



prepared for:

Bruce Whitehurst | President & CEO
Stacy Puckett | CFO

solutions for:

Virginia Bankers Association & Related Entities

expertise on:

Assurance & Tax Services

your partner:

Christopher Frye, CPA | Principal

**VIRGINIA BANKERS
ASSOCIATION**



800.464.1976

YHBcpa.com

August 1, 2023

Virginia Bankers Association & Related Entities

Mr. Bruce Whitehurst

Ms. Stacy Puckett, CPA, CGMA

4490 Cox Road

Glen Allen, VA 23060

Dear Mr. Whitehurst and Ms. Puckett,

Thank you for giving Yount, Hyde & Barbour, P.C. (YHB) the opportunity to submit this proposal to provide assurance and tax services to the Virginia Bankers Association and Related Entities (VBA). YHB has partnered with community banks and VBA for decades. We are grateful for the opportunity to work together with you and your team in a new way.

Your YHB service team has the knowledge and experience to help you meet your unique challenges. As a strategic partner and advisor, we will help you continue your mission through services designed to communicate financial information to VBA.

Your engagement team specializes in auditing not-for-profits, benefit plans, professional service organizations and providing tax services to clients just like VBA. We gain efficiencies by specializing in one area of expertise and keeping consistent staff on engagements. We pass these efficiencies on to clients through reasonable fees and excellent service. Our mission as a Firm is to work as one, with the goal to provide service that exceeds expectations. In this proposal, we have briefly explained our approach, which involves communication with you at all stages of the engagement.

Selecting a CPA firm is an important decision. You want to be sure that your needs are understood and have priority. With YHB you will have the expertise and support you need to help achieve your goals.

Should you have any questions regarding our firm or the proposal, please feel free to contact us. We look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Frye', is written over a light blue horizontal line.

Christopher L. Frye, CPA

Principal

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Statement of Confidentiality

The information in this document is considered by YHB to be confidential. We request that it be treated as such and in turn, assure you that any and all information provided to us to produce the proposal will be treated in the same fashion.

EXCELLENCE
DELIVERED.
TRUST
EARNED.



NOT-FOR-PROFIT EXPERIENCE

With a team of professionals who have served the not-for-profit industry for several decades, we understand the commitment and values that drive your organization. Our approach enables us to provide outstanding professionals who have decades of experience specializing in your industry. This experience allows us to understand your organization as it evolves in today's market and to strategize with you to prepare for continued success.



Our not-for-profit client's range in size from \$50,000 to \$1.8 billion in total assets. So, whether you have revenue of \$20,000 or \$180 million, we are confident our team is uniquely qualified to help you succeed. The YHB not-for-profit team boasts of an exceptional staff especially skilled in various not-for-profit organizations.

Clients included in our Not-for-Profit base include associations, private schools, cultural organizations, healthcare organizations, membership organizations, human services, community foundations, chambers of commerce, educational organizations, colleges and universities, religious organizations, museums, behavioral health and special education schools. We assist with accounting standards implementation, board education, strategic planning, and development of key performance indicators. We are grateful to serve organizations of all sizes, from those with limited funds to organizations with assets over several million dollars.

We have approximately 170 recurring not-for-profit audit clients. This does not include clients for which we only prepare reviews, compilations, Form 990, or perform accounting or consulting services.



We are proud to have an entire not-for-profit team including: 3 Partners, 6 Managers, 5 Supervisors and numerous staff, dedicated to not-for-profit clients.

Association Experience

At YHB we believe associations play a powerful role in transforming our communities for the better. Our passion is helping clients grow confidently because we know the positive impact they have. Our not-for-profit service niche, which encompasses all of our association clients generated approximately 8% of our firm's gross revenue for our most recent fiscal year. In addition, we currently audit two state bankers associations (Virginia Association of Community Banks and the Maryland Banker's Association) and have provided the contact information for their President and CEO in the "References" section of this proposal.

Employee Benefit Audit Experience



EMPLOYEE BENEFITS

YHB performs pension audit services on over 100 different retirement plans for nonprofits, public and private companies. Retirement plan sizes have ranged from \$1,000,000 to \$300,000,000 in assets and employee population from 100 to over 10,000. We also provide tax return preparation and administration services to numerous additional retirement plans.





YHB strives to deliver high quality and comprehensive services to our retirement plan clients. With this goal in mind, we obtain a thorough understanding of the retirement plan and related sponsor activities to help ensure that we identify and assess the major business risks impacting the financial statements. We utilize the audit as a tool for generating insightful and constructive suggestions that can result in improved operations and management information, as well as operating and accounting procedures and controls.

Engagements our firm currently conducts in the not-for-profit sector are as follows:

Attestation	Tax
Audits, Reviews and Compilations	From 990 and 990EZ Informational Returns
Single Audits	Form 990-T Unrelated Business Income
Internal Control Reviews	Form 990-PF Information Returns
Agreed Upon Procedures	Form 1023 and 1023EZ Request for Exemption

Relationships with Community Banking Associations

YHB is actively involved with the Virginia, Maryland, Pennsylvania and West Virginia Bankers Associations, the Virginia Association of Community Bankers, Pennsylvania Association of Community Banks, and Community Bankers of West Virginia. Our involvement in banking associations exemplifies how important we feel these organizations and members are to the future of community banking. We participate at many levels, including sponsorship of events, hosting peer roundtables, leading webinars and presenting hot topics at various events.

We are regular speakers at various industry groups, conferences, conventions, peer exchanges, webinars and other events. Due to our ongoing relationships with banking associations, we are often contacted by these organizations for input regarding hot topics and for feedback and advice regarding issues faced by banks in the region.

IRS, FASB & AICPA Issues

YHB stays abreast on IRS, FASB and AICPA issues. When the Form 990 underwent radical changes, we provided seminars to educate our clients on the changes. When there were changes in the UPMIFA law, we again provided a seminar to educate our clients of the significant changes in recording endowments. In regard to the recent changes to standards for not-for-profits, we have presented the changes to our clients at our annual symposium.

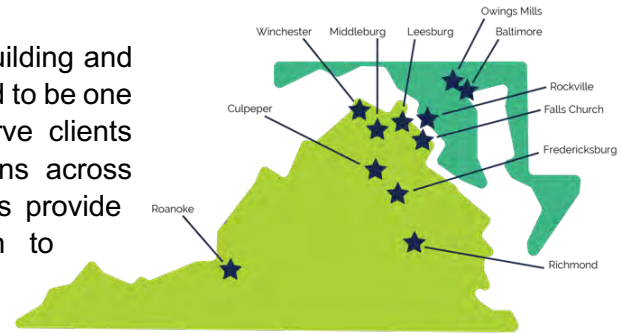
Impact of Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) frequently issues accounting pronouncements and other updates that could potentially impact the accounting treatments used by the VBA. You can rest assured that your team of trusted advisors at YHB are up to the task of monitoring these changes and keeping you informed of their applicability.



FIRM SIZE & ORGANIZATIONAL STRUCTURE

Since we opened our doors in 1947, we have focused on building and strengthening our relationships with our clients. We are proud to be one of the largest accounting firms based in Virginia and serve clients throughout the region and internationally, with 11 locations across Virginia and Maryland. Our team of over 300 professionals provide services ranging from individual tax return preparation to Securities and Exchange Commission registrations.



We are committed to using the team member most skilled for the task regardless of office location, and we routinely travel all over the region as needed. We use technology to our full advantage, and the “paperless” review and tax flow process allows us to access the engagement documentation wherever your engagement team members are located.

75
Years Serving
Clients

300+
Professionals

Trusted Advisor

YHB will be your trusted advisor to help you grow and be successful. We have a team approach to our service offerings which allows us to share resources and skills to meet the challenges and rewards of an organization like yours. Our approach enables us to provide outstanding professionals who have decades of experience. Your relationship with YHB will provide you with the benefit of advisors who are familiar with the business and industry. We will be responsive to your needs as you identify opportunities for us to be of service.

By choosing YHB, you will:

- Benefit from working with a consistent team of certified public accountants who are thoroughly familiar with the needs and challenges facing not-for-profit organizations.
- Strengthen your operations through our understanding of your organization and financial situation, grasping how those numbers affect you and providing actionable advice.
- Have access to our comprehensive not-for-profit services and extensive experience, including tax consulting; audit and assurance; internal control reviews; forensic accounting and risk advisory services.
- Be informed. Issuance of new accounting pronouncements and changes in IRS regulations are monitored closely by YHB. We communicate important changes through newsletters, webinars, and in presentations at our annual not-for-profit symposium.

**Designed
For You**
Tailored Solutions



Professional Affiliations

To maintain a high-level of professionalism, our firm continues to actively participate in the AICPA and the Virginia Society of Certified Public Accountants (VSCPA). The firm has provided three members of the Council for the AICPA and five presidents/chairs to the VSCPA as well as numerous division and committee members at all levels of our professional organizations including service on the Virginia State Board of Accountancy.



PCAOB

YHB's most recent available Public Company Accounting Oversight Board inspection report is dated October 20, 2022. The report can be found on the PCAOB website at www.pcaobus.org.



Peer Review

YHB is a member in good standing of the AICPA Center for Audit Quality. The current public peer review was conducted in December 2022 and the firm received the highest rating of pass with no deficiencies. A copy of this report can be found on page 19.



Benefit Plan Audit Quality Center

The AICPA's Employee Benefit Plan Audit Quality Center is a national community of CPA firms that demonstrate a commitment to employee benefit plan audit quality. As a member, we are committed to adhering to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsible for our employee benefit plan audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report findings publicly available.





INDEPENDENCE & ADDITIONAL DATA

Independence

We are not aware of any conflicts that would arise as a result of VBA engaging YHB as its external auditors. Our independence policies and procedures are designed to provide assurance that YHB and its personnel comply with all applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. Each new staff member at YHB is required to take a day-long course on independence and ethics prior to working on audit engagements. Each year employees complete an affidavit regarding their independence and reporting financial interests. A sample of these annual affidavits is audited by YHB for accuracy and completeness. In addition, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy.

Furthermore, our policies restrict certain non-audit services that may be provided by YHB. Prior to performing any new service for an audit client, the engagement team carefully considers the impact on YHB's independence, and these considerations are documented annually in the audit files. If a situation were considered unusual, we would likely not perform the service. As such, we protect it vigilantly and commit to taking all necessary steps to ensure our independence. We are not aware of any independence issues at this date based on our internal notification and survey of firm professionals.

Continuity

YHB is committed to maintaining continuity of staff throughout the engagement to help improve efficiency and maintain a professional relationship with VBA. Our firm works hard to recruit and retain the best talent from around the country. We continually and proactively evaluate our employee benefits to make YHB a leader in the public accounting industry. Because of this philosophy, our employee retention rate regularly exceeds our competition. In calendar year 2022, 2021, and 2020, our not-for-profit audit team turnover rate was 0%, 15% and 8% respectively.

YHB is committed to using the team member most skilled for the task regardless of office location, and we routinely travel throughout Virginia, West Virginia, Maryland, Pennsylvania and the D.C. region. We use technology to the full advantage to streamline the engagement process and minimize costs to you. Our software allows multiple users to access and update information quickly. Continuing to invest in technology is investing in our clients. With ongoing improvements in technology, we are able to provide more efficient and effective engagements, while providing you the information that you need to make sound decisions.

Disengagements

Of the five largest clients YHB has lost in the last three years, none of these losses were due to unresolved auditing or accounting matters. These engagements were lost through routine proposal processes, mergers and/or auditor rotation. When we experience differences in



accounting treatment with clients, we continue to research the topic and discuss with the client, and the audit committee, until we reach an agreement or plan of action where applicable.

Commitment to Data Security

Our firm is fully committed to security and data protection. Our IT Team regularly reviews our procedures and makes needed changes and updates to stay up to date in our data security. In order to maintain a secure environment, the following measures have been taken:

1. Multifactor Authentication is required to access the YHB network.
2. A hybrid implementation of Cloud-based and physical firewalls is in place to protect the network as well as laptops whether in the office or remote.
3. Advanced Threat Protection is implemented on our email systems.
4. Laptops are configured with whole-disk encryption.
5. We provide users with secure file transfers through ShareFile.
6. We provide ongoing user education on security through email updates and annual required training.
7. To further protect our clients, we have a Cybersecurity Insurance policy (COI available)

In early 2020, YHB had an email compromised that exposed some client information that had been used in an internal email. In response to this compromise, we brought in forensic investigators to make sure there had not been further intrusion into our network and found that this was confined to our outsourced email accounts. They further reviewed all emails to find who may have been impacted. We employed specialized attorneys to assist us in notifying all impacted clients and provide them with ID monitoring services as well as making sure that we fully complied with all applicable laws and regulations. As a result of this we implemented the Advanced Threat Protection and Multifactor Authentication to further enhance our security.



YOUR ENGAGEMENT TEAM

Below we have indicated the senior personnel assigned to VBA's engagement team. We expect these individuals to continue on your engagement in subsequent years. No complaints have been leveled against these individuals by the state board of accountancy or other regulatory authorities. No corrective actions have been taken by the firm with respect to any engagement team members.

Christopher **Frye**, CPA | Audit and Key Relationship Principal
Chris.Frye@YHBcpa.com



Chris joined YHB in 2004 after graduating from Virginia Tech, where he earned a B.S. degree in accounting. During his time with the firm, Chris has focused his efforts on providing audit, review, compilation and tax services to clients in a variety of industries, including a specialization with not-for-profit organizations, private companies and closely held businesses. Chris also specializes in assisting clients with strategic performance management, including the implementation of dashboards and overall process improvements.

In addition to being a licensed CPA, Chris has also earned a CSPM (Certified in Strategic Performance Management) designation through MentorPlus®. This designation allows Chris to provide value to his clients above and beyond tax, audit, and other compliance services. He is a member of multiple associations, including the American Institute of Certified Public Accountants and the Virginia Society of Certified Public Accountants. Chris is the partner in charge of the audit engagement for Maryland Bankers Association.

Steven **Halpern**, CPA | Employee Benefit Plan Audit Principal
Steve.Halpern@YHBcpa.com



Steve joined YHB in 2021 after the merger of Rowles & Company, LLP, where he was a Managing Partner. He is a graduate of University of Delaware and has a Bachelor of Science Degree in Accounting.

Steve has over 25 years of professional experience and is a leader on YHB's employee benefit plans practice. His expertise spans a wide array of plans, encompassing defined contribution, defined benefit, ESOP, money purchase, and cash balance plans. With a keen eye for detail and a deep understanding of accounting standards, Steve excels in supporting clients during the implementation of new accounting regulations.

Steve is a member of the American Institute of Certified Public Accountants, Maryland Association of Certified Public Accountants, and the Financial Managers Society.





Kelly **Domenick**, CPA | Tax Principal
Kelly.Domenick@YHBcpa.com



Kelly graduated from Penn State University in 1999 with a Bachelor's Degree in Accounting. She became a licensed CPA in 2000 and later went on to get her Master's in Taxation from Robert Morris University in 2006. She has worked in public accounting for over 20 years providing tax and advisory services. In addition to individuals, her practice spans a variety of industries and includes tax and business consulting services to closely held companies, corporations, partnerships, and limited liability companies. A specialty area for her is state and local tax compliance and understanding all the complexities of

filing with multiple taxing jurisdictions.

Kelly is an active member of the Loudoun County Chamber of Commerce and a member of both the Virginia Society of Certified Public Accountants (VSCPA) and the American Institute of Certified Public Accountants (AICPA). She is also actively involved with St. Theresa's Catholic Church in Ashburn, Virginia, and her children's schools.

Allison **Shrader**, CPA | Audit Manager
Allison.Shrader@YHBcpa.com



Allison joined YHB in 2015 after earning both her Bachelor of Business Administration in Accounting and Master of Science in Accounting from James Madison University. Allison completed her testing to become a Certified Public Accountant in 2016. During her time at YHB, Allison has focused on providing services to not-for-profits and closely held businesses, providing a range of audit and tax services.

Allison is an active member in the Virginia Society of Certified Public Accountants (VSCPA), American Institute of Certified Public Accountants (AICPA) and the Top of Virginia Chamber of Commerce. Allison previously served as the supervisor in charge of the audit engagement for Maryland Bankers Association.

Jeffrey **Leese**, CPA | Audit Manager
Jeff.Leese@YHBcpa.com



Jeff graduated with a B.B.A. in Accounting with a concentration in Accounting Information Systems from James Madison University. He joined YHB in 2019 and has over 25 years of experience providing financial statement audit, review, compilation and accounting services to not-for-profit entities.

Jeff also has significant experience with corporate, partnership, and not-for-profit taxation and his industry experience includes real estate, construction, professional services, charitable organizations, and trade associations. Jeff is an active member of the AICPA, VSCPA, and the Northern Chapter of the VSCPA. Jeff currently serves as the manager in charge of the audit engagement for Maryland Bankers Association.



Daniel **Bost**, CPA | Employee Benefit Plan Audit Manager
Dan.Bost@YHBcpa.com



Daniel joined YHB in 2021 with over 10 years of extensive audit experience. He graduated in 2010 from Bob Jones University with a Bachelor's Degree in Accounting and became a Certified Public Accountant (CPA) in 2011.

Daniel's focus is on employee benefit plans including defined contribution, defined benefit, ESOP, money purchase, and cash balance plans. He also shines in assisting clients with implementing new accounting standards and working through any compliance issues. His diverse industry background provides a unique perspective in his approach to working with clients. Daniel is also an active member of both the Virginia Society of Certified Public Accountants (VSCPA) and American Institute of Certified Public Accountants (AICPA).

Curtis **Adams**, EA | Tax Manager
Curtis.Adams@YHBcpa.com



Curtis joined YHB in 2022 and has over 10 years of public accounting experience. He has a Master's Degree and Bachelor's Degree in Accounting from Penn State University. He also received his Enrolled Agent (EA) Certification in April 2023. Curtis specializes in tax and consulting services for privately held multi-state government contractors and other private businesses. He also has expertise working with income tax planning and high net-worth individuals.

Curtis is also an Alumni Career Counselor for undergraduate accounting students with Penn State's Smeal College of Business.

Organization of Assurance Team

As the relationship principal of this engagement, Chris Frye will oversee all of VBA's engagements and activities with YHB. While all of our staff are available to assist and help VBA, we find it beneficial to provide a clear line of communication to clients if in the unlikely event concerns arise. Chris will specifically serve as the partner in charge of the audit, review, and agreed upon procedures engagements for VBA, VBA PAC, Virginia Mortgage Bankers Association, and the Association Managed Title centers. Jeff Leese and Allison Shrader will be co-managers on the engagements for VBA, VBA PAC, Virginia Mortgage Bankers Association, and the Association Managed Title Centers. Jeff and Allison have experience working with complex non-profit and for-profit entities. Steve Halpern and Dan Bost will be the partner and manager in charge, respectively, of the audits for the Trust Fund of State Bankers Association Master Defined Contribution Plan & Trust, Trust Fund of State Bankers Association Master Defined Benefit Pension Plan & Trust, State Bankers Association Group Insurance Trust, and Virginia Bankers Association Medical & Dental Trust. Both audit teams will utilize supervisory and associate staff members who are experienced in working with similar organizations.





REFERENCES

The best measure of our client service commitment and ability to add value is the satisfaction of our clients. We encourage you to speak directly with any of our clients and references. We selected a range of clients to include as valuable resources for you.

Not-for Profit References

Maryland Bankers Association

Ramon Looby, President & CEO

410-269-5977

Lynn Mitchell, Senior VP, Finance & Administration

410-269-5977

Shenandoah University

Courtney Jarrett, CPA, Vice President of Finance
and Chief Financial Officer

540-535-3461

Virginia Association of Community Banks

Steve Yeakel, President

804-673-8250

Christendom College

Scott Kay, CPA, Vice President of Finance

540-551-9163

Design-Build Institute of America

Lisa Washington, CAE, Executive Director/CEO

202-454-7529

For-Profit Audit/Review Client References

Melnor, Inc.

Paul Stewart, President

540-678-8162

Agro Sevilla – U.S.A., Inc.

Dean Austin, CPA, Chief Financial Officer

703-733-0794

Perry Engineering Company, Inc.

Mike Perry, President

540-667-4310 ext. 685



Employee Benefit Plan Audit References

C&F Financial Corporation (Citizens and Farmers Bank) retirement plans
Jason Long, Senior Vice President & CFO
757-741-2204

Virginia National Bank
Tara Harrison, Executive Vice President and Chief Financial Officer
434-817-8587

Village Bank
Donald Kaloski, Executive Vice President and Chief Financial Officer
804-897-3900

Bank Tax References

Eagle Financial Services, Inc. (Bank of Clarke County)
Kate Chappell, CFO
540-955-5226

Citizens Bank & Trust Company
Lisa Whitehead, Senior Vice President, Controller
434-292-8100

First National Corporation (First Bank)
Shane Bell, CFO
540-465-9121

Additional Financial Institution Audit Clients

MainStreet Bank
Tom Chmelik, Chief Financial Officer
703-481-4540

Partners Bancorp
Adam Sothen, Executive Vice President and Chief Financial Officer
540-899-0005

CornerStone Bank
Zirkle Blakey, Senior Vice President and Chief Financial Officers
540-462-6724

Additional references available upon request

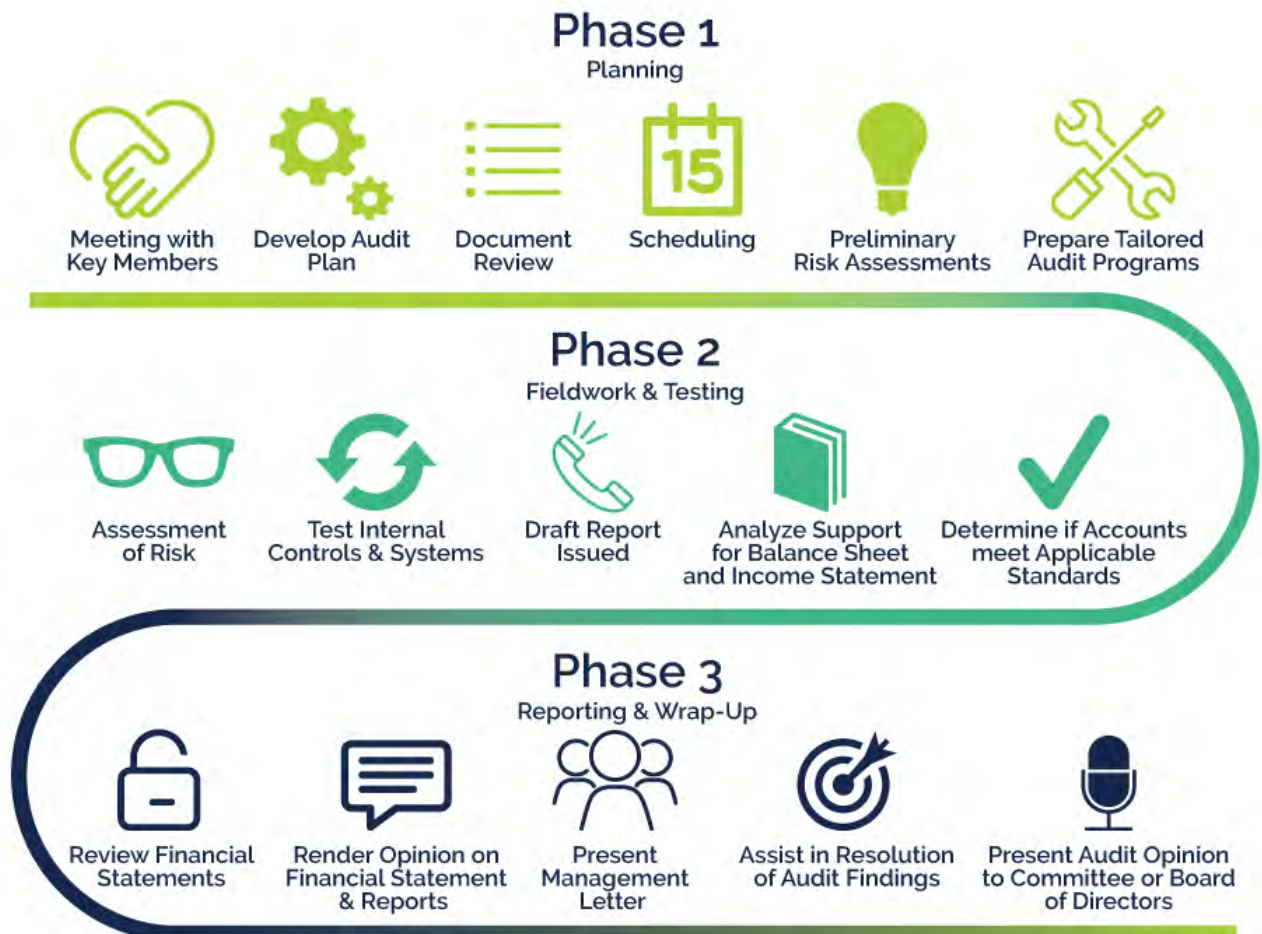


OUR APPROACH

At YHB, our main objective is to provide our clients with the best possible technical services in a manner that accommodates their specific requirements and circumstances. We educate our staff and participate in professional associations to ensure that we meet this objective and commitment in service to the public. The conduct of an audit to the satisfaction of all concerned is a process that can never be totally predictable or standardized. Professional judgment must be exercised each step of the way as each audit has its own unique character. We will work with you to set expectations and timelines for this engagement.

Our service approach places a strong emphasis on obtaining an understanding of how your business functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your business. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of your business objectives, strategies, risks and performance.

Our Audit Approach





Commitment to Quality Assurance

Our quality control procedures include the following:

- Pre-Issuance Review – All reports on audited financial statements are reviewed before issuance by a second audit Principal who, along with the engagement partner, has significant experience in the industry. This provides assurance that our audit reports conform to the latest developments in professional standards.
- Post-Issuance Report Review – A Quality Control Team conducts post-issuance reviews of selected reports issued by every audit partner. The reports are selected randomly from audit reports issued throughout the year and are reviewed for compliance with professional and Firm standards as well as clarity and consistency within the statements themselves.
- Assignment and Training of People – We schedule professionals only to engagements for which they have the necessary background and training. Those without the necessary background are trained before an assignment. All professionals utilized for the audit will have received the appropriate continuing professional education and/or technology and control education prior to assignment.
- Engagement Manager and Principal Review – Managers and Principals assigned to engagements review the engagement workpapers and reports. Specifically, the managers review all workpapers supporting our reports and the engagement partners review workpapers of critical areas as deemed appropriate.
- Client Management Review – Our engagement partner and/or manager review all draft reports with client management before finalizing the reports.

990 Preparation

We view the Form 990 as an extension of the audit engagement. The document request list for the Form 990 will be included as part of the audit request list in Suralink with due dates. We will work with VBA to establish a timeline for the preparation, management review, and board review of the document prior to filing. Many organizations file an extension of their Form 990 in order to focus on the completion of the audit and acceptance of the audit by the governing board. The automatic extension provides an additional six months for completion and approval by your board.

Proposed Timetable

We will work with you to meet the deadlines outlined in the timetable you provided as Schedule A in the request for proposal.

Total Job Hours

We believe this entire engagement will require 1,100 hours to complete. See *Appendix III: Job Hours* for the detail of hours for each engagement.



Areas of Emphasis

We subscribe to a nationally recognized audit methodology for our programs and use RSM (formerly McGladrey) sample designs to calculate samples for substantive testing. These sample designs meet statistical requirements and are standard within the industry. Based on our review of VBA's 2022 audited financial statements, the areas that we would place our primary audit emphasis on would be cash and cash equivalents, investments, property and equipment, retirement benefits, income taxes payable, deferred revenue, and retirement liabilities on the statement of financial position. On the statement of activities, administrative fee income, education and conference revenue and expenses, membership dues, net investment return, salaries and benefits, and income tax expense would be significant audit areas. In addition, the allocation methodology for the statement of functional expenses would be an area we would discuss in detail with management. The audit for Virginia Bankers Association PAC will focus on contribution revenue and expenses for political contributions. The agreed upon procedures engagement for Virginia Mortgage Bankers Association will focus on cash receipts and disbursements and bank reconciliations.

The review engagements for the Association Managed Title Centers will focus on performance of inquiries and analytical procedures with regards to fluctuations in cash, commissions and settlement services income, and salaries expense. The agreed upon procedures engagement will focus on cash receipts and disbursements for each title agency, payroll disbursements, settlement services receipts and disbursements, and bank reconciliations. This is based on our review of the prior year report. We welcome the opportunity to discuss additional and/or different procedures that could be performed at management's discretion.

The benefit plan and health and welfare plan audits will focus primarily on compliance with the related plan documents. While the final product of an ERISA audit is an opinion on the financial statements of the plan, the risk associated with plans generally lies in whether administrators are operating the plans in accordance with the plan document as well as related Department of Labor regulations. Our audit of the financial statements will focus on employer and participant contributions, disbursements and premium payments, as well as estimates of projected benefits.

Communication Process for Reviewing Accounting and Reporting Matters

We will keep you abreast of financial reporting changes affecting VBA so that the appropriate policies and procedures can be drafted and implemented well in advance of effective dates. Pre-audit meetings with management and the Audit Committee as well as the required post-audit communications with the Audit Committee and Board of Directors will ensure that all interested parties are kept up-to-date on the status of the audit and any resulting issues.

In addition to the financial statement draft, the YHB team will prepare a management letter, outlining any material weaknesses or significant deficiencies noted in your system of internal controls. Any significant opportunities to improve internal controls and accounting procedures, budgeting and financial projection processes, and financial reporting display, which will increase the reliability of accounting records and usefulness of financial statements, will be discussed. The management letter is an integral part of the audit process. A notable effort will be spent formulating ideas that will help VBA operate more efficiently and effectively. These recommendations will be



communicated to you in draft form as they arise during the audit process, allowing sufficient time for management's review and comment.

We communicate directly with the Board of Directors at the beginning of the audit process and at the end of the audit. We present the audit report to the Board of Directors upon completion. We are also available throughout the year for questions and guidance, if needed.

Prepared by Client Listing

Our team will work with you to provide a detailed list of items to be prepared by you. Our goal is to make our engagement as efficient and smooth as possible. We do our best to set expectations and communicate openly with you.

Client Portal & Use of Technology

We use technology to streamline the engagement process and minimize costs to you. Caseware is the software used for engagements and it allows multiple users to access and update information quickly. In addition to engagement organization, Caseware streamlines the procedure and performance documentation, facilitates analytical procedures, and contributes to Principal and Manager oversight capabilities while the team is onsite.

YHB uses a cloud-based request list portal (SuraLink) to facilitate and track audit request lists. When a request list is provided, VBA's personnel are assigned tasks and submit evidence for use in the review. Both YHB and VBA's staff always know the status of the requested items. A sample prepared by client listing can be found on the attached *Appendix II: PBC Listing*.

In addition, YHB regularly utilizes Share File to send and receive files securely. This allows both clients and YHB staff to send files or entire e-mails encrypted. Continuing to invest in technology is investing in our clients. With ongoing improvements in technology, we are able to provide more efficient and effective engagements, while providing you the information that you need to make sound decisions.

Engagement with New Clients for Audit Services

We take extensive steps to ensure the smooth onboarding of our new audit clients. We begin by having a general planning meeting with management to understand key operational aspects of your organization and to meet the team members with whom we will be working with during the audit. The objective of this meeting will be to ask questions with regards to major initiatives that occurred during the fiscal year as well as any significant changes that have transpired since the previous audit period. We will work with management to establish firm timelines for the due dates of deliverables and discuss both management and the auditor's role in meeting these deadlines. Prior to beginning our audit procedures, we will issue our standard audit engagement letter, planning communications letter to the audit committee, and facilitate your accounting staff's integration into our online document request platform Suralink.



BEYOND COMPLIANCE

Training Opportunities

At YHB we understand that associations play a key role in the success and growth of our communities. This is why we place great emphasis on providing learning, training and industry updates to our clients.

Every year YHB hosts a free symposium for our not-for-profit clients. This symposium provides our clients with several credit hours of CPE and covers topics ranging from financial reporting changes updates to internal controls to best practices for board members. In addition, YHB regularly speaks at various events throughout the region. We also provide periodic online seminars and quarterly digital newsletters to clients with relevant updates and information. We are always more than happy to support clients and our communities with educational events and are willing to explore additional opportunities where we can support VBA.

In addition, our Community Bank Team leads an annual bank tax course for all of our bank clients to attend free of charge as well as provide annual tax law changes and updates. The entire bank tax team focus their annual continuing education on attending top national bank taxation conferences and have a network of renowned bank experts to assist should the need arise. We would be happy to have VBA attend.

IT Services

The Risk Advisory Services team understands the importance of solid IT controls. Below is a listing of services our Risk Advisory Service team can provide to VBA at your request. The scale and scope of each of these services can be tailored specifically for VBA.

- IT risk assessment
- Cyber-attack response & recovery procedures
- IT business continuity & IT disaster recovery
- Vulnerability scans



FEE STRUCTURE

We are committed to minimizing both the external and internal costs of engagement work. Our firm sets its proposed fee structure based on a balance of the client’s best interests and the anticipated value to the client. We also take into account the unique expertise and service capabilities YHB can offer compared to other accounting firms.

A detailed breakdown of our fees can be found on the attached *Appendix I: Fee Schedule*.

Assurance Services Grand Total					Tax Grand Total				
2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
\$199,700	\$206,350	\$213,150	\$220,150	\$227,300	\$33,000	\$34,200	\$35,400	\$36,600	\$37,800

Accounting assistance fees will be subject to adjustments based on unanticipated changes in the scope of our work and additional requests by management. We will not incur additional fees without your authorization.

YHB would be proud to partner with VBA. To show our commitment to the organization we offer the following:

- No out-of-pocket expenses will be billed to VBA.
- 6 hours of questions and consultation is included in the overall fee. We encourage all of our clients to include us in regular discussions with leadership.

Availability and Routine Consultation for Technical Questions

YHB encourages clients to call us with any questions as they arise, and we do not bill for routine calls or questions. We have found this greatly improves communication and allows us a much better understanding of their operations. If extended research is required, we will provide a fee estimate and request approval before we begin.



WHY YHB

With a team of professionals who have served the not-for-profit, private and community banking industry for several decades, we understand the commitment and values that drive your organization. Our approach enables us to provide outstanding professionals who have decades of experience specializing in organizations like VBA. We have a team approach to everything which allows us to understand the challenges and rewards of an organization like yours. Your relationship with YHB will provide you with the benefit of an advisor who is familiar with business and industry issues of VBA.

A Like-Minded Partner

YHB has been serving Community Banks for over 75 years and knows firsthand the importance community banking plays in our region. We have a team of professionals who are exclusively dedicated to serving the same group of community banks VBA works with. Approximately 17% of the firm's revenue is directly tied to our banking services and it remains the biggest industry that we serve. Community banking services, specifically internal/external audit and tax services are niches of significant and ongoing importance to YHB.

We are proud to host a quarterly Accounting Peer Exchange in conjunction with VBA. Regulators are regular speakers at these meetings with recent presentations including regulatory expectations regarding corporate governance over CECL implementation, outsourced internal audit, and capital planning. In addition, YHB team members serve as regular speakers and contributors to VBA conferences and publications and have even provided graphic design support. We do this because we believe in VBA and the work VBA does for the Community Banking industry.

YHB is also an active member of Banking CPAs, an organization of 9 CPA firms similar to YHB throughout the country that specialize in serving community banks. Firms are selected for membership based on their superior service to the banking industry. Many members are active in standard setting and regularly share information and consult on difficult audit and accounting issues. Banking CPAs is a valuable resource to YHB and our clients to keep current on relevant banking issues as well as regulatory expectations and issue resolution.



Proactive Advice

We will bring matters to your attention in a timely fashion that may help your organization meet and exceed its strategic objectives. We will continue to be responsive to your needs as you address identified challenges, and we expect to continue to identify new ideas as our relationship continues. These ideas will result in a process that focuses on your organization today and plans for the future.

PEER REVIEW



Jones, Nale & Mattingly PLC

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Shareholders of
Yount, Hyde & Barbour, P.C.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Yount, Hyde & Barbour, P.C. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022. 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. The summary also includes an explanation of how engagements identified as not performed or reported on 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and compliance with the firm's system of quality control 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, audits performed under FDICIA, and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by 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 Yount, Hyde & Barbour, P.C. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022, 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*. Yount, Hyde & Barbour, P.C. has received a peer review rating of *pass*.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
January 12, 2023

Jones, Nale & Mattingly PLC

OUR DE&I & ESG POLICIES

Our Commitment to Inclusion and Diversity

At YHB, we are committed to building a culture that is centered on respect, empowerment, and equity. We believe that our strength lies in the relationships formed between YHB team members and our tapestry of diverse clients and community partners. We strive to achieve the same level of excellence in advancing diversity, equity, and inclusion that we strive for in our accounting practice. Our aspiration is that we not only reflect and embrace our commitment but leverage it in a way that propels YHB forward with a strong sense of purpose, growth and innovation.



Growth. We are actively moving forward and constantly looking inward for ways to grow.



Purpose. We remain steadfast in maintaining focus on our goals and continuing to grow.



Innovation. We are constantly listening and finding new ways to better our community.

What We've Done

Our team is what makes YHB such a special place, so we are committed to investing in making sure YHB works for everyone, from all walks of life. We value input from diverse perspectives to continually aid our understanding and implementation of this work. We regularly work with outside consultants to lead our entire YHB team in focus groups where our staff indicated a strong desire to recruit, hire, promote and retain a more diverse workforce. Because of the feedback from these focus groups, we have taken several steps along our journey. Some of those include:

- Expanded as well as retargeted our recruitment efforts in order to attract a more diverse applicant pool
- Changing how we help foster growth for diverse team members both at YHB and in the accounting industry
- Evaluated the values of the organizations we are members of to assure they also support this vision
- Kicked off our annual firm-wide training to discuss and review cultural competency and implicit and explicit bias
- Formed YHB Employee resource groups (ERGs). As of Spring 2023, we have the Network of Black Accountants, Women's Network, Mental Health Advocacy Group, LGBTQ Network, Sustainability Committee, and the Working Parents Support Group

Where We're Going

We know that creating a more diverse and inclusive workplace is an ongoing effort. That is why we are committed to inclusive growth, making our communities better by doing good for everyone. Some of our goals growing forward include:



- Supporting employee involvement and engagement within diverse communities that promote accounting careers
- Regularly seeking opportunities to participate in recruiting events at HBCU's
- Encourage and pay for employee's memberships in the National Association of Black Accountants and for attendance at the annual NABA conference
- Weaving DEI into every part of YHB's strategic plans

Our Commitment to Environmental, Social and Governance Policy

At YHB, we are dedicated to living socially and sustainably responsible lives by actively engaging in environmental, social, and governance (ESG) efforts. These efforts form the foundation of our commitment to making a positive impact on the world around us.



In terms of **environmental responsibility**, we prioritize sustainable practices to minimize our ecological footprint. We continuously strive to reduce waste, conserve resources, and lower our energy consumption. Through responsible travel and leveraging technology, we aim to protect ecosystems, promote biodiversity, and mitigate climate change. Additionally, we actively seek innovative solutions to address environmental challenges and collaborate with partners to drive meaningful change.

Our **social commitment** revolves around fostering a supportive and inclusive environment for all stakeholders. We prioritize diversity, equity, and inclusion, ensuring that every individual feels valued, respected, and empowered. We promote fair labor practices, ethical supply chains, and safe working conditions throughout our operations and supply chain. By actively engaging with local communities, we aim to contribute positively to their development and well-being, seeking to make a lasting social impact.

Governance is a vital aspect of our ESG efforts, as we prioritize transparent and accountable decision-making processes. We adhere to strong corporate governance principles, promoting integrity, fairness, and responsibility in all aspects of our operations. We actively engage with our stakeholders, including team members, clients, and communities, to ensure their voices are heard and considered in our decision-making. We also strive for board diversity and independence, fostering a culture of trust, collaboration, and long-term sustainability.

By prioritizing environmental stewardship, social inclusion, and transparent governance, we strive to create a positive and lasting impact on the world around us.



THANK YOU

For over 75 years, YHB has been driven by a passion for helping not-for-profit organizations achieve their missions. We believe that your work is too important to not have a partner as equally committed as you are. That's why we have dedicated ourselves to providing exceptional service, built on a foundation of trust and excellence.

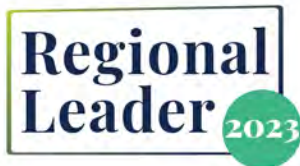
At YHB, we don't just meet compliance requirements, we strive to become your partner in success. We take the time to understand your organization's unique needs and challenges, and work tirelessly to provide you with real solutions and practical knowledge. We believe that this kind of dedicated support is what sets us apart from other CPA firms.

We want you to know how grateful we are for the opportunity to present this proposal to you. We understand that selecting a CPA firm is an important decision, and we are honored that you are considering YHB. We are confident that our team has the expertise and passion to help the Virginia Bankers Association and Related Entities thrive for years to come.

Please know that it would be a true privilege to work with you. Thank you for considering YHB.

Sincerely,

Christopher L. Frye, CPA | Principal





APPENDIX I: FEE SCHEDULE

Schedule B

Virginia Bankers Association & Related Entities Fee Schedule

	Assurance Services					Tax				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
VBA Managed Title Centers										
Group agreed upon procedures	9,100	9,400	9,700	10,000	10,300					
Bankers Title, LLC	6,500	6,700	6,900	7,100	7,300	3,000	3,100	3,200	3,300	3,400
Out of pocket expenses (if any)										
Bankers Title Shenandoah, LLC	6,500	6,700	6,900	7,100	7,300	3,000	3,100	3,200	3,300	3,400
Out of pocket expenses (if any)										
Virginia Title Center, LLC	6,500	6,700	6,900	7,100	7,300	3,000	3,100	3,200	3,300	3,400
Out of pocket expenses (if any)										
West Virginia Bankers Title, LLC	6,500	6,700	6,900	7,100	7,300	3,000	3,100	3,200	3,300	3,400
Out of pocket expenses (if any)										
Virginia Mortgage Bankers Association	3,600	3,700	3,800	3,900	4,000	2,000	2,100	2,200	2,300	2,400
Out of pocket expenses (if any)										
VAMPAC						1,500	1,600	1,700	1,800	1,900
Out of pocket expenses (if any)										
VBA Education Foundation						2,000	2,100	2,200	2,300	2,400
Out of pocket expenses (if any)										
Grand Total	183,700	189,750	196,050	202,550	209,300	33,000	34,200	35,400	36,600	37,800



APPENDIX II: PBC LISTING

Sample Prepared by Client Listing

December 31, 2023

REQUEST LIST

Audit Area	Request Title	Request Description	Due Date
General			
	By-Laws, IRS exemption letter, Articles of Incorporation	Copies of any new or updated organizational documents, operating agreements and any other pertinent documents regarding the business. (If N/A - Please just leave comment "N/A")	
	Lease agreements	Please provide a copy of any new or modified (including extensions) lease agreements	
	Debt agreements	Please provide a copy of any new or modified debt agreements	
	Board of Directors	Please provide a copy of all board of directors as of December 31, 2023. Please include average hours per week.	
	BOD Minutes	Please provide a copy of all BoD meeting minutes for the entire year of FY2023 through audit fieldwork (if any) for each entity and executive committee	
	Financial reporting controls process	Please update attached documentation policies and procedures for significant transaction cycles and financial reporting that have changed since prior year (See prior year attached)	
	IT general controls process	Please update IT general controls process as needed (See prior year attached)	
Financial Reporting			
	Balance Sheet	Please provide excel balance sheet as of December 31, 2023 for each entity	
	Income Statement	Please provide excel income statement as of December 31, 2023 for each entity	
	Trial Balance	Please provide excel trial balance as of December 31, 2023 for each entity	
	General Ledger	Please provide a detail general ledger of all transactions from 1.1.2023 - 12.31.2023 (Excel)	
	Journal Entry Report	Please provide electronic document (Excel) with all journal entries from 1.1.2023 - 12.31.2023	
	Approved budgets	Please provide approved budget for FY23 and FY24	
	Functional Expenses	Schedule of functional expenses including allocation methodology.	
	Intercompany Consolidation	Schedule of intercompany transactions to be eliminated for consolidation.	
Cash			
	Bank Statements - Year-End (December 2023)	Please provide a copy of Bank Statements for all accounts for December 2023	
	Bank Statements - Subsequent (January 2024)	Please provide a copy of Bank Statements for all accounts for January 2024	
	Bank Account list	List of all new bank accounts (Cash and Investment), that were open at any time during year (include institution, address, and account number)	
	Bank Recs	Please provide a copy of Bank Reconciliations as of Year-End	
Investments			
	Investment Statements - Year-End	Please provide a copy of Investment Statements for all accounts for December 2023	
A/R & Grants Receivable			
	AR Aging	Accounts Receivable Aging's as of Year-End	
	AR Other	Please provide a listing of other receivables as of 12.31.2023, if any	
	Collectability Analysis	Identify any A/R deemed uncollectible and consider write offs. Comment on collectability of AR over 90 days and the need for an allowance.	
Fixed Assets			

<u>Audit Area</u>	<u>Request Title</u>	<u>Request Description</u>	<u>Due Date</u>
	Fixed Asset & Depreciation Roll forward Repair & Maintenance detail	Please provide fixed asset listing (depreciation summary) as of 12.31.2023 General ledger detail for all repair and maintenance accounts and supplies accounts for the year.	
Prepays & Other Assets			
	Prepays Schedule	Schedule of prepays and other asset accounts as of Year-End	
Accounts Payable & Other Current Liabilities			
	AP Aging	Accounts payable aging's as of Year-End.	
	Cash disbursements register (Subsequent to year-end)	Check register from 1.1.2024 through fieldwork	
	Open Invoices	Please provide listing of unpaid and open invoices as of the date of fieldwork. Invoices may be requested	
	Accrued Expense schedule	Accrued Expense schedules and access to supporting documentation for all balances as of 12.31.23. Items to be tested to be identified.	
	Advance Payments and Deferred Revenue	Please provide advance payments, deferred revenue, reports for activities printed at 12.31.2023 so that a report of the balance as of the balance sheet date is available.	
Long Term Debt			
	Debt Confirmations (if applicable)	Provide signed confirmations for all balances as of Year-End (template attached).	
Net Assets			
	Net Assets roll forward	Please provide roll forward of net assets by restriction (if any), including current year income and releases. (If there are no restricted net assets this is not necessary).	
Income & Expenses			
	2023 Membership Dues Analysis	Membership Dues Analysis. Please provide the number of members by membership type and price and the supporting reports. (See attached 2022 Membership Analytic worksheet for the analysis that was done for 2022 as an example of the information I am requesting. I am not requesting you complete this worksheet)	
	Contributions	Listing of all contributions received during the year, if applicable. Please provide the listing as soon as possible via email. We will make selections for our confirmation process. (If applicable)	
	Grants	Listing of all grants received during the year, if applicable. Please provide the listing as soon as possible via email. We will make selections for our confirmation process. (If applicable)	
	In-Kind goods and services	Listing of all in-kind goods and services during the year, if applicable. Please provide the listing as soon as possible via email. We will make selections for our confirmation process. (If applicable)	
	Membership dues	Detail of membership (number of members and applicable fees).	
	Fee income	Detail of administrative fee income for benefit plans, management fees, and product and endorsement income.	
	Education and conference activities	Schedule of education and conference revenue and related expenses by revenue stream and/or event.	
	Related Party transactions	Detail of all related parties and applicable transactions for footnote disclosure, if applicable.	
	Tax payments	Schedule of federal and state income tax payments made.	
	P&L comparative analysis	Comparative revenue and expense analysis by line item comparing fiscal year 2023 to 2022 providing explanations for any significant fluctuations. We will provide you a worksheet during the audit of the specific items we have inquires for.	
	Lobbying Allocation	Lobbying allocation for FY23.	



APPENDIX III: JOB HOURS

We believe this entire engagement will require 1,100 hours to complete. Below is a breakdown of those expected hours by engagement. If any unforeseen circumstances lead to a change in the expected number of hours, we will promptly communicate the updates and collaborate with the VBA team to determine the appropriate course of action.

VBA Audit	380
VBA and related entity 990's/1120-POL's	40
VBA PAC audit	30
Virginia Mortgage Bankers Association AUP	15
Title Center reviews (4 total)	110
Title Center AUP	40
Trust Fund Defined Benefit Plan Audit	95
Trust Fund Defined Contribution Plan Audit	125
Group Insurance Trust Audit	70
Medical & Dental Trust Audit	80
Title Center Tax returns (4 total)	60
VBA Benefit Corporation tax returns	20
VBA Management Services tax returns	20
VBA Properties, LLC tax returns	15
Total	1,100