

Philanthropy West Virginia, Inc.

**Proposal to Provide Audit and Preparation of Form 990
for the Year ended December 31, 2018**

September 25, 2018



ACT *with confidence*



September 25, 2018

Philanthropy West Virginia, Inc.
P.O. Box 1584
Morgantown, WV 26505

Dear Mr. Daugherty

The following proposal reflects our understanding of your needs and illustrates the approach we will take in providing professional services for Philanthropy West Virginia, Inc.

Highlights of this approach include the following:

- Philanthropy West Virginia, Inc will be served by professionals based primarily in Bridgeport, WV. This proximity enables regular face-to-face communication to support your year-round planning and decision-making.
- To promote efficient service for Philanthropy West Virginia, Inc., your engagement team's experience reflects our Firm's longstanding commitment to the nonprofit industry.
- Your team members will coordinate all aspects of the services we perform for Philanthropy West Virginia, Inc. They will actively share information as appropriate to streamline efforts and avoid unnecessary distractions for your personnel.

Your ACT engagement team looks forward to building a long-term relationship with Philanthropy West Virginia, Inc. and delivering value for your Organization now and well into the future.

Once you have had the opportunity to review this proposal, we would be pleased to discuss your needs in greater detail or make a presentation to your team. In the meantime, please feel free to contact us with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "W. Phillips", is written over a light blue horizontal line.

William H. Phillips, CPA
Member

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Executive Summary



Based on our prior relationship as your auditors, we understand the qualities Philanthropy West Virginia, Inc. values most in a professional services relationship. We are confident that ACT has the right capabilities, qualifications, and client-service culture to continue serving as your audit and tax advisor.

To illustrate this alignment (commitment), we would like to highlight the following:

Your Priorities	<ul style="list-style-type: none">• Timely completion of audit work• Global capabilities to support growth and expansion• Engagement team continuity• Regular communication with professional services providers
Our Response	<ul style="list-style-type: none">• Complete the majority of audit and tax procedures on-site (optional – consider use of remote audit process)• Conduct a study to determine whether sales and use tax payments are optimized and implement improvements as needed• Assign committed engagement team members who have been with our Firm for an average of 10 years• Leverage locally based team to provide regular face-to-face contact
Outcomes/Impact	<ul style="list-style-type: none">• As a baseline, Philanthropy West Virginia, Inc. will receive coordinated audit and tax services—with all deliverables provided in the time frames you require. We will meet regularly with your team throughout the year to identify additional needs and address issues as they arise. Philanthropy West Virginia, Inc. will receive high-quality, consistent service from a team that genuinely wants to be your trusted business advisors.

Local Team Committed to Your Success

Your team is composed of professionals based primarily in Bridgeport, WV—to be supplemented by professionals with technical knowledge specific to your needs. We look forward to meeting with you throughout the year to discuss your business priorities and any accounting and tax impacts of your activities.

Deep Industry Experience

We bring industry-specific knowledge that will translate to efficient service for Philanthropy West Virginia, Inc. We offer a wide variety of accounting, tax and consulting services to organizations throughout West Virginia, Pennsylvania and Ohio. We have served colleges, culture and arts organizations, health and welfare organizations, social service agencies and others.

With the increased enforcement activities of the IRS, your tax exempt status is more vulnerable than ever. Arnett Carbis Toothman offers a wide array of services to guide you through the necessary reporting requirements of today's complex tax code.

Value-Based Service Approach

In handling your most immediate needs, ACT audit, tax, and business consulting professionals gain insight into critical areas of your operations. We will use the knowledge we collect to offer recommendations on potential business and operations improvements.

Reviews Completed On-Site

In serving Philanthropy West Virginia, Inc. whenever possible we will complete our partner-level reviews on-site. Our goal is to "turn the lights out" when we leave your offices—a practice that promotes efficiency, as well as overall client satisfaction.

Coordination of Tax and Audit Services

Engagement team members will coordinate all aspects of the services we perform for Philanthropy West Virginia, Inc. sharing information as appropriate about your organization and their findings to streamline efforts, and avoid unnecessary distractions for your personnel.

Communication Regarding Emerging Issues

Our professionals monitor and analyze financial reporting and tax changes that affect the not-for-profit industry and communicate those changes to clients. In addition to personal contact from your engagement team, Philanthropy West Virginia, Inc. will have access to a variety of our technical and advisory publications.

Proposed Solutions for Philanthropy West Virginia, Inc.



Scope of Work

As described on the following pages, ACT has the resources and capabilities to assist Philanthropy West Virginia, Inc. with your needs in the areas you have identified:

- Audit of 2018 financial statements
- Preparation of federal income tax Form 990 for the year ending December 31, 2018

Our Client-service Relationship

Our client-service relationship with Philanthropy West Virginia, Inc. will be based on certain non-negotiable principles, including:

- Fees that are reasonable based on the scope of work
- An outstanding client service experience, focused on efficient and well-coordinated services
- Commitment to completing the audit process within the agreed-upon time frame, assuming your preparation of requested schedules and other supporting documentation before we commence fieldwork and assuming no unforeseen technical issues
- Staffing of the engagement team based on their industry-specific qualifications and their technical experience
- Hands-on approach to planning, with management meetings and conference calls held routinely to discuss changes to the business, industry issues, new accounting pronouncements, etc.
- Transparent approach to billing with clear communication and an emphasis on avoiding surprises
- Access to thought leadership and training opportunities for your team members

Milestones and Time Frame



Based on your needs, we have developed the following timeline in connection with the services.

Milestones	Timing
Audit Services	
Planning meeting with management	Week of February 11, 2019
Documenting our understanding of internal control	Week of February 11, 2019
Year-end fieldwork	Week of April 15, 2019
Discussion of draft financial statements and draft report with the audit committee board of directors	June 1, 2019
Issuance of final report and report to the audit committee board of directors	July 1, 2019
Tax Services	
Tax compliance filings	July 1, 2019
Tax form preparation	July 1, 2019

Audit Services



While many firms must adapt their audit processes to work with midsized companies, ACT audit process is designed for organizations like Philanthropy West Virginia, Inc.

Customized Approach, Quality Results

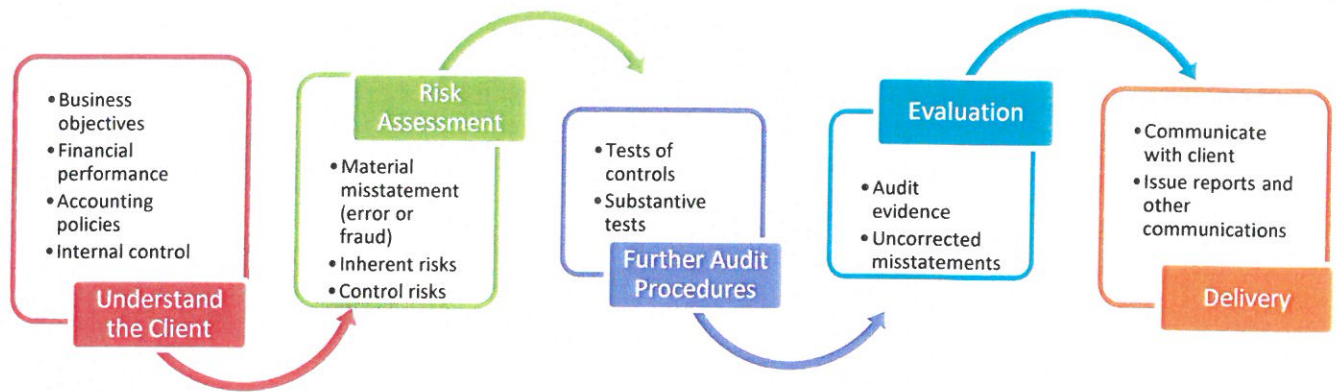
Our methodology allows your engagement team to use professional judgment in planning an overall audit strategy for the expected conduct, organization, and staffing of the audit. Although many planning activities are performed prior to the commencement of fieldwork, planning is not a discrete phase of the audit—rather it is an iterative process that begins with engagement acceptance and continues throughout the audit.

Audit Process

Our audit process involves the following steps:

- **Understanding the client.** We learn as much as possible about your business up front in order to properly understand the account balances, classes of transactions, and disclosures relevant to your activities. As your previous accountant, we have already obtained this understanding. As part of our planning process, we will update this understanding for any potential changes.
- **Risk assessment.** We assess the risk that errors or fraud may cause a material misstatement of financial statements. We next decide whether the identified risks relate to specific relevant assertions related to significant account balances, classes of transactions, or disclosures, or whether they relate to the financial statements taken as a whole and potentially affect many relevant assertions. We then determine which of the identified risks of material misstatement are significant risks that require special audit consideration.
- **Further audit procedures.** We next determine the nature, timing, and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them. When audit evidence from further audit procedures contradicts the audit evidence from risk assessment procedures upon which we based the planned further audit procedures, we revise the assessment and plan and perform additional audit procedures to reduce the risk of material misstatement related to those assertions to an acceptably low level.
- **Evaluation.** At the conclusion of the audit, we evaluate the sufficiency and appropriateness of the audit evidence obtained and whether the assessments of the risks of material misstatement at the relevant assertion level remain appropriate. We may redesign planned audit procedures based on our evaluation. We also evaluate the effects, both individually and in the aggregate, of known and likely misstatements that are not corrected by the organization. We accumulate all known and likely misstatements identified during the audit, other than those we believe to be trivial, and communicate them to management and the board of directors on a timely basis.
- **Delivery.** We communicate with you frequently throughout the audit process to avoid surprises at the end. Our audit culminates with the issuance of a report on the financial statements, report to the board of directors, and, if applicable, communications of material weaknesses and significant deficiencies.

Audit Process



No Surprises

In serving Philanthropy West Virginia, Inc., we will communicate with you frequently throughout the audit process, whereby we address and resolve issues, new accounting standards, and changes in your organization throughout the year rather than just at year end. We will present your financial statements at your year-end board meeting, as we have done in the past.

Efficient Resolution of Accounting Issues

Because Organizations like yours make up the core of our client base, we know that a mid-sized company's accounting issues throughout the year are often just as complex as those of a Fortune 500 company. We, therefore, strive to audit your complex accounting issues as they arise to avoid surprises at the end of the audit process.

Rather than analyze transactions after the fact, our goal is to communicate regularly and address accounting issues as they arise.

Tax Services



Our goal for Philanthropy West Virginia, Inc. is to develop the most advantageous short-term and long-term tax-planning strategies consistent with your business goals and operational policies. Our tax professionals will work closely with your team to bring innovative ideas to your attention and keep you informed about state and federal developments that could have tax-related effects on your business.

Tax Return Preparation

Preparation of Philanthropy West Virginia, Inc.'s federal income tax Form 990 is the end result of our work in helping you organize your tax strategy. As a starting point, however, we offer an efficient tax return preparation package that limits the time you spend with us. Our process includes time-saving benefits to you, such as:

- Extensive customized "prepared by client" workpapers to help you efficiently gather the information necessary for us to prepare complete and accurate tax returns
- Access to the audit workpapers to eliminate redundancy in the information you have already provided to the auditors
- An on-site review of the tax workpapers by a tax professional while the auditors are in the field, to track down issues and ideas early in the process
- A review of tax fixed asset schedules regarding proper classification, lives, methods, and, most importantly, application of bonus depreciation options, where appropriate

ACT professionals provide insight into ramifications of emerging legislation and rulings—before such changes affect our clients' businesses.

Our tax professionals assist various companies and organizations with tax planning that takes into account the impact of laws, regulations, and administrative guidance.

These subject matter areas include:

- Corporate tax
- Accounting methods and periods
- Pass-through entities
- International tax, including bilateral agreements
- Accounting for income taxes (ASC 740)
- IRS practices and procedures
- Compensation and benefits

Consulting Services



In addition to tax and audit, ACT offers cost-effective risk, financial, and technology advisory services.

Risk Advisory Services

Like all companies, Philanthropy West Virginia, Inc. needs to maintain regulatory compliance, ensure effective controls throughout your organization, and protect the security of your information assets. We can assist you in identifying vulnerabilities—then work with you on solutions that support your goals. Areas where we can assist you include:

- Internal audit
- Information technology internal audit
- Governance
- Security and privacy
- Anti-fraud
- Sarbanes-Oxley
- Industry-driven regulatory compliance
- Enterprise risk management
- Contract compliance and cost recovery

Financial Advisory Services

When your company is undertaking decisions requiring a high level of technical and financial acumen, our professionals will deliver the objective advice you need. We can assist Philanthropy West Virginia, Inc. with financial advice concerning:

- Mergers and acquisitions
- Valuation
- Litigation and disputes
- Performance improvement

Technology Advisory Services

Technology is instrumental in driving business growth. Combining technical knowledge and business savvy with our full range of IT services, we assess complex situations, devise solutions, and implement them for you efficiently and with minimal disruption.

ACT can assist Philanthropy West Virginia, Inc. in areas such as:

- IT-focused business strategy
- Business intelligence and performance measurement
- Project management and client advocacy
- Infrastructure
- Cloud computing
- Business process outsourcing
- Technology risk management
- Cyber Security

Your Engagement Team



The following professionals have the qualifications and experience to handle your needs for this engagement and are committed to exceeding your expectations.

Team Member	Role and Value to Company
<p>Kiley M. Wagner, CPA Manager Kiley.wagner@actcpas.com</p>	<p><i>Client service coordinator.</i> As your client service coordinator, Kiley will be responsible for your complete satisfaction with the services we provide. She will serve as your primary contact on day-to-day matters, keep you informed about our progress, and promptly address your questions and concerns.</p>
<p>Jennifer Cidila, CPA Partner Jennifer.cidila@actcpas.com</p>	<p><i>Audit partner.</i> As audit partner, Jennifer will have responsibility for the overall quality of the audit. She will be responsible for ascertaining that professional and regulatory standards have been complied with throughout the engagement.</p>
<p>William H. Phillips, CPA Partner Bill.phillips@actcpas.com</p>	<p><i>Tax partner.</i> As tax partner, Bill will have the responsibility for overseeing the preparation of the 990 income tax return and for ensuring compliance with federal and state taxing authorities.</p>

Client References



Name of Company	Contact Information	Work Performed
West Virginia Coalition to End Homelessness P.O. Box 4697 Bridgeport, WV 26330	Zach Brown, CEO 304-842-9522 zachbrown@wvceh.org	<ul style="list-style-type: none"> • Financial statement audit • Compliance Audit • 990 Preparation
Region VI Workforce Investment Board, Inc. 17 Middletown Rd. White Hall, WV 26554	Maria Larry, CEO 304-368-9530 mlarry@region6wv.org	<ul style="list-style-type: none"> • Financial statement audit • Compliance Audit • 990 Preparation
Susan Dew Hoff Memorial Clinic, Inc. 925 Liberty Avenue West Milford, WV 26451	Barbara Price, Treasurer 304-745-3700 writerinwv@frontier.com	<ul style="list-style-type: none"> • Financial statement audit • 990 Preparation

Fees



Our goal is to provide high-quality, reliable service at reasonable fees. Based on our understanding of your needs, our estimated fees are as follows.

Summary of Deliverables	Estimated Fee
Audit of December 31, 2018 financial statements, including meeting with board of directors of the company, communications of internal control matters, and preparation of form 990 for the year ended December 31, 2018.	\$ 6,000

Fee Assumptions

Any proposed fees are also based on the following assumptions:

- Assistance will be supplied by Philanthropy West Virginia, Inc. personnel, including preparation of requested schedules and analyses of accounts before we commence fieldwork.
- There will be no significant number of audit adjustments (defined as more than 10 audit-related adjusting entries) to the financial statements required.
- There are no significant changes in the nature and scope of the audit. Significant changes in the nature and scope of the audit could include, among other matters, a complex equity structure, including the issuance of warrants or new option programs; other conversion features or embedded derivatives; or consolidation of variable interest entities under FASB ASC 810, *Consolidation*.
- We will receive complete tax workpapers, including any apportionment information.
- There will be no need for substantial research of any unforeseen technical tax issues in order for us to complete our preparation of the tax returns listed on the previous page. If these analyses become necessary for the completion of the returns, we will promptly inform you and provide you with a separate engagement letter for the additional services.
- We will offer a three year commitment of these services, not to increase by more the 10% from year to year.

Should it be necessary to extend the scope of our services due to unpreparedness on the part of Philanthropy West Virginia, Inc., significant accounting assistance requiring multiple adjusting journal entries, or other significant changes in the nature and scope of the engagement, we will bill for these additional services based on our standard hourly rates. We will contact you to discuss these items before proceeding with the out-of-scope work.

Our acceptance of this engagement is subject to completion of our acceptance procedures.

Building Understanding



As one of the top accounting firms in the U.S. and a major provider of accounting, tax, and professional business services, ACT has the capabilities to assist Philanthropy West Virginia, Inc. with your most immediate needs and to support you in achieving longer-term growth goals.

Industry Knowledge and Experience

We believe an industry-focused approach is essential to understanding the unique operating aspects of our clients' organizations. For this reason, we support specialization in designated industries.

Our Firm is a professional service provider to not-for-profit industry companies across the nation. Drawing on this knowledge base, we are positioned to provide efficient, cost-effective assurance services without undue time commitment on the part of your team.

In working with Philanthropy West Virginia, Inc., we will provide a team that not only knows the not-for-profit industry, but also includes members with experience in the not-for-profit sector. Bringing this firsthand knowledge to the work we do for Philanthropy West Virginia, Inc. enables us to customize an approach that reflects the unique characteristics of your business environment.

National Support, Strong Local Presence

With nearly 275 professionals and associates in more than 9 offices, ACT combines the resources of a large, regional firm with the personal service and attention to detail of a small firm.

Our engagement teams are composed of professionals who are optimally positioned to serve you, both geographically and in terms of relevant experience.

Technical Resources

As our client, Philanthropy West Virginia, Inc. will have access to a variety of technical and advisory publications that cover information about current events and changes in laws and regulations. We also offer information about recent accounting or auditing changes, including summaries of certain new FASB and GASB pronouncements.

In our role as your auditor, we are always available to provide your accounting department with direction toward pertinent literature and pronouncements related to accounting, statutory, and reporting matters being evaluated by management. When developments arise that could have significant impact on your organization, you can expect a call or other proactive communication from a member of your engagement team.

Educational webcasts and seminars. We offer frequent educational seminars on topics of importance to our clients and would welcome your participation as your schedule permits.

APPENDICES

Appendix A – Team Biographies

Kiley M. Wagner, CPA, Manager, Audit Department

Kiley received her undergraduate degree from West Virginia University. Kiley is currently licensed as a CPA in West Virginia. She has over 15 years of experience in public accounting, primarily focused on the areas of audit and compliance for nonprofit entities.

Kiley is a member of the West Virginia Society of CPAs (WVSCPA), and the American Institute of Certified Public Accountants.

Kiley is the past treasurer of Stars and Strides, Inc. and the Harrison County YMCA. Kiley is actively involved in the Bridgeport Indians Youth Football and Cheerleading league and is an active member of her local church.

William H. Phillips, CPA, Partner, Tax Department

Bill is a 1981 graduate of West Virginia University with a Bachelor of Science Degree in Business Administration with a major in accounting. He received his CPA designation in 1986. Bill's areas of expertise include income tax, estate tax preparation and planning, exempt organizations, natural resources, tax and business planning.

Bill is a member of the American Institute of Certified Accountants where he is a member of the Tax Division, a member and former board member of the WV Society of CPAs, where he has served on the Federal and State Tax Committees as well as on the Natural Resources Project Group, and is a past member of the Accountants Speakers Bureau. Bill is also a member of the Pennsylvania Independent Oil & Gas Association, the Independent Oil & Gas Association of West Virginia where he serves as a member of the tax committee, and is a member of NARO, the National Association of Royalty Owners. Bill served on the national tax committee of PKF North American Network an international consortium of CPA firms. Locally, he is a past president and current board member of the Central Chapter of the WV Society of CPAs, and he serves on various boards for charitable causes.

Jennifer E. Cidila, CPA, Partner, Audit Department

Jennifer has been with the Firm for the past seventeen years. Prior to joining the Firm, Jennifer spent more than four years with one of the "Big Four" firms with a focus on auditing. Jennifer provides services to meet the specific needs of both for-profit and nonprofit clients.

Jennifer is a graduate of Thiel College, where she earned a Bachelor of Arts degree in Accounting and Business Administration. Jennifer is a Firm representative to the Healthcare Financial Management Association (HFMA), LeadingAge OH, and the Ohio Health Care Association (OHCA). She is also a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants.

Firm Profile

Arnett Carbis Toothman Group		Office Locations	
Arnett Carbis Toothman LLP	<u>Pennsylvania</u>	<u>West Virginia</u>	
Total Practice Management, LLC	◆ New Castle	◆ Charleston	
Walker Benefits, LLC	◆ Pittsburgh	◆ Bridgeport	
ACT Wealth Advisors LLC	◆ Meadville	◆ Buckhannon	
		◆ Morgantown	
		◆ Lewisburg	
Partners / Members: 35	<u>Ohio</u>		
Team Members: 275+	◆ Columbus		

Arnett Carbis Toothman LLP, Certified Public Accountants & Advisors, provides a full range of specialized services, including:

Industry Specialties	Functional Capabilities
<ul style="list-style-type: none"> ▪ Nonprofit ▪ Health Care ▪ Manufacturing & Distribution ▪ Construction & Real Estate ▪ Financial Institutions ▪ Automotive Dealers ▪ Oil & Gas and Natural Resources ▪ Hospitality ▪ Transportation & Trucking 	<ul style="list-style-type: none"> ▪ Auditing Services ▪ Tax Services ▪ Consulting Services <ul style="list-style-type: none"> – Management Consulting – Valuation of Business – Litigation Support – Information Technology Consulting ▪ Physician Billing & Practice Consulting Services ▪ Client Accounting & Payroll Services ▪ Employee Benefit Services <ul style="list-style-type: none"> – Plan Design and Administration

