

FORVIS™



2023 QUALITY REPORT

THE IMPORTANCE OF QUALITY
Our Commitment to Integrity & Excellence

Quality

FORVIS' mission is "To build remarkable careers and provide an **Unmatched Client Experience**[™] through an uncommon commitment to excellence." An uncommon commitment to excellence requires us to maintain the highest level of quality in our professional services, making quality a foundational component of living out our mission.

2022 was a momentous year for FORVIS, which was created on June 1, 2022 by the merger of equals of BKD, LLP with Dixon Hughes Goodman LLP. The combination of these firms created a top 10 public accounting firm in the U.S. (by revenues) and presents a unique opportunity for our clients to experience the benefit of our combined experience and knowledge. It also creates significantly greater career opportunities for our team members. Amidst all the change, FORVIS remains dedicated to maintaining the high level of quality that was a hallmark of each legacy firm.

This report is streamlined to share matters unique to our assurance practice. Matters such as our investments and outcomes in people initiatives, thought leadership, security, and infrastructure, which are relevant to achieving high-quality results, will be covered in our 2023 Integrated Report.

Our Quality Report supplements the broader Integrated Report by sharing items focused on the quality structure of our assurance practice. When read together, these documents illustrate how specific efforts in quality management align with FORVIS' purpose, mission, and vision to continue positioning the firm as one of the country's top client service firms.

We hope our efforts make clear our focus on maintaining quality in our assurance practice and, more broadly, to holding ourselves accountable to integrity over profit. Thank you for the opportunity to share this information with you.

Please share your comments and questions directly with your FORVIS team leadership or me.



Will Neeriemer
Chief Quality Officer

Key Elements in FORVIS' Integrated Report

FORVIS is committed to our mission to build remarkable careers and provide an Unmatched Client Experience through an uncommon commitment to excellence.

These key elements that support quality results in our assurance practice will be detailed in our 2023 Integrated Report, which will be released in the summer of 2023:

- **Be Your Best Self** – Quality is not possible without a committed and talented team. FORVIS continues to focus our efforts to reward, train, and support our team and is proud of the results..
- **Excel Always** – Our leaders commit substantial time participating in professional boards and associations, contributing to the discussion and development of standards, and authoring hundreds of pieces of content on technical and client service matters. These efforts support our clients and profession and further develop the skills of our teams.
- **Operate as ONE FORVIS** – The merger created a need to align our technology platforms, but also an opportunity to consider how we might build for the future. Our teams have made great strides in bringing us closer together while ensuring that we maintain the highest level of security on our technology platforms.

Our Integrated Report covers these and many other factors that reinforce our assurance practice, as well as our goal of making quality a foundational component of living out our mission. Statistics on our results, employee matters, and other outcomes also are covered in that report. We invite you to review the Integrated Report in combination with the Quality Report and its focus on specific structural matters.

Careful Consideration of What Work to Perform

The most important element of FORVIS' risk management process is our careful selection of clients. We look for ethical behavior and strong operational capabilities in the clients we serve. Clients assess our ethics and quality when comparing firms—our experience shows they respect our interest in evaluating them as well.

For any significant service, we use sophisticated workflows to gather background information to identify the challenges facing an organization. These matters are sometimes complex, and surfacing potential challenges early is important. This evaluation extends beyond historical financial statements, tax returns, or similar reports. For instance, for audit engagements, FORVIS engages with two nationally recognized investigative firms to assist in researching national and international databases and legal information, so that we have a strong understanding of our prospective clients.

POTENTIAL CLIENT CONSIDERATION

- Nature of and purpose for the services being performed
- Demographics (structure, team capabilities, etc.)
- Tax and regulatory history, including planning
- Economics, including industry and general performance
- Operations (life cycle, fraud, nature of product/services)
- Quality of financial records, internal control
- Related parties, turnover, conflicts of interest
- Litigation history, both as a defendant and plaintiff
- Unique consideration of industry, nature of the entity (such as a benefit plan), or nature of the service FORVIS would provide

In addition to obtaining information from a background check, we also interview prior accountants about management and their evaluation of the client's integrity, along with the existence of any fraud, illegal acts, or related matters.

By strengthening our understanding, we are more alert to challenging issues and possible risks.

These efforts translate to a strong client base that enhances the work we do and protects our clients and FORVIS.

Technical Ability & Leading the Process

Philosophy

FORVIS' success is built on providing an Unmatched Client Experience. We deliver on this component of our mission through a combination of our collective experience and technical ability to deliver assurance, tax, and advisory services. Our technical and quality commitment is driven by structure and talent development, which requires investment equal to our investments for growth.

Technical Quality responsibilities and positions are highly respected and sought after within our firm. Technical excellence increases our service capabilities to clients and is seen as a positive contributor. Technical roles aren't "secondary," as our compensation and career path model respects these contributions and places them on equal footing with direct client service and growth-oriented roles.

Establishing a Culture of Continual Learning

FORVIS' purpose is "To help those we serve unlock their full potential." For our team members, that includes a commitment to providing access to a wide variety of learning opportunities that help them meet client needs and develop their own leadership skills.

Public accounting operates in an apprenticeship-type model; therefore, much of what our team members learn comes through their experience working on real-world problems. To enhance this aspect of their development, we encourage both formal and informal feedback on a regular basis, including feedback at the conclusion of significant engagements. Each team member is assigned a coach that keeps up with their development and can provide timely advice and guidance as new challenges arise.

FORVIS has invested in a Learning and Development (L&D) department that assists our assurance, tax, and advisory practice leaders in developing, delivering, and tracking compliance with personnel training. Our professional standards groups for tax and assurance have dedicated professionals to work with our L&D team in developing content for these trainings.

FORVIS uses a hybrid learning model whereby content is presented centrally through a virtual medium to multiple locations and is supplemented in real time by previously trained professionals who are physically present at each location. This hybrid model makes it possible for all of our professionals to receive consistent messages while still providing the important in-person experience that allows for questions and deeper understanding of the material presented. We also have an extensive library of self-study courses to meet individual training needs.

Technical training is a top priority for our L&D department. However, we also believe that improving our leadership and interpersonal skills is a critical component of having an uncommon commitment to excellence. Our course catalog includes a number of courses to enhance the entire professional, and our team members are encouraged to invest their time in these as a part of their overall training plans.

Continual Improvement & Innovation

The creation of FORVIS resulted in a unique opportunity for the firm to reflect on the needs of an assurance methodology for a national firm in the 21st century and live out the portion of the firm's vision to be known for delivering innovative solutions. Accordingly, we began a process to combine the best of what we already have with the technology that will take the assurance practice into the future. Significant work was done, and is ongoing, in aligning the process by which we accept, perform, and deliver on engagements. We also made meaningful progress on the next version of our assurance technology platform, which will allow us to deliver our methodology to our teams and clients on a cloud-based solution. We believe there are significant opportunities with this new technology to transform the way we absorb information into our assurance process to make it more effective and efficient for our teams and clients.

A major component of our alignment was developing uniform guidance on certain assurance procedures that we broadly referred to as "Extent of Evidence." This new guidance will help our FORVIS teams determine the best approach to obtaining sufficient and appropriate evidence to support our assurance engagements consistently across the firm's footprint.

Assurance Quality Structure

Each assurance engagement is evaluated by its risk characteristics to focus key resources on complex technical matters. Our risk analysis is linked to team member experience in the industry or subject matter area, and audit engagement leaders are assigned specific responsibilities. Our goal is to help ensure teams of the right size and experience are addressing our clients' challenging and ever-changing needs.

Structurally, all FORVIS audit and review engagements are subject to quality review by a reviewer not otherwise involved in the details of a client relationship. This layer allows for a fresh perspective on each engagement.

In addition to engagement-based leadership, our professional standards team is vital to our results. Office- and industry-based Assurance Quality Leaders form the first line of support for engagement teams and often serve as quality reviewers. Individuals who demonstrate strong technical skills are recruited for these positions across the firm. Assurance Quality Leaders are supported through a firmwide network of similar personnel and with specific regional and industry training and guidance.

Regional A&A directors oversee audit quality in our five geographic regions. These individuals are responsible for providing regional coordination and guidance on our clients' most technically challenging issues. As an extension of our national A&A leadership, they often assist with particularly challenging consultations on complex topics and support the technical needs of our broader practice. Local, regional, industry, and national resources routinely present trainings that cover a variety of topics to all FORVIS assurance personnel. Their expertise is leveraged to assist with interpreting new standards and authoring many of our technical positions.

Our national A&A Professional Standards Group (PSG) consists of partners, directors, and others who have a broad responsibility for standards implementation, training, consultation, quality monitoring, and overall management of the quality of our assurance services. Key national personnel include our national directors of accounting & assurance

(who lead our PSG team) our national SEC services partner, and our national director of assurance methodology and innovation. Along with supporting partners and others, they consult with engagement teams on new, complex, or high-risk matters. Our Assurance Methodology & Innovation team is responsible for developing and maintaining our proprietary assurance methodology as well as the technology tools and platforms that we use to execute on our methodology.

Our tax service line is supported by local tax quality leaders who help teams with complex tax issues and ensure that tax engagements are completed in accordance with firm and professional standards. Our Tax PSG is led by the national director of Tax PSG who is supported by a team of partners and others who have broad responsibility for monitoring tax service quality, performing tax consultations and theory reviews, and managing our tax processes to help promote quality, consistency, and efficiency across the entire firm.

Our national director of Advisory PSG establishes and enables similar, but more broadly adapted, procedures for our advisory practices—both in evaluating the quality of work and promoting consistency in the delivery of advisory services.

Our national independence partner is responsible for advising all service lines on independence matters, including a review of new service offerings, as well as establishing and maintaining procedures and policies to assist with compliance. FORVIS is committed to maintaining independence in both appearance and in fact when delivering assurance services. Our independence partner also manages the firm's process for considering independence when onboarding new clients to help make the firm aware of any potential conflicts before engaging with a new client.

FORVIS has established an Assurance Committee made up of members from each region of the firm as well as members of the A&A PSG team and Assurance Methodology and Innovation (AMI) team. The committee meets several times annually to discuss items relevant to the Assurance practice. The committee reviews the results of internal inspections and the implementation of remediation activities. The committee also provides input into significant changes to assurance methodologies or procedures.

Rules & Standards

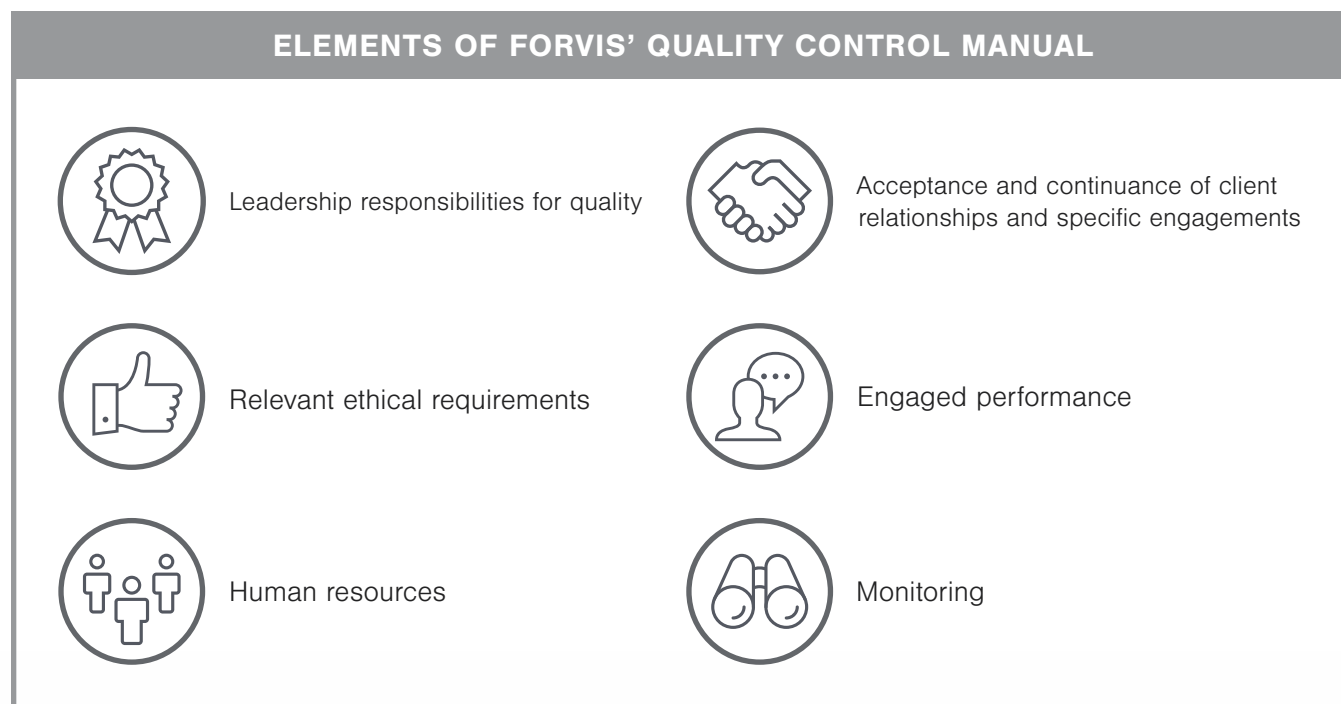
FORVIS demands integrity, professional skepticism, and competence from all engagement personnel. Specific to audits, we are focused on high-quality professional performance and compliance with all applicable auditing standards, including:

- Auditing standards generally accepted in the United States
- Public Company Accounting Oversight Board (PCAOB) standards
- International Standards on Auditing promulgated by the International Auditing and Assurance Standards Board (IAASB)
- Generally Accepted Government Auditing Standards (GAGAS)

FORVIS policies and procedures implement the quality control standards established by the AICPA, PCAOB, and IAASB. Our teams abide by our quality control manual, which drives the conduct and performance of our audits.

The IAASB has issued a new suite of standards on quality management, International Standard on Quality Management (ISQM) 1 and 2, along with revisions to International Standard on Auditing 220, all of which became effective on December 15, 2022. These changes aim to strengthen firms' systems of quality management through a robust, proactive, and effective approach to quality management by encouraging firms to design a system of quality management that is tailored to the nature and circumstances of the firm and the engagements it performs. FORVIS dedicated a team to evaluating and implementing the new standard, making sure that our controls and structure appropriately mitigate the risks identified as part of our implementation.

The AICPA has also issued three new quality management standards—Statement on Quality Management Standards (SQMS) No. 1, A Firm’s System of Quality Management; SQMS No. 2, Engagement Quality Reviews; and Statement on Auditing Standards No. 146, Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards. These AICPA standards generally align with the IAASB ISQM 1. In late 2022, the PCAOB issued a proposed standard on A Firm’s System of Quality Control. The proposed standard introduces some additional considerations beyond the AICPA’s and IAASB’s, and we have begun preparing for any needed changes that may come as a result of adoption.



FORVIS is engaged in evaluating how these changes in the AICPA and PCAOB standards may already be addressed in our processes as updated for the adoption of ISQM 1, or what opportunities we may find to make continued improvements. Similar to our adoption of the ISQM 1 standard, we will dedicate a team of resources to help our system of quality control adhere to the PCAOB and AICPA standards.

One change that we have already implemented is the creation of a national director of practice monitoring role. This new role will be separate from the PSGs and report directly to the chief risk officer, allowing for a more objective assessment of the firm’s compliance with our system of quality control.

Audit Culture

Our team members shared these observations when asked to describe our assurance philosophy:



Delivering the highest quality assurance service to our clients is foundational to FORVIS' mission. We have carefully developed the resources and structure that will put our teams in the best possible position to meet the market's expectations of a high standard of quality, ethics, and integrity.

Will Neeriemer
Chief Quality Officer



Early in the process of creating FORVIS, our leaders recognized a shared core value was a strong commitment to quality. As FORVIS became a reality, it was critical that we carry that forward. Our mission statement confirms this through our focus on an uncommon commitment to excellence. Quality is essential to everything we do as a firm.

Tom Watson
Chief Executive Officer



Delivering & Monitoring Quality Results

Memberships & Regulators

FORVIS maintains high professional practice standards. In 1974, even before the AICPA issued national A&A standards, FORVIS appointed a firmwide A&A specialist. We were represented on the original AICPA quality review committee that developed the national peer review program in the mid-1970s. We also were a founding member of the AICPA's Center for Audit Quality.

We are active in our profession, including the AICPA and many state CPA societies. FORVIS is subject to the oversight of various regulators, including periodic review of our work subject to the rules of those regulators.

Some highlights of team member's involvement in the profession currently include:

- Board member of the Auditing Standards Board
- Board member of FASB's Private Company Council (PCC)
- Committee member of the National Peer Review Committee
- Chair of the AICPA's Technical Issues Committee
- Committee member of the Center for Audit Quality's Professional Practice Executive Committee
- Committee Member of the Governmental Audit Quality Center Executive Committee

FORVIS REGISTRATIONS & MEMBERSHIPS

PCAOB registration

AICPA Centers for Audit Quality,
Employee Benefit Plan Audit Quality, and
Government Audit Quality

AICPA Private Companies
Practice Section

Monitoring Independence

FORVIS has a responsibility to maintain our independence. Under the direction of our national director of independence, we work to comply with related policies and monitor results to help confirm our compliance.

- All client service personnel are annually required to confirm their independence with respect to the firm's assurance clients.
- Clients with publicly available debt or equity securities are evaluated firmwide at the time of potential engagement, with affirmative confirmation of independence from partners and others required prior to accepting an engagement.
- Our professional education requirements include annual ethics training.

Internal Inspections

In 2023, FORVIS created a new practice monitoring department that is led by our national director of practice monitoring. This role will separate the practice monitoring function from the PSGs for each service line to promote a more objective assessment of the firm's compliance with its system of quality control. The national director of practice monitoring, with assistance from the PSGs, will assemble teams of professionals to conduct internal inspections of our own work on an annual basis.

Each FORVIS office with an assurance practice receives an inspection of that practice at least every three years. Our internal inspection teams comprise technical leaders throughout the firm, including partners, directors, and senior managers from unrelated offices with strong experience in relevant industry and service areas. Each office inspected has at least one engagement selected for each engagement executive, so every cycle features a representative sample of engagements. The national director of practice monitoring oversees these efforts and coordinates with the national director of A&A PSG and the national director of assurance methodology and innovation for any necessary remediation.

Peer Review

As required under professional standards, every three years we also engage an independent external review firm to evaluate our A&A practice. From our entire body of work (excluding work that is subject to PCAOB review), these reviewers select a sample of recently completed engagements for inspection. During both the peer review and internal inspection processes, our approach to our work and the products delivered to clients are carefully reviewed and evaluated.

Our firm completed our most recent peer review in 2020, receiving a best possible rating of “Pass.” The peer review evaluates FORVIS’ quality control system applicable to nonpublic assurance clients. The review report can be found at www.aicpa.org (report is under BKD, LLP).

PCAOB Inspections

FORVIS’ most recent inspection reports of our public company audit practice occurred at the legacy firms prior to the merger in 2021 and 2020.

We carefully evaluate each matter noted in the PCAOB’s report and implement engagement and firm-level remediation efforts as appropriate.

FORVIS remains committed to the highest audit quality standards and fully supports the PCAOB’s inspection process.

The full reports can be found at www.pcaobus.org.

Accountability for Quality

As a central focus of our firm, FORVIS emphasizes the importance of quality work. We remind ourselves of our core values with the **BE BOLD** mnemonic, which stands for:

Be your best self

Set high expectations for ourselves / Create an environment where everybody can succeed / Have empathy and respect the differences that make us great

Excel always

Bring forward-looking solutions with discipline and accountability / Under promise, over deliver, and go beyond what’s expected / Follow standards of excellence for our firm and profession

Be builders

See possibilities and deliver innovative solutions / Look for opportunities to build knowledge, be lifelong learners, and build relationships / Invest in the growth and development of others

Operate as ONE FORVIS

Bring the best of our firm forward in an intentional way / Leverage and trust the full capabilities of FORVIS / Set our firm up for success, have each other’s backs, and win as a team

Lead with integrity

Ensure integrity trumps economics every time / Make wise business decisions that set the standard for our profession / Enable radically candid feedback (put the moose on the table)

Deliver an **Unmatched Client Experience**

Listen to understand / Be responsive / Consult with purpose to deliver value

Particularly relevant to our achievement of high quality are the Excel always and Lead with integrity components. When we execute on these values, we deliver on our quality goals.

Our employee engagement reviews and annual personnel appraisals include specific questions about adherence to FORVIS' quality control standards. Our annual evaluation for partners also includes specific criteria related to execution on quality. The results of our internal inspection process are shared with all professional assurance staff annually and training is provided for the entire A&A practice to drive higher levels of achievement.

Quality is part of our evaluation in compensation, advancement, and promotion at all levels. FORVIS' technical leaders are required to evaluate promotion and direct-admit candidates at senior manager through partner levels before a promotion or admission decision can be finalized.

FORVIS is committed to continuing a legacy of providing high-quality services to our clients.

Please visit forvis.com/services for a complete list of ways we can help you seize opportunities or tackle difficult challenges.



FORV/S

