

# Not-for-Profit Assurance and Tax Insights and Opportunities



Presented To

**Virginia Bankers Association**

August 1, 2023



Mr. Bruce T. Whitehurst, President and Chief Executive Officer  
Ms. Stacy K. Puckett, CPA, CGMA, Chief Financial Officer  
Virginia Bankers Association and related entities  
4490 Cox Road  
Glen Allen, Virginia 23060  
Via email: spuckett@vabankers.org, bwhitehurst@vabankers.org

Dear Stacy and Bruce:

Thank you for providing us with this opportunity to present our proposal to provide a continuation of assurance and tax services to Virginia Bankers Association and related entities (collectively, VBA). For five years, we have enjoyed a highly collaborative relationship with VBA, assisting you in achieving the mission of enhancing your member banks' ability to serve their customers and communities.

We understand you are looking for a public accounting firm with the following qualifications:

- › Ability to perform efficient and timely assurance and tax services by a knowledgeable team
- › Experience providing accounting services to nonprofits with complex structures, multiple types of entities, and membership functions
- › Flexibility and availability to provide personalized attention and value-added insights to management throughout the year
- › Capacity to add assurance and tax services to any new areas in VBA's strategic plan

We are well poised to collaborate and assist VBA in these areas based on the depth of experience of our not-for-profit team as well as our experience serving other large organizations.

VBA will benefit from a client service team that has a thorough understanding of VBA which enables us to provide you with effective answers and solutions that work for your unique business needs. In addition, the client service team has experience working with many other not-for-profit clients with complexities similar to VBA and its entities, and the technical and interpersonal skills to work effectively with you, your management team, the Audit Committee, and the Board of Directors.

We appreciate this opportunity to describe Keiter and our specialized assurance and tax services through our proposal response. We consider it a privilege to serve you and your team. Please contact us with any questions you may have concerning our proposal.

Sincerely,

A handwritten signature in blue ink that reads "Amy R. Menefee".

Amy Rybar Menefee, CPA, CFE  
Partner

A handwritten signature in blue ink that reads "John T. Murray".

John T. Murray, CPA  
Partner

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# Serving VBA

## We are Your Opportunity Advisors

Keiter is a team of experienced accountants and advisors with the knowledge to identify opportunities and the commitment to see them through. We understand that you depend on us to identify, communicate, and help shape the financial decisions that determine the success of your business. Our dedicated not-for-profit industry team will provide fresh insights and create new opportunities to help your business meet its financial and growth goals.

Keiter has one office located in the Innsbrook Office Park, Glen Allen, Virginia. As a result, the Firm takes a vested interest in the central Virginia market and is active in efforts to grow and improve our community for the benefit of our clients, our employees, and our neighbors. For over 40 years, Keiter has focused on building trusted relationships and providing value added services to clients in a variety of industries, including not-for-profit organizations, associations, and financial services entities.

 <b>COLLABORATION</b> Cultivating an environment of teamwork	 <b>RELATIONSHIPS</b> Building meaningful connections	 <b>INNOVATION</b> Challenging the status quo	 <b>ACCOUNTABILITY</b> Owning our actions and understanding our impact
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Our approach to serving our clients incorporates our core values of innovation, collaboration, relationships, and accountability. These values have been at the core of Keiter’s client service approach from the beginning and drive us to become a trusted Opportunity Advisor that you can rely on for sound accounting, tax, and business advice.

In working with Keiter, you can expect the following:

- › Fresh and unbiased perspective
- › Development and implementation of workable plans
- › Clarity to complex financial issues
- › Peace of mind

We have received regional, statewide, and national recognition for our client service, our workplace, and our commitment to the communities that we serve.



## Value and Insights

By continuing to receive services from Keiter, VBA will have access to the experienced and consistent engagement team that understands the organization and its current and long-term goals. Our Firm provides value and insights to VBA, the Audit Committee, and the Board through a variety of ways, including:

Feature	Benefit to VBA
<p>› <b>Institutional knowledge</b></p>	<p>✓ Based on our long-standing business relationship with VBA, we can hit the ground running on your services, thus saving your management team time and resources during the engagements and throughout the year.</p>
<p>› <b>Personalized attention</b></p>	<p>✓ In working with Keiter, VBA will receive all the resources of a national firm, but with the dedication, commitment, and relationship of a locally-based firm.</p> <p>✓ VBA will be served by a consistent and local engagement team that is readily available for questions and to provide technical advice not only during the engagement but throughout the year.</p> <p>✓ We will continue to serve as a business partner to VBA that you can count on for sound business, accounting, and strategic advice. We will be proactive in reaching out to VBA and we will be responsive when your staff contacts us.</p>
<p>› <b>Turnaround time</b></p>	<p>✓ Your engagement team consistently meets or exceeds deadlines requested by VBA. We have a proven track record of availability at all times of the year with transparent communication to meet your expectations.</p>
<p>› <b>Clarity on Complex Assurance and Tax Matters</b></p>	<p>✓ Your engagement team will continue to assist with assurance and tax matters that impact VBA, including:</p> <ul style="list-style-type: none"> <li>• Current Expected Credit Losses (Accounting Standards Update 2016-13)</li> <li>• Revenue Recognition under ASC 606</li> <li>• Consolidation</li> </ul> <p>✓ In working with VBA, we will provide several means of communication to assist your organization with staying ahead of regulatory developments, including meetings, phone calls, emails, seminar/webinars, and e-newsletters.</p>

› **Industry knowledge and experience**

Keiter's breadth of industry experience puts us in a unique position to share our insights and experience when providing assurance and tax preparation services for VBA.

✓ **Not-for-Profit Organizations**

The proposed client service team leaders that will serve VBA dedicates most of their practice to serving our not-for-profit client base, including membership associations. In addition, they each have over 20 years of experience working with not-for-profit organizations and attend annual not-for-profit accounting and tax continuing professional education. Our not-for-profit assurance and tax professionals will continue to partner with VBA to share their knowledge and insights on new and changing regulations that may impact your organization. They will also consult with VBA on compliance, internal controls, and planning opportunities.

✓ **Community Banking Industry**

Community banking is one of the most regulated industries. Banks are continually dealing with the challenge of complying with the ever-expanding list of laws and regulations. Our Risk Advisory Services practice has worked with multiple community banks. Thus, we are very experienced with the regulatory environment of community banks.

# I. Firm Experience

## We are Your Opportunity Advisors

Keiter has been providing businesses in Virginia and throughout the country with expert advice and counsel since 1978. We have received regional, statewide, and national recognition for our client service and our commitment to the communities that we serve.

VBA will benefit from Keiter's full range of services and expertise. In working with VBA and our other comparable clients, we have gained insights into the special issues facing the banking industry and not-for-profit entities. We will apply our knowledge to provide your organization with solutions and opportunities to assist in meeting your financial goals.

## Customized Business Assurance Services

### Business Assurance and Advisory Services

Keiter provides assurance services to over 350 clients in a variety of industries, including financial services companies and not-for-profit organizations. We currently have over 45 professional staff in our audit practice, including nine partners.

A unique component of our approach to providing audit services to our clients is that the audit partner or manager will review key workpapers early in the audit process. We believe this is a critical element to our audit process and distinguishes our services from other firms as it ensures audit issues can be identified and resolved in a timely manner. We also hold planning meetings with management and the Audit Committee (if desired) to ensure that any issues are identified and addressed before audit fieldwork begins. Our philosophy is that up front executive involvement allows the wrap-up phase of the audit to be completed smoothly and efficiently. We believe this is important in meeting VBA's expectations on timeliness of delivery of the audit reports.

## Proactive Tax Services

At Keiter, we emphasize proactive and constructive tax planning rather than just tax compliance. Our approach is to be innovative, to anticipate—not just react to—tax issues, and to use constructive tax planning for maximum effectiveness. In providing tax services to VBA, we apply our understanding of your business and its current legal structure to provide insights on tax planning strategies that will help the organization maximize after-tax earnings and cash flow. We believe that one cannot do effective tax planning in a vacuum. To be effective, our tax planning will take into account the nature of your business and the impact of planning decisions on how you run your business.

### Tax Resources

Keeping up to date with current tax issues is a top priority of our tax department. We maintain extensive electronic resources in order to provide your company with quick, effective solutions to any questions or issues that may arise.

### Tax Compliance and Reporting Assistance

Our Firm prepares well more than 4,200 corporate, partnership, not-for-profit, estate, trust, and individual tax returns annually. To efficiently and accurately meet the tax compliance requirements of our clients, we have a large, fully dedicated staff of tax professionals, and a system of training and review that ensures that

the returns are prepared accurately. We have over 60 tax professionals in our tax department, and the annual internal and external training courses that they each attend averages 60 hours per year. All of the tax returns that are prepared by our Firm are required to be reviewed by a tax department partner or manager. Our training, education programs, and quality review process are key elements in enabling our Firm to meet the tax compliance requirements of VBA.

### Comprehensive Tax Services

- › Accounting for income taxes (ASC 740)
- › Accounting periods and methods
- › Achieving tax deferral through Section 1031 or 1033 exchanges
- › Adapting to legislative changes
- › Business tax consulting
- › Consolidated corporations planning
- › Conservation easement, research and development, equity and subordinated debt tax credits
- › Depreciation and cost segregation studies
- › Defer taxable income
- › Entity selection
- › Excess benefit transaction studies
- › Form 990 and 990T
- › Formation of taxable and non-taxable subsidiaries
- › Identify other tax credits and incentives available at the federal and state level
- › Implement tax-efficient compensation structures for owners and key executives
- › Income tax planning
- › Joint cost allocations
- › Maximize permanent tax savings
- › Maximizing opportunities for capital gain treatment
- › Multi-state income tax nexus
- › Purchase price allocations for new business acquisitions
- › Partnership taxation
- › Payroll taxes
- › Planned giving advisory services
- › Planning for capitalized costs
- › Sales tax planning
- › State and local tax planning
- › Structuring partnerships
- › Tax compliance
- › Tax controversies; IRS representation
- › Tax-exempt status
- › Tax information reporting studies
- › Tax planning for merger and acquisitions
- › Tax outsourcing
- › Unrelated business income tax (UBIT)
- › UBIT planning and exposure reviews



## Industry Experience

### Association and Not-for-Profit Organizations

Our not-for-profit practice serves over 200 organizations, which are comprised of associations, foundations, voluntary health and welfare organizations, community-based housing organizations, religious organizations, historical preservation organizations, and private education institutions.

Our services go beyond traditional tax and audit, to include business valuation, forensic investigation, cybersecurity services, and risk advisory services. In serving our not-for-profit clients, we specialize in addressing not-for-profit accounting and tax concerns such as:

- › Form 990, 990-T and state return preparation local tax issues
- › Joint cost allocations
- › Tax-exempt status
- › Unrelated business income tax (UBIT)
- › UBIT planning and exposure reviews
- › Formation of taxable and non-taxable subsidiaries
- › Planned giving advisory services
- › Adapting to legislative changes
- › Excess benefit transaction studies
- › Compensation and related benefits
- › Audits, Reviews and Compilations
- › OMB Uniform Guidance
- › Endowment fund accounting
- › Outcome-based reporting
- › Property and equipment management
- › Cash and cash flow management
- › Assistance with budget preparation
- › Revenue projections
- › Fraud prevention measures
- › Performing internal audits, internal control reviews, IT audits, and regulatory compliance reviews

### Political Action Committee Experience

We work with several associations that are similar in structure to VBA including the PAC. We are familiar with the accounting and tax requirements including tax-exempt status, assets held by a non-profit and others, accounting for dues and contributions, unrelated business income tax issues, accounting for investments and fair value disclosure, and fund accounting for designated net assets, for such entities.

## Opportunity Advisors to over 200 not-for-profit organizations



- Foundations
- Community Based Housing Organizations



- Voluntary Health and Human Welfare Organizations



- Historic Preservation Organizations
- Gardens
- Museums



- Private Clubs
- Associations



- Educational Institutions

## Dedicated and Knowledgeable Not-for-Profit Team

Our not-for-profit niche team is comprised of 16 audit and tax professionals. In addition to their experience as auditors and tax professionals of tax-exempt entities, team members are involved as Board members and volunteers for many local not-for-profits which provides them with a thorough understanding of the opportunities and challenges not-for-profits face.



## Representative Association and Not-for-Profit Clients

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>› Associated General Contractors</li> <li>› Association of the Preservation of Virginia Antiquities</li> <li>› Retail Merchants Association</li> <li>› Virginia Bankers Association</li> <li>› Virginia Business Travel Association</li> <li>› Virginia Dental Association</li> <li>› Virginia Dental PAC</li> <li>› Virginia, Maryland and Delaware Association of Electric Cooperatives</li> </ul> | <ul style="list-style-type: none"> <li>› Virginia State Bar Association</li> <li>› Richmond Performing Arts Alliance</li> <li>› Richmond Metropolitan Habitat for Humanity</li> <li>› Richmond SPCA</li> <li>› The Richmond Symphony and the Richmond Symphony Foundation</li> <li>› The Valentine</li> <li>› United Way of Greater Richmond and Petersburg</li> <li>› Virginia Historical Society</li> </ul> |
|---|---|

## 2. Keiter Organizational Structure

Keiter has been providing organizations in Virginia and throughout the country with expert advice and counsel since 1978. Keiter is currently the largest independent certified public accounting firm in Richmond and the 12th largest CPA firm in Virginia.

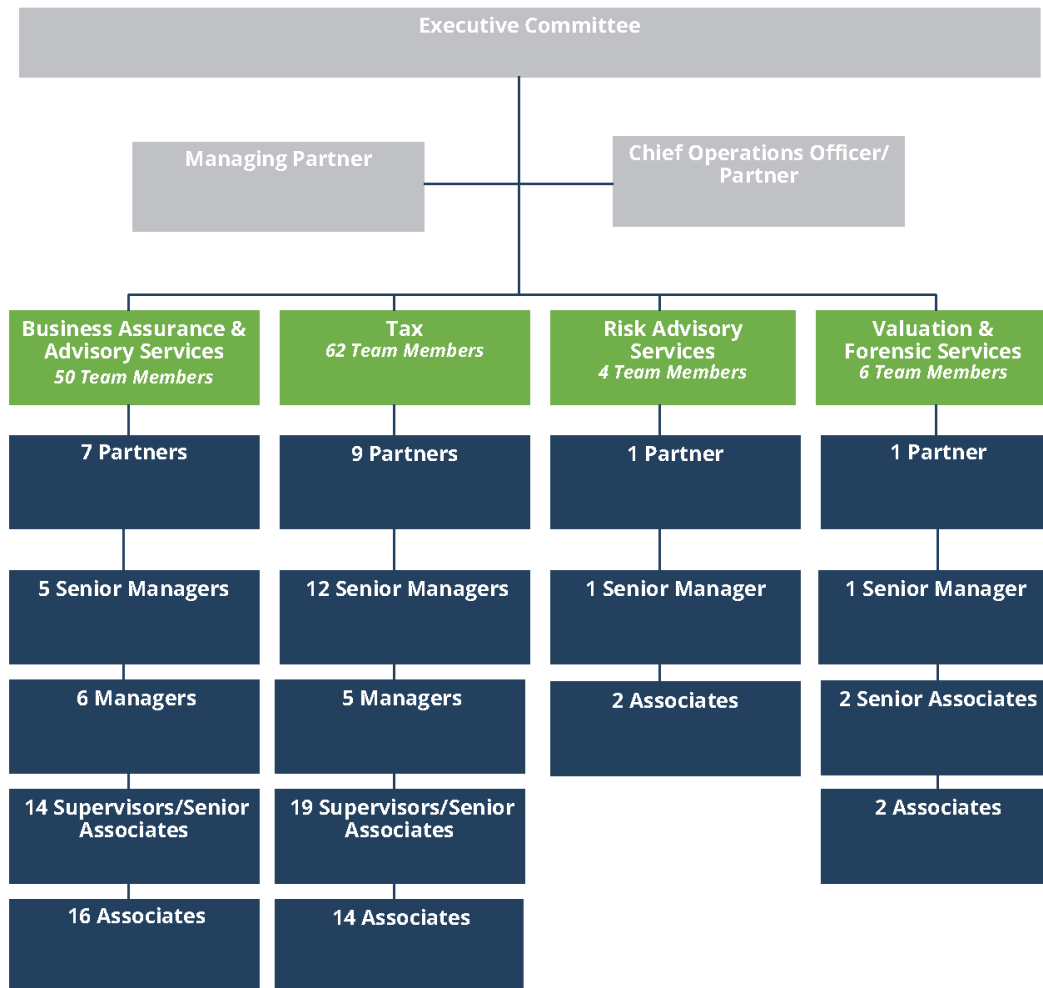
### Services

- › Business Assurance & Advisory Services
- › Cybersecurity
- › Data Solutions
- › Employee Benefit Plan Audits
- › Family, Executive & Entrepreneur Advisory Services
- › Risk Advisory Services
- › Strategic Business Consulting
- › Tax Services
- › Transaction Advisory Services
- › Valuation & Forensic Services

### Industry Specializations

- › Not-for-Profit
- › Healthcare and Medical Practices
- › Construction
- › Real Estate
- › Emerging Technology
- › Financial Services
- › Manufacturing & Wholesale Distribution
- › Retail
- › Private Equity & Hedge Funds
- › Professional Services

### Keiter Organizational Chart



### 3. Independence

Keiter has developed specific client acceptance procedures to ensure the Firm will only accept and continue client relationships when it has been determined that the requisite competence and capabilities (including adequate time and resources) exist within the Firm to perform the engagement and the Firm can comply with legal and relevant ethical requirements. Annually, the Firm performs independence confirmations with all client service staff and other key administrative employees. Further, all partner and manager representations are subject to audit on a three-year cycle. We believe these procedures help us ensure no independence issues or conflicts of interest exist.

Through these client acceptance procedures, we confirm that the proposed engagement team, and Keiter partners are independent of Virginia Bankers Association and its related entities as defined by generally accepted auditing standards established by the American Institute of Certified Public Accountants.

## 4. Staff Continuity and Turnover: Our Commitment

### Consistent Team Dedicated to Providing Insightful Advice



We value long-term client relationships and want to become your trusted business partner. To help facilitate this, we strive to provide staff continuity on our audit and tax engagements.

Over the last few years, our Firm has encountered the same challenges that many businesses have faced in the labor market. With the understanding that quantity and quality of talent is vital to meeting our commitment to high quality and personalized client service, Keiter made staff retention and recruiting a critical strategic initiative for 2022. Our initiatives included the following:

- › Invested heavily in our culture, including reaffirming our core values, providing learning and mentoring opportunities for professional success, and supporting a healthy work-life balance through technology and flexible schedules.
- › Welcomed 16 new accounting and business professionals to our team in 2022 which is the largest new hire recruiting class in the Firm's history. We currently have approximately 165 full-time equivalent team members, including 20 partners.
- › Exceeded our goals in retention efforts with a historically low turnover rate of 12 percent.

As a result of these initiatives, our Firm is positioned for growth with the talent resources available to meet VBA's service needs.

We understand that your time is valuable, and that staff continuity will result in a more efficient and timely engagement.

#### **Turnover**

Our turnover rates, which reflect the entire Firm, for the last three years were 12% for 2022, 16.5% for 2021, and 13% for 2020. Our partners and managers are directly involved, which provides insight from seasoned professionals as well as maintains engagement continuity should there be turnover at lower staff levels. We understand that your time is valuable, and that staff continuity will result in a more efficient and timely engagement. We will strive to maintain continuity in all aspects of your engagement from planning, through fieldwork and deliverables.

## 5. Client Losses

We have detailed the circumstances surrounding recent client loss below. Due to privacy laws, we can only share the names of our clients or former clients that have granted us written permission. Therefore, the following former clients are not named but described by type of business or service.

› **Client 1**

We provided audit, tax, and consulting services to a tax-exempt organization that provided services to homeless individuals and/or those suffering with substance abuse. The organization determined that the use of various tax credits, such as historic tax credits and new markets tax credits, could be used to fund the purchase and expansion of a homeless shelter. Due to the importance of the tax credits to the overall success of the organization's expansion plans, it desired to work with a CPA firm that had deep knowledge of these tax credits and the related annual compliance requirements. As a result, the organization moved its audit, tax, and consulting services to CohnReznick in 2020. There were no complaints about our experience, knowledge, or service provided. Finally, the loss was not due to unresolved accounting or auditing issues.

› **Client 2**

We provided audit, tax, and consulting services to a foundation with investments that were approximately \$500 million. The major goal of the foundation was to increase its investments to \$1 billion. To achieve this level of growth, the foundation's management believed it was necessary to work with a national CPA firm, so they moved their audit, tax, and consulting services to RSM in 2020. There were no complaints about our experience, knowledge, or service provided. Finally, the loss was not due to unresolved accounting or auditing issues.

› **Client 3**

We provided audit and tax services to a private school with a complex consolidation. The school has grown significantly and had some staffing changes in their finance department over the past few years. After serving the school for 14 years, management felt it appropriate to seek an accounting firm rotation. The client selected Cherry Bekaert, who has a specialty area in private schools, as their service provider going forward in 2023. The loss was not due to unresolved accounting or auditing issues.

› **Client 4**

We provided audit and tax services for three years to a homebuilder that also required an audit under Uniform Guidance. The client then decided to transition to Forvis, formerly Dixon Hughes Goodman. After two years, in 2022, the client returned to Keiter citing quality of service concerns. As of 2023, we continue to provide audit and tax services to the client.

› **Client 5**

Over the past three years, our Firm has renewed its focus on our original business plan which consists of serving privately-held businesses in the central Virginia area that have complex accounting service needs. We looked closely at our client base to ensure all our clients fit this profile. Clients that required less complex services were referred to other firms that we felt were a better fit for their service needs. This effort ensured we have the resources available to provide the highest level of client service to our larger and more complex clients, like VBA.

## 6. Data Security

Keiter has not experienced any security incidents and has not had any data compromised. A summary of our security and controls is included in the Appendix for your reference.

# 7. Meet your Client Service Team

## Engagement Team Structure



Your engagement will be staffed with individuals from our not-for-profit team. The leaders assigned to your engagement all hold the Certified Public Accountant (CPA) designation.

In addition, everyone included in this proposal receives at least 16 hours annually of continuing professional education (CPE) specific to their industry niche.

Your engagement will be performed using Keiter’s Unified Client Service Model. As part of ensuring that your audit and tax services are provided efficiently and with the highest level of client service, your engagement team will consist of both audit and tax members that are planning the engagements, requesting information for the engagements, and working through the engagements together. This approach eliminates duplicate inquiries, requests, and responses that could require more of your organization’s time and increases the efficiency of our services.





VBA will benefit from an experienced and professional engagement team that is focused on providing your organization with personalized attention not only during the engagement but throughout the year.

Your engagement team leaders and roles are introduced below:

### **Client Service Team Roles and Resumes | Assurance**



#### **Amy Rybar Menefee, CPA, CFE Engagement and Audit Partner**

##### **Role**

Amy Rybar Menefee, Engagement and Audit Partner, will have overall responsibility for the services provided by Keiter. She will be the primary contact and decision-maker for VBA. Amy is responsible for ensuring the quality of the engagement meets what is required by our professional standards, that our client service exceeds the expectations of management, and that relationships are developed that allow management and the Audit Committee to gain the full benefit of working with Keiter.

##### **Experience**

Amy has a unique combination of public accounting experience and internal audit experience totaling over 23 years. Amy has extensive knowledge in areas of finance including financial review and analysis, the audit process, financial reporting, and Sarbanes-Oxley set-up and testing. She serves clients in a variety of industries including not-for-profit, insurance, retail, and waste management.

Amy is a member of the Firm's Not-for-Profit team and applies her not-for-profit accounting experience and insights to assist her clients in reaching their financial and program goals.

Amy has worked with not-for-profit organizations including trade associations, educational institutions, religious-based entities, endowment funds, private foundations and voluntary health and welfare organizations. She assists clients with implementing fund accounting systems, endowment accounting, accounting for contributions and investments for not-for-profits, and audits under Uniform Guidance. As a co-founder and board member of a local not-for-profit organization, Amy is familiar with the special issues not-for-profit organizations face.

Amy provides assurance services to many of Keiter's not-for-profit clients, including:

- Virginia Bankers Association
- Lewis Ginter Botanical Gardens
- Virginia, Maryland and Delaware Association of Electric Cooperatives
- Virginia Dental Association
- Retail Merchants Association



**Macy Irvin, CPA**  
**Business Assurance & Advisory Services Manager**

**Role**

Macy will work with Amy to ensure the quality and efficiency of the audit services for the VBA audit. Macy will share her assurance knowledge and experience on compliance and internal control enhancements.

**Experience**

Macy joined the Business Assurance and Advisory Services Group at Keiter in August 2016. Macy has experience with auditing procedures, financial reporting, business process reviews, and evaluation of internal controls. Her clients include for-profit and non-for-profit entities. Macy is a member of the Not-For-Profit industry team.

Macy provides assurance services to many of Keiter’s not-for-profit clients, including:

- Virginia Bankers Association
- Trinity Episcopal School
- VPM Media Corporation
- World Pediatric Project
- Sabot at Stony Point

**In-Charge Accountants**

Ryan David and Sierra Sass will serve as the In-Charge Accountants for the VBA engagements. Ryan and Sierra are both Senior Associates in Keiter’s Business and Advisory Services department. They will provide superior value to VBA through the highest form of quality service.

Ryan and Sierra will be responsible for performing on-site assurance services which include risk assessment procedures, understanding and testing of internal controls, analytical procedures and testing of detail transactions, reconciling accounts, and preparing financial statements.

## Client Service Team Roles and Resumes | Tax



### **John T. Murray, CPA** **Tax Partner**

#### **Role**

As Tax Partner, John will be responsible for identifying tax savings and planning opportunities for VBA, and work alongside Ginny Belcher to coordinate the entire relationship. John will share his tax knowledge and insights to help keep management updated on planning opportunities and tax regulation changes. He will be responsible for managing the overall tax and compliance projects and coordinating the related activities. He will also be your primary point of contact for any tax questions.

#### **Experience**

John has over 20 years of experience in both the private and public accounting practice areas. He applies his experience to provide insights and identify opportunities for closely-held businesses in the real estate, technology, private equity, and insurance industries. In addition, John has multi-state tax experience in which he plans for state franchise and capital taxes as well as sales & use taxes. He provides ongoing budgeting, forecasting, cash management, and compensation planning for many of his clients. In addition, John applies his expertise and knowledge in structuring transactions and reviewing proposed acquisitions in order to minimize the tax consequences for his clients. John is a member of the Firm's Financial Services and Mergers & Acquisitions teams and has clients that are located throughout Charlottesville and Richmond, Virginia.

John is a frequent article contributor to the Firm's blog and newsletter on accounting topics relating to different tax topics. Access all of John's articles on our blog.



## Virginia "Ginny" Belcher, CPA Not-for-Profit Tax Senior Manager

### Role

As Not-for-Profit and Association Tax Senior Manager, Ginny will be responsible for ensuring the quality of our not-for-profit tax services, including overall planning, consultation and review of matters pertaining to the tax engagement. She will consult with the audit team on business issues related to financial reporting and income tax matters. Ginny will also be responsible for preparation of VBA's tax filings.

### Experience

Ginny's clients rely on her for not-for-profit tax insights and expertise. Ginny takes a personal interest in each of her clients and is always available to assist with questions regarding not-for-profit initiatives that may affect their tax compliance. She is passionate about partnering with her clients to help them achieve their program goals.

Ginny stays current on not-for-profit tax changes and compliance by attending annual not-for-profit tax conferences and local AICPA training sessions. She shares her not-for-profit tax knowledge with her clients to assist them with compliance issues and marketing opportunities. Additionally, she provides assistance with applications for exemption, unrelated business income tax (UBIT), legislative changes affecting not-for-profits, as well as many other issues facing not-for profits. Other areas of expertise with the Firm include individual, trust, corporate and partnership taxation.

She has over 25 years of experience in the not-for-profit industry and has been a part of the Keiter team for over 20 years providing tax and accounting services. Ginny is a leader in our not-for-profit industry team.

Ginny specializes in serving Keiter's not-for-profit clients, including:

- Virginia Bankers Association
- Virginia Museum of History and Culture
- Virginia, Maryland and Delaware Association of Electric Cooperatives
- Virginia Dental Association
- Retail Merchants Association



**Tessa Vinson, CPA**  
**Tax Manager**

**Role**

As Tax Manager, Tessa will be responsible for VBA's tax preparation and filing. She will collaborate with John Murray to identify tax planning and saving opportunities.

**Experience**

Tessa applies her seven years of tax and accounting experience to provide personalized tax services for small businesses and business owners. Her specialty areas include tax consulting, tax compliance and tax research for partnerships, multi-state entities, and individuals. Tessa works with clients in a variety of industries, including not-for-profit, technology, construction, real estate, and manufacturing.

Tessa is a member of Keiter's Emerging & Growth Business team.

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There have not been any complaints against the Firm or any members of the proposed engagement team leveled by the state board of accountancy or other regulatory authority. No corrective actions by the Firm have been required.

# 8. References

Virginia Maryland Delaware  
Association of Electric Cooperatives

- Brian Mosier, President and Chief Executive Officer
- 4201 Dominion Blvd., Glen Allen, Virginia 23060
- 804.297.3457 | bmosier@vmdaec.com
- Engagement team members: Amy Menefee, Ginny Belcher

Trinity Episcopal School

- Joe Monaco, Director of Operations
- 3850 Pittaway Drive, Richmond, Virginia 23235
- 804.327.3150 | joemonaco@trinityes.org
- Engagement team members: Amy Menefee, Macy Irvin

Virginia Dental Association and  
Political Action Committee

- Jill Kelly, Director of Finance
- 3460 Mayland Court, Suite 110, Richmond, Virginia 23233
- 804.523.2183 | jkelly@vadental.org
- Engagement team members: Amy Menefee, Ginny Belcher

# 9. Proactive and Timely Service Approach

## Customized Assurance Services for VBA

Keiter’s audit and assurance team provides careful, thorough work exceeding the highest of professional standards. Our comprehensive approach includes providing meaningful feedback and insights.

### VBA Staff Involvement

We request assistance from VBA in providing accounting reconciliation and analysis, preparing confirmations, and locating supporting documentation, such as invoices. Your client service team will advise you well in advance of the assistance they will need and will coordinate this work with VBA and each of its entities. A sample “Prepared by Client” listing is included in the Appendix of the proposal for your review.

### Risk Areas for VBA

Based on our VBA assurance service experience, we have determined the significant risk areas to be as follows:

- › Related party transactions
- › Revenues and related receivables (revenue recognition)
- › Investments
- › Allocation of functional expenses
- › Internal controls (management override and testing)

We will develop an audit program that is custom-tailored to VBA based on these and other possible risks identified during a thorough audit planning process.



## Assurance Programs and Statistical Sampling

We use Caseware working papers audit management software and PPC for specialized information, guidance and practice aids. We use haphazard sampling techniques with emphasis on items that are larger and/or that we feel carry additional risk.

Our audit procedures are determined in the planning stage of our engagement process after gaining an understanding of VBA operations and assessment of specific risks. This risk assessment helps determine the auditing procedures that would be utilized. Specific procedures utilized in audit engagements include, but are not limited to:

- › Direct confirmation of account information with third parties
- › Analytical review of balances
- › Sample testing of detail transactions or balances
- › Predictive testing of revenue and expense amounts
- › Interviews of key individuals followed up with substantiation of facts

## Timing

We are fully prepared to meet the timing requirements outlined in Schedule A of the request for proposal. We request timely receipt of VBA's requested information in order to meet VBA scheduling requirements. We are flexible to adjust the work schedule based on the needs and wishes of VBA.

## Estimated Hours for Business Assurance & Advisory Services

Business Assurance & Advisory Services	Estimated Assurance Hours
› Virginia Bankers Association and subsidiaries	260
› Virginia Bank PAC	25
› Virginia Bankers Association Group Insurance Trust	70
› Virginia Bankers Association Medical & Dental Trust	100
› Trust Fund of Virginia Bankers Association-Master Defined Contribution Plan & Trust	80
› Trust Fund of Virginia Bankers Association-Master Defined Contribution Plan & Trust & Cash Balance Pension Plans	80
› Bankers Title, LLC	40
› Bankers Title Shenandoah, LLC	40
› Virginia Title Center, LLC	40
› West Virginia Bankers Title, LLC	40
› VBA Title Centers Agreed Upon Procedures	40
› Virginia Mortgage Lenders Association	<u>20</u>
<b>Total Estimated Hours</b>	<b><u>835</u></b>



### **Percentage of Time Onsite**

Our audit team typically spends 50 percent of their time onsite for audit engagements. Hours onsite vary by staff level.

### **Communication Process to Resolve Issues**

As fieldwork progresses, should we identify internal control deficiencies or other potential findings, we will bring them to management's attention immediately to ensure that we have a full understanding of the potential issue and brainstorm with management to identify any possible mitigating information. Our formal communications will be based on the results of that discussion and the severity of the item discovered, with comments being either presented orally or formally through a management letter.

### **Proactive Tax Services for VBA**

At Keiter, we emphasize proactive constructive tax planning rather than routine tax compliance. Our approach is to be innovative, to anticipate--not just react to--tax issues and to use constructive tax planning for maximum effectiveness. This entails monitoring the ongoing discussions in Congress regarding current tax issues and proposed changes in the law. When changes occur that affect VBA, we inform you through direct mail letters, emails, or newsletters with the action steps that we need to take to address any new areas of concern. We regularly attend continuing professional education classes geared toward not-for-profit tax issues.

Headed by tax partners with an average of 20 years of experience each, our tax department is the largest and most experienced in the central Virginia area. Our tax managers average over 10 years of experience in their specialty areas.

Specifically related to tax compliance, your tax team will be involved in the audit planning meetings, consolidate the tax and audit PBC list and review relevant audit documentation prior to reaching out for additional support on tax matters. Lastly, we will use VBA staff to the extent possible to assist us in preparing reconciliation schedules for use in the tax return preparation. While a majority of our work can be done remotely, we do value in person meetings and expect to meet with you at least twice a year for mid-year and year-end planning.

### **Tax Resources**

Keeping up-to-date with current tax issues is a top priority of our tax department. This entails monitoring the ongoing discussions in Congress regarding current tax issues and proposed changes in the law. We maintain extensive electronic research resources, in order to provide you with quick, effective solutions to any questions or problems that may arise.

### **Association and Not-for-Profit and Unrelated Business Income Tax Expertise**

We have extensive experience in providing tax planning and handling the tax issues unique to associations and not-for-profit entities including unrelated business income issues.

Our tax department works on numerous tax projects for tax exempt entities including tax-exempt status, unrelated business income (UBI), information reporting, local tax issues, compensation and related benefits, and other matters. We assist clients in structuring transactions to avoid the pit-falls of revenue becoming classified as UBI and assist clients in minimizing the impact of UBI when revenues are subject to taxation. Localities are becoming more aggressive in assessing tax-exempt entities for personal property and business license taxes, and we advise our clients of such exposures in advance. We also assist clients in

structuring various donor transactions such as charitable lead or remainder trusts, and are thoroughly familiar with these estate and charitable planning techniques.

We can offer advice to you in the following areas:

- › Unrelated business income issues
- › Tax exempt status
- › Payroll, sales and use, and property tax issues
- › Employee benefits
- › Tax credits
- › Real estate transactions
- › Entity structure

**Estimated Hours for Tax Services**

Tax Services	Estimated Tax Hours
› VBA Management Services	14
› VBA Benefits Corporation	15
› VBA Properties, LLC	10
› Virginia Title Center, LLC	12
› Bankers Title of Shenandoah, LLC	12
› Bankers Title, LLC	12
› West Virginia Bankers Title, LLC	12
› WVBT Title, LLC	9
› VBA Education Foundation	8
› Virginia Mortgage Lenders Association	8
› Virginia Bankers Association	10
› VAMPAC	6
› Virginia Bankers Association PAC	<u>6</u>
<b>Total Estimated Hours</b>	<b>134</b>

**Percentage of Time Onsite**

Our secure technology enables all of our clients’ tax documents to be submitted electronically. As a result, our tax team typically spends 100 percent of their time offsite on tax engagements.

## Use of Technology and Data Security

From machine learning and AI to data analytics and bots, organizations around the world are embracing these technologies to find new efficiencies, obtain valuable insights, and make smarter decisions. Accounting firms are not exempt from these trends. While much of this technology is still subject to regulatory approval and acceptance in the public markets, Keiter is one of the firms on the leading edge of this technology.



### **Request List Management**

The performance of assurance services requires the sharing and transferring of many documents. Keiter has adopted a request list technology that will allow VBA to link a particular document to a particular request within an online portal. You can assign requests to members of your internal team and monitor the status of the requests as convenient to you. This allows for continuous, shared understanding of engagement progress.

Specifically related to tax compliance, your tax team will be involved in the audit planning meetings, consolidate the tax and audit requests, and review relevant audit documentation prior to reaching out for additional support on tax matters.



### **Information Security**

We understand the confidential nature of proprietary information. All documents transferred using Citrix ShareFile are encrypted up to SSL/TLS 256-bit and do not travel through traditional e-mail.



### **Remote Communication**

We have adopted new technology to aid in our ability to work remotely with our clients. This includes the ability to video chat, share screens, and, with client approval, record meetings. These additional communication tools can ease the challenges presented by working remotely and follow up requests from a call or discussion.



### **Keiter Technology Task Force**

This internal committee includes professionals from each of our service lines and works to identify and pilot new software and solutions for our engagement teams. Over the past several years, select teams have explored and implemented technologies such as Mindbridge, Validis DataShare, Suralink, TeamMate Analytics, and more. Our team is constantly gathering data and learning how to best provide value to our clients through these tools, without requiring significant additional assistance from your staff.

# 10. Keiter Publications, Webinars, and Seminars

## Proactive communication on accounting and regulatory updates that may impact VBA

Your client service team will proactively communicate with management on accounting and regulatory developments that may impact VBA and its entities. For example, we are monitoring the implementations requirements of the following new standards:

- ASU 2016-13 Financial Instruments-Credit Losses (Topic 326)
- ASU 2023-01 Leases (Topic 842): Common Control Arrangements
- Unrelated business income
- Meals and entertainment expenses

### › Knowledge sharing with management and the Audit Committee

Keiter's breadth of industry experience puts us in a unique position to share our insights and experience when providing audit and tax preparation services for VBA.

In working with you, we will provide several means of communication to assist your organization with staying ahead of regulatory developments, including the following:

- Meetings with management and Audit Committee
- Monthly not-for-profit related accounting e-newsletters and blogs
- Keiter Continuing Professional Education seminars. A sample of our upcoming and past seminars are included on the following page.

## Upcoming Knowledge Sharing Events

### Fall CPE Seminar | University of Richmond, Jepson Alumni Center | November 2023

#### Agenda

- › Tax Update
- › Accounting and Audit Update

\*Attendees are eligible for 1 CPE credit hour for each session.

## Past Events

### Webinar | Not-for-Profit Accounting Update | November 2022

- › Keiter's Audit Partner, Audit Senior Manager, and Keiter Technologies Consultant, shared their insights on accounting trends, governance considerations and finding lifetime donor value for Not-for-Profit organizations.

### Webinar | Preparing for Turnaround and Succession Planning Opportunities | November 2022

- › Keiter's Valuation and Forensic and Tax specialist break down what you need to know to prepare for succession planning and financial turnaround in the current environment.

### In Person Event | Tax, Financial Accounting , and Ransomware CPE Day | October 2022

- › Keiter's Partners and Managers gave the latest updates in Tax, Estate Planning, State and Local Tax trends, Financial Accounting trends, and new trends in Ransomware.

Your engagement team leaders and other Keiter professionals share their knowledge through articles on our blog and industry publications. The goal of this effort is to provide VBA with the latest information on new and changing regulations that impact your organization enabling you to plan effectively. *Please see examples on the following pages.*

## Newsletters, Articles, and Other Resources

### Newsletters Samples



#### Preventing Vendor Impersonation Fraud



Be prepared for higher volumes of vendor impersonation scams this summer. Protect your not-for-profit with these 6 steps to recognizing invoice and vendor impersonation scams.



#### AI Helping Non-Profits Compete Like Never Before



With advances in AI technology, non-profits can harness this power to increase efficiency and reduce costs while also improving their impact on the causes they serve.



[Read More Not-For-Profit Insights](#)

[View More >](#)

#### Your Opportunity Advisors



**Matt McDonald**  
CPA / CFF, CFE  
Partner



**Amy Menefee**  
CPA, CFE  
Partner



**Colin Hannifin**  
CPA  
Senior Manager



#### Bank Failures and Broker-Dealer Deposits



The recent U.S. bank failures highlight potential financial risks to bank depositors. Read more on our blog about the broker-dealer deposits regulations under the Securities Exchange Act.



### Articles, Guides and Other Resource Samples



#### The IRS Announces Changes to Determining Tax-Exempt Status

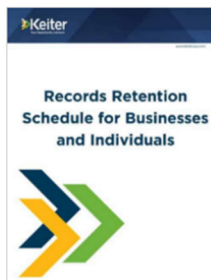
July 20, 2023



#### 2023 TAX PLANNING GUIDE

YEAR ROUND STRATEGIES TO MAKE THE TAX LAWS WORK FOR YOU

This guide provides an overview of some of the key tax provisions you need to be aware of. It offers a variety of strategies for minimizing your taxes in the current tax environment. Use it to identify the best strategies for your particular situation with your tax advisor, who also can keep you apprised of any new tax law developments that might affect you.



#### RECORD RETENTION GUIDES

To Keep or Not To Keep...Records Retention Guides for Businesses and Individuals

It's important to keep your business and personal records in case of an IRS audit or other examination.



#### KEITER ON-SITE SECURITY AWARENESS TRAINING

What Business Users Need to Know

Anti-virus programs are no longer sufficient to prevent costly threats to your business' security.



## II. Cost Proposal and Timing

Based on our understanding of the service needs you discussed with us and communicated in the request for proposal, we have outlined our scope of services below. The estimated cost, excluding out-of-pocket expenses, for the year ending December 31, 2023, are included in Schedule B on the following pages.

We have a thorough understanding of the services requested and the timing requirements specified in VBA request for proposal. Keiter will partner with VBA to provide the following assurance and tax services:

- › Annual assurance and other services to be completed in compliance with the timing requirements as defined in Schedule B of the request for proposal.
- › Meet with Audit Committee of VBA
- › Provide all reports in pdf format
- › Inform the Audit Committees of all communications with those charged with governance required under SAS.
- › Provide an immediate written report of all irregularities and illegal acts of which Keiter becomes aware to the CEO, CFO and Audit Committee Chairman for the related entity.
- › Prepare federal and state tax filings for all legal entities including the calculation of tax provisions and the issuance of tax returns in PDF format (including individual files for each K-1).

### **First Time Throughs**

As providers of audit and tax services to VBA for the last five years, we have a thorough understanding of your organization and your business processes. Your client service team is prepared to hit the ground running at the start of the engagement with minimal interruptions to your staff.

### **Technical Questions**

Keiter does not make it a practice to bill for routine technical questions or advice. Your client service team will be available throughout the year to answer questions and offer insights. In addition, as part of our engagement fees, we will proactively help management prepare for VBA's audit.

### **Out of Pocket Expenses**

We expect out of pocket expenses to be minimal given the close proximity of Keiter to VBA. Typically our out of pocket costs for audit services include items such as postage, delivery, and any financial statement processing charges.

### **Future Year Increases**

Absent any major changes in the scope of the audit, we expect fees for future engagements will increase based on market and economic conditions that impact our cost structure. We will adhere to our quoted fees for 2023 and 2024 as detailed on Schedule B. However, due to a great deal of uncertainty in the market today and current inflation trends, our fee increases further into the future are difficult to predict. Historically our fee increases have averaged approximately 4%, but in the last few years, our fee increases have been higher to reflect the inflationary environment, the demand for accounting services and lack of available human resources, and the impact of these economic factors on our cost structure. Therefore, engagement hours and rates will be determined and discussed with VBA prior to the start of each engagement. Any significant overruns will be proactively discussed with management to avoid surprises, and to determine the appropriate charge, if any.

**Additional Service Costs**

Any special services will be separately arranged at rates that reflect our desire to help clients when issues arise, the nature of services rendered, and the value provided to you. All special projects would be coordinated by a designated member of your client service team. Other specialists would be consulted as needed to focus the necessary skills on the demands of the situation.

We are sensitive to management's responsibility to control costs and will cooperate fully to minimize fees, consistent with maintaining the quality of our professional standards. We will inform you of any unforeseen situation that would require additional costs and obtain your approval before expanding or changing the scope of our work.

**Schedule B**

Keiter will discuss implementation of any new accounting standards and the way we can support VBA with implementation as well as costs involved as required by any new accounting and/or tax developments. However, Keiter is not aware of any new accounting standards that will significantly affect VBA in 2023 or 2024.



# Schedule B

## Virginia Bankers Association & Related Entities Fee Schedule

	Assurance Services					Tax				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Trust Fund of State Bankers Association										
Master Defined Contribution Plan & Trust	\$16,000	\$16,800	\$17,650	\$18,500	\$19,400					
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300					
Trust Fund of State Bankers Association										
Master Defined Benefit Pension Plan & Trust	\$12,200	\$12,800	\$13,400	\$14,100	\$14,800					
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300					
Virginia Bankers Association and subsidiaries:										
Virginia Bankers Association	\$69,800	\$73,200	\$76,900	\$80,700	\$84,700	\$3,400	\$3,600	\$3,800	\$4,000	\$4,200
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	----	----	----	----	----
VBA Benefits Corporation						\$4,100	\$4,300	\$4,500	\$4,700	\$4,900
Out of pocket expenses (if any)						----	----	----	----	----
VBA Management Services, Inc.						\$4,100	\$4,300	\$4,500	\$4,700	\$4,900
Out of pocket expenses (if any)						----	----	----	----	----
VBA Properties, LLC						\$2,600	\$2,700	\$2,800	\$2,900	\$3,000
Out of pocket expenses (if any)						----	----	----	----	----
Virginia BankPac	\$9,300	\$9,800	\$10,300	\$10,800	\$11,300	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	----	----	----	----	----
State Bankers Association Group Insurance Trust	\$12,200	\$12,800	\$13,400	\$14,100	\$14,800					
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300					
Virginia Bankers Association Medical & Dental Trust	\$16,400	\$17,200	\$18,100	\$19,000	\$19,950					
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300					

# Schedule B

## Virginia Bankers Association & Related Entities Fee Schedule

	Assurance Services					Tax				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Virginia Mortgage Bankers Association	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	----	----	----	----	----
VAMPAC						\$1,300	\$1,400	\$1,500	\$1,600	\$1,700
Out of pocket expenses (if any)						----	----	----	----	----
VBA Education Foundation						\$1,900	\$2,000	\$2,100	\$2,200	\$2,300
Out of pocket expenses (if any)						----	----	----	----	----
VBA Managed Title Centers										
Group AUP	\$7,000	\$7,500	\$8,000	\$8,500	\$9,000					
Bankers Title, LLC	\$7,400	\$7,800	\$8,200	\$8,600	\$9,000	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	----	----	----	----	----
Bankers Title Shenandoah, LLC	\$7,400	\$7,800	\$8,200	\$8,600	\$9,000	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	----	----	----	----	----
Virginia Title Center, LLC	\$7,400	\$7,800	\$8,200	\$8,600	\$9,000	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	----	----	----	----	----
West Virginia Bankers Title, LLC	\$7,400	\$7,800	\$8,200	\$8,600	\$9,000	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800
Out of pocket expenses (if any)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	----	----	----	----	----
<b>Grand Total</b>	<b>\$178,200</b>	<b>\$187,100</b>	<b>\$196,450</b>	<b>\$206,100</b>	<b>\$216,050</b>	<b>\$30,900</b>	<b>\$32,400</b>	<b>\$33,900</b>	<b>\$35,400</b>	<b>\$36,900</b>

# 12. Why Keiter

## Client Service Team Dedicated to Partnering with VBA



Your engagement team has a thorough understanding of Virginia Bankers Association and its entities and have developed positive business relationships with management. Based on our experience providing assurance and tax services to VBA, our team can hit the ground running on your engagements with minimal disruptions to your staff.



### Industry Knowledge and Experience

To meet all your goals of performing a comprehensive evaluation of financial reporting as well as tax preparation, we have assembled a cross-functional Partner and Manager-level team that have the technical GAAP, tax, and business process expertise as well as relevant industry experience to provide value added services that meet your specific needs.

There are three primary areas where we focus our attention:

- › Knowing your business plans and goals
- › Applying our in-depth knowledge of your industry
- › Understanding the stage of your business

We will continue to serve as your trusted business advisors providing value-added services and insights.

## Strategic Initiatives



**Keiter Data Solutions Team** – Keiter’s Data Solutions Team is available to provide value added data science and analytical services to clients to bridge the gap between collecting and utilizing data to make the impossible, finally possible. Our Data Solutions team can help you turn data into decision-making resources

**Cybersecurity Services** - Keiter’s Cybersecurity team can adapt to meet the needs of clients large and small while addressing the latest cybersecurity threats and providing critical insight into an organization’s cybersecurity footprint. Our services offerings include:

- › Cybersecurity governance
- › Security specific IT controls
- › Vulnerability scanning
- › Penetration testing
- › Social engineering
- › Security awareness training

## LEA Global

We are members of LEA Global, the second-largest international association in the world, creating a high-quality alliance focused on accounting, financial, and business advisory services.



Our membership in LEA Global enables us to maintain our independence, while working collaboratively with other member firms to provide the ultimate in client service.

We consult with LEA Global firms regarding best practices, trends, and developments within the not-for-profit industry. This provides access to additional expertise while maintaining local decision-making ability



**The Keiter team is very professional and able to meet our tight deadlines year after year for our audit, financial statement preparation, 990, and presentation to our board.**



—Beth Filegar, Parent Child Development Corporation

## 13. Quality Control and Peer Review Letter

Keiter has three levels of quality control audit procedures to assure integrity and the highest quality in our work. First, our advisory audit partner, who is a partner independent of the engagement, reviews financial statements and critical areas of the engagement. Second, we conduct internal inspections annually on our audits. And finally, we have an external peer review every three years.

Keiter is a member of the Center for Audit Quality and the Private Companies Practice Section of the American Institute of Certified Public Accountants (AICPA). We received a rating of "pass" (the highest rating) from our 2020 peer review performed by an independent firm. *A copy of our peer review report is included on the following page.*



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A Professional Accounting Corporation

## Report on the Firm's System of Quality Control

To the Partners of  
Keiter Stephens Hurst Gary & Shreaves, P.C.  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Keiter Stephens Hurst Gary & Shreaves, P.C. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

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.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; audits of employee benefit plans, an audit of a broker-dealer, and an examination of service organizations [SOC 1 engagement].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Keiter Stephens Hurst Gary & Shreaves, P.C. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020, 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*. Keiter Stephens Hurst Gary & Shreaves, P.C. has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
January 15, 2021

# Appendix A: Keiter Security and Controls Summary

## Notice

This document defines the security and controls Keiter takes to protect the data and privacy of our employees and clients. This document also summarizes privacy policies and procedures and identifies the purposes for which personal information is collected, used, retained, and disclosed.

Keiter follows the American Institute for Certified Public Accountant's (AICPA) [Generally Accepted Privacy Principals](#).

## Quality Assurance

### Keiter is bound by the quality control (QC) requirements governed by the AICPA.

Keiter's *QC Document* is designed to provide the partners, employees, and contract personnel of Keiter an outline of the quality control standards of the profession and the Firm's policies and procedures with respect thereto. The AICPA, in its Statement on Quality Control Standards No. 8, *A Firm's System of Quality Control (Redrafted)* (SQCS No. 8), together with the AICPA *Code of Professional Conduct* (the Code), establish standards and provide guidance for ethical behavior and quality control.

### Protection of Confidential and Sensitive Information

Confidentiality is covered in the *QC document* and each employee confirms compliance with it in the annual independence confirmations. Also, as an accounting firm we are bound by the rules of the Virginia Board of Accountancy which includes significant client confidentiality requirements that are consistent with and incorporate the AICPA Code of Conduct confidentiality provisions. Confidentiality for CPAs and CPA firms in Virginia is a matter of state law, as it is in all states.

### Physical and Logical Security Controls

Controls that Keiter designs and implements to maintain the confidentiality, safe custody, integrity, accessibility, and retrievability of engagement documentation include but are not limited to the following:

- › The use of multifactor authentication (MFA) by engagement team members and data encryption to restrict access to electronic engagement documentation to authorized users
- › Appropriate back-up routines for electronic engagement documentation at appropriate stages during the engagement
- › Procedures for properly distributing engagement documentation to the team members at the start of the engagement, processing it during the engagement, and collating it at the end of the engagement
- › Procedures for restricting access to, and enabling proper distribution and confidential storage of, hard copy engagement documentation
- › Secure and encrypted methods to store or transmit sensitive information
- › Physical access controls and procedures are in place to limit visitor access to Keiter's physical space

## Network Infrastructure and Security Controls

Keiter is a firm of approximately 175 employees, there is one physical location in Innsbrook at 4401 Dominion Boulevard Glen Allen Virginia 23060. Keiter also maintains a disaster recovery network at Flexential Co/Lo connected via SASE SDWAN connection provided by Comcast and Verizon, along with a direct connection to Microsoft Azure.

- › Keiter has a single, physically secured, independently air-conditioned server room, and only IT personnel have access to this room. Our client data is backed up to three locations daily. The first being a secondary file server at our disaster recovery site at Flexential, the second to a backup appliance, and a third to a secondary backup appliance at our disaster recovery site.
- › All data is secured via Windows security, client data is removed from our network after a period of seven years per our document retention policy.
- › All Keiter laptops and workstations use encrypted hard drives and are regularly patched and updated.
- › Employees are not permitted to add software to their laptops without approval from the IT Department.
- › Access to the Keiter network is strictly limited to Keiter employees, 3rd party remote access is prohibited
- › All hosts that are connected to Keiter internal networks via remote access technologies must use a fully patched, supported operating system (defined as Windows 10), current and updated anti-virus software.
- › MFA is required to access Citrix and VPN
- › Only Keiter allocated computer equipment is authorized and allowed to make secure VPN connections to the Keiter network
- › Protection of systems storing customer data by adequate network and application-layer controls, including a firewall and IDS/IPS

## Training

- › Our Senior Systems Engineer, Jon Derrenbacker, has attained the CISSP, OSCP, OSWP, and GWAPT security certifications



# Appendix B: Sample Prepared by Client List

## Assurance and Tax

### Assurance – List by Engagement:

#### **Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust**

- › Trial balance
- › Audit workbook
- › Benefits Committee meeting minutes
- › Voya SOC 1 Reports & Gap Letters (IT General Controls, Plan Administration Services)
- › Fee reconciliation
- › Prepare confirmations for selected contributions & disbursements (Keiter to provide template)
- › Voya Sponsor Activity Reports for each bank (Keiter to download from Voya)
- › Voya Loan Reports for each bank (Keiter to download from Voya)
- › Disbursement report for each bank (Keiter to download from Voya)

#### **Trust Funds of State Bankers Association Master Defined Benefit Pension Plan and Trust**

- › Trial balance
- › Audit workbook
- › Benefits Committee meeting minutes
- › Voya SOC 1 Reports & Gap Letters (IT General Controls, Plan Administration Services)
- › Fee Reconciliation
- › Prepare confirmations for selected contributions & disbursements (Keiter to provide template)
- › Voya Sponsor Activity Reports for each bank (Keiter to download from Voya)
- › Plan Administration report for each bank with contributions
- › Trust withdrawals workbook
- › Investments Accumulated Unit Value (“AUV”) calculation workbook

#### **Virginia Bankers Association (Includes Virginia Bankers Association, VBA Benefits Corporation, VBA Management Services, Inc, and VBA Properties)**

##### **For all entities (VBA, BC, MSI, and Properties):**

- › General ledger detail (in excel)
- › Trial balances (in excel)
- › Audit workbook
- › Board meeting minutes
- › Bank account and CD workbook for confirmations
- › Prepare confirmations for selected accounts/balances (Keiter to provide templates)
- › First and last check number for each entity for the year
- › December and January bank statements for all cash accounts
- › December bank reconciliations for all cash accounts
- › Investments statement(s) as of 12/31/20XX

- › Investment workbook
- › Accounts receivable aging schedule (in excel)
- › Analysis of any past due receivable accounts
- › Prepaid expense schedule (in excel)
- › Listing of fixed assets
- › Roll forward schedule of fixed assets
- › Check register (showing checks and wires) for first three months subsequent to year end
- › Accounts payable aging schedule (in excel)
- › Schedule of any liabilities
- › Vacation deductible schedule
- › Yearly budget to actual
- › Listing of Board of Director and committee members
- › Schedule of Functional Expenses

**VBA:**

- › Schedule of deferred dues (in excel)
- › Schedule of pension contribution payable
- › Membership batch totals
- › Dues rates schedule for the year
- › Annual meeting reconciliation (in excel)
- › Paycom Soc 1 Report

**MSI:**

- › Royalty agreements for 3 largest sources of royalty revenue
- › Management fee agreement, if updated

**Virginia Bankers Association PAC**

- › General ledger detail (in excel)
- › Trial balance (in excel)
- › Board meeting minutes
- › Listing of any related parties
- › December and January bank statements for all cash accounts
- › December and January bank reconciliations for all cash accounts
- › Schedule of campaign contributions
- › Yearly budget to actual
- › Listing of committee members

**State Bankers Association Group Insurance Trust**

- › Audit workbook
- › Trial balance (in excel)
- › General ledger detail (in excel)
- › Board meeting minutes
- › December bank statement

- › December bank reconciliation
- › Premiums collected and remitted schedule
- › Annual statement
- › Expense reconciliation

### **Virginia Bankers Association Group Medical and Dental Trust**

- › Audit workbook
- › Trial balance (in excel)
- › General ledger detail (in excel)
- › Board meeting minutes
- › SOC 1 Reports & Gap Letters for WGS, RxBenefits, and Delta Dental
- › December bank statement
- › December bank reconciliation
- › Premiums collected and remitted schedule
- › Annual statement
- › Investment roll forward and fair value schedule
- › December investment statement (Charles Schwab)
- › Accounts receivable schedule
- › Minimum Premium letters to banks
- › IBNR letters to banks
- › Accounts payable schedule
- › Receipts reconciliation schedule

### **Virginia Mortgage Bankers Association**

- › General ledger detail (in excel)
- › Yearly deposit report
- › For each selection: Cash remittance summary or cash application log, receipt from invoice, deposit slip, bank statement
- › First and Last check numbers for the year
- › For each selection: invoice and check copy
- › Bank reconciliation for two selected months
- › Bank statements for two selected months

### **VBA Managed Title Centers (Bankers Title, LLC, Bankers Title Shenandoah, LLC, Virginia Title Center, LLC, and West Virginia Bankers Title LLC) Review and Agreed Upon Procedures**

#### **For each Title Center:**

- › Trial balances (in excel)
- › Depreciation expense reports
- › Equity summary
- › Lease payout schedule
- › New lease agreements
- › New debt agreements

## **AUP**

- › Monthly cash remittance reports for each title center for two selected months
- › For each selection: cash remittance summary or cash application log, receipt, current income holding distribution, deposit slip or deposit reconciliation form, bank statement)
- › First and last check number for the year for each title center
- › For each selection: invoice, check copy, bank statement
- › Payroll register for each title center for two selected months
- › For each selection: payroll reconciliation, time sheet reports, check copy, approved hourly or salary rate
- › Settle services production report for each title center for two selected months
- › For each selection: reconciliation between HUD statement and bank statement
- › Bank statement for each title center for two selected months
- › For each selection: reconciliation between HUD statement and bank statement
- › Bank reconciliation for two selected months

## **Tax**

### **Tax for Corporate Entities**

- › Detail of Estimated Tax Payments
  - › Federal
  - › State
- › Detail of Compensation of Officers
  - › Officer's Name
  - › Officer's SSN
  - › % of Time devoted to Business
  - › % of Any Stock Owned
  - › Amount of Compensation
- › Investment K-1s or 1099s.
- › Any Non-deductible Dues Expense? If so, dollar amount.
- › Detail of Accrued Payroll and Vacation and when paid
- › Were 1099s Issued?
- › Any correspondence from Federal, State or Local taxing authorities
- › Gross Receipts, Payroll, Fixed Assets and Rent by State

### **Tax for LLCs**

- › Any Informational Change to LLC Members such as name and address
- › Were 1099s Issued?
- › Any Non-deductible Dues Expense? If so, dollar amount.
- › If rental activity, please provide number of days rented
- › Any correspondence from Federal, State or Local taxing authorities
- › Investment K-1s or 1099s
- › Detail of Accrued Payroll and Vacation and when paid
- › Gross Receipts, Payroll, Fixed Assets and Rent by State