

State Bankers Association Group Insurance Trust and Virginia Bankers Association Group Medical and Dental Trust

Audit Results & Communications

Report to the Virginia Bankers Association Benefits Corporation Board of Directors

June 8, 2023

Virginia Bankers Association Benefits Corporation Board of Directors
State Bankers Association Group Insurance Trust and Virginia Bankers Association Group Medical and Dental Trust

We are pleased to present the results of our audits of the December 31, 2022 financial statements of State Bankers Association Group Insurance Trust and Virginia Bankers Association Group Medical and Dental Trust (the "Trust Funds").

This report to the Board of Directors summarizes our audits, the scope of our engagements and the reports to be issued. The document also contains the Board of Directors communications required by our professional standards.

The audits are designed to express an opinion on the financial statements. We considered the Trust Funds' current and emerging business needs, along with an assessment of risks that could materially affect the financial statements and aligned our audit procedures accordingly. We conducted the audits with the objectivity and independence that you and the public expect. We received the full support and assistance of the Trust Funds' personnel.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate this opportunity to meet with you.

Keiter

June 8, 2023
Glen Allen, Virginia

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Audit Results and Communications

SUMMARY OF WHAT WE AGREED TO DO

As discussed with management during our planning process, our audit plans were designed based on our assessment of risk for the Trust Funds and our assessment of external factors that impacted the Trust Funds' operating environment. Specifically, we designed our audits to express an opinion on the financial statements. In addition, included in this report at Appendix A is a letter that documents our consideration of the Trust Funds' internal control over financial reporting which also includes recommendations to improve or enhance the Trust Funds' internal control environment that we observed during the course of our audits, as applicable.

We also assist in the preparation of the financial statements of the Trust Funds.

Under generally accepted auditing standards ("GAAS"), these non-attest services remain the responsibility of the Trust Funds' management. In order to ensure that they are in agreement with how these services are performed, a draft of the financial statements and adjusting entries are provided to the Trust Funds' management prior to finalization for their review and approval.

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Required Communications

Professional standards require the auditor to communicate certain matters to those charged with governance that may assist those charged with governance in overseeing management's financial reporting and disclosure process. Below we summarize these required communications as they apply to State Bankers Association Group Insurance Trust and Virginia Bankers Association Group Medical and Dental Trust.

AUDITOR'S RESPONSIBILITIES UNDER GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)

The financial statements are the responsibility of management. Our audits were designed in accordance with auditing standards generally accepted in the United States to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. As a part of our audits, we obtained an understanding of internal control sufficient to plan our audits and to determine the nature, timing, and extent of testing performed.

- > We issued an unmodified opinion on the Trust Funds' financial statements for the year ended December 31, 2022.

CRITICAL ACCOUNTING POLICIES AND PRACTICES

We report all critical accounting policies and practices used by the Trust Funds in preparing the financial statements and our assessment of the disclosure of such policies.

- > The financial statements of the Trust Funds have disclosed its accounting policies and practices.

OUR JUDGMENTS ABOUT THE QUALITY OF THE TRUST FUNDS' ACCOUNTING PRINCIPLES

We discuss our judgments about the quality, not just the acceptability, of the accounting principles as applied in the Trust Funds' financial reporting, including the consistency of the accounting principles and their application and the clarity and completeness of the financial statements and related disclosures.

- > Based on our audits, we believe the accounting principles used by the Trust Funds are consistent with the previous year and the judgments made by management were reasonable. Disclosures are considered appropriate and consistent with the industry.

Required Communications, Continued

SENSITIVE ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.

We determine that the Board of Directors is informed about management's process for formulating particularly sensitive accounting estimates and about the basis for our conclusions regarding the reasonableness of those estimates.

- Significant management estimates for 2022 consist of:
 - Fair value of investments specifically for Virginia Bankers Association Group Medical and Dental Trust;
 - Estimated health claims incurred but not reported specifically for Virginia Bankers Association Group Medical and Dental Trust.

We believe the accounting estimates made by management are reasonable and consistent with industry standards.

THE ADOPTION OF OR A CHANGE IN AN ACCOUNTING PRINCIPLE

We determine that the Board of Directors is informed about the initial selection of, and any changes in, significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.

- There were no new accounting principles or changes in accounting principles during 2022.

ALL MATERIAL ALTERNATIVE ACCOUNTING TREATMENTS DISCUSSED WITH MANAGEMENT

We report to the Board of Directors all alternative accounting treatments within generally accepted accounting principles for policies and practices related to material items (including recognition, measurement, presentation and disclosure alternatives) that have been discussed with management during the current audit period including:

- (i) Ramifications of the use of such alternative disclosures and treatments, including the reasons why the alternative was selected and, if management did not select our preferred alternative, the reasons why it was not selected.
- (ii) The treatment preferred by us.

- During 2022, we did not discuss any material alternative accounting treatments with management.

Required Communications, Continued

METHODS OF ACCOUNTING FOR SIGNIFICANT UNUSUAL TRANSACTIONS AND FOR CONTROVERSIAL OR EMERGING AREAS

We determine that the Board of Directors is informed about the methods used to account for significant unusual transactions and the effects of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- We are not aware of any significant unusual transactions recorded by the Trust Funds or any significant accounting policies used by the Trust Funds related to controversial or emerging areas for which there is a lack of authoritative guidance.

SIGNIFICANT AUDIT ADJUSTMENTS

We provide the Board of Directors with information about adjustments arising from the audits (whether recorded or not) that could in our judgment either individually or in the aggregate have a significant effect on the Trust Funds' financial statements.

- There were no significant audit adjustments related to the 2022 audit of State Bankers Association Group Insurance Trust and one significant audit adjustment related to the 2022 audit of Virginia Bankers Association Group Medical and Dental Trust – to increase accounts receivable and change in IBNR provision \$271,373. Other adjustments made for the Trust Funds' related to reclassifying certain balances for financial statement presentation purposes.

UNADJUSTED AUDIT DIFFERENCES CONSIDERED BY MANAGEMENT TO BE IMMATERIAL

We inform the Board of Directors about unadjusted audit differences accumulated by us (i.e., adjustments either identified by us or brought to our attention by management) during the current audit and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

- There were no unadjusted audit differences.

FRAUD AND ILLEGAL ACTS

We report to the Board of Directors fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.

- We are not aware of any fraud or illegal acts.

Required Communications, Continued

DEFICIENCIES IN INTERNAL CONTROL

We are required to communicate all material weaknesses and significant deficiencies in internal control over financial reporting, which may have been identified during the course of our audits.

- > See Appendix "A" for the communication regarding internal control.

DISAGREEMENTS WITH MANAGEMENT

- > None

SERIOUS DIFFICULTIES ENCOUNTERED IN DEALING WITH MANAGEMENT WHEN PERFORMING THE AUDITS

- > None

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

- > None

MANAGEMENT REPRESENTATIONS IN CONNECTION WITH THE AUDITS

- > We understand that the Trust Funds have provided you with a copy of the management representation letters.

CONSULTATION WITH OTHER ACCOUNTANTS

- > None of which we are aware.

INDEPENDENCE

We communicate, at least annually, the following to the Board of Directors of the Trust Funds.

1. Disclose, in writing, all relationships between Keiter and our related entities and the Trust Funds and their related entities that, in our professional judgment, may reasonably be thought to bear on independence.
 2. Confirm in writing that, in our professional judgment, we are independent of the Trust Funds.
- > We are independent of the Trust Funds.

APPENDIX A – INTERNAL CONTROL COMMUNICATION

Virginia Bankers Association Benefits Corporation Board of Directors
State Bankers Association Group Insurance Trust and Virginia Bankers Association Group Medical and Dental Trust

In planning and performing our audits of the financial statements of State Bankers Association Group Insurance Trust and Virginia Bankers Association Group Medical and Dental Trust (the “Trust Funds”) as of December 31, 2022 and for the year then ended, in accordance with auditing standards generally accepted in the United States, we considered the Trust Funds’ internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Funds’ internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal controls, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Trust Funds and is not intended to be and should not be used by anyone other than these specified parties.

Keiter

June 8, 2023
Glen Allen, Virginia