rico. Other revenue sources are derived from projects for AT&T and the Universal Service Administrative Company (USAC), as well as funding from various private foundations.

Our Board of Directors comprises the following individuals:

Thomas W. Ferree – Chairman/CEO  
John E. Davies  
Wendy Lazarus  
Mark K. McElroy  
R. Eric Mills  
Grant E. Seiffert  
Jay Elliot

Officers of the corporation are as follows:

CEO – Thomas W. Ferree  
Senior VP and Treasurer – Bernie Bogle  
Secretary – R. Eric Mills

### **Your Response to This Request for Proposal**

In responding to this request, Connected Nation requires the following information:

1. Detail your firm's experience in providing auditing services to companies in the not-for-profit sector, as well as associations of a comparable size to Connected Nation.
2. Provide information on whether you provide services to any related industry associations or groups.
3. Discuss the firm's independence with respect to Connected Nation.
4. Discuss commitments you will make to staff continuity, including your staff turnover experience in the last three years.
5. Identify the five largest clients your firm (or office) has lost in the past three years and the reasons. Also discuss, in instances where loss of the client was due to an unresolved auditing or accounting matter, the process of attempting to resolve the issue(s).
6. Identify the partner, manager, and in-charge accountant who will be assigned to this job if you are successful in your bid, and provide biographies. Indicate any complaints against them that have been leveled by the state board of accountancy or other regulatory authority, if any. Indicate any corrective actions that have been taken by the firm with respect to these individuals.
7. Describe how your firm will approach the audit of the organization, including the use of any association or affiliate member firm personnel and the areas that will receive primary emphasis. Also discuss the firm's use of technology in the audit. And finally, discuss the communication process used by the firm to discuss issues with the management and the board.
8. Set forth your fee proposal for the 2016 audit, with whatever guarantees can be given regarding increases in future years using the assumption that a Single Audit will not be a requirement for 2017 and 2018. Also provide the anticipated increase over your proposed fees if in 2017 Connected Nation has \$2,500,000 in federal expenditures.

9. Furnish standard billing rates for classes of professional personnel for each of the last three years.
10. Provide the names and contact information for other, similarly sized clients of the partner and manager that will be assigned to this job for reference purposes.
11. Describe how and why your firm is different from other firms being considered, and why selection of your firm as CN's independent accountants is the best decision.
12. Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.

### **Submission Requirements**

Responses to this request for proposal are due by October 24, 2016 at 5:00 p.m. central. Electronic submission is required. We would also appreciate a response if you decline to submit a proposal.

### **Evaluation of Proposals**

Connected Nation will evaluate proposals on a qualitative basis. This includes a review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to this organization, results of discussions with other clients, and the firm's completeness and timeliness in its response to us. The contract will be awarded on or before November 30, 2016.

### **Attachments:**

Exhibit A – Company Listing with Revenue  
2015 and 2014 Connected Nation, Inc. Audited Financial Statements