

*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, 2020 and 2019



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

Contents

	Page
<i>Independent Auditor's Report</i>	1
<i>Consolidated Financial Statements</i>	
<i>Consolidated Statements of Financial Position</i>	2
<i>Consolidated Statements of Activities</i>	3
<i>Consolidated Statements of Functional Expenses</i>	4 – 5
<i>Consolidated Statements of Cash Flows</i>	6
<i>Notes to Consolidated Financial Statements</i>	7 – 15

Independent Auditor's Report

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

Report on the Consolidated 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, 2020 and 2019, 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 (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the 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 entities' 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 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 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, 2020 and 2019, 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

Richmond, Virginia
August 13, 2020

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

Consolidated Statements of Financial Position

April 30,	2020	2019
ASSETS		
Assets		
Cash and cash equivalents	\$ 1,592,392	\$ 2,477,760
Trade accounts receivable	109,441	72,339
Investments	1,582,997	1,672,553
Prepaid expenses	291,733	290,193
Property and equipment – net	2,108,698	1,229,351
	\$ 5,685,261	\$ 5,742,196
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 20,311	\$ 34,840
Accrued expenses	243,197	206,531
Deferred compensation	244,401	190,700
Deferred revenue	494,485	783,075
Accrued retirement	194,662	189,889
Total liabilities	1,197,056	1,405,035
Net assets		
Without donor restrictions:		
Invested in property and equipment	2,108,698	1,229,351
Board designated for facility and technology	697,805	952,175
Board designated for operating expenses	949,452	1,268,284
Undesignated	688,703	832,544
	4,444,658	4,282,354
With donor restrictions (VSCPA PAC)	43,547	54,807
Total net assets	4,488,205	4,337,161
	\$ 5,685,261	\$ 5,742,196

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,	2020	2019
Change in net assets without donor restrictions		
Revenue:		
Program revenue:		
Continuing education:		
Seminars	\$ 946,460	\$ 1,138,402
Conferences	578,414	448,897
Ethics	1,104,058	1,123,791
Online	317,441	298,447
Other CPE	17,805	6,709
Total continuing education	2,964,178	3,016,246
Peer Review	343,425	262,139
Innovation	36,930	44,503
Membership	2,520,285	2,567,052
Communications	56,053	58,310
Students & Educators	18,462	44,126
Net assets released from restriction, VSCPA PAC	58,584	74,536
Total program revenue	5,997,917	6,066,912
Other:		
Affinity Income	129,472	150,185
Investment Income, net	34,817	73,550
Rental Income	16,817	27,017
Gain (loss) on disposal of property and equipment	(58,908)	(4,208)
Miscellaneous	2,500	2,500
Total support and revenues without donor restrictions	6,122,615	6,315,956
Expenses:		
Program services:		
Learning	2,397,206	2,376,837
Governance	323,461	357,361
Peer Review	315,667	344,472
Membership	919,034	1,032,191
Innovation	360,792	380,256
Students & Educators	249,992	269,440
Public Relations	76,270	132,889
Government Affairs	287,125	246,914
VSCPA PAC	58,584	74,536
Supporting services:		
Administrative and general	972,180	980,096
Total expenses	5,960,311	6,194,992
Change in net assets without donor restrictions	162,304	120,964
Change in net assets with donor restrictions		
Contributions to the VSCPA PAC	47,324	54,448
Net assets released from restriction, VSCPA PAC	(58,584)	(74,536)
Change in net assets with donor restrictions	(11,260)	(20,088)
Change in net assets	151,044	100,876
Net assets – beginning of year	4,337,161	4,236,285
Net assets – end of year	\$ 4,488,205	\$ 4,337,161

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, 2020

	Learning	Governance	Peer Review	Membership	Innovation	Students & Educators	Public Relations	Government Affairs	VSCPA PAC	Total Program Services	Total Administrative and General	Total
Governance	\$ -	\$ 42,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,560	\$ -	\$ 42,560
Peer review administration	-	-	109,137	-	-	-	-	-	-	109,137	-	109,137
Public/member services	-	-	-	118,990	69,384	41,845	32,216	-	-	262,435	-	262,435
Communications	-	-	-	77,387	-	-	-	-	-	77,387	-	77,387
Government affairs	-	-	-	-	-	-	-	68,874	-	68,874	-	68,874
Continuing education:												
Seminars	601,297	-	-	-	-	-	-	-	-	601,297	-	601,297
Conferences	313,573	-	-	-	-	-	-	-	-	313,573	-	313,573
Ethics	135,574	-	-	-	-	-	-	-	-	135,574	-	135,574
Online	169,118	-	-	-	-	-	-	-	-	169,118	-	169,118
Other CPE	68,600	-	-	-	-	-	-	-	-	68,600	-	68,600
Rental expense	-	-	-	-	-	-	-	-	-	-	11,467	11,467
Salaries	694,116	175,806	129,261	452,289	182,383	130,273	27,572	136,597	-	1,928,297	601,282	2,529,579
Employee benefit/payroll costs	171,773	43,507	31,988	111,928	45,134	32,239	6,823	33,804	-	477,196	148,799	625,995
Office supplies and postage	1,724	437	321	1,123	453	323	68	339	1,783	6,571	1,493	8,064
Technology expense	113,711	28,801	21,176	74,094	29,878	21,341	4,517	22,377	-	315,895	98,502	414,397
Bank/credit card fees	31,206	7,904	5,811	20,334	8,200	5,857	1,240	6,141	-	86,693	27,033	113,726
Occupancy & equipment expense	80,759	20,455	15,039	52,623	21,220	15,157	3,208	15,893	-	224,354	69,959	294,313
Professional fees	6,059	1,535	1,128	3,948	1,592	1,137	241	1,192	-	16,832	5,248	22,080
Other administration	9,696	2,456	1,806	6,318	2,548	1,820	385	1,908	7,551	34,488	8,397	42,885
Political contributions	-	-	-	-	-	-	-	-	49,250	49,250	-	49,250
	\$ 2,397,206	\$ 323,461	\$ 315,667	\$ 919,034	\$ 360,792	\$ 249,992	\$ 76,270	\$ 287,125	\$ 58,584	\$ 4,988,131	\$ 972,180	\$ 5,960,311

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, 2019

	Learning	Governance	Peer Review	Membership	Innovation	Students & Educators	Public Relations	Government Affairs	VSCPA PAC	Total Program Services	Total Administrative and General	Total
Governance	\$ -	\$ 57,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,163	\$ -	\$ 57,163
Peer review administration	-	-	114,665	-	-	-	-	-	-	114,665	-	114,665
Public/member services	-	-	-	136,673	117,323	37,976	39,309	-	-	331,281	-	331,281
Communication	-	-	-	102,580	-	-	-	-	-	102,580	-	102,580
Government affairs	-	-	-	-	-	-	-	72,592	-	72,592	-	72,592
Continuing education:												
Seminars	732,535	-	-	-	-	-	-	-	-	732,535	-	732,535
Conferences	220,830	-	-	-	-	-	-	-	-	220,830	-	220,830
Ethics	128,803	-	-	-	-	-	-	-	-	128,803	-	128,803
Online	158,930	-	-	-	-	-	-	-	-	158,930	-	158,930
Other CPE	60,406	-	-	-	-	-	-	-	-	60,406	-	60,406
Salaries	636,621	177,724	136,051	469,438	155,662	137,032	55,401	103,203	-	1,871,132	580,239	2,451,371
Employee benefit/payroll costs	167,124	46,656	35,716	123,235	40,864	35,973	14,544	27,092	-	491,204	152,322	643,526
Office supplies and postage	1,858	519	397	1,370	454	400	162	301	4,093	9,554	1,694	11,248
Technology expense	121,811	34,006	26,032	89,822	29,784	26,220	10,600	19,747	-	358,022	111,022	469,044
Bank/credit card fees	32,473	9,065	6,940	23,945	7,940	6,990	2,826	5,264	-	95,443	29,596	125,039
Occupancy & equipment expense	80,476	22,466	17,198	59,342	19,678	17,322	7,003	13,046	-	236,531	73,351	309,882
Professional fees	24,702	6,896	5,279	18,215	6,040	5,317	2,150	4,004	-	72,603	22,514	95,117
Other administration	10,268	2,866	2,194	7,571	2,511	2,210	894	1,665	12,693	42,872	9,358	52,230
Political contributions	-	-	-	-	-	-	-	-	57,750	57,750	-	57,750
	\$ 2,376,837	\$ 357,361	\$ 344,472	\$ 1,032,191	\$ 380,256	\$ 269,440	\$ 132,889	\$ 246,914	\$ 74,536	\$ 5,214,896	\$ 980,096	\$ 6,194,992

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,	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 151,044	\$ 100,876
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	201,308	218,542
Realized and unrealized (gain) loss on investments	34,737	(10,872)
(Gain) loss on disposal of property and equipment	58,908	4,208
Change in:		
Trade accounts receivable	(37,102)	107,385
Prepaid expenses	(1,540)	(57,985)
Accounts payable	(14,529)	13,235
Accrued expenses	36,666	13,915
Deferred compensation	62,200	80,700
Deferred revenue	(288,590)	(66,570)
Accrued retirement	4,773	18,241
Net cash provided by operating activities	207,875	421,675
Cash flows from investing activities		
Purchase of property and equipment	(1,145,240)	(117,983)
Proceeds from sale of property and equipment	5,677	255
Purchase of investments	(2,582,744)	(875,000)
Proceeds from sale of investments	2,629,064	1,250,000
Net cash provided by (used in) investing activities	(1,093,243)	257,272
Change in cash and cash equivalents	(885,368)	678,947
Cash and cash equivalents - beginning of year	2,477,760	1,798,813
Cash and cash equivalents - end of year	\$ 1,592,392	\$ 2,477,760

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, 2020 and 2019

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 13,000 individual CPAs and accounting professionals 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.

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 two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. The financial statements report amounts separately by class of assets as follows:

Net Assets Without Donor Restrictions - Net assets including both board designated and other funds that are not subject to donor restrictions. They include revenue and expenses used currently for the general operations of the Society. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve, and a capital reserve. General contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the donor restrictions expire in the fiscal year in which the contributions are recognized.

2. Summary of Significant Accounting Policies (continued)

Net Assets With Donor Restrictions - Net assets including amounts subject to donor imposed restrictions. When a donor restriction expires either with the passage of time or by actions of the Society, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Net assets with donor restrictions are comprised of contributions to the political action committee and are used for the operations of the political action committee. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Currently, the Society does not hold any donor restricted funds that are perpetual in nature.

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, 2020 and 2019, cash of \$41,052 and \$50,675 is with donor restrictions for the VSCPA PAC.

Trade Accounts Receivable

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 accounts receivable 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.

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 two 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, equities, and U.S. treasury notes. All investments are stated at approximate market value. The Society considers unrealized and realized gains, and losses on investments to be part of its operating activities. Dividends and interest are recorded as revenue when earned.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Society is exempt from federal income taxes under Code 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.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statements of activities and statements of functional expenses. Accordingly, certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include indirect expenses such as salaries and benefits, occupancy and equipment, technology, and professional fees. These are allocated based on the percentage of staff time spent in each program & supporting area. This allocation is determined using staff timesheets which designate how much time on a daily basis is spent in each program and supporting area.

Advertising

Advertising costs, which are expensed as incurred, were \$16,200 and \$26,203 for years ended April 30, 2020 and 2019, respectively.

Revenue Recognition

The Financial Accounting Standards Board Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. Analysis of various provisions of this standard resulted in no significant changes in the way the Society recognizes revenue and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The VSCPA has two primary sources of revenue: membership dues and continuing education revenue. Membership dues revenue is recorded ratably over the membership period as benefits are consumed. Revenue related to continuing education is recognized at a point in time.

Total membership and continuing education revenue recognized at a point in time and over time was as follows for the year ended April 30, 2020.

	2020	2019
Revenue recognized at a point in time	\$ 3,117,614	\$ 3,199,565
Revenue recognized over time	\$ 2,953,691	\$ 2,945,496

The VSCPA utilizes standardized dues rates approved by the Board of Directors on an annual basis. The membership arrangement is for the fiscal year. Dues billings begin prior to the commencement of the contract year so a small portion of the dues is collected in advance. As a result, the VSCPA has a small contract liability (deferred revenue). Continuing education events are held throughout the year and revenue is recognized at the time of the event, when the performance obligation occurs.

If the VSCPA's contracts included multiple performance obligations, the contract transaction price would be allocated on a relative standalone selling price (SSP) basis to each performance obligation. The VSCPA typically determines standalone selling price based on observable selling prices of services. Membership dues have multiple performance obligations, however, all are fully satisfied at the end of the fiscal year.

3. Liquidity and Availability

The following reflects the VSCPA's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the board in the operating and capital reserves that could be drawn upon if the board approves that action.

	2020	2019
Cash	\$1,551,340	\$2,427,085
Brokered CDs that mature within 1 year of the balance sheet date	225,449	1,448,142
Marketable investments	1,357,548	-
Trade accounts receivable	109,441	72,339
Total current financial assets	3,243,778	3,947,566
Board designations:		
Capital reserves	(697,805)	(826,885)
Operating reserves	(949,452)	(1,169,162)
Deferred compensation plan	(182,201)	-
Financial assets available to meet cash needs for general expenditures within one year	\$1,414,320	\$1,951,519

Notes to Consolidated Financial Statements (continued)

3. Liquidity and Availability (continued)

Of the total financial assets, \$1,647,257 are subject to board designations that make them unavailable for general expenditure within one year of the balance sheet date without board approval. These designations are in place in order to ensure the VSCPAs ongoing and future viability to achieve its mission. The designated funds include:

An Operating Fund whose purpose is to enable the VSCPA to withstand the impact of economic downturns, both internally and/or externally generated or to invest in strategic opportunities.

A Capital Fund whose purpose is to provide funds for the VSCPA's major technology or strategic initiative and/or facility needs.

In addition, of the total financial assets, \$182,201 is unavailable for general expenditure and is set aside subject to a deferred compensation plan for the benefit of a current key employee.

The VSCPA has a policy to maintain financial assets, which consists of cash and short-term investments, on hand to meet at least 35% of the previous year's total operating expenses, which is \$6,120,456.

The VSCPA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the VSCPA invests cash in excess of daily requirements in various short-term investments, including certificate of deposits, money market instruments, and high-quality, short-term fixed-income investments. In addition, up to 40% of the capital fund and up to 20% of the operating fund may be invested in equities.

4. Investments

Cost and approximate market value of investment securities at April 30, 2020 and 2019, are as follows:

	2020		2019	
	Cost	Approximate Market Value	Cost	Approximate Market Value
Brokered Certificates of Deposit	\$ 225,000	\$ 225,449	\$ 1,675,000	\$ 1,672,553
Equity Securities	510,104	459,656	-	-
U.S. Treasuries	878,163	897,892	-	-
	<u>\$ 1,613,267</u>	<u>\$ 1,582,997</u>	<u>\$ 1,675,000</u>	<u>\$ 1,672,553</u>

Notes to Consolidated Financial Statements (continued)

5. Property and Equipment

Property and equipment consisted of the following at April 30:

	2020	2019
Land	\$ 268,561	\$ 268,561
Building and improvements	2,486,052	1,873,921
Furniture and equipment	256,445	306,284
Computer hardware	425,296	455,403
Computer software	343,939	324,898
	3,780,293	3,229,067
Less - accumulated depreciation and amortization	(1,671,595)	(1,999,716)
	<u>\$ 2,108,698</u>	<u>\$ 1,229,351</u>

6. Lease and Lease Commitments

The Society has operating leases for equipment that expire in 2022 and 2025. Estimated future minimum lease payments for the equipment for fiscal years ending April 30, are as follows:

2021	\$ 24,940
2022	23,201
2023	4,072
2024	4,072
2025	1,357
	<u>\$ 57,642</u>

Total rental expense for the years ended April 30, 2020 and 2019, was \$42,697 and \$32,455, respectively.

7. Retirement Benefits

The Society has a salary deferral plan under Section 401(k) of the Internal Revenue Code for eligible employees. Under the plan, an employee may enter the plan on the first day of the month following completion of 1 year of service and attainment of age 21. 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 \$184,662 and \$187,389 for the years ended April 30, 2020 and 2019, respectively.

Notes to Consolidated Financial Statements (continued)

8. Deferred Compensation

The Society established a deferred compensation plan for the benefit of a current key employee effective September 1, 2018. Commencing on April 30, 2019, and on an annual basis thereafter, the Society will contribute to the plan a discretionary amount of not less than \$62,200. The current key employee becomes 50% vested on April 30, 2027, and fully vested on April 30, 2028, or in the event of termination of employment due to disability, death, involuntarily without cause, or for good reason as defined in the agreement. The plan assets are reported with the Society's investments and are reported at fair market value. The amounts that are due to the participant are shown as an equal and offsetting liability. The Society awarded \$62,200 of deferred compensation to a key employee for the year ended April 30, 2020.

9. 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 \$34,060 and \$36,282 for the years ended April 30, 2020 and 2019, 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, 2020 and 2019, the Society charged the Foundation \$10,000 each year, for the cost of these services. As of April 30, 2020 and 2019, the in-kind contribution totaled approximately \$31,225 and \$28,922, respectively.

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 \$35,756 and \$24,899 for the years ended April 30, 2020 and 2019, respectively.

10. 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; and

Notes to Consolidated Financial Statements (continued)

10. Fair Value Measurements (continued)

- 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.

The 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, 2020 and 2019.

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

Equity securities: Valued at the closing price reported on the active market on with the individual securities are traded.

U.S. Treasuries: Value 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, 2020 and 2019:

	April 30, 2020			
	Level 1	Level 2	Level 3	Total
Brokered certificates of deposit	\$ -	\$ 225,449	\$ -	\$ 225,449
Equity Securities	459,656	-	-	459,656
U.S. Treasuries	-	897,892	-	897,892
Total assets at fair value	\$ 459,656	\$ 1,123,341	\$ -	\$ 1,582,997

	April 30, 2019			
	Level 1	Level 2	Level 3	Total
Brokered certificates of deposit	\$ -	\$ 1,672,553	\$ -	\$ 1,672,553
Total assets at fair value	\$ -	\$ 1,672,553	\$ -	\$ 1,672,553

Notes to Consolidated Financial Statements (continued)

11. COVID-19

As of the date through which the Society has evaluated past and subsequent events, the Society believes they understand the risk associated with COVID-19. The Society has been working on implementing risk mitigation tactics for the Society as to the risk of the impact, if any, of COVID-19 related to all aspects of the Society's transactions with customers and vendors, and human interaction within and outside of the Society.

12. 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, 2017.

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, 2020 and 2019.

13. Subsequent Events

Management has evaluated subsequent events through August 13, 2020, the date which the consolidated financial statements were available for issue.