



October 3, 2023

Church Point Homeowners Association, Inc.  
C/O The Select Group, Inc.  
2224 Virginia Beach Blvd., Ste. 201  
Virginia Beach, VA 23454

Dear Board of Directors and Management:

We are pleased to submit this proposal to serve as Church Point Homeowners Association, Inc.'s independent accountants. The selection of an accounting firm is an important business decision and although the various firms may seem similar on the surface, we believe that DesRoches & Company is uniquely qualified to serve your Association. The purpose of this proposal is to demonstrate our qualifications and to explain the level of service available to the Association along with our proposed fee.

- ***DesRoches & Company, CPAs***

DesRoches & Company specializes in providing accounting, tax and auditing services for condominium associations, homeowner associations and commercial condominiums. Since the firm's inception in 1988, we have performed thousands of audits of community associations throughout southeastern Virginia. Our specialization, vast industry experience and commitment to professional excellence help ensure that your association will receive high quality services at a reasonable cost. Our firm is actively involved in the Southeastern Virginia Chapter of the Community Associations Institute and has been an ambassador sponsor for the Chapter since 1994.

Mark DesRoches, CPA, David DesRoches, CPA, Becky Gehl, CPA, and/or Katie Mocnik, CPA, CFE will lead our engagement team in the performance of your Association's annual accounting work. Combined, they have over eighty years of accounting and auditing experience specializing in community associations.

Both Mark and David have served as President on the Board of Directors of the Southeastern Virginia Chapter of the Community Associations Institute (SEVA-CAI) and have also received SEVA-CAI's "Hall of Fame Award". Mark and David have each served over ten years as a Board of Directors member of two local condominium associations in various capacities including president, vice-president and treasurer. Other engagement team members also have a vast amount of experience serving community association clients and have completed many tax and accounting courses specializing in community associations.

Mark and David's community association resumes have been included with this proposal for accounting services.

- ***Commitment to Service***

Our dedication to individualized superior client service is, of course, an intangible quality that is difficult to demonstrate in a proposal; however, it is the cornerstone to the success of our firm. Superior client service is built upon a comprehensive understanding of each of our clients and perhaps most importantly, an attitude and willingness to expend the extra effort that separates superior performance from that which is merely adequate.

Either Mark DesRoches, David DesRoches, Becky Gehl, or Katie Mocnik will serve as the engagement partner and will be responsible for supervising the engagement and signing the reports. We believe strongly that you will receive high quality accounting services due to our specialized experience and personal commitment.

- ***Proposed Accounting Services***

We will prepare the Association's balance sheet as of December 31, 2023 and the related statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements and perform an audit engagement with respect to those financial statements. If necessary, preparation of the financial statements shall include converting the Association's financial statements to the accrual method of accounting required by accounting principles generally accepted in the United States of America. If the Board of Directors has approved a reserve study, then the financial statements we submit to you will include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board. Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it.

Association bylaws often specifically require that an association obtain an audit of the financial records by an independent Certified Public Accountant. An audit will help ensure that the Board of Directors has preserved its fiduciary responsibility to the Association.

The objective of our engagement is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you and obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement a reasonable user made based on the financial statements.

Our audit will be conducted in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we will exercise professional judgement and maintain professional skepticism throughout the audit.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the Association's accounting records. Audit procedures also include, but are not limited to, the following:

- Examination and testing of ending asset and liability account balances
- Confirmation of bank, investment and certificate of deposit accounts and testing to determine that accounts have been properly reconciled
- Verification of assessment receivable balances and determination of collectability
- Tests of accounts payable through examination of subsequent payments
- Review of the Board of Directors minutes, Association governing documents and significant contracts
- Analytical review and testing of revenues and expenses
- Detail testing of replacements reserve transactions

We may also request written representations from your attorneys as part of the engagement. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs; such a determination is outside the scope of the engagement.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether from errors, fraudulent financial reporting, misappropriation of assets or violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless they are clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Association, its environment, and its internal control relevant to the audit, that is sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit we will communicate to you internal control related matters that are required to be communicated under professional standards. We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We will issue a written report upon completion of our audit of the Association's financial statements. Our report will be addressed to the Board of Directors. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph, or separate section to our auditor's report or, if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. We will schedule the start of our audit with the Association's property manager or other designated party subsequent to the completion of the year under audit. Our audit is expected to be completed within sixty days of the date that the audit "field work" is started, if not sooner.

### *Proposed Fees*

Our fees are based on the estimated time to carry out the engagement. The audit fee will range from ~~XXXXXX~~. We will be available to meet with the Board of Directors upon request. The cost of such a meeting has not been included in our quoted price. If your bank utilizes Confirmation.com for its account balance confirmation services, we may incur fees in connection with the confirmation of your bank account balances. Such fees, if any, will be billed back to you.

- ***Proposed Income Tax Services***

We will prepare the Association's 2023 federal and state income tax returns utilizing Internal Revenue Code Section 528 (Form 1120-H). The tax preparation cost for federal Form 1120-H and Virginia Corporate Income Tax Form 500 will be [REDACTED]. If it is advantageous for the Association to file as a regular corporation (Form 1120), there will be an additional [REDACTED] tax preparation fee (over the 1120-H fee) for these more complex forms.

We will prepare the tax returns in accordance with *Statements on Standards for Tax Services* issued by the American Institute of Certified Public Accountants and comply with the American Institute of Certified Public Accountant's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence and due care. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

- ***Your Responsibilities***

The engagement to be performed is conducted on the basis that you acknowledge and understand our role as defined in this proposal. Our engagement does not relieve you of your responsibilities. You agree to assume all management responsibilities for the income tax return preparation, financial statement preparation, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities, for the selection and application of accounting principles, and for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, additional information that we may request for the purpose of the engagement, and unrestricted access to persons within the Association from whom we may determine it necessary to obtain evidence or make inquiries.

For audit and review engagements, we will require from you certain written representations made during the engagement about the financial statements and related matters. Your responsibilities also include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and

pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the Association involving management, employees who have significant roles in internal control and others when the fraud could have a material effect on the financial statements. Your responsibilities also include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations. You are also responsible for the preparation of the required supplementary information about future major repairs and replacements.

You are responsible for including our report in any document containing financial statements that indicates that we have reported on such financial statements and, prior to the inclusion of the report, obtain our permission to do so.

If you designate a Board of Directors member to be responsible and accountable for overseeing the services we provide, then you must notify us in writing of such individual's name, phone number and email address. Alternatively, the Association's property manager and/or managing agent will be considered the designated party.

- ***Engagement Administration***

We will make every effort to keep our accounting fee as low as possible. However, unexpected, nonrecurring, or nonroutine situations may arise that could require additional work not contemplated in our quote above. Such situations include changes in managing agents, large special assessments with significant contracts, and new bank loans. If difficulties arise beyond what is reasonably expected or are outside the scope of the situations identified above, we will communicate the details of such matters with the property manager and/or the Board of Directors. Additional fees, if necessary, will be charged at our standard hourly rates. Our success is dependent upon retaining clients who are satisfied with both the quality of our services and the amount of our fee charges. We are confident that we can exceed your service expectations in an economically efficient manner.

We believe that continuity of service is a key element to developing and maintaining quality client relationships. We also believe that client service is a year-round responsibility and that our role as your independent accountant and advisor cannot be fulfilled unless we are available throughout the year. Accordingly, we would like to establish a continuing relationship with your Association and give you the option to lock in the price of our services for future years at our current rates. Thus, the price of future years' services would be based upon the prices quoted in this letter, plus an annual adjustment for inflation not to exceed five percent.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration, litigation, or some other dispute resolution procedure.

If the Board of Directors accepts the proposal outlined above, please indicate your acceptance by signing below in the space provided. In order to accept our offer to provide continuous service in future years, please sign in the designated space below. If this engagement letter is not signed and returned to our office within 120 days from the date of the letter, our fees as stated above are subject to change.

We appreciate the opportunity to serve your Association. We believe we have the required experience and commitment to provide distinguished client service at a reasonable price. If the Board of Directors has any questions regarding our proposal or any other matters, please contact our office. We look forward to working with your Association.

Sincerely,

A large black rectangular redaction box covers the signature area. Two thin white diagonal lines cross each other in the center of the box, forming an 'X' shape.

DesRoches & Company, CPAS, P.C.

*Church Point Homeowners Association, Inc.*  
*Proposal Acceptance*


The Association accepts the proposal for an audit of the financial statements and preparation of the Association's income tax returns for the year ended **December 31, 2023**.

By:  \_\_\_\_\_ Date: 10-16-23  
Board of Directors – Officer

*Multi-Year Option*

If the Association accepts the proposal for continuous services in future years as described above, sign below for the year(s) accepted.

For the year ended **December 31, 2024**.

By:  \_\_\_\_\_ Date: 10-16-23  
Board of Directors – Officer

For the year ended **December 31, 2025**.

By:  \_\_\_\_\_ Date: 10-16-23  
Board of Directors – Officer



**MARK W. DESROCHES, CPA**  
**DesRoches & Company, CPAs, PC**  
**2901 S. Lynnhaven Road, Suite 400**  
**Virginia Beach, VA 23452**

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**PROFESSIONAL  
EXPERIENCE**

**DesRoches & Company, Virginia Beach, VA - 9/88 to Present**

Managing Partner

- Recognized as “Super CPA” in Virginia Business Magazine.
- Served hundreds of condominiums and homeowner association clients across the Hampton Roads area with their year-end audits, financial statement preparation and income tax preparation.
- Served as President for the 1994 Board of Directors of the Southeastern Virginia Chapter of the Community Associations Institute.
- Elected to serve on the Board of Directors of the Southeastern Virginia Chapter of the Community Associations Institute from 1993 through 1997.
- Received the 2008 “Distinguished Service” award from the Southeastern Virginia Chapter of the Community Associations Institute for outstanding service.
- Inducted into the Southeastern Virginia Chapter of the Community Associations Institute’s “Hall of Fame,” September 1999.
- 1995 and 1996 member of National Committee of Accountants for the Community Associations Institute.
- Served on the Dolphin Inn Unit Owners’ Association and Rental Pool Board of Directors from September 2005 to December 2007.
- Served as Board of Directors’ President and Treasurer of Sawgrass Condominium Association from May 1985 to December 1990.
- Served on the Board of Directors of Lyme Regis Condominium Association from May 1997 to December 2002.
- Received the 1989 “President’s Award” from the Tidewater Chapter of the Community Associations Institute for Outstanding Service to Tidewater area Associations.

- Successfully completed numerous courses specifically designed for condominium and homeowner associations including:

Accountants' conferences for Common Interest Realty Associations sponsored by CAI (Community Associations Institute) attended in Atlanta, Washington, and Dallas.

American Institute of Certified Public Accountants course "Providing Services to Condominium, Homeowners and Other Common Interest Realty Associations."

Advanced Workshop on Community Associations Taxation sponsored by CAI attended in Dallas.

- Author of numerous articles concerning community association issues for the Southeastern Virginia Chapter of the Community Associations Institute "Currents" and Tidewater Builders Association newsletter.
- Served as guest speaker and coordinator of numerous educational programs for the Southeastern Virginia Chapter of the Community Associations Institute.

**EDUCATION**

B.S., Accounting  
Virginia Tech, Blacksburg, Virginia

**PROFESSIONAL  
AND BUSINESS  
AFFILIATIONS**

Community Associations Institute  
American Institute of Certified Public Accountants  
Virginia Society of Certified Public Accountants

**DAVID J. DESROCHES, CPA**  
**DesRoches & Company, CPAs, PC**  
**2901 S. Lynnhaven Road, Suite 400**  
**Virginia Beach, VA 23452**

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**PROFESSIONAL  
EXPERIENCE**

**DesRoches & Company, Virginia Beach, VA - 11/93 to Present**

Partner

- Served hundreds of condominiums and homeowner association clients across the Hampton Roads area with their year-end audits, financial statement preparation, and income tax preparation.
- Served as President for the 2002 Board of Directors of the Southeastern Virginia Chapter of the Community Associations Institute.
- Elected to serve on the Board of Directors of Southeastern Virginia Chapter of the Community Associations Institute from 1998 through 2003.
- Received the 2008 “Distinguished Service” award from the Southeastern Virginia Chapter of the Community Associations Institute for outstanding service.
- Received 2005 “Speaker of the Year” award from the Southeastern Virginia Chapter of the Community Associations Institute.
- Inducted into Southeastern Virginia Chapter of the Community Associations Institute’s “Hall of Fame,” December 2003.
- Received the 2000 “President’s Award” from the Southeastern Virginia Chapter of the Community Associations Institute for outstanding service.
- Completed courses specifically designed for condominium and homeowner associations.
- Served as instructor and facilitator of numerous educational programs for the Southeastern Virginia Chapter of the Community Associations Institute.
- Author of articles concerning community association issues published in the Southeastern Virginia Chapter of the Community Associations Institute “Currents.”

- Served as Board of Directors President and Treasurer of Sawgrass Condominium Association from January 1994 to December 1998.
- Served on the Board of Directors of Arbor Brook Condominium Association from 1998 through 2003.

**Price Waterhouse, Norfolk, VA - 8/87 to 11/93**

Audit Manager 5/92 to 11/93

Senior Accountant 5/90 to 5/92

Staff Accountant 8/87 to 5/90

As audit manager, David was responsible for the overall technical execution and administration of financial statement audits and special accounting engagements. Industries served included real estate, banking, retail and manufacturing.

**EDUCATION**

B.S., Accounting (with an option in information systems)  
Virginia Tech, Blacksburg, Virginia

**PROFESSIONAL  
AND BUSINESS  
AFFILIATIONS**

Community Associations Institute  
American Institute of Certified Public Accountants  
Virginia Society of Certified Public Accountants