



PROPOSAL TO
**Ventura County Transportation
Commission**

TO PROVIDE
**Professional Services for GASB 87,
Leases, and GASB 96, SBITAs**

BerryDunn

1000 Elm Street, 4th Floor
Manchester, NH 03101
603.518.2600

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rsmalley@berrydunn.com

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Manager**
kbalukas@berrydunn.com

Proposal Submitted On:

February 20, 2024 before 3:00 p.m. PST



February 20, 2024

Ventura County Transportation Commission
Attn: Sally DeGeorge, Finance Director
751 E. Daily Drive, Suite 420
Camarillo, CA 93010

Dear Sally DeGeorge:

On behalf of Berry, Dunn, McNeil & Parker, LLC (BerryDunn), thank you for the opportunity to submit this proposal in response to the Ventura County Transportation Commission's (VCTC's) Request for Proposals (RFP) for Professional Services for Governmental Accounting Standards Board (GASB) 87, Leases, and GASB 96, Subscription-Based Information Technology Arrangements (SBITAs).

As an independent certified public accounting (CPA) firm recognized by the American Institute of Certified Public Accountants (AICPA), BerryDunn is qualified to provide a full range of auditing, tax, and advisory services, including assisting VCTC with determining the qualifying leases and SBITAs and the values of those leases and SBITAs to be reported in the annual financial statements along with accompanying schedules and notes. As you evaluate our proposal, please consider the following points that position BerryDunn as the firm that is best qualified to perform the engagement:



We are a stable and well-established firm. BerryDunn has grown consistently, without a change in ownership. We have successfully completed numerous multiyear, high-profile engagements and have served the same clients for 5-, 10-, and 20-year durations, while successfully offering principal rotations. This stability gives our clients confidence when engaging BerryDunn to assist with large and complex projects.



We have expertise in your industry. Our team has extensive experience providing consulting and accounting services to government agencies. We understand that municipalities encounter a variety of challenging accounting and regulatory issues that require significant experience in this specialized environment. Our long history of working with government agencies allows us to add value to VCTC through expertise, knowledge sharing, and a smoother onboarding process.



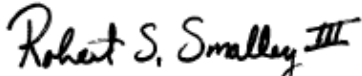
We are responsive. We are dedicated to delivering timely service to clients and responding promptly to their needs, and our team approach and staff continuity help to ensure that there is someone familiar with your organization and available to serve you when you need us. Such accessibility enables us to be a full resource and to be personally involved in helping clients make decisions about important issues in an informed way.

The following proposal will introduce you to the firm, our team, the approach we take to providing the requested services, and our proposed fees. We are committed to performing the work requested within the required time frame, and our team approach and staff continuity helps to ensure that there is someone familiar with your organization and available to serve you when you need us. We would be delighted to work with you and contribute to your commitment to keep Ventura County moving.

As a principal of BerryDunn and leader of the governmental accounting team, I am authorized to represent BerryDunn, and to sign a contract with the VCTC. I certify that all information contained in the attached proposal is accurate and complete to the best of my knowledge. If I may clarify any information contained in this proposal, please do not hesitate to contact me directly.

After 50 years of assisting clients, we appreciate each new opportunity. Thank you for your time and consideration.

Sincerely,



Robert S. Smalley, CPA, CFE, CGMA | Principal
t/f: 603.518.2627 | e: rsmalley@berrydunn.com

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1. Introduction/Background

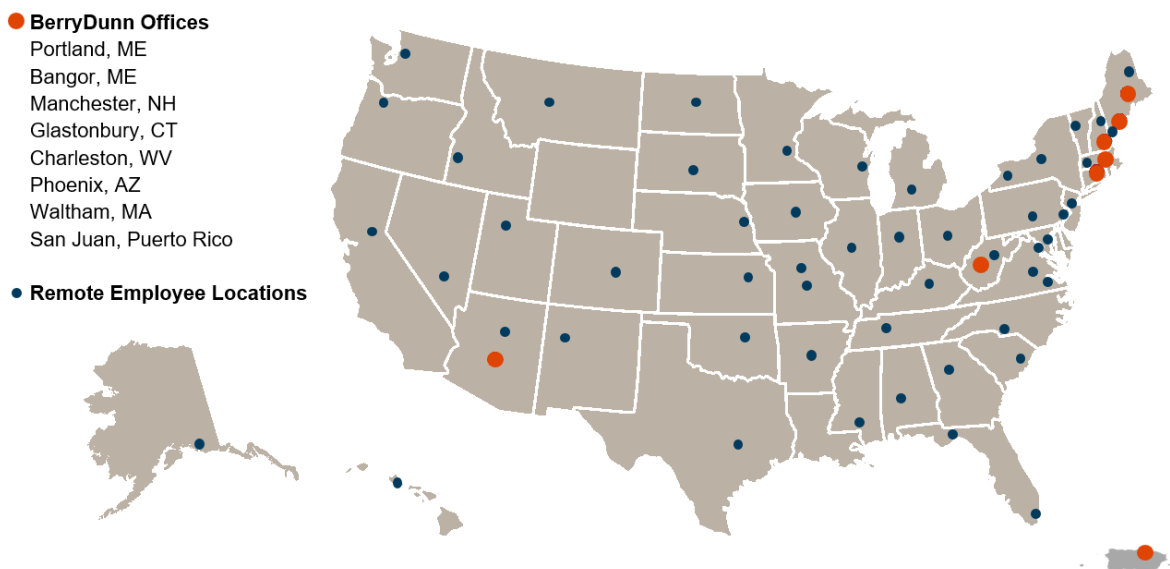
Introducing BerryDunn

BerryDunn was founded 50 years ago in Maine by three principals who sought to embrace a client focus, an entrepreneurial spirit, and a commitment to the communities where we live and work. Now, we are the largest independently owned accounting firm headquartered in New England. *Accounting Today* recently ranked BerryDunn the #1 CPA firm in New England, and we are ranked #46 nationwide. Additionally, BerryDunn is currently named a Best CPA Firm for Women by the *American Women's Society of Certified Public Accountants*.

We offer the breadth and depth needed to provide the quality audit, accounting, and tax support provided by a national firm, but with the price structure, responsiveness, and efficiencies of a regional firm. VCTC will be served by a team of specialists that work with governmental and quasi-public agencies like yours. Our professionals stay up to date on accounting issues, technical issues, and upcoming and emerging industry issues impacting our clients.

As seen in Figure 1, BerryDunn has offices throughout the country, from our original location in Portland, Maine, to our newest space in San Juan, Puerto Rico, as well as a nationwide network of remote employees. We work with clients across the continental United States, and in Alaska, Hawaii, and the U.S. territories. Our strong client references and repeated selection to perform additional work speak to the firm's ability and commitment to respond to each client's needs, regardless of location or time zone.

Figure 1: BerryDunn Locations



BerryDunn is an independent member of the BDO Alliance USA, a nationwide association of independently owned accounting, consulting, and service firms with similar client service goals. Through this membership, clients like the VCTC gain access to a wider range of services without impairing our professional independence.



Services That Meet Your Needs

BerryDunn performs a wide range of audit, tax, assurance, and consulting services for public, private, and nonprofit clients all over the United States. Our Consulting practice was formed in July 1986, and our Government Consulting practice officially formed its own practice group in July 2009. Our experience specializing in serving government clients with both audit and consulting work gives us a unique understanding of government operations and the regulations with which agencies must comply.

Industry specialization and a commitment to client education differentiate our financial statement audit services from those of other firms. We set ourselves apart by taking a team approach to the way we manage our engagements. Through consistent principal and manager engagement and open lines of communication, financial leaders in your organization receive timely and accurate deliverables while gaining insight into the latest guidance that will affect compliance and reporting. Our service approach includes a deep understanding of industry-specific applications of audit and accounting standards.

Our auditors and consultants have considerable experience performing audits under the Governmental Auditing Standards (GAS), the Single Audit Act, and Uniform Guidance (formerly A-133). Over the years, several of our Uniform Guidance audits have received quality control reviews from federal agencies. These oversight organizations have reviewed our audit processes, policies, and practices and have reported that our approach meets all federal, state, and professional requirements, remarking specifically upon the degree of professionalism our approach exhibits. This attests to our knowledge and quality in delivering audit services, as well as to the high level of standards that we hold ourselves accountable to as a firm.

Within BerryDunn's government consulting group, we typically have 60 to 80 projects underway at any given period, ranging in length from one month to multiyear engagements valued from \$10,000 to over \$5 million. Our Not-for-Profit Audit Group that includes our governmental accounting team performed over 150 audits and consulting engagements annual. Our clients include institutes of higher education, government and quasi-governmental agencies, healthcare organizations, social service organizing, affordable housing, transportation, and a variety of private sector businesses.

Our current public-sector clients range in size from small municipalities (population 30,000+) to large state government agencies and public universities. In the private sector, we provide services to a range of businesses, from small, privately-held companies to large healthcare organizations. Our projects range in length from short-term projects to multiyear, multi-million-dollar engagements.

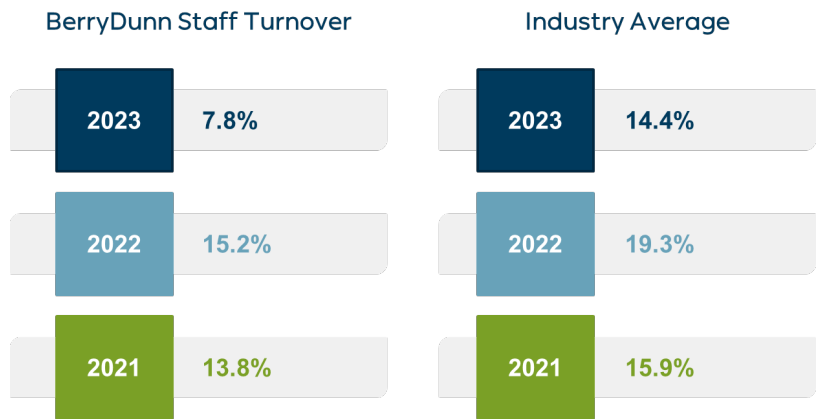
BerryDunn's technical governmental accounting assistance is tailored to your specific needs and unique organization.

Retaining Talented Employees

BerryDunn places significant emphasis on **employee retention, job satisfaction, and professional growth**. Each employee creates his or her own individual development plan, updated annually, that aligns employee goals with firm goals and provides each person with a clear path for professional and personal growth. As a result of that focus, our turnover is significantly below industry benchmarks.

BerryDunn has made it a top priority to retain our experienced staff. Because of this focus, we consistently measure well below industry averages for turnover as shown in Figure 2.

Figure 2: BerryDunn and Industry Turnover Rate Comparison for Past Three Years



Industry average based on data from the *INSIDE Public Accounting Practice Management Report*

Great Work for Great Clients

Each year, BerryDunn solicits feedback through a client satisfaction survey independently conducted by Portland Research Group. The results of our most recent client satisfaction survey in Figure 3 show we continue to meet or exceed expectations:

Figure 3: Client Satisfaction Survey Results



As evidenced by the client feedback in Figure 4, we consistently surpass industry standards in areas like planning and collaboration with our clients, the quality of our deliverables, timeliness and communication, identifying and addressing critical issues, and overall client satisfaction.

Figure 4: Client Feedback



Response to Items a. – d.

a. BerryDunn is responding to VCTC's RFP for Professional Services for GASB 87, Leases, and GASB 96, SBITAs.

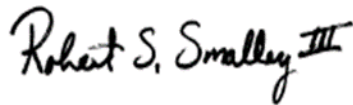
b. Robert Smalley is authorized to make representations for and to bind the firm to this engagement. Rob's contact information:

Robert S. Smalley, CPA, CFE, CGMA
Principal
1000 Elm Street Fl 4
Manchester, NH 03101
rsmalley@berrydunn.com
603.518.2627

c. The BerryDunn team is committed to performing this engagement and scope of work within the time specified in the RFP. That is, we will provide deliverables for this engagement by August 1 each year.

d. We affirm that this proposal is a firm and irrevocable offer for 180 days from proposal submission date of February 20, 2024.

Sincerely,



Robert S. Smalley, CPA, CFE, CGMA | Principal

t/f: 603.518.2627 | e: rsmalley@berrydunn.com

2. Qualifications/Credentials

a. Understanding of Work to Be Performed

We understand that VCTC is seeking a qualified firm to review your new lease and SBITA contracts and perform required analysis under GASB 87 and GASB 96 for fiscal years ending June 30, 2024, 2025, and 2026, with optional years for 2027 and 2028. At the time of issuing this RFP, you have one office space lease and one SBITA for the bus pass mobile ticketing and fare collection reported, respectively, under GASB 87 and GASB 96.

The firm VCTC selects to partner with will provide the following services outlined in the RFP:

- Review all new leases and SBITA contracts and provide you with the information necessary to determine each lease and contract's eligibility under GASB 87 and 96.
- Provide separate, detailed lists for all leases and SBITAs of all contracts reviewed and indicate whether they meet the GASB 87 and 96 definitions and provide reasons and documentation to support the decision.
 - For leases/SBITAs that meet the GASB 87 and 96 definitions, gather and include in the list key data and information to determine, at a minimum, why it qualifies, the lease/contract term, payment terms, calculated liability/asset, and deferred outflow/inflow for GASB 87 and 96 calculations.
- Provide a master schedule by GASB pronouncement that summarizes the calculation and other relevant information used to determine the value for each lease/SBITA, including prior year expense, current year expense and remaining life expense.
- Prepare journal entries for the year-end entry of GASB 87 and 96.
- Provide a tool to track leases/SBITAs going forward and educate finance staff so they can maintain and use the tool for year-end journal entries/accruals.
- Respond to VCTC's follow-up questions and provide additional information as needed to complete GASB 87 and 96 accounting and disclosures.
- Provide all required information by August 1 of each fiscal year.

Why BerryDunn?

One of the factors that differentiates BerryDunn from our competitors is our **deep commitment to customer service**. We build strong relationships with our clients, resulting in long-term engagements and a **culture of open communication**. The individuals chosen to work with you as your dedicated team are selected based on their depth of expertise.

We take a **collaborative approach** with our clients when it comes to implementing new accounting standards. We begin **by providing insight into new accounting pronouncements** in advance of their effective dates. We do this through periodic articles on our website, annual trainings, our pre-planning meetings with management and those charged with governance.

We use a **structured approach** when conducting GASB projects and bring a **deep knowledge of industry standards and regulatory compliance, including the GASB 87 and GASB 96**. Our proposed team for VCTC has more than 60 years of related experience and has worked together for several years out of the same office. This work history allows the project team to collaborate and work efficiently on producing high-quality deliverables for VCTC. *VCTC will benefit from having a*

team of specialists who understand the complex accounting and regulatory issues of GASB clients, employ a collaborative and structured approach, and focus on high-quality work and deliverables.

When choosing a firm to assist you with proper analysis of the GASB 87 and GASB 96 regulations, VCTC should have every confidence you have selected a partner with extensive and proven experience in providing related consulting experience, as well as one with an unparalleled commitment to your success. At BerryDunn, we embody these qualities. To help ensure you receive the best possible service from us, we offer a:

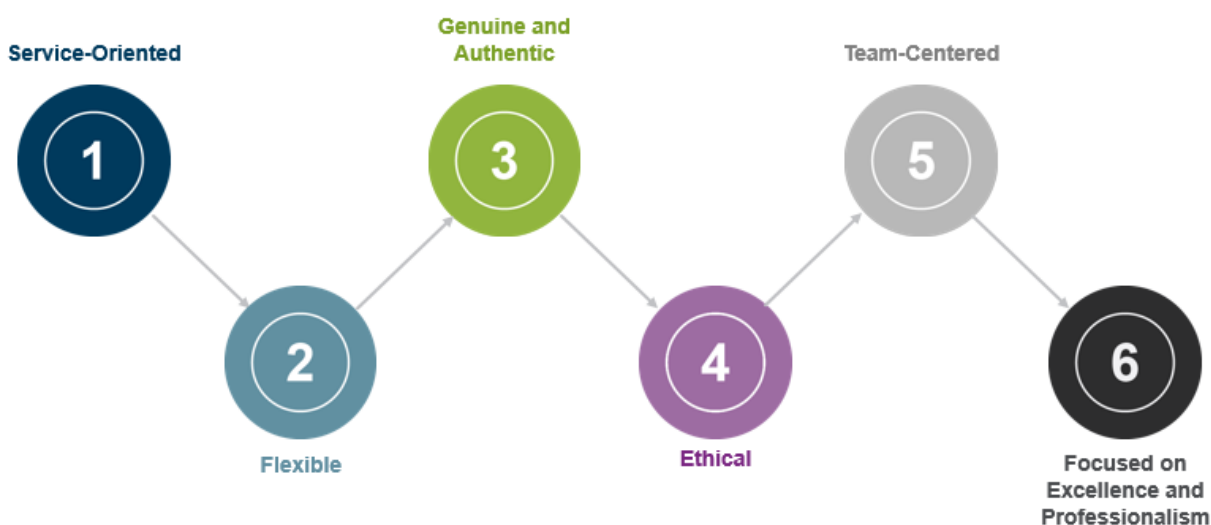
- Commitment to **professional expertise**
- Commitment to **quality**
- Focus on the **highest quality work product and services**
- Solid **track record** of completing engagements on time and on budget

In the following sections, we expand on our service approaches listed above.

Our Commitment to Professional Expertise

Our teams consistently live our firm's values detailed in Figure 5; the team assigned to work with VCTC will bring these values to their work with you.

Figure 5: Our Firm's Values



Our Commitment to Quality

BerryDunn continually addresses all new and proposed federal and state regulations affecting the services we offer. We adhere to U.S. generally accepted auditing standards (GAAS) set by the AICPA in all our audits. For attest services we provide, a principal who is not otherwise associated with the engagement performs an independent concurring review.

BerryDunn maintains detailed policies and procedures for implementing a system of quality assurance and regulatory compliance, including annual reviews of engagements with a wide range of clients in many different industries:

- **Annual Internal Inspection** Our Quality Assurance Team performs rigorous internal inspections each year based on standards equal to or higher than those of external AICPA inspections.
- **Triennial AICPA Review** Our accounting and auditing policies are subject to a thorough AICPA peer review performed by external certified public accountants every three years.
- **Triennial PCAOB Review** We undergo routine inspection by the Public Company Accounting Oversight Board (PCAOB) to help ensure our compliance with the Sarbanes-Oxley (SOX) Act of 2002, U.S. Securities and Exchange Commission (SEC) regulations, and more.

In 2021, Briscoe, Burke & Grigsby LLP conducted BerryDunn's most recent triennial peer review and reports that we continue to receive a rating of 'Pass'—the highest possible result. As required, this review included an assessment of our engagements with government and financial service clients. A copy of our most recent peer review report and related AICPA acceptance letter are provided as Appendix A. Peer Review to this proposal.

We Focus On the Highest Quality Work Product and Services

We are committed to delivering nothing short of the highest quality work product and services to our clients. We have established quality assurance processes and conduct quality assurance checks throughout our work. By incorporating quality management into our daily work, we will reduce risk and bring outcomes in line with expectations—a guiding principle of BerryDunn's approach.

At BerryDunn, we strive to empower continuous development that drives individual, team, and firm success, and we are proud to have highly dedicated and experienced professionals on the team. We know that advanced degrees and certifications are important and reflect the knowledge base of our staff. We also know that it takes years of experience on the job to gain the deep subject matter expertise that our clients expect.

As a CPA and consulting firm, all BerryDunn professional employees are required to complete a minimum of 120 hours of continuing professional education (CPE) every three years, and most members of our consulting group typically exceed this requirement.

We regularly seek out areas of professional education and/or certifications that will meet the needs of our clients. Further, individuals designated as having specialized industry experience and expertise are encouraged to maintain their proficiency by joining appropriate professional associations and attending external professional education programs.

In the unlikely event that backup personnel are needed to support this project, we will be able to draw from BerryDunn's deep bench, with more than 850 consultants and auditors ready to support your additional project needs.

We Have a Solid Track Record of Being On Time and Within Budget

BerryDunn has an excellent track record of completing projects on time and within the agreed-upon budget. We employ a variety of strategies to control costs including:

- **Keeping our principals and managers involved in the process.** Our principals and managers stay engaged throughout the project, allowing them to address challenges as they arise and avoid costly delays.
- **Investing up front in project planning.** The first step in any engagement we undertake is a project planning meeting. This helps us understand the scope of the project and anticipate challenges. After the project planning meeting, we will revise our proposed Work Plan and staffing assignments. We do not commence work until the revised Work Plan is approved by the client.
- **Strategically adapting to changes.** New information often requires alterations to the Work Plan, schedule, budget, or scope. Our teams are accustomed to these challenges and work closely with client management teams to help make sure the necessary changes are agreed upon and approved.
- **Utilizing the best technology to allow our teams to work from anywhere.** Our employees are provided with laptops and other technology necessary to allow them to work in office, remotely, and on-site with ease. We also use videoconference services, such as Zoom and Microsoft Teams, to allow us to stay in close communication with our clients without incurring unnecessary travel costs.

As a standard practice, we only allow changes to the timeline, scope, or project fees based on changes that are documented and approved by the client. Our principals and managers regularly meet with our clients' management teams to identify issues and discuss solutions. Should additional work be identified that would require additional time and cost, we will work with VCTC to define the updated scope and fee structure before starting the expanded portion of the project.

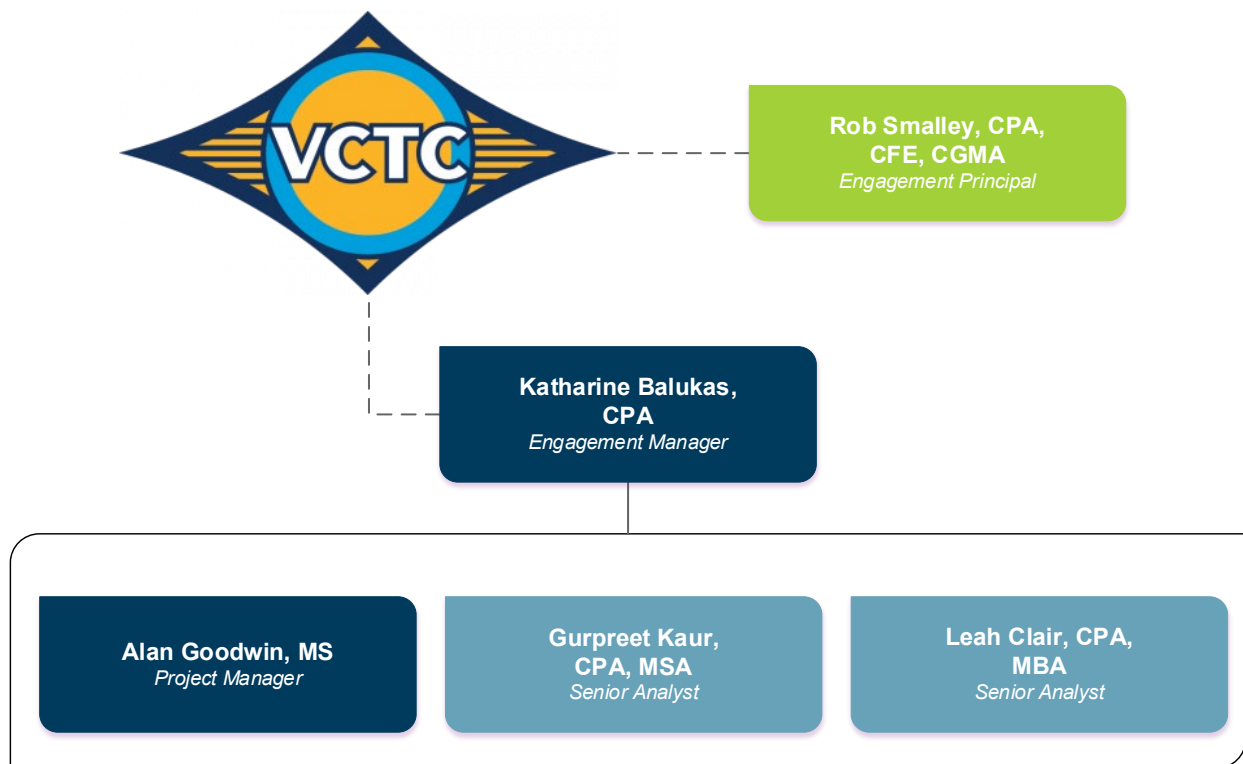
b. Biographies of Key Staff

Our proposed team brings decades of experience auditing government entities under the applicable auditing standards, including but not limited to the GAS and Yellow Book guidelines. We also help ensure that our CPAs meet or exceed the CPE requirements set forth by AICPA, the Yellow Book, and the states in which they are licensed.

We do not expect our clients to train our staff. In addition to a rigorous training program upon starting at BerryDunn, the firm's annual training calendar includes robust training to help ensure that the engagement professionals are well-versed in the specific issues that are important to our clients. Our fully trained and engaged staff—as well as our experience with similar organizations—will lead to less time required of VCTC's staff.

Our project team's experience with organizations like VCTC means members can quickly orient themselves to your processes and environment while bringing knowledge of industry best practices from our other engagements. Figure 6 presents our proposed engagement team's organizational chart.

Figure 6: Organizational Chart of the Engagement Team



Biographies of each team member follow.



Robert S. Smalley, CPA, CFE, CGMA

Engagement Principal

Rob has spent his entire career providing audit, accounting, and consulting services to governmental clients. As the Governmental Audit practice lead, Rob leverages his deep experience working with large and diverse government organizations when advising BerryDunn's government clients. His experience includes advising clients with all aspects of governmental accounting, financial reporting, proper internal control structure and single audit compliance. In addition, Rob also leads a substantial portfolio of financial institution audits all over New England for both public and private banks.

Location

Manchester, NH

Education

BBA, Accounting, University of Maine

MS, Accounting, University of Maine

Years of Experience

19

Memberships

American Institute of Certified Public Accountants
Association of Certified Fraud Examiners

Financial Managers Society
New Hampshire Society of Certified Public Accountants

Community Service

Greater Manchester Family YMCA, Audit Committee

Experience Highlights

Rob helps clients with a variety of challenges, including:

- Governmental and higher education accounting
- Consulting on fraud risk and mitigation
- Internal control audit and consulting
- GASB Accounting Standards

Publications and Presentations

- *GASB Releases Guidance for Organizations Receiving Relief from the CARES Act*
- *Hidden Danger in Choosing a College*
- *New Accounting Pronouncements and Proposals*
- *Fair Value and Financial Instruments: Past, Present, and Future*
- *Accounting for Other Real Estate Owned*
- *Recent Accounting Developments*
- *The Materiality Box – GASB*
- *Fraud: What's New and What To Do About*



Katharine Balukas, CPA

Engagement Manager

Katharine is a senior manager for BerryDunn and has spent her entire career working with governmental and not-for-profit. As part of Katharine's expertise in assurance, she has provided clients advice on improving their internal controls and processes, and she assists her governmental clients with the unique challenges surrounding compliance with federal and state grant requirements. She has extensive experience assisting her clients with implementation of new accounting assistance. In 2015, Katharine received national recognition by being selected to participate in the AICPA's prestigious Leadership Academy.

Location

Manchester, NH

Education

BA, Accounting, Saint
Anselm College

Years of Experience

14

Memberships

American Institute of
Certified Public Accountants
New Hampshire Society of
Certified Public Accountants

Community Service

New Hampshire Society of
Certified Public Accountants
Young Professionals
Committee, Chair 2013-2015
AICPA Leadership
Academy, Graduate

Experience Highlights

Katharine helps clients with a variety of challenges, including:

- Financial statement audits and reviews
- Compliance audits for Uniform Guidance
- Federal and State grant compliance
- Programmatic audits and compliance examinations
- Yellow Book audits
- Grants Administration
- Reviews and compilations
- Audit readiness
- Financial statement preparation
- Accounting pronouncement implementation assistance
- Operational assessments and process improvement
- Internal control reviews
- Internal audit services

Publications and Presentations

- *Update for GASB-Governed Organizations: Lease Accounting, LIBOR Transition, SBITA, and Section 457 Plans*
- *Beyond Right Now*, presented at the New Hampshire Society of CPAs Leadership Program
- *Uniform Guidance Overview* – Human Services Finance Officer (HSFO) 2018 Annual Conference



Alan Goodwin, MS

Project Manager

Alan is a manager in BerryDunn's Not-for-Profit practice area working exclusively with governmental clients performing accounting and consulting services. With a master's degree in accounting, he has spent his entire career performing financial statement and Uniform Guidance audits for governmental organizations including cities and towns in New England. He has extensive experience helping clients navigate GASB standards, Uniform Guidance, and internal control improvements.

Prior to joining BerryDunn, Alan spent over 10 years at a public accounting firm serving governmental clients throughout the Northeast.

Location

Concord, NH

Education

MS, Accounting, Southern
New Hampshire University

BS, Accounting, Roger
Williams University

Years of Experience

14

Memberships

New Hampshire Finance
Officers Association
(NHGFOA)

New England States
Government Finance
Officers Association
(NESGFOA)

GFOA Certificate of
Achievement for Excellence
in Financial Reporting
Program Special Review
Committee (SRC)

Massachusetts Society of
Certified Public Accountants

Experience Highlights

Alan helps clients in a variety of areas, including:

- Financial statement audits and reviews
- Compliance audits for Uniform Guidance
- Federal and state grant compliance
- Audit readiness
- Governmental Accounting Standards (GASB)
- American Rescue Plan Act (ARPA) funding
- Accounting pronouncement implementation assistance
- Operational assessments and process improvement
- Internal control reviews
- Internal audit services

Publications and Presentations

- *GASB 100 and GASB101: Cruising into Triple Digits*, a BerryDunn article
- *Key Considerations from GASB Statement No. 99*, a BerryDunn article



Gurpreet Kaur, MBA, CPA

Senior Analyst

As a Governmental Accounting and Auditing Consultant in BerryDunn's Not-for-Profit Practice Group, Gurpreet provides audit, accounting and assurance expertise to governmental clients. She leverages her experience to help clients navigate GASB standards, Uniform Guidance and internal control improvements.

Gurpreet is passionate about collaborating with clients and helping them find and implement solutions that meet their unique needs. Prior to joining BerryDunn, Gurpreet spent five years at a Local Government working on multiple accounting and auditing roles and four years in travel industry as an Accountant.

Location

Bethlehem, PA

Education

Bachelor's Accounting,
Kurukshetra University, India
MBA Finance, Jaipur National
University, India

Years of Experience

9

Memberships

CPA, Pennsylvania Institute
of Certified Public
Accountants (PICPA)
Pennsylvania Institute of
Certified Public Accountants
(PICPA)

Experience Highlights

Gurpreet helps clients in a variety of areas, including:

- Compliance audits
- Performance audits
- Financial audits
- Subrecipient Monitoring
- Local government expertise



Leah L. Clair, CPA, MBA

Senior Analyst

Location

Bangor, ME

Education

BS, Accounting, Husson University

MBA, Husson University

BS, Recreation and Leisure Services, University of Maine at Presque Isle

Years of Experience

5

Memberships

American Institute of Certified Public Accountants

Maine Society of Certified Public Accountants

Community Service

Good Samaritan Agency, Board of Directors

Leah is a manager in BerryDunn's Assurance, Tax, and Advisory Group, including the firm's Audit and Accounting Group and Employee Benefit Plan Audit Group, and our Financial Services Group. She provides assurance, accounting, and advisory services to a variety of financial institutions. She specializes in financial statement preparation and analysis, as well as internal control over financial reporting, including under the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) and the Sarbanes-Oxley Act of 2002, Section 404 (SOX 404).

Leah also provides employee benefit plan audit and advisory services to a variety of employee benefit plans, including 401(k), 403(b), and profit sharing plans. Her experience includes helping clients prepare for annual of first-year audits, manage fiduciary duties, and comply with the Employee Retirement Income Security Act of 1974 (ERISA). She oversees more than 20 of the firm's employee benefit plan audits.

Leah is a passionate peer mentor to BerryDunn staff and interns, helping coordinate curriculum for advanced audit training and presenting at various industry-specific internal trainings. In 2016, she was elected one of five inaugural Women to Watch by the Maine Society of CPAs.

Experience Highlights

Leah helps clients with a variety of challenges, including:

- Accounting and reporting under U.S. Generally Accepted Accounting Principles (GAAP)
- Accounting standards adoption
- Employee benefit plan audits and compliance
- FDICIA and SOX 404 audits and compliance
- Financial statement audits
- Internal control audits and reviews

Publications and Presentations

- *CECL: Understand the Audit Requirements and Prepare for What's to Come*, a BerryDunn article
- *Advanced Audit Development – Professional Presence*, presented at BerryDunn's annual Advanced Audit Development training
- *Advanced Audit Development – Flow of an Audit and Engagement Planning*, presented at BerryDunn's annual Advanced Audit Development training
- *Advanced Audit Development – Financial Reporting and Research*, presented at BerryDunn's annual Advanced Audit Development training

c. Our Experience with GASB Statements 87 and 96

As examples of our experience with GASB 87 and GASB 96, as well as the types of support for new pronouncements, please see the following articles linked from the [BerryDunn](#) web site.

- [GASB 87: Single lease classification: What's changing and what you need to do](#)
- [GASB Exposure Draft: Disclosure and Classification of Certain Capital Assets](#)
- [Update for GASB-governed organizations: Lease accounting, LIBOR transition, SBITA, and Section 457 plans](#)
- [Our take on SBITA: Making accounting for cloud-based software less nebulous](#)

We have assisted multiple governmental clients to implement GASB changes and processes. Please refer to [a. List of GASB 87 and GASB 96 Work Completed](#) for additional information.

Governmental and Quasi-Public Agency Audit Experience

At BerryDunn, we understand that GASB organizations operate in unique and dynamic environments and experience very specific challenges and opportunities. The professionals assigned to your engagement team have experience in performing audits and other consulting services for organizations that report their financial statements in accordance with GASB and preparing applicable reports in accordance with GAS. Your team will be led by professionals who each have a wealth of experience working with GASB organizations.

Because of our commitment to specialization, we are well-versed in how to run an efficient and effective engagement. You will benefit from having a team of specialists who understand the complex accounting and regulatory issues of GASB organizations, and who enjoy working in this multifaceted, ever-changing environment.

Governmental organizations encounter a variety of challenging accounting and regulatory issues that require significant experience in the area, particularly with the current economic challenges. We help our clients address these issues efficiently and feel they appreciate a relationship with professionals who are up to date on current and emerging developments in their environment. As this list shows, we have experience providing GASB services to a wide variety of state and local agencies.

A partial list of GASB clients for whom we provide/have previously provided audit and/or consulting services include:

Androscoggin County, Maine	Maine Technology Institute
Anson-Madison Sanitary District	Maine Veteran's Home
Auburn Housing Authority	Mayo Regional Hospital
Brewer Housing Authority	Martha's Vineyard Airport Commission
Brunswick Housing Authority*	Massachusetts Bay Transportation Authority*
Caribou Hospital District*	Massachusetts Department of Transportation
Cary Medical Center*	Minnesota Health Benefits Exchange (MNSure)
Casco Bay Island Transit District (CBITD)*	Mount Desert Island & Ellsworth Housing Authority
Child Development Services (State of Maine)*	

Community College System of New Hampshire*	Nebraska Department of Motor Vehicles
City of Ann Arbor, Michigan	New Hampshire Judicial Council
City of Boise Idaho	New Hampshire Liquor Commission*
City of Burlington, Vermont*	New Hampshire Public Defender Office
City of Meridian Idaho	New Hampshire Secretary of State
City of Portland, Maine School Department*	Outagamie County, Wisconsin
City of Portsmouth, New Hampshire*	Portland Water District
City of Stonecrest, Georgia	Pease Development Authority
City of Manchester Employees Contributory Retirement System	Silver State Health Insurance Exchange*
Connecticut Health and Educational Facilities Authority	State of Delaware, Governor's Office
HealthSource RI	State of North Carolina, Office of Budget
Houlton Water Company	Town of Danvers, Massachusetts*
Housing Authority of the City of Old Town	Rhode Island Student Loan Authority
Kennebec County, Maine	Vermont Agency of Education
Kentucky Transportation Cabinet	Vermont Economic Development Authority
Lewis County, Washington	Vermont Health Connect
Maine Bureau of Motor Vehicles	Vermont State Colleges
Maine Community College System	Vermont Student Assistance Corporation
Maine Public Employee Retirement System	Washington Health Benefit Exchange
	Waterville Housing Authority
	York Housing Authority

**Indicates services provided include technical accounting assistance, audit readiness, and/or GASB implementation assistance*

**Indicates services provided include financial statements in accordance with GAS*

With our combination of our industry specializations and other value-added services that we can offer, BerryDunn is qualified to provide auditing and consultation services to VCTC.

Our professionals remain current with the existing GASB standards as well as those that are under consideration, and we are committed to sharing insights and implementation strategies with those we serve. In addition, we use education gained through involvement with relevant industry associations to inform our accounting services as well as to educate our clients.

New Accounting Pronouncements

At BerryDunn, we take a collaborative approach with our clients when it comes to implementing new accounting standards. We begin by providing insight to new accounting pronouncements in advance of their effective dates. We do this through periodic articles on our website, annual trainings, and through meetings with management and those charged with governance. We also reach out directly to clients we believe will be affected by upcoming standards to discuss the best way to address the required changes in your organization's accounting procedures.

In most recent years, we have issued formal "white papers," which could be used as implementation guides for the Leases under new GASB pronouncements. This guide included systematic guidance for implementation in addition to various example statements and disclosures. As another example, we issued an Insight article for the implementation of GASB 96, including a SBITA organizer and calculator to help governments identify, track, and make calculations to comply with GASB 96.

d. Examples of Work Product/Reports

For all our GASB implementation engagements we provide a formal report that outlines the objectives of the engagement, overview of results, determination of contracts meeting the requirements of the applicable standard, assumptions used in the calculations and steps for the organization to use moving forward for determinations and compliance with GASB 87 and 96. This report gives our clients and their auditors critical information and transparency over complex standards. In addition to a formal report, our deliverables also consist of the following:

- Lease / SBITA Implementation Organizer and Calculation Tool (*Excel*)
- Lease / SBITA Balance Sheet Impact (*Excel*)
- Lease / SBITA Journal Entries and Footnote Disclosures (*Excel / Word*)

Our *SBITA Organizer and Classification Tool* helps organizations identify, track, and perform the complex calculations to comply with GASB Statement No. 96. With this tool, we walk through the steps to determine if an agreement meets the definition of an SBITA under GASB Statement No. 96. The tool also calculates the measurement of subscription asset, liability, accumulated amortization, accrued interest liability, and interest expense. This tool is intended for governmental organizations to track easily their SBITAs and provide necessary journal entries on an annual basis. BerryDunn also developed a similar tool for tracking Leases under GASB 87 which will be provided to the client through the final deliverables.

Figure 7 is an example of our SBITA Implementation Organizer and Calculation Report is below:

Figure 7: Example - SBITA Implementation Organizer and Calculation Report

BerryDunn
SBITA Implementation Organizer and Classification Tool
XX/XX/XXXX (Date of adoption)

Prepare a complete listing of SBITAs
The first step to prepare for implementation is to document a complete listing of all known lease contracts for real estate property, plant, and equipment.

A Subscription-Based Information Technology Arrangement (SBITA) is a contract where the Organization conveys the control of the right to use another party's software. Examples are:

- Cloud-based Systems
- ERP systems
- Educational software
- IT Software
- Other Computer Software

SBITA Information			Questions to Determine if Software meets the SBITA Definition as defined by				Formula	Key Information Needed for Determining Amounts and for Record Keeping									
#	Name of vendor	IT Asset Description	Does your entity have control of the right to use the information technology (IT) software and/or hardware?	Is the subscription term greater than 12 months?	Does the subscription have any fixed or substance payments?	Do the contract payments meet the criteria for an exchange or exchange-like transaction?	SBITA - YES OR NO?	Renewal options? Please describe in Column M. If yes, answer Column N	If yes, reasonably certain to exercise?	Payment amount	Payment frequency	Total payments over the length of the lease*	Start date	End date	Current GL code	Contact person	Agreement provided (PDF)?
Example:	Microsoft	Office 365	Yes	Yes	Yes	Yes	Yes a SBITA	Annually	No	\$500	Monthly	\$ 18,000.00	7/1/2022	6/30/2025	01-1001-01	John Smith - IT Manager	Yes

3. References

a. List of GASB 87 and GASB 96 Work Completed

Table 1 shows our governmental clients for whom we have provided GASB 87 and/or GASB 96 services.


Table 1: Governmental GASB 87 and/or GASB 96 Clients


Client	Services Description
Massachusetts Bay Transportation Authority (MBTA)	BerryDunn was engaged by the MBTA in June 2023 for assistance with GASB 96, SBITA and GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The services included inventorying all potential contracts/agreements, performing eligibility determines, performing the necessary calculations and drafting relevant footnote disclosures.
City of Burlington, Vermont	The City engaged BerryDunn in June 2023 to provide accounting assistance in preparation for the June 30, 2023, financial statement audit. BerryDunn's areas of focus are capital assets, debt, and new GASB standard implementations. Services provided include significant assistance with the adoption of the following standards: <ul style="list-style-type: none"> • GASB 87, Leases • GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements • GASB 96, SBITAs
City of Portsmouth, New Hampshire	BerryDunn was engaged by the City of Portsmouth in June 2022 for assistance with GASB 87, Leases . The City re-engaged BerryDunn in June 2023 for assistance with GASB 94 and 96 . The services included inventorying all potential contracts/agreements, performing eligibility determines, performing the necessary calculations and drafting relevant footnote disclosures.
Pease Development Authority	Financial Statement and Uniform Guidance Audits from fiscal year 2015 through the present date. Services provided include significant assistance with the adoption of the following standards: <ul style="list-style-type: none"> • GASB 68, Pensions • GASB 75, Postemployment Benefits Other Than Pensions • GASB 87, Leases • GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements • GASB 96, SBITAs


Portland Maine Public Schools	<p>BerryDunn was engaged by Portland Public Schools to provide accounting assistance in preparation for the June 30, 2023, financial statement audit. BerryDunn's areas of focus are grant accounting, cash reconciliations, and new GASB standard implementations. Services provided include significant assistance with the adoption of the following standards:</p> <ul style="list-style-type: none"> • GASB 101, Compensated Absences • GASB 96, SBITAs
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b. Government Agency References for GASB 87 and 96 Services

To demonstrate BerryDunn's relevant experience and the quality of our past work, we have provided the reference information of four clients below. We have included contact information for client representatives who can speak to our expertise, proven methodology, and effective project management.

Massachusetts Bay Transportation Authority (MBTA) Consulting on Adoption of GASB 94 and GASB 96	
Client Contact Information	<p>Joseph Pagliuca, Jr., CGAP, Controller 10 Park Plaza Boston, MA 02116 617.222.4392 jpagliuca@mbta.com</p> 
Type of Agency	Component Unit of the Commonwealth of Massachusetts
Project Description	BerryDunn was engaged by the MBTA in June 2023 for assistance with GASB 96, SBITA. The services included inventorying all potential contracts/agreements, performing eligibility determines, performing the necessary calculations and drafting relevant footnote disclosures.
Project Timeline	June 2023 to December 2023
BerryDunn Project Team	Robert Smalley, Katharine Balukas, Leah Clair

City of Burlington, Vermont Audit Readiness and Accounting Assistance	
Client Contact Information	Katherine Schad, Chief Administrative Officer City of Burlington 149 Church Street Burlington, VT 05401 802.865.7000 kschad@burlingtonvt.gov 
Type of Agency	City in the State of Vermont
Project Description	The City engaged BerryDunn in June 2023 to provide accounting assistance in preparation for the June 30, 2023, financial statement audit. BerryDunn's areas of focus are capital assets, debt, and new GASB standard implementations.
Project Timeline	June 2023 to the current date
BerryDunn Project Team	Robert Smalley, Katharine Balukas, Alan Goodwin

City of Portsmouth, New Hampshire Consulting on Adoption of GASB Pronouncements	
Client Contact Information	Judie Belanger, Director of Finance and Administration 1 Junkins Ave Portsmouth, NH 03801 Finance Department 603.610.7223 jabelanger@cityofportsmouth.com 
Type of Agency	City in the State of New Hampshire
Project Description	BerryDunn was engaged by the City of Portsmouth in June 2022 for assistance with GASB 87, Leases. The City re-engaged BerryDunn in June 2023 for assistance with GASB 94 and 96. The services included inventorying all potential contracts/agreements, performing eligibility determines, performing the necessary calculations and drafting relevant footnote disclosures.
Project Timeline	June 2022 to September 2022 and June 2023 to present
BerryDunn Project Team	Rob Smalley, Katharine Balukas, Alan Goodwin

Pease Development Authority Financial Statement and Uniform Guidance Audits Consulting on Adoption of GASB Pronouncements	
Client Contact Information	Susanne Anzalone, CPA, Director of Finance 55 International Drive Portsmouth, NH 03801 603.766.9195 s.anzalone@peasedev.org 
Project Description	Financial Statement and Uniform Guidance Audits from fiscal year 2015 through the present date. Services provided include significant assistance with the adoption of the following standards: <ul style="list-style-type: none"> • GASB 68, Pensions • GASB 75, Postemployment Benefits Other Than Pensions • GASB 87, Leases • GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements • GASB 96, SBITAs
Project Timeline	April 2015 to present
BerryDunn Project Team	Rob Smalley, Katharine Balukas

c. VCTC Right to Contact BerryDunn References

We understand that VCTC has the right to contact our references and we encourage that connection. We invite you to discuss our commitment to meeting deadlines, expertise, quality, and professionalism with our references.

4. Plan Approach

a. Timeline with Milestones

We understand your desire for timely reporting and are willing to adjust the timing to accommodate any potential conflicts with your schedule. Our anticipated timing for the GASB 87, Leases, GASB 96 and SBITAs implementation is displayed in the Figure 8:

Figure 8: Proposed Timeline



b. Approach and Methodology for the Valuation and Reports

Implementation of GASB Statement No. 87, Leases, and GASB 96, SBITAs

Our work to implement GASB 87 and GASB 96 will include:

- ✓ Identifying and documenting all current leases and subscription-based IT contracts
- ✓ Performing a search for unidentified leases and SBITA contracts by reviewing relevant expenditure accounts
- ✓ Reviewing and analyzing contracts to identify lease/subscription-based IT contracts as defined by GASB Statement No. 87, Leases, and GASB Statement No. 96, SBITAs
- ✓ Performing a test on all leases/SBITA contracts to determine eligibility based on the requirements set forth in GASB 87 and GASB 96 to determine if each meets the requirements
- ✓ For those contracts that meet the requirements, assisting in the implementation of GASB 87/GASB 96, by any and all means, including, but not limited to:
 - Performing the required calculations
 - Proposing journal entries
 - Preparing the necessary footnote disclosures
- ✓ Provide a tracking sheet to inventory leases and SBITAs to be used for ongoing calculations and journal entries
- ✓ Respond to VCTC's follow-up questions and provide additional information as needed for GASB 87 and GASB 96

Detailed Work Plan

At BerryDunn, we utilize a risk-based audit approach that we carry into our consulting engagements. We also take a very collaborative approach in working with our clients. The services and Work Plan discussed can be further modified and customized with the key members of the VCTC. Written reports will be submitted initially in draft form so all necessary changes may be discussed and agreed upon before final acceptance.

Below, our Work Plan details how we will accomplish the Statement of Work in the RFP.

Phase 1 – Identify and document all current Leases and SBITAs

Tasks:

- ▶ We will hold an engagement kickoff meeting with the VCTC's finance team to introduce the engagement team and discuss the key objectives and timeline for the project. We will discuss the processes that VCTC has previously followed when implementing GASB 87 and GASB 96, to understand the challenges and successes. We will use this information to tailor our approach and procedures to learn from the prior experiences of VCTC as well as our own firm experience. We will discuss with the VCTC management team the preferred method of communication. We will establish the schedule for weekly and/or biweekly status meetings to occur throughout the life of the contract. We will also review the preferred format for the weekly progress reports to use throughout the contract.

- ▶ We will work with VCTC to identify and document all current leases and subscription-based IT arrangements. This may include performing inquiries with departments and individuals outside of the finance department. We will also perform a review of relevant expense accounts to identify any additional vendors that may qualify as a lease or a SBITA as defined by GASB 87 and 96.
- ▶ We will maintain an inventory of all the contracts within BerryDunn's *SBITA Implementation Organizer and Classification Tool*.

Phase 2 – Review Contracts for GASB 87 and GASB 96 Criteria

Tasks:

- ▶ **GASB 87:** We will review and document the following:
 - VCTC has control of the right to use the underlying asset
 - VCTC has the right to obtain present service capacity from use of the underlying assets as specified in the contract
 - VCTC has the right to determine the nature and manner of use of the underlying asset as specified in the contract
 - The lease term is greater than 12 months
 - The lease cannot be terminated by both parties at any given time
 - The contract payments meet the criteria for an exchange or exchange-like transaction
- ▶ **GASB 96:** We will review and document the following:
 - VCTC has control of the right to use the information technology software and/or hardware
 - The subscription term is greater than 12 months
 - The subscription has fixed-in substance payments
 - The contract payments meet the criteria for an exchange or exchange-like transaction
- ▶ We will document each of the above criteria within the BerryDunn's *SBITA Implementation Organizer and Classification Tool*.

Phase 3 – Determine Eligibility

Tasks:

- ▶ We will analyze the lease/SBITA contracts identified to determine if the contracts meet the eligibility requirements set forth in GASB 87 and GASB 96.
- ▶ We will review the contracts to determine the proper lease/subscription terms.

Phase 4 – Prepare calculations, propose journal entries, and footnote disclosures

Tasks:

- ▶ We will prepare calculations to determine the present value and future payment discount rates of each lease/SBITA. Each lease/SBITA contract will have a separate calculation within our *SBITA Implementation and Classification Tool*.
- ▶ We will propose journal entries for management to review and subsequently post to VCTC's general ledger.
- ▶ We will provide the documented changes for Management Discussion and Analysis, Summary of Significant Accounting Policies, and the lease/SBITA footnote disclosure.
- ▶ We will provide VCTC with the tools to calculate future leases/SBITAs and the corresponding journal entries. This tool will provide the needed data to measure future subscription liabilities, measurement of a subscription asset, and the corresponding amortization of the subscription asset.

Phase 5 – Respond to VCTC's follow-up Questions

Tasks:

- ▶ Working with management, we will respond to all follow-up questions and will provide additional information as needed to complete GASB 98 and 96 accounting and disclosures

Technology

Our work is highly automated and incorporates new technology, which saves you time and money while making our work more efficient.

- **Secure Data Transfer:** We have the option to utilize an **encrypted** client portal called *BerryDunn KnowledgeLink* to provide an interactive communication tool that serves as a **secure** mechanism for you to transfer files to the engagement team. *BerryDunn KnowledgeLink* features a document repository to store deliverables and maintain live open request items, along with a calendar view to capture on-site visits and major project milestones. Our clients have told us that this tool dramatically reduces email traffic discussing status of outstanding items.
- **Videoconferencing:** Our team uses videoconferencing to allow us to meet with clients more often, saving you both time and travel expenses while keeping an open line of communication. We regularly use both *Zoom* and *Microsoft Teams* based on our clients' preferences.

BerryDunn takes IT security seriously and works hard to keep your data safe. For over 10 years, we have conducted security risk assessments for state and local governments and assisted clients with updating their policies, processes, procedures, and implementing new security controls. We utilize these same practices internally, including contracting a third-party vendor to provide an independent security assessment on an annual basis. BerryDunn also regularly performs audits for hospitals, and therefore our policies and procedures are Health Insurance Portability and Accountability Act (HIPAA) compliant.

c. List and Format of Documentation Needed

We take a collaborative approach when developing our list and format for documentation needed. We want to be transparent in our approach in order to increase efficiencies by all parties. We understand that not all clients are the same and may have a preference on the format. Some formats that we have utilized in the past include:

- An interactive *SharePoint* site that allows for all parties to assign “tasks” and to see the real-time status of where items stand.
- Excel sheet with descriptions of tasks, individuals assigned, and due dates.

The documentation needed to successfully complete the scope of work may include the following:

- Copies of current policies including thresholds/materiality amounts for the follow:
 - Capital asset
 - Leases
 - SBITAs
- Contracts / arrangements for leases and SBITAs previously identified
- Any new contracts / arrangements for leases and SBITA entered into during the last fiscal year
- Prior documentation and calculations surrounding Leases and SBITAs
- Most recent trial balance
- General ledger details for relevant expense accounts
- Key contacts in certain departments

d. How We Will Include Prior Lease and SBITA Information

We will review VCTC’s prior office lease contract and bus pass mobile ticketing and fare collection arrangement as well as the prior journal entries. We will identify the entries needed for the year ending June 30, 2024. We will help ensure that the GASB 87 and GASB 96 amortization schedules agree with the most recent contracts. This will give us the critical starting point to make the necessary updates to the Statement of Net Position and Statement of Activities for June 30, 2024.

e. Issues or Problems That Might be Encountered

We monitor project risk closely, identifying specific areas that may affect the project schedule or quality. These are recorded in a risk register, along with any mitigation techniques for remediation. As part of our process, we immediately communicate critical project risks through the established channels. Our project manager and key personnel make themselves readily available to clients, responding to most questions and requests within one business day or less. With high level of participant in the engagement by the principal and managers, we will be able to communicate quickly and efficiently to remedy any issues or challenges.

Some of the identified pertinent issues and potential problems related to this project include communication risk and responsiveness to requests.

Communication

We view communication throughout the engagement as a critical component of a healthy professional relationship and encourage frequent check-ins to stay apprised of issues affecting VCTC. We value close communication with you during our work and prefer to keep you apprised of important issues as they arise. We find that these meetings allow our teams to be proactive throughout the engagement rather than reactive at year-end. During the engagement kickoff meeting, we will develop a cadence and preferred method for periodic check-ins throughout the year in addition to those during the core project period.

Responsiveness

Our team's ability to conduct efficient, effective engagements relies on all parties being responsive to requests. Through the project planning process, we will establish and agree to deadlines for delivery of supporting documentation and the delivery of draft reports. We will establish weekly check-in meetings throughout the engagement for the ability to work through documentation requests and questions. These meetings are also utilized to confirm the overall timing of documentation requests from the team to stay within the agreed-upon deadlines. We go into every meeting with an agenda that is communicated to all parties, so everyone is aware of the critical tasks at hand. We follow-up every meeting with an email that outlines key takeaways and assign tasks and due dates. We feel that this brings all parties together to accomplish the goals at hand and increase responsiveness.

5. Price Proposal

Fee Structure

Our billings for the services included in this proposal will be based on **not-to-exceed amounts** for the GASB 87, Leases, and GASB 96, SBITAs, consulting and implementation assistance as outlined below. Due to the current volume of leases and SBITAs, we have included a **maximum fee** for the services to be provided. Our actual billings will be based on the hours needed to complete the requested work or the maximums stated below for each year of the engagement. Table 2 provides the maximum projected fees and hours for each task for fiscal year 2024:

Table 2: Maximum Projected Fees and Hours by Task for 2024

Task	Price per Unit / Hour	# Units/ Hours	Total Cost
1. Inspection and listing of leases and SBITAs	\$266	25	\$6,650
2. Journal entries	\$266	16	\$4,256
3. Note disclosures	\$266	16	\$4,256
4. Schedules and reports	\$266	30	\$7,980
Total Maximum Obligation		87	\$23,142

Table 3 shows our estimated maximum fees for fiscal year 2024 through 2026 with options for fiscal year 2027 and 2028:

Table 3: Summary of Maximum Projected Fees by Fiscal Year

Fiscal Year	Maximum Fees
FY 2024	\$23,142
FY 2025	\$24,300
FY 2026	\$25,550
FY 2027	\$26,825
FY 2028	\$28,175

If you believe our proposed fees are not competitive, we will appreciate the opportunity to review them with you to confirm our understanding of the VCTC's needs.

Appendix A. Peer Review

Please see the following documents for BerryDunn's 2021 external peer review report and the AICPA's acceptance of that report.



National Peer
Review Committee

January 28, 2022

John Chandler
Berry Dunn McNeil & Parker LLC
23 White Rock Drive
Falmouth, ME 04105

Dear John Chandler:

It is my pleasure to notify you that on January 26, 2022, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2024. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Wagner".

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Warren Grigsby, Todd Desjardins

Firm Number: 900010005255

Review Number: 586562

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Briscoe, Burke & Grigsby LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report on the Firm's System of Quality Control

October 11, 2021

To the Members of Berry Dunn McNeil & Parker LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Berry Dunn McNeil & Parker LLC (the firm) applicable to engagements not subject to permanent PCAOB inspection in effect for the year ended June 30, 2021. 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 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.

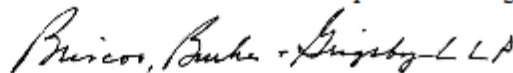
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits 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 Berry Dunn McNeil & Parker LLC applicable to engagements not subject to permanent PCAOB inspection in effect for the year ended June 30, 2021, 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*. Berry Dunn McNeil & Parker LLC has received a peer review rating of *pass*.


Certified Public Accountants

Members American Institute of Certified Public Accountants
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