



## **Request for Proposal**

### ***Audit Services – 401(k) Retirement Plan***

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#### **INQUIRIES AND PROPOSALS SHOULD BE DIRECTED TO:**

Name: Dee Andersen  
Title: Personnel Manager  
Entity: EightCAP, Inc.  
Address: 5827 Orleans Road  
Orleans, MI 48865  
Phone: (616) 225-5978  
Fax: (616) 754-7816  
Email: [deea@8cap.org](mailto:deea@8cap.org)

**I. GENERAL INFORMATION**

**A. Purpose**

EightCAP, Inc. is requesting proposals for the specific purpose of performing an audit of the 401(k)-retirement plan, in which would be filed with Form 5500. The proposal is to cover the audit for the year ended December 31, 2022.

**B. Who May Respond**

Only licensed Certified Public Accountants may respond to this RFP. Those firms responding to this RFP are, hereafter, referred to as “Offerors.”

**C. Instructions on Proposal Submission**

1. Closing Submission Date

Proposals must be submitted no later than 4:00 p.m. on Friday, **March 10, 2023.**

2. Inquiries

Inquiries concerning this RFP should be directed to Dee Andersen at (616) 225-5978.

3. Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by EightCAP.

4. Instructions to Prospective Contractors

Your proposal may be submitted by mail, fax or email to:

Name:	Dee Andersen
Title:	Personnel Manager
Entity:	EightCAP, Inc.
Address:	5827 Orleans Road Orleans, MI 48865
Fax:	(616) 754-7816
Email:	deea@8cap.org

It is the responsibility of the Offeror to ensure that the proposal is received by EightCAP by the date and time specified above. Late proposals will not be considered.

5. Right to Reject

EightCAP reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP.

6. Small and Minority Businesses, Women’s Business Enterprises, Business Owned by Persons with Disabilities, and Labor Surplus Area Firms

Efforts will be made by EightCAP to utilize small businesses, minority and women owned businesses, and labor surplus area firms.

An Offeror qualifies as a small business firm if it meets the definition of “small business” as established by the Small Business Administration (13 CFR 121.201).

See Department of Labor website ([www.dol.gov](http://www.dol.gov)) for a current listing of labor surplus areas.

7. Notification of Award

It is expected that a decision selecting the successful audit firm will be made within four weeks of the closing date for the receipt of proposals. Upon conclusion of final negotiations with the successful bidder, all Offerors submitting proposals in response to the RFP will be informed, in writing via email, of the name of the successful company.

8. Contract Period

It is expected that the contract shall be a three-year fixed-price contract with an option to extend for one additional two-year period.

**D. Description of Entity and Records to be Audited**

EightCAP, Inc., hereinafter referred to as EightCAP, is a community action agency serving Gratiot, Ionia, Isabella, and Montcalm counties in the State of Michigan with programming in other counties. EightCAP is a private, nonprofit corporation and has been determined to be exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Agency’s fiscal year is October 1 through September 30 and the 401(k) retirement plan operates on a calendar year.

The EightCAP administrative offices and all of the accounting and personnel records are located at 5827 Orleans Road, Orleans, MI 48865

**E. Options**

At the discretion of EightCAP, the audit contract can be extended for one additional two-year period. The cost for the option period will be agreed upon by EightCAP and the Offeror.

**II. SPECIFICATION SCHEDULE**

**A. Scope of Audit**

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state or other political subdivision of the United States, hereinafter referred to as the "Offeror," to perform an audit of EightCAP's 401(k) Retirement Plan. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**B. Description of Plan**

EightCAP's 401(k) retirement plan has total assets of approximately \$10M and 129 plan participants as of December 31, 2022. The plan is administered by EightCAP. The plan offers investment options with Chesme Capital Management. A copy of the most recent audit is attached for your reference.

**C. Management Letter**

Preparation of management letter with comments and recommendations for improvement or to report certain deficiencies or weaknesses in internal controls over the plan's financial reporting.

**D. Exit Conference**

An exit conference with EightCAP representatives and the Offeror's representatives will be held at the conclusion of the field work to discuss any observations and recommendations.

**I. Confidentiality**

The Offeror agrees to keep the information related to all contracts in strict confidence. Other than the reports submitted to EightCAP, the Offeror agrees not to publish, reproduce or otherwise divulge such information in whole or in part, in

any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information, while in the Offeror's possession, to those employees on the Offeror's staff who must have the information on a "need-to-know" basis. The Offeror agrees to immediately notify, in writing, EightCAP's authorized representative in the event the Offeror determines or has reason to suspect a breach of this requirement.

### **III. OFFEROR'S TECHNICAL QUALIFICATIONS**

The Offeror shall, at a minimum, include the following information in this proposal:

#### **A. Prior Auditing Experience**

The Offeror should describe its prior experience auditing 401(k) plans.

#### **B. Organization, Size, and Structure**

The Offeror should describe its organization, size (in relation to audits to be performed), and structure. Indicate, if applicable, if the firm is a small business, woman owned, owned by persons with disabilities, minority owned business or labor surplus area firm. Offeror should include a copy of the most recent Peer Review, if the Offeror has had a Peer Review.

#### **C. Staff Qualifications**

The Offeror should describe the qualifications of staff to be assigned to the audit. Descriptions should include:

1. Audit team makeup.
2. Overall supervision to be exercised.
3. Prior experience of the individual audit team members.

Only include resumes of staff to be assigned to the audit. Education, position in firm, years, and types of experience, continuing professional education, state(s) in which licensed as a CPA, and other relevant characteristics will be considered.

#### **D. Understanding of Work to be Performed**

The Offeror should describe its understanding of work to be performed, including audit procedures, estimated hours, and other pertinent information. Also provide the anticipated audit schedule necessary to ensure the timely filing of Form 5500. Please include in your audit schedule if interim work would be necessary or recommended. Indicate the extent to which EightCAP staff will be expected to

participate in the audit process, including the time commitments and information required. (Note: It is EightCAP’s intent to prepare required information prior to the commencement of the audit.)

**E. Price**

Please indicate the proposed hours and fees, including time charges and other expenses. Your proposed fees may be a range but must stipulate a maximum amount.

**F. Certifications**

The Offeror must sign and include as an attachment to its proposal the Certifications enclosed with this RFP.

**IV. PROPOSAL EVALUATION**

**A. Nonresponsive Proposals**

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

- 1. The proposal is not received timely in accordance with the terms of this RFP.
- 2. The proposal does not follow the specified format.
- 3. The proposal does not include the Certifications.

**B. Evaluation**

Evaluation of each proposal will be based on the following criteria:

<u>Factors</u>	<u>Point Range</u>
1. Prior experience auditing 401(k) retirement plans.....	0-25
2. Organization, size and structure of Offeror’s firm. (Considering size in relation to audit to be performed.)	
a. Adequate size of the firm.....	0-5
b. Minority/Women/Small/Labor Surplus area business .....	0-5

c.	Peer review.....	0-5
3.	Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, etc. will be considered.	
a.	Audit team makeup.....	0-10
b.	Overall supervision to be exercised .....	0-5
c.	Prior experience of the individual audit team members .....	0-10
4.	Offeror’s understanding of work to be performed	
a.	Adequate coverage.....	0-10
b.	Realistic time estimates of each audit step .....	0-5
5.	Price .....	<u>0-20</u>
	MAXIMUM POINTS .....	<u>100</u>

**F. Review Process**

EightCAP may, at its discretion, request presentations by or meetings with any or all Offerors, to clarify or negotiate modifications to the Offerors’ proposals.

However, EightCAP reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Offeror can propose.

EightCAP contemplates award of the contract to the responsible Offeror with the highest total points.

## CERTIFICATIONS

On behalf of the Offeror:

- A. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- B. The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- C. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- D. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- E. The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- F. The individual signing certifies that the Offeror is a properly licensed certified public accountant.
- G. The individual signing certifies that the Offeror, and any individuals to be assigned to the audit, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state, or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state of AICPA professional standards, this information must be disclosed.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Offeror's Firm Name

\_\_\_\_\_  
Signature of Offeror's Representative

\_\_\_\_\_  
Printed Name and Title of Individual Signing



# EightCAP, Inc. Retirement Plan

Financial Statements and Supplemental Schedule

Year Ended December 31, 2021



**WIPFLI**

## Independent Auditor's Report

To the Plan Administrator  
EightCAP, Inc. Retirement Plan  
Greenville, Michigan

### ***Scope and Nature of the ERISA Section 103(a)(3)(C) Audit***

We have performed an audit of the financial statements of EightCAP, Inc. Retirement Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audit of EightCAP, Inc. Retirement Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institutions as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

### ***Opinion***

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section

- The amounts and disclosures in the financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP).
- The information in the financial statements related to assets held by and certified to by the qualified institutions agrees to, or is derived from, in all material respects, the information prepared and certified by the institutions that management determined meet the requirements of ERISA Section 103(a)(3)(C).

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EightCAP, Inc. Retirement Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EightCAP, Inc. Retirement Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EightCAP, Inc. Retirement Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EightCAP, Inc. Retirement Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certifications, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with GAAP.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Matters**

### ***Supplemental Schedule Required by ERISA***

The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

## In our opinion

- The form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedule related to assets held by and certified to by the qualified institutions agrees to, or is derived from, in all material respects, the information prepared and certified by the institutions that management determined meet the requirements of ERISA Section 103(a)(3)(C).

## ***Auditor's Report on the 2020 Financial Statements***

We were engaged to audit the 2020 financial statements of EightCAP, Inc. Retirement Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated August 31, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin

August 12, 2022

# EightCAP, Inc. Retirement Plan

## Statements of Net Assets Available for Benefits

<i>December 31,</i>	2021	2020
<b>Assets:</b>		
Investments, at fair value	\$ 3,082,358	\$ 2,440,920
Fully benefit-responsive investment contracts, at contract value	7,603,298	7,133,020
Notes receivable from participants	73,584	98,774
<b>Net assets available for benefits</b>	<b>\$ 10,759,240</b>	<b>\$ 9,672,714</b>

See accompanying notes to financial statements.

# EightCAP, Inc. Retirement Plan

## Statement of Changes in Net Assets Available for Benefits

<i>Year Ended December 31,</i>	2021
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 559,729
Interest on investment contracts with insurance companies	221,948
Total investment income	781,677
Interest income on notes receivable from participants	4,216
Contributions:	
Participants	269,312
Employer	265,244
Rollovers	3,413
Total contributions	537,969
Total additions	1,323,862
Deductions:	
Benefits paid to participants	235,910
Administrative expenses	1,426
Total deductions	237,336
Net increase	1,086,526
Net assets available for benefits:	
Beginning of year	9,672,714
End of year	\$ 10,759,240

See accompanying notes to financial statements.

# EightCAP, Inc. Retirement Plan

## Notes to Financial Statements

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### **Note 1: Description of Plan**

The following description of the EightCAP, Inc. Retirement Plan (the "Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

#### **General**

The Plan is a participant-directed defined contribution plan established for a not-for-profit organization, commonly known as a Code Section 403(b) savings plan. EightCAP, Inc. (the "Employer") is the plan sponsor and is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan is intended to satisfy the requirements under Section 404(c) of ERISA and, therefore, provides that participants may choose to direct their contributions on/or all or part of their account balances among the Plan's investment alternatives. All investments are participant-directed.

#### **Contributions**

Each year, participants may contribute up to 100 percent of pretax annual wages, as defined in the Plan agreement. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). The Employer matches 100% of the participant's contribution, up to a maximum of 5% of the participant's eligible bi-weekly compensation. In order to receive the match, employees must have deferred a minimum of 1% of their bi-weekly compensation. Contributions are subject to certain IRS limitations.

#### **Participant Accounts**

Each participant's account is credited with the participant's contributions and Employer matching contributions as well as an allocation of Plan earnings (losses). Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

#### **Vesting**

Participants are immediately vested in their contributions and Employer matching contributions plus actual earnings thereon.



# EightCAP, Inc. Retirement Plan

## Notes to Financial Statements

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### **Note 1: Description of Plan** (Continued)

#### **Notes Receivable From Participants**

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan transactions are secured by the balance in the participant's account and bear interest at a fixed rate determined by the plan administrator based on prevailing market conditions. Interest rates on existing loans range from 7.0% to 7.4%. Principal and interest are paid ratably through payroll deductions.

#### **Payment of Benefits**

On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's interest in his or her account or annual installment payments, as defined by the Plan agreement. For termination of service for other reasons, a participant may receive the value of his or her account as a lump-sum distribution. The Plan also permits withdrawals of active participants' elective contributions, Employer matching contributions and rollover contributions upon attainment of age 59 ½ or in amounts necessary to satisfy a financial hardship as defined by the Plan agreement.

### **Note 2: Summary of Significant Accounting Policies**

#### **Basis of Accounting**

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

#### **Use of Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

#### **Investment Valuation and Income Recognition**

The Plan's investments are reported at fair value (except for fully benefit-responsive investment contracts (FBRICs)). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

FBRICs are reported at contract value, which is the amount participants would normally receive if they were to initiate permitted transactions under the terms of the Plan.

# EightCAP, Inc. Retirement Plan

## Notes to Financial Statements

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### **Note 2: Summary of Significant Accounting Policies** (Continued)

#### **Notes Receivable From Participants**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2021 or 2020. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

#### **Payment of Benefits**

Benefits are recorded when paid.

#### **Administrative Expenses**

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Employer. Expenses that are paid by the Employer are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment-related expenses are allocated proportionately to plan participants based on their respective account balances and are included in net appreciation in fair value of investments.

#### **Subsequent Events**

The Plan has evaluated subsequent events through August 12, 2022, which is the date the financial statements were available to be issued.

### **Note 3: Fair Value Measurements**

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level; Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1); Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. There are no plan assets requiring the use of Level 3 inputs for the periods presented.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2021 and 2020.

# EightCAP, Inc. Retirement Plan

## Notes to Financial Statements

### Note 3: Fair Value Measurements (Continued)

*Mutual funds held in pooled separate accounts:* Fair value of mutual funds held in pooled separate accounts is based on quoted net asset values of underlying investments held by the pooled separate accounts adjusted by an asset charge. The underlying mutual funds held in the pooled separate accounts are open-ended mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following tables set forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2021 and 2020. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds held in pooled separate accounts	\$ -	\$ 2,785,120	\$ -	\$ 2,785,120
Mutual funds	297,238	-	-	297,238
<b>Total investment assets at fair value</b>	<b>\$ 297,238</b>	<b>\$ 2,785,120</b>	<b>\$ -</b>	<b>\$ 3,082,358</b>

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds held in pooled separate accounts	\$ -	\$ 2,185,280	\$ -	\$ 2,185,280
Mutual funds	255,640	-	-	255,640
<b>Total investment assets at fair value</b>	<b>\$ 255,640</b>	<b>\$ 2,185,280</b>	<b>\$ -</b>	<b>\$ 2,440,920</b>

# EightCAP, Inc. Retirement Plan

## Notes to Financial Statements

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### **Note 4: Fully Benefit-Responsive Investment Contracts (FBRICs)**

The Plan invests in FBRICs with Lincoln National Life Insurance Company ("Lincoln") and Farm Bureau Life Insurance Company of Michigan ("Farm Bureau") in the form of guaranteed investment contracts (GICs) that invest in traditional investment contracts. Lincoln and Farm Bureau maintain the contributions in general accounts. The accounts are credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Lincoln and Farm Bureau are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The GICs are carried at contract value. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer.

Certain events limit the Plan's ability to transact at contract value with Lincoln and Farm Bureau including plan termination and other events as specified in the GICs. The plan administrator does not believe that any events which would limit the Plan's ability to transact at contract value with participants or the issuers are probable of occurring. The GICs do not permit Lincoln or Farm Bureau to terminate the agreements prior to the scheduled maturity dates.

### **Note 5: Information Prepared and Certified by Certain Custodians**

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Certain information disclosed in the accompanying financial statements and supplemental schedule, including investments, FBRICs, and notes receivable from participants held by Lincoln and Farm Bureau at December 31, 2021 and 2020, and net appreciation in fair value of investments, participant loan interest and interest on investment contracts with Lincoln and Farm Bureau for the year ended December 31, 2021, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Lincoln and Farm Bureau, Custodians of certain plan assets. Other plan assets equaling approximately \$297,000 at December 31, 2021 (less than 3% of total plan assets) were not certified.

### **Note 6: Related-Party Transactions and Party-in-Interest Transactions**

Certain plan investments are managed by Lincoln, Farm Bureau, and MFS, the Custodians, as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred and paid by the Plan for the investment management services are included in net appreciation in fair value of investments, as they are paid through revenue sharing, rather than a direct payment. Certain accounting and legal fees relating to the maintenance of the Plan are paid by the Employer.

Notes receivable from participants also qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules of ERISA.

# EightCAP, Inc. Retirement Plan

## Notes to Financial Statements

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### **Note 7: Plan Termination**

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

### **Note 8: Tax Status**

The Plan's terms have been drafted in reliance on the sample language provided by the IRS. The Plan is required to operate in conformity with the Internal Revenue Code (IRC) to maintain the exclusion from tax for plan participants. The Plan's management believes the Plan is currently designed and operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income tax has been included in the Plan's financial statements.

### **Note 9: Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

## **Supplemental Schedule**

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# EightCAP, Inc. Retirement Plan

## Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

EIN #38-6111652 Plan #001

December 31, 2021

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
	<b>Mutual funds held in pooled separate accounts:</b>			
*	Lincoln National Life Insurance Company	LVIP Delaware Mid Cap Value Fund	**	\$ 398,945
*	Lincoln National Life Insurance Company	LVIP SSGA S&P 500 Index Fund	**	197,326
*	Lincoln National Life Insurance Company	Fidelity VIP Growth Fund	**	221,082
*	Lincoln National Life Insurance Company	LVIP Dimensional US Core Equity Fund	**	167,622
*	Lincoln National Life Insurance Company	LVIP Blended Large Cap Growth Fund	**	136,767
*	Lincoln National Life Insurance Company	Delaware VIP REIT Fund	**	149,972
*	Lincoln National Life Insurance Company	American Funds Growth Fund	**	311,691
*	Lincoln National Life Insurance Company	LVIP JP Morgan Retirement Income Fund	**	24,874
*	Lincoln National Life Insurance Company	Fidelity VIP Contrafund	**	99,849
*	Lincoln National Life Insurance Company	LVIP Baron Growth Opportunities Fund	**	122,121
*	Lincoln National Life Insurance Company	Delaware VIP Small Cap Value Fund	**	199,716
*	Lincoln National Life Insurance Company	LVIP SSGA Small Cap Index Fund	**	29,053
*	Lincoln National Life Insurance Company	American Funds Growth - Income Fund	**	66,888
*	Lincoln National Life Insurance Company	LVIP Delaware Wealth Builder Fund	**	6,278
*	Lincoln National Life Insurance Company	MFS Utilities Fund	**	111,588
*	Lincoln National Life Insurance Company	LVIP Delaware Social Awareness Fund	**	96,364
*	Lincoln National Life Insurance Company	Delaware VIP High Yield Fund	**	23,973
*	Lincoln National Life Insurance Company	Delaware VIP Value Fund	**	12,930
*	Lincoln National Life Insurance Company	Fidelity VIP Freedom Target Date 2025 Fund	**	5,100
*	Lincoln National Life Insurance Company	American Funds International Fund	**	771
*	Lincoln National Life Insurance Company	American Funds Global Growth Fund	**	60,479
*	Lincoln National Life Insurance Company	LVIP Blackrock Dividend Value Fund	**	11,190
*	Lincoln National Life Insurance Company	Delaware VIP SMID CAP Growth Fund	**	71,625
*	Lincoln National Life Insurance Company	Delaware VIP Diversified Income Fund	**	20,946
*	Lincoln National Life Insurance Company	LVIP Vanguard Domestic Equity ETF Fund	**	4,398
*	Lincoln National Life Insurance Company	LVIP Managed Risk Profile 2010 Fund	**	43,565
*	Lincoln National Life Insurance Company	LVIP Managed Risk Profile 2020 Fund	**	6,414
*	Lincoln National Life Insurance Company	LVIP Managed Risk Profile 2030 Fund	**	30,992
*	Lincoln National Life Insurance Company	LVIP Managed Risk Profile 2040 Fund	**	59,254
*	Lincoln National Life Insurance Company	LVIP Managed Risk Profile 2050 Fund	**	67,334
*	Lincoln National Life Insurance Company	LVIP Managed Risk Profile 2060 Fund	**	28
*	Lincoln National Life Insurance Company	LVIP Frnkln Tmpltn Global Eqty Mngd Vlty Fund	**	9
*	Lincoln National Life Insurance Company	LVIP JPM Select Mid Cap Value Mngd Vlty Fund	**	5
*	Lincoln National Life Insurance Company	LVIP SSGA International Index	**	5
*	Lincoln National Life Insurance Company	Fidelity VIP Freedom target Date 2060	**	28
*	Lincoln National Life Insurance Company	LVIP T. Rowe Price Mid Cap Growth Fund	**	5,354
*	Lincoln National Life Insurance Company	PIMCO VIT Total Return Portfolio Fund	**	7,350
*	Lincoln National Life Insurance Company	Alliance Bernstein Global Thematic Growth Fund	**	13,234
	Total mutual funds held in pooled separate accounts			2,785,120
	<b>Mutual funds:</b>			
*	MFS Investment Management	MFS Global Equity Fund A	**	89,209
*	MFS Investment Management	MFS Growth Fund A	**	208,029
	Total mutual funds			297,238

# EightCAP, Inc. Retirement Plan

## Schedule H, Line 4i - Schedule of Assets (Held at End of Year) (Continued)

EIN #38-6111652 Plan #001

December 31, 2021

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
	<b>Investment contracts with insurance companies:</b>			
*	Lincoln National Life Insurance Company	Lincoln National Life Ins. Co. Fixed Account	**	908,009
*	Farm Bureau Life Ins. Company of Michigan	Farm Bureau Tax Deferred Annuity	**	6,695,289
	Total investment contracts with insurance companies			7,603,298
*	Notes receivable from participants	Interest rates ranging from 7.0% - 7.4%	\$0	73,584
	Total			\$ 10,759,240

\* Denotes party-in-interest.

\*\* Information not required for participant-directed investments.

See Independent Auditor's Report.