

*The Virginia Society of Certified
Public Accountants and
The Virginia Society of Certified Public Accountants'
Political Action Committee*

Consolidated Financial Statements

Years Ended April 30, 2014 and 2013



Virginia Society
of Certified
Public Accountants

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*The Virginia Society of Certified Public Accountants and
The Virginia Society of Certified Public Accountants' Political Action Committee*

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Independent Auditors' Report

Board of Directors
The Virginia Society of Certified Public Accountants
Glen Allen, Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ***The Virginia Society of Certified Public Accountants and The Virginia Society of Certified Public Accountants' Political Action Committee***, which comprise the consolidated statements of financial position as of April 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of *The Virginia Society of Certified Public Accountants and The Virginia Society of Certified Public Accountants' Political Action Committee*, as of April 30, 2014 and 2013, and the changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mitchell, Wiggins & Company LLP

Richmond, Virginia
August 25, 2014

*The Virginia Society of Certified Public Accountants and
The Virginia Society of Certified Public Accountants' Political Action Committee*

Consolidated Statements of Financial Position

<u>April 30,</u>	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,333,533	\$ 1,423,181
Trade accounts receivable	44,148	56,113
Due from VSCPA Educational Foundation	-	3,000
Investments	1,283,230	1,034,528
Prepaid expenses	190,737	245,395
Total current assets	2,851,648	2,762,217
Property and equipment - net	1,320,620	1,456,656
	\$ 4,172,268	\$ 4,218,873
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 93,625	\$ 60,488
Accrued expenses	206,264	204,804
Pledges payable	-	3,000
Deferred revenues	504,288	595,702
Accrued retirement	132,241	129,420
Total current liabilities	936,418	993,414
Net assets		
Unrestricted:		
Invested in property and equipment	1,320,620	1,456,656
Board designated for facility and technology	550,110	477,237
Board designated for operating expenses	1,027,483	1,000,155
Undesignated	206,675	155,588
	3,104,888	3,089,636
Temporarily restricted (VSCPA PAC)	130,962	135,823
Total net assets	3,235,850	3,225,459
	\$ 4,172,268	\$ 4,218,873

The accompanying notes are an integral part of these financial statements.

*The Virginia Society of Certified Public Accountants and
The Virginia Society of Certified Public Accountants' Political Action Committee*

Consolidated Statements of Activities

Years Ended April 30,	2014	2013
Change in unrestricted net assets		
Revenue:		
Program:		
Continuing education:		
Seminars	\$ 1,311,337	\$ 1,332,272
Conferences	539,085	547,575
Ethics	507,665	476,336
Online	89,900	112,368
Other CPE	13,552	20,658
Peer Review	194,948	187,748
Leaders' Summit	-	1,000
Membership	2,075,055	1,995,518
Communications	50,447	16,239
Students & Young Professionals	115,765	101,805
Net assets released from restriction, VSCPA PAC	80,336	52,165
	<u>4,978,090</u>	<u>4,843,684</u>
Other:		
Affinity Income	180,034	165,816
Investment Income	10,064	11,085
Realized gain on investments	-	22,800
Unrealized loss on investments	(2,298)	(21,283)
Rental Income	35,427	42,719
Gain/(loss) on disposal of property and equipment	(3,478)	350
Miscellaneous	3,292	1,790
Total support and unrestricted revenues	<u>5,201,131</u>	<u>5,066,961</u>
Expenses:		
Program services:		
Continuing Education	2,168,075	2,104,792
Leadership	327,957	296,483
Peer Review	181,957	195,779
Membership	696,462	649,031
Communications	310,095	260,899
Students & Young Professionals	239,585	166,897
Public Relations	161,206	175,244
Legislative	181,289	161,262
VSCPA PAC	80,336	52,165
Supporting services:		
Administrative and general	838,917	976,270
Total expenses	<u>5,185,879</u>	<u>5,038,822</u>
Change in unrestricted net assets	<u>15,252</u>	<u>28,139</u>
Change in temporarily restricted net assets		
Contributions to the VSCPA PAC	75,475	60,700
Net assets released from restriction, VSCPA PAC	(80,336)	(52,165)
Change in temporarily restricted net assets	<u>(4,861)</u>	<u>8,535</u>
Change in net assets	<u>10,391</u>	<u>36,674</u>
Net assets - beginning of year	<u>3,225,459</u>	<u>3,188,785</u>
Net assets - end of year	<u>\$ 3,235,850</u>	<u>\$ 3,225,459</u>

The accompanying notes are an integral part of these financial statements.

*The Virginia Society of Certified Public Accountants and
The Virginia Society of Certified Public Accountants' Political Action Committee*

Consolidated Statement of Functional Expenses

Year Ended April 30, 2014

	Continuing Education	Leadership	Peer Review	Membership	Communications	Students & Young Professionals	Public Relations	Legislative	VSCPA PAC	Total Program Services	Total Administrative and General	Total
Leadership	\$ -	\$ 66,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,928	\$ -	\$ 66,928
Peer review administration	-	-	75,000	-	-	-	-	-	-	75,000	-	75,000
Public/member services	-	-	-	119,971	-	75,648	48,200	-	-	243,819	-	243,819
Communications	-	-	-	-	155,388	-	-	-	-	155,388	-	155,388
Legislative	-	-	-	-	-	-	-	53,322	-	53,322	-	53,322
Continuing education:												
Seminars	905,975	-	-	-	-	-	-	-	-	905,975	-	905,975
Conferences	254,012	-	-	-	-	-	-	-	-	254,012	-	254,012
Ethics	82,874	-	-	-	-	-	-	-	-	82,874	-	82,874
Online	24,765	-	-	-	-	-	-	-	-	24,765	-	24,765
Other CPE	60,065	-	-	-	-	-	-	-	-	60,065	-	60,065
Rental expenses	-	-	-	-	-	-	-	-	-	-	124	124
Salaries	522,495	162,290	66,499	358,424	96,187	101,926	70,260	79,562	-	1,457,643	521,505	1,979,148
Employee benefit/payroll costs	131,718	40,912	16,764	90,356	24,248	25,695	17,712	20,057	-	367,462	131,469	498,931
Office supplies and postage	4,237	1,316	539	2,906	780	826	570	645	3,841	15,660	4,229	19,889
Equipment expense	74,086	23,011	9,429	50,822	13,638	14,452	9,962	11,281	-	206,681	73,946	280,627
Bank/credit card fees	28,842	8,959	3,671	19,785	5,310	5,626	3,878	4,392	-	80,463	28,788	109,251
Occupancy expense	60,477	18,785	7,697	41,486	11,133	11,798	8,132	9,209	-	168,717	60,363	229,080
Professional fees	10,320	3,206	1,313	7,080	1,900	2,013	1,388	1,571	-	28,791	10,301	39,092
Other administration	8,209	2,550	1,045	5,632	1,511	1,601	1,104	1,250	11,945	34,847	8,192	43,039
Political contributions	-	-	-	-	-	-	-	-	64,550	64,550	-	64,550
	\$ 2,168,075	\$ 327,957	\$ 181,957	\$ 696,462	\$ 310,095	\$ 239,585	\$ 161,206	\$ 181,289	\$ 80,336	\$ 4,346,962	\$ 838,917	\$ 5,185,879

The accompanying notes are an integral part of these financial statements.

The Virginia Society of Certified Public Accountants and
The Virginia Society of Certified Public Accountants' Political Action Committee

Consolidated Statement of Functional Expenses

Year Ended April 30, 2013

	Continuing Education	Leadership	Peer Review	Membership	Communications	Students & Young Professionals	Public Relations	Legislative	VSCPA PAC	Total Program Services	Total Administrative and General	Total
Leadership	\$ -	\$ 76,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,502	\$ -	\$ 76,502
Peer review administration	-	-	88,993	-	-	-	-	-	-	88,993	-	88,993
Public/member services	-	-	-	140,116	-	51,567	55,338	-	-	247,021	-	247,021
Communications	-	-	-	-	110,177	-	-	-	-	110,177	-	110,177
Legislative	-	-	-	-	-	-	-	45,323	-	45,323	-	45,323
Continuing education:												
Seminars	916,712	-	-	-	-	-	-	-	-	916,712	-	916,712
Conferences	247,141	-	-	-	-	-	-	-	-	247,141	-	247,141
Ethics	93,891	-	-	-	-	-	-	-	-	93,891	-	93,891
Online	43,868	-	-	-	-	-	-	-	-	43,868	-	43,868
Other CPE	65,741	-	-	-	-	-	-	-	-	65,741	-	65,741
Rental expenses	-	-	-	-	-	-	-	-	-	-	240	240
Salaries	454,643	135,621	65,835	313,752	92,922	71,103	73,924	71,477	-	1,279,277	601,735	1,881,012
Employee benefit/payroll costs	128,535	38,343	18,613	88,704	26,271	20,102	20,900	20,208	-	361,676	170,122	531,798
Office supplies and postage	4,625	1,380	670	3,192	945	723	752	727	8,742	21,756	6,122	27,878
Equipment expense	57,180	17,057	8,280	39,461	11,687	8,943	9,297	8,990	-	160,895	75,680	236,575
Bank/credit card fees	25,973	7,748	3,761	17,925	5,309	4,062	4,223	4,084	-	73,085	34,377	107,462
Occupancy expense	54,097	16,137	7,834	37,333	11,057	8,460	8,796	8,505	-	152,219	71,600	223,819
Professional fees	5,844	1,743	846	4,033	1,194	914	950	919	-	16,443	7,735	24,178
Other administration	6,542	1,952	947	4,515	1,337	1,023	1,064	1,029	5,023	23,432	8,659	32,091
Political contributions	-	-	-	-	-	-	-	-	38,400	38,400	-	38,400
	\$ 2,104,792	\$ 296,483	\$ 195,779	\$ 649,031	\$ 260,899	\$ 166,897	\$ 175,244	\$ 161,262	\$ 52,165	\$ 4,062,552	\$ 976,270	\$ 5,038,822

The accompanying notes are an integral part of these financial statements.

*The Virginia Society of Certified Public Accountants and
The Virginia Society of Certified Public Accountants' Political Action Committee*

Consolidated Statements of Cash Flows

Years Ended April 30,	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 10,391	\$ 36,674
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	210,654	166,937
Unrealized loss on investments	2,298	21,283
Realized gain on investments	-	(22,800)
(Gain)/loss on disposal of property and equipment	3,478	(350)
Reinvestment of mutual fund dividends	-	(1,445)
Change in:		
Trade accounts receivable	11,965	(22,844)
Due from VSCPA Educational Foundation	3,000	3,000
Prepaid expenses	54,658	(92,312)
Accounts payable	33,137	42,704
Accrued expenses	1,460	5,089
Pledges payable	(3,000)	(3,000)
Deferred revenues	(91,414)	171,440
Accrued retirement	2,821	4,476
Net cash provided by operating activities	239,448	308,852
Cash flows from investing activities		
Purchase of property and equipment	(78,096)	(168,029)
Proceeds from sale of property and equipment	-	350
Purchase of investments	(2,546,000)	(543,000)
Proceeds from sale of investments	2,295,000	543,906
Net cash used in investing activities	(329,096)	(166,773)
Change in cash and cash equivalents	(89,648)	142,079
Cash and cash equivalents - beginning of year	1,423,181	1,281,102
Cash and cash equivalents - end of year	\$ 1,333,533	\$ 1,423,181

The accompanying notes are an integral part of these financial statements.

*The Virginia Society of Certified Public Accountants and
Certified Public Accountants' Political Action Committee of Virginia*

Notes to Consolidated Financial Statements

April 30, 2014 and 2013

Note 1. Organization and Nature of Activities

The Virginia Society of Certified Public Accountants (Society) is the registered trade name of The Virginia Society of Public Accountants, Incorporated, a nonprofit organization formed in Virginia in 1909 to enhance the success of Certified Public Accountants (CPAs) and their profession by communicating information and vision, promoting professionalism and advocating members' interests. The VSCPA membership consists of more than 11,000 individual CPAs who actively work in public accounting, private industry, government agencies or at educational institutions. The Society is primarily supported through membership dues and continuing education program fees.

The Society has a political action committee called *The Virginia Society of Certified Public Accountants' Political Action Committee* (VSCPA PAC), which has been consolidated in these financial statements. There were no significant transactions between the Society and the VSCPA PAC. The purpose of the VSCPA PAC is to advocate for the CPA profession in Virginia by providing direct financial contributions to candidates and legislators who support CPA interests. The VSCPA PAC is not affiliated with any specific political party and shall not engage in any lobbying activities.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recorded when the obligation is incurred.

Basis of Presentation

Under current accounting standards generally accepted in the United States of America, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statements report amounts separately by class of assets as follows:

Unrestricted amounts are those net assets including both board designated and other unrestricted funds. They include revenue and expenses used currently for the general operations of the Society. General contributions that are restricted by the donor are reported as increases in unrestricted net assets if the donor restrictions expire in the fiscal year in which the contributions are recognized.

Temporarily restricted amounts are those which include contributions restricted by donor designation and are reported as increases in temporarily restricted net assets. When a donor restriction expires either with the passage of time or by actions of the Society, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Temporarily restricted net assets are comprised of political action committee funds.

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (continued)

Permanently restricted amounts include contributions subject to donor imposed stipulations that they be maintained permanently by the Society, the income from which is expendable in accordance with the conditions of each specific donation. Currently, the Society has no permanently restricted net assets.

Concentration of Credit Risk

The Society's financial assets potentially subject to credit risk include cash and cash equivalents, investments and trade receivables. At times, the Society may have cash and cash equivalents at a financial institution in excess of insured limits. The Society places its cash and cash equivalents with a financial institution whose credit rating is monitored by management to minimize the concentration of credit risk. Management periodically evaluates the Society's investments. Receivables are due from business entities and individuals and are not concentrated in any one group or geographic location.

Cash and Cash Equivalents

The Society considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. As of April 30, 2014 and 2013, cash of \$128,901 and \$132,160 is temporarily restricted for the VSCPA PAC.

Trade Receivables

The Society extends unsecured credit to its customers in the ordinary course of business but mitigates the associated credit risk by performing credit checks and actively pursuing past due accounts. Trade accounts receivable are due 30 days after the issuance of the invoice. Trade receivables are charged off to bad debts using the direct write-off method when the accounts are considered uncollectible. If the reserve method of accounting for uncollectible accounts was used, it would not have a materially different effect on the financial statements.

Pledge Receivables

Pledges are recognized when the donor makes a promise to give to the VSCPA PAC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Pledges receivable are expected to be collected within one year or less.

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost. All items costing \$1,000 and above are capitalized. Depreciation is based on estimated useful service lives and is computed on the straight-line method. Estimated useful lives for real property are forty to forty-five years; all other asset lives range from three to fifteen years. Maintenance and repairs are charged to expense in the period in which they occur, but renewals and betterments are capitalized.

Investments

Investments consist of brokered certificates of deposit and are stated at market value. The Society considers unrealized gains and losses on investments to be part of its operating activities.

Pledges Payable

In October 2008, the Society promised to give \$15,000 to the AICPA Academic Doctorial Scholarship. The promise to give is payable over a five-year period. During the year ended April 30, 2010, the VSCPA remitted \$15,000 to the VSCPA Educational Foundation to pay the pledge on their behalf over the five year period. As the pledge payments are made on behalf of the VSCPA by the VSCPA Educational Foundation, the pledge payable and a corresponding related party receivable from the VSCPA Educational Foundation will be reduced. As of April 30, 2014, the VSCPA Educational Foundation has remitted the full amount of the pledge to the AICPA.

Income Taxes

The Society is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Society is subject to tax on any unrelated business income that it may generate. The VSCPA PAC is subject to tax on investment earnings.

Deferred Revenue

Deferred revenue consists primarily of continuing education fees collected in advance of the course. Deferred revenue also consists of membership dues paid in advance and member overpayments or course cancellations to be applied to future courses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs, which are expensed as incurred, were \$31,250 and \$41,569 for years ended April 30, 2014 and 2013, respectively.

Note 3. Investments

Cost and approximate market value of brokered certificates of deposit at April 30, 2014 and 2013, are as follows:

2014				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Market Value
Brokered Certificates of Deposit	\$ 1,284,000	\$ -	\$ 770	\$ 1,283,230

2013				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Market Value
Brokered Certificates of Deposit	\$ 1,033,000	\$ 1,528	\$ -	\$ 1,034,528

The Society incurred \$2,298 and \$21,283 in unrealized losses for the years ended April 30, 2014 and 2013, respectively.

Notes to Consolidated Financial Statements

Note 4. Property and Equipment

Property and equipment consisted of the following at April 30:

Land	\$	268,561	\$	268,561
Building and improvements		1,811,502		1,806,321
Furniture and equipment		314,389		337,314
Computer hardware		210,896		219,470
Computer software		172,232		205,137
		<u>2,777,580</u>		<u>2,836,803</u>
Less - accumulated depreciation and amortization		<u>(1,456,960)</u>		<u>(1,380,147)</u>
	\$	<u>1,320,620</u>	\$	<u>1,456,656</u>

The VSCPA purchased a new phone system in 2008 for \$55,060 and the useful life of the equipment was estimated to be 15 years with no residual value. The equipment has been depreciated under the straight line depreciation method for the fiscal years 2009 through 2013, resulting in accumulated depreciation of \$17,436 as of April 30, 2013. During fiscal year 2014, the VSCPA revised the useful life of the phone system to six years. As a result of the change in the estimated useful life of the phone system, the remaining net book value of \$37,624 has been fully depreciated as of April 30, 2014.

Note 5. Lease and Lease Commitments

The Society has operating leases for equipment that expire between 2015 and 2019. Estimated future minimum lease payments for the equipment for years ending April 30, are as follows:

2015	\$	31,047
2016		26,014
2017		22,419
2018		22,419
2019		18,683
	\$	<u>120,582</u>

Total rental expense for the years ended April 30, 2014 and 2013, was \$34,748 and \$38,104, respectively.

Note 6. Retirement Benefits

The Society has a salary deferral plan under Section 401(k) of the Internal Revenue Code for eligible employees. Under the plan, a participant's entry date will be the earlier of May 1 or the date six months thereafter, coincident with or next following the satisfaction of eligibility requirements. Elective deferrals are limited to those established annually by the federal government. The Society has the option under the plan to provide matching contributions and/or non-elective discretionary contributions. The Society's discretionary contributions to the plan were \$132,241 and \$129,420 for the years ended April 30, 2014 and 2013, respectively.

Notes to Consolidated Financial Statements

Note 7. Related Party Transactions

The Society is affiliated with the VSCPA Educational Foundation, Inc. (Foundation), a Code Section 501 (c)(3) entity. The Society accepted on behalf of and distributed to the Foundation contributions of \$47,979 and \$41,693 for the years ended April 30, 2014 and 2013, respectively. The Society provides personnel, facilities and other services to the Foundation, a portion of which is recorded as an in-kind contribution from the Society to the Foundation. The in-kind contribution is measured based on the total hours dedicated to the Foundation by Society personnel. During the years ended April 30, 2014 and 2013, the Society charged the Foundation \$34,680 and \$45,180, respectively, for the cost of these services. As of April 30, 2014 and 2013, the in-kind contribution totaled approximately \$30,000 and \$29,000, respectively. For the year ended April 30, 2013, the Society also paid expenses on behalf of the Foundation which totaled \$3,900.

The Society accepted on behalf of The Virginia Society of Certified Public Accountants' Political Action Committee of Virginia (VSCPA PAC) and distributed to the VSCPA PAC contributions of \$26,839 and \$31,189 for the years ended April 30, 2014 and 2013, respectively.

Note 8. Fair Value Measurements

Financial accounting standards for fair value measurements define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Notes to Consolidated Financial Statements

Note 8. Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at April 30, 2014 and 2013.

Brokered certificates of deposit: Valued at the closing price reported on an active market on which similar securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Society's assets at fair value as of April 30, 2014 and 2013:

	April 30, 2014			
	Level 1	Level 2	Level 3	Total
Brokered Certificates of deposit	\$ -	\$ 1,283,230	\$ -	\$ 1,283,230
Total assets at fair value	\$ -	\$ 1,283,230	\$ -	\$ 1,283,230

	April 30, 2013			
	Level 1	Level 2	Level 3	Total
Brokered Certificates of deposit	\$ -	\$ 1,034,528	\$ -	\$ 1,034,528
Total assets at fair value	\$ -	\$ 1,034,528	\$ -	\$ 1,034,528

Note 9. Accounting for Uncertain Tax Positions

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Society's tax positions and concluded that the Society had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Society is no longer subject to income tax examinations by the taxing authorities for years ending before April 30, 2011.

The Society includes penalties and interest assessed by income taxing authorities in administrative and general expenses. The Society did not have penalties and interest relating to income taxes for the years ended April 30, 2014 and 2013.

Note 10. Subsequent Events

Management has evaluated subsequent events through, August 25, 2014, the date which the financial statements were available for issue.