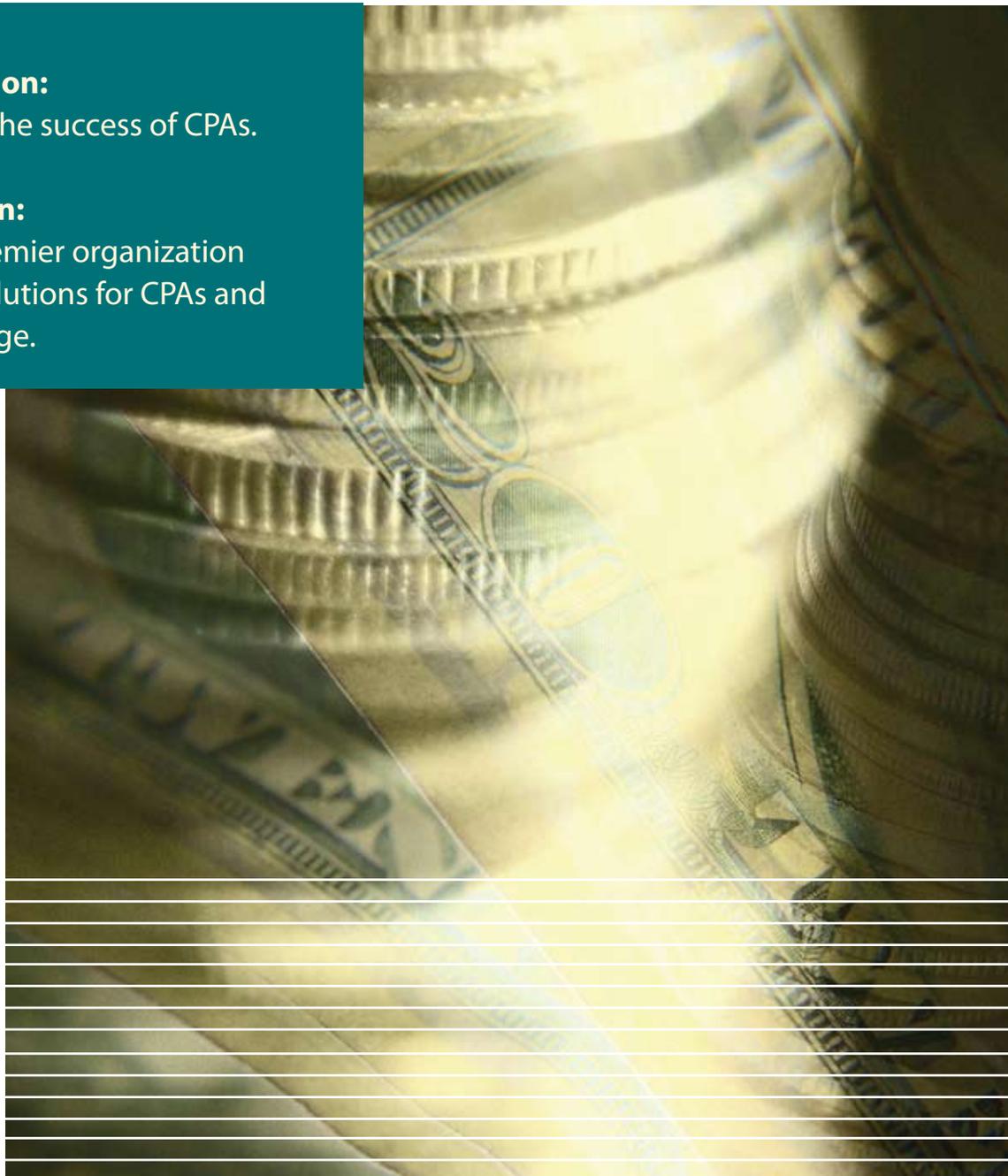


State of the VSCPA 2007: Future. *Forward.*

- > **VSCPA Mission:**
To enhance the success of CPAs.
- > **VSCPA Vision:**
To be the premier organization
providing solutions for CPAs and
society at large.



Eyes toward the future: Letter from the chair



It's hard to believe my year as VSCPA chair is ending, and with it, the end of an era.

On April 30, 2007, we said goodbye to VSCPA President & CEO Tom Berry. Under his leadership over the past 30 years, the VSCPA has seen amazing growth, implemented exciting new initiatives and advocated on behalf of Virginia CPAs.

All of these successes couldn't be possible without the dedicated leaders and staff I've had the privilege of working with over the past year. I know you'll all be in capable hands as Stephanie takes over as president & CEO, and Monique Valentine, CPA, becomes your new chair.

Thank you for allowing me to serve you.

A handwritten signature in black ink that reads "Brad Roof". The signature is stylized and includes a horizontal line underneath.

Bradley M. Roof, CPA, CMA, Ph.D.

2006–2007 Chair of the Board

As we move into a new phase for the VSCPA, those things will not change.

New VSCPA President & CEO Stephanie Peters has exciting plans to forge ahead and ensure the VSCPA stays on track to become an "association of the future." That means the VSCPA will be open to embracing new technologies, researching new ventures, exploring new ways to get members involved and much more. It's an exciting time for the VSCPA!

Over the next two years, the VSCPA will continue to tackle the goals detailed on the pages of this report, with new initiatives designed to meet them. Leaders and staff will focus efforts on important areas in advocacy, membership, financial literacy and CPE.

In addition, the VSCPA will continue to be at the forefront of emerging national and state issues that affect the membership and public. Over the past year, the VSCPA took lead roles in the issues of tax strategy patents, practice mobility and the federal excise tax refund. And the VSCPA will continue to issue positions, break news on important topics and more throughout the coming year.

The VSCPA will also continue to be a leader in promoting financial literacy, offering more resources through the award-winning Financial Fitness initiative and promoting Virginia Financial Literacy Month, as well as advocating for financial literacy requirements in the Virginia educational system.

Offering new, relevant programs for VSCPA members in all practice areas, while keeping recruitment and retention rates high, continues to be a focus for leaders and staff. And CPE programs will continue to improve with new courses available in new formats.

THANK YOU, 2006–2007 Board of Directors

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Goal 1: Pursue a legislative and regulatory agenda.

- > Ensuring CPAs' interests are protected in the legislative arena continues to be a top priority for the VSCPA. The VSCPA strives to protect the profession and its interests through a comprehensive advocacy program that includes tracking legislation, instituting and influencing legislative and regulatory changes, mobilizing grassroots efforts and much more.
- > In 2006–2007, the VSCPA made great strides on its legislative agenda and effectively represented CPAs interests and those of the public at large. As detailed below, the legislative agenda is just one piece of the advocacy pie — the VSCPA tackles legislative and regulatory issues all year long.

Tax appeals

In 2005, the VSCPA Tax Appeals Task Force, made up of VSCPA members, reviewed alternatives for the creation of an independent tax dispute resolution process in Virginia. The Task Force's work was a collaborative effort with the Virginia Department of Taxation (TAX) aimed at ensuring a fair and equitable appeals process.

In August 2006, the Task Force submitted proposed changes to TAX's tax appeals proposal. The VSCPA substantially agreed with the proposal and offered a few enhancements to better protect taxpayers. TAX is now working on regulations to make this new appeals process a reality.

Tax conformity

Every year, the VSCPA works to quickly pass legislation to conform Virginia's tax code to that of the Internal Revenue Service (IRS) by bringing the fixed date of conformity forward. In February 2007, Gov. Tim Kaine signed legislation to change the conformity date to December 31, 2006.

BOA regulatory process

In the 2007 General Assembly session, the Virginia Board of Accountancy (BOA) introduced legislation to update the public accountancy statute. The legislation enhances practice mobility and clarifies usage of the CPA title, standards of conduct and practice, among other items. The VSCPA supported the bill and strongly approves of changes to the regulations to make them easier to understand and more user-friendly.

The BOA will be drafting regulations to support the legislation this year, and the VSCPA will be actively involved in the commenting periods. The VSCPA has been involved in the revision process, making suggestions in the best interests of the VSCPA membership.

Practice mobility

Practice mobility — the ability of CPAs to easily and efficiently practice across state lines — has emerged as one of the hottest national issues affecting CPAs. The VSCPA has taken a proactive approach to promoting mobility through member education, regulatory comments and more.

In late spring 2007, the VSCPA commented on proposed changes to the Uniform Accountancy Act to increase mobility. A new Web page in the "Legislative & Regulatory" section of www.vscpa.com contains articles, resources and news on the issue. And on June 5, 2007, the VSCPA will host the Eastern Regional Mobility Summit in Williamsburg — a forum for state CPA society executives, American Institute of CPAs (AICPA) staff, representatives from the National Association of State Board of Accountancy and others to discuss solutions.

VSCPA 2007 legislative agenda

The VSCPA tackled the following issues during the 2007 Virginia General session:

- Advocate for an equitable tax appeals process in Virginia.
- Advocate for early passage of tax conformity legislation to allow tax practitioners as much notification as possible to changes.
- Continue to work on financial literacy education, including adding financial literacy testing to the Virginia Standards of Learning (SOL) and changing the Virginia Standards of Accreditation (SOA) to include a high school graduation requirement in personal finance.
- Prevent legislation negatively affecting the CPA profession or designation.
- Comment on and influence the Virginia Board of Accountancy legislative and regulatory process.
- Promote, nationally and statewide, practice mobility and ease-of-use of the CPA designation.

Advocacy on top issues

Important legislative and regulatory issues for CPAs hit the VSCPA's radar all year long, not just during the General Assembly session. In 2006–2007, the VSCPA actively monitored and took action on the following issues:

- **Conservation easements:** In June 2006, the VSCPA sent a letter to Gov. Tim Kaine remarking on restrictive provisions in legislation to change Virginia's land conservation program.
- **Federal excise tax refunds:** The VSCPA broke this issue to the Internal Revenue Service in February 2007 (see below article for more information).
- **Private company financial reporting:** A huge national issue, the VSCPA responded in August 2006 to a proposal from the AICPA and Financial Accounting Standards Board to enhance financial reporting standards for private companies.
- **Peer review transparency:** The VSCPA closely follows all proposals from the AICPA on the transparency of peer review results and communicates new information on this issue to Virginia reviewers, members and firms.

VSCPA reports federal excise tax refund problems

In early February 2007, the VSCPA was alerted by a VSCPA member to an issue that could affect how federal excise tax refunds are calculated for businesses and nonprofits — potentially altering tax returns. New information revealed that some telephone service providers continued to charge customers the excise tax on long-distance services several months later than mandated by the federal government.

After investigating with the Internal Revenue Service (IRS), VSCPA leaders were asked by the federal agency to alert CPAs nationally about the issue. A VSCPA press release was sent to the American Institute of CPAs and all state CPA societies, and was picked up in national media coverage.

As of press time, the IRS had not issued guidance to address the issue, but the VSCPA continues to stay abreast of the latest developments.

- **Small business relief:** In July 2006, the VSCPA sent a letter to Rep. Eric Cantor urging small business tax relief to be included in a legislative package.
- **Tax patents:** The VSCPA took a lead role in fall 2006 urging the AICPA and state CPA societies to oppose the patenting of tax advice. Through the VSCPA's initiative, the AICPA is now actively addressing this issue on the national level.
- **Uniform Accountancy Act:** As new changes to the Uniform Accountancy Act (UAA) are released by the National Association of State Boards of Accountancy (NASBA), the VSCPA responds with comments based on the best interests of the membership. In May 2006, the Society responded to changes in education requirements. And on May 4, 2007, the VSCPA made suggestions on the practice mobility proposal.

Grassroots efforts

The VSCPA has a major asset in the Virginia General Assembly — Senate Majority Leader Walter A. Stosch, CPA, a long-time VSCPA member. Stosch is a tireless supporter of legislation that positively affects the CPA profession. He's also a strong advocate for public service and encourages his fellow CPAs to become involved in the political process. To ensure CPAs' voices continue to be heard within the Assembly, the VSCPA supports Stosch's campaign for reelection in 2007 and also encourages other VSCPA members to run for public office.

The VSCPA is also increasing communications with the Key Person Network, the grassroots network of CPAs interested in helping contact legislators and public officials on issues affecting the profession. A new quarterly e-mail newsletter, *Keynotes*, keeps Key Persons in-the-know on VSCPA positions.

Future. Forward.

VSCPA leaders and staff recognize that to obtain the highest level of association advocacy, the CPA profession and designation must be protected. In the coming years, the VSCPA will continue to act on members' behalf in legislative and regulatory issues; pursue changes to the state tax appeals system; and take initiatives to make financial literacy a top priority in the Virginia educational system. Exciting future proposals include developing a "CPA Day of Lobbying" at the Virginia General Assembly.

The VSCPA supports the advocacy of the CPA PAC of Virginia, as well as the mission of the VSCPA Educational Foundation to attract future CPAs to the profession. Learn more about these groups' progress at www.VSCPAFoundation.com and www.CPAPACofVirginia.com.

Goal 2: Offer a comprehensive financial literacy initiative.

- > Promoting the importance of financial literacy is not only a component of the VSCPA's efforts to enhance the image of the CPA profession, but it also showcases the profession's dedication to helping the public gain money management skills. Through its award-winning Financial Fitness community service campaign, begun in 2004, the VSCPA is committed to making an impact on the financial health of all Virginians. The VSCPA advanced the Financial Fitness initiative even more in 2006–2007.

Financial Literacy Month

This spring, Gov. Tim Kaine signed a VSCPA proclamation declaring April 2007 the first-ever Virginia Financial Literacy Month, in line with the national month of the same name. The VSCPA offered several new programs and resources during the month:

- **“Ask a CPA” E-mail Program:** Through this new program on www.FinancialFitness.org, the public could submit financial questions via e-mail to VSCPA volunteers.
- **E-newsletter:** *Financial Fitness Insider*, a new monthly e-mail newsletter available free to the public and members, includes financial resources, tips, facts and more.
- **Presentations:** Members of the VSCPA Speakers Bureau, who volunteer to give presentations to community audiences, received new financial literacy PowerPoints and outreach materials.
- **Workshops:** A four-week workshop series for the public tackled financial topics like retirement, saving young, women's issues and more.

Financial Literacy Month provided a great opportunity to spotlight the importance of fiscal responsibility and money management, and the VSCPA plans to submit a proclamation to the governor each year for consideration.

Financial Fitness Week

October 15–21, 2006, marked the third year the VSCPA celebrated Virginia Financial Fitness Week. Throughout the week, the VSCPA encouraged financial literacy in Virginia, offered resources and more.

- **Financial Fitness Day:** A community service event on October 21 culminated the week with more than 50 CPA volunteers manning 15 booths around the state to offer free financial resources to the public.

- **Financial Fitness Calendar:** Like last year, the VSCPA published a 12-month wall calendar promoting free financial advice and highlighting the careers of four VSCPA members. Sponsored by the American Institute of CPAs (AICPA), the calendar serves as a template for other state CPA societies — garnering national attention for the VSCPA's Financial Fitness initiative. In fact, more than 100,000 copies of the 2007 calendar have been distributed across the country.
- **Virginia Financial Literacy Summit:** The Virginia Jump\$tart Coalition for Personal Financial Literacy (a nonprofit spearheaded and led by the VSCPA) held the second Virginia Financial Literacy Summit for nearly 300 high school superintendents, principals, coordinators and teachers to learn the importance of financial literacy education.
- **Financial Fitness Workshops:** The VSCPA held a consumer workshop during Financial Fitness Week for nearly 100 attendees, and offers additional seminars year-round.

Up-to-date financial literacy information, articles and resources are available round-the-clock on the VSCPA's consumer Web site, www.FinancialFitness.org.



Feed the Pig

In the fall of 2006, the AICPA, state CPA societies and the Ad Council launched the national “Feed the Pig” campaign to promote saving and building a solid financial future to Americans ages 25–34. Supported and promoted in Virginia by the VSCPA, the campaign uses a variety of media, such as TV, radio, print, Web, digital and more, to promote awareness. The campaign’s icon, a piggy bank character named Benjamin Bankes, even has his own MySpace page.

To promote Feed the Pig and enhance Financial Fitness to the youngest Virginians, the VSCPA donated 100 toy piggy banks to the “Toys for Tots” charity in December 2006. A press release was also issued to encourage parents and all Virginians to give money-minded gifts during the holiday season.

The VSCPA will continue to support the Feed the Pig initiative as it continues its minimum three-year rollout, including offering free Financial Fitness workshops for young adults and planning a member toy drive during the 2007 holiday season.

Financial literacy education

Promoting the education of young Virginians on financial topics and money management is a top goal on the VSCPA’s public relations plan and legislative agenda. The VSCPA continues to work on changing Virginia Standards of Learning in high schools to include a financial literacy testing component, in addition to leading strategies for changing Virginia Standards of Accreditation to include a personal finance high school graduation requirement.

The VSCPA plan includes a grassroots approach by working with local superintendents and school boards to implement the requirement statewide, and assisting individual Virginia school districts with implementing personal finance curricula and teacher training.

Virginia General Assembly thanks VSCPA

In a joint resolution passed in the 2006 General Assembly session, the legislature thanked the VSCPA for its assistance to Virginia military personnel through workshops and tax help. In 2005, the VSCPA reached out to Gov. Tim Kaine’s Citizen-Soldier Support Council to offer the VSCPA’s Virginia Military Tax Help program, workshops and other resources.



The VSCPA and the Virginia Jump\$tart Coalition for Personal Financial Literacy worked with the Virginia Department of Education on its new Commonwealth Scholars Initiative — a new high school diploma launched in 11 school districts in 2006 that bridges the gap between standard and advanced diplomas. Commonwealth Scholar students can take a personal finance course as one of the required electives for the diploma program.

Promoting the CPA image

Endorsing financial literacy also fits into the larger picture of promoting a positive image for the CPA profession. The VSCPA has a number of initiatives to fulfill this goal.

Super CPAs and CFO of the Year, annual award programs held in conjunction with *Virginia Business* magazine, and the SmartCPA and Financial Excellence awards with *Washington SmartCEO* magazine, recognize and promote outstanding CPAs and the contributions they make to advance the Commonwealth.

Tax season community service programs and events make visible to taxpayers the importance of the CPA designation. Through various media programs and the www.VATaxHelp.com Web site, the public can receive tax resources as well as gain pro bono advice from experienced CPAs during tax season. Other programs, like Virginia Disaster Recovery Help and Virginia Military Tax Help, also serve the public.

In August 2006, the VSCPA created a new staff position and hired a media and public relations specialist that focuses exclusively on promoting the CPA image through positive events, programs and media outreach.

Future. Forward.

The VSCPA plans to continue to grow its financial literacy and public relations programs in coming years. An expanded Financial Literacy Month in 2008 will contain more outreach initiatives. A money-minded Toys for Tots drive is planned, as are new community service programs around the state. It’s an exciting time to get involved with the VSCPA and further promote the positive CPA image.

Goal 3: Increase recruitment and retention of members.

- > The VSCPA strives to provide a valuable membership experience with career-enhancing benefits, a useful knowledge network and top-notch news and information. By enhancing and communicating these hallmarks of VSCPA membership, the VSCPA aims to increase the number of members retained as well as attract more new members.

Over the next three years, the VSCPA aspires to increase year-end membership by approximately 8 percent. To achieve this goal, the VSCPA is researching and analyzing various membership areas; strengthening relationships with certain membership segments, such as students, young CPAs and new members; facilitating easier dues renewal; and more.

A targeted membership marketing plan in 2006–2007 allowed the VSCPA to limit attrition and lose only 675 members over the past year — achieving a high 91.6 percent retention rate. In addition, the VSCPA attracted 809 new members, resulting in a 1.6 percent overall membership growth.

Meeting members' needs

To ensure all members, whether they work in public accounting or education, regardless of where they live, receive the benefits they need, the VSCPA is always assessing programs and implementing new ideas. For example, the VSCPA targeted these groups this year:

- > **Business and industry members:** Only half of VSCPA members work in public accounting — the rest are spread among government, nonprofits and various different businesses and industries. In 2006–2007, the VSCPA offered CPE tailored to industry members' interests. A two-hour CPE program developed by the Members in Industry Task Force was delivered at four chapters and reached hundreds of members. The Business & Industry listserv allows industry members to directly connect on important issues. The VSCPA Industry Member Guide, published annually in *Disclosures*, offered information and resources just for this group.

- > **New members:** It's imperative all new members make a connection with the VSCPA and utilize our resources during their first year. A new monthly e-newsletter, *New Member News*, was sent monthly to all new members, profiling unique careers of fellow new members, highlighting important VSCPA initiatives and benefits, offering surveys and more. VSCPA Protégé, a new member mentoring program, pairs new members with VSCPA veterans who can offer career advice, tips on how to take advantage of the VSCPA's programs and more.

In addition to focusing on specific member areas, the VSCPA continued to make connections throughout the year with other outreach initiatives. More than 40 companies received visits from VSCPA leaders and staff to discuss pressing issues and give feedback on VSCPA programs. Six Town Hall Meetings conducted around the state gave members the opportunity to learn more about state and national professional issues, as well as VSCPA topics.

Member Needs Assessment Survey

In the fall of 2006, the VSCPA finished its comprehensive member satisfaction survey, completed every three years, to assess goals, offerings and new ways to meet members' needs. The 2006 survey results were extremely positive, revealing that three-quarters of members find their VSCPA membership a good or great value. More than half find access to CPE the most valuable aspect of membership, followed by access to professional information and networking opportunities.



The VSCPA is tailoring its future objectives to meet the needs identified, such as making CPE course improvements, launching new technologies to provide news and information, focusing on getting young professionals involved and creating more networking opportunities.

Future. Forward.

New membership plans are already in the works. The VSCPA's centennial approaches in 2009, and the Society is encouraging firms and companies to cover VSCPA membership for all CPAs within the organization. To enhance the integrity of the CPA designation, the VSCPA, along with the Virginia Board of Accountancy, is implementing a "CPA Inauguration" event to mark the beginning of CPAs' professional careers. Student recruitment and outreach will be enhanced.

New technical innovations are also being examined, and in 2007 the VSCPA will launch online communities on the VSCPA Web site in various practice areas. Each community will include news and information, resources, e-newsletters, CPE and networking opportunities and e-mail listserves. In addition, the VSCPA is investigating using blogs, podcasts and other new media to provide members with cutting-edge access to breaking news and professional information. Watch www.vscpa.com for more information.



Goal 4: Increase the number of users of VSCPA educational offerings.

- > Members consistently name CPE one of the top benefits of VSCPA membership. That's why we're committed to helping individuals expand their knowledge and grow professionally. The VSCPA provides high-quality, diverse educational opportunities to meet all members' needs — from large technical conferences to smaller seminars covering niche areas.

According to the 2006 Member Needs Assessment Survey, 80 percent of VSCPA members have taken a VSCPA CPE course, and the number of members who use the VSCPA for at least 75 percent of their CPE needs has increased. These figures indicate the importance of CPE as a VSCPA member benefit. That's why VSCPA leaders and staff continue to investigate new ways to get Virginia CPAs the education they need to continue to provide top-notch services to the public.

Last year, the VSCPA offered eight conferences and more than 120 seminars, including *Ethics 2006 — Your License Depends on It!* More than 7,140 individuals took a course from the VSCPA, and we're working to increase that even more with new offerings for CPAs in business and industry, young CPAs and others. In addition, the VSCPA coordinated more than 100 customized courses in house, so CPAs could get the CPE they need without leaving the office.

New opportunities

In 2006–2007, the VSCPA debuted new opportunities for CPAs to receive high-quality education. Through partnerships with SmartPros and the Accounting Continuing Professional Education Network (ACPEN), the VSCPA offers a variety of convenient self-study options, available right from a computer.

The first-ever 2006 National Practice Management Summit premiered in August 2006 at The Homestead in Hot Springs, to rave reviews. Nearly 100 CPA professionals from across the nation convened for this high-level conference geared toward public accounting partners, managers on the partner track and sole practitioners.

The VSCPA is now planning the second Practice Management Summit, to be held June 25–27, 2007, at The Williamsburg Lodge. Attendees will hear from national speakers such as Bill Reeb, CPA, Gale Crosley, CPA, and Leslie Murphy, CPA; and tackle topics like partner compensation, succession planning, staff motivation and performance management, practice growth, national trends facing partners and firms and more.

Future. Forward.

The membership is clear — CPE is incredibly valuable. In the 2006 Member Needs Assessment, members indicated they would like course improvements, more convenient locations and less-expensive options. The VSCPA is now working on new opportunities to answer these requests.

Ideas consist of expanding online learning opportunities and diversifying CPE products and services. Leaders and staff are investigating new course partnerships, the feasibility of new course development and more.

Goal 5: Plan for the association of the future.

- > With new President & CEO Stephanie Peters, CAE, at the helm, the VSCPA is poised to become an “association of the future” — continuing to lead other associations by leadership and example.

Setting the stage for many successful years requires investigating the newest trends in association management; determining which new ideas are good fits for the VSCPA; implementing innovative programs that advance the VSCPA's goals (while eliminating other programs); and evaluating how those decisions affect the VSCPA overall.

The VSCPA has five strategies as it embarks on the road to becoming an association of the future:

- > **Provide customized services based on members' interests.** Innovative new resources are already in development to ensure all members' interests are met. In the future, services will include online communities targeted to specific practice areas, new offerings for members working in business and industry and more.
- > **Increase research and development to determine the ventures most in line with VSCPA goals.** The VSCPA's top goals focus on advocacy, financial literacy, membership and CPE. Therefore, the association's resources in research and development will be geared toward these main areas to discover new ways to excel.
- > **Involve more young CPAs in leadership and volunteer opportunities.** With accounting now the No. 1 major on college campuses, more young professionals will be entering the CPA profession. That's great news as baby

boomers begin to retire, and firms and companies look to hire new recruits. As an association of the future, the VSCPA is dedicated to engaging young CPAs and providing programs and services to meet our newest members' needs.

- > **Increase technology to better serve the membership.** Exciting new developments in technology are already in the works, from enhancements to the online CPE catalog experience to research in blogs, podcasts and RSS news feeds. Soon, you'll have quicker and easier ways to receive the information you need from the VSCPA!
- > **Facilitate communication between members through tools, networking and other opportunities.** By using new technology and innovative programming, the VSCPA seeks to become a conduit for members to connect, making those invaluable professional relationships that last throughout a lifetime.

Future. Forward.

In the spring of 2007, VSCPA staff held several brainstorming sessions to devise new ideas and strategies for communications, marketing, CPE, public relations, advocacy efforts, membership and more. Dozens of ideas were generated — and VSCPA members can expect to see new innovations rolled out all year long.

This is just a taste of what's to come.
The future is here. The VSCPA is moving forward.



VSCPA President & CEO Stephanie Peters, CAE