

*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, 2021 and 2020



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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 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, 2021 and 2020, 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, 2021 and 2020, 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 24, 2021

***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,	2021	2020
ASSETS		
Assets		
Cash and cash equivalents	\$ 2,848,164	\$ 1,592,392
Trade accounts receivable	55,173	109,441
Other receivables	107,497	-
Investments	1,993,235	1,582,997
Prepaid expenses	229,277	291,733
Property and equipment – net	2,456,953	2,108,698
	\$ 7,690,299	\$ 5,685,261
LIABILITIES AND NET ASSETS		
Liabilities		
Paycheck Protection Program loan	\$ 519,300	\$ -
Accounts payable	30,041	20,311
Accrued expenses	289,239	243,197
Deferred compensation	403,831	244,401
Deferred revenue	1,066,298	494,485
Accrued retirement	197,251	194,662
Total liabilities	2,505,960	1,197,056
Net Assets		
Without donor restrictions:		
Invested in property and equipment	2,456,953	2,108,698
Board designated for facility and technology	780,277	697,805
Board designated for operating expenses	1,021,791	949,452
Undesignated	863,175	688,703
	5,122,196	4,444,658
With donor restrictions (VSCPA PAC)	62,143	43,547
Total net assets	5,184,339	4,488,205
	\$ 7,690,299	\$ 5,685,261

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,	2021	2020
Change in net assets without donor restrictions		
Revenue:		
Program revenue:		
Continuing education:		
Seminars	\$ 716,669	\$ 946,460
Conferences	367,680	578,414
Ethics	1,096,347	1,104,058
Online	388,583	317,441
Other Learning	28,538	17,805
Total continuing education	2,597,817	2,964,178
Peer Review	354,685	343,425
Innovation	51,993	36,930
Membership	2,490,456	2,520,285
Communications	46,235	56,053
Students & Educators	14,681	18,462
Net assets released from restriction, VSCPA PAC	37,088	58,584
Total program revenue	5,592,955	5,997,917
Other:		
Affinity Income	120,830	129,472
Investment Income, net	153,380	34,817
Rental Income	8,290	16,817
Loss on disposal of property and equipment	(3,226)	(58,908)
Miscellaneous	2,500	2,500
Total support and revenues without donor restrictions	5,874,729	6,122,615
Expenses:		
Program services:		
Learning	2,166,789	2,397,206
Governance	316,639	323,461
Peer Review	227,024	315,667
Membership	772,128	919,034
Innovation	287,970	360,792
Students & Educators	118,563	249,992
Public Relations	70,696	76,270
Government Affairs	240,122	287,125
VSCPA PAC	37,088	58,584
Supporting services:		
Administrative and general	960,172	972,180
Total expenses	5,197,191	5,960,311
Change in net assets without donor restrictions	677,538	162,304
Change in net assets with donor restrictions		
Contributions to the VSCPA PAC	55,684	47,324
Net assets released from restriction, VSCPA PAC	(37,088)	(58,584)
Change in net assets with donor restrictions	18,596	(11,260)
Change in net assets	696,134	151,044
Net assets – beginning of year	4,488,205	4,337,161
Net assets – end of year	\$ 5,184,339	\$ 4,488,205

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, 2021

	Learning	Governance	Peer Review	Membership	Innovation	Students & Educators	Public Relations	Government Affairs	VSCPA PAC	Total Program Services	Total Administrative and General	Total
Governance	\$ -	\$ 49,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,776	\$ -	\$ 49,776
Peer review administration	-	-	132,198	-	-	-	-	-	-	132,198	-	132,198
Public/member services	-	-	-	82,775	24,855	21,113	27,968	-	-	156,711	-	156,711
Communication	-	-	-	63,423	-	-	-	-	-	63,423	-	63,423
Government affairs	-	-	-	-	-	-	-	57,965	-	57,965	-	57,965
Continuing education:												
Seminars	375,979	-	-	-	-	-	-	-	-	375,979	-	375,979
Conferences	70,938	-	-	-	-	-	-	-	-	70,938	-	70,938
Ethics	226,900	-	-	-	-	-	-	-	-	226,900	-	226,900
Online	199,798	-	-	-	-	-	-	-	-	199,798	-	199,798
Other learning	75,799	-	-	-	-	-	-	-	-	75,799	-	75,799
Rental expense	-	-	-	-	-	-	-	-	-	-	2,540	2,540
Salaries	700,383	153,532	54,556	360,111	151,376	56,065	24,582	104,799	-	1,605,404	550,948	2,156,352
Employee benefit/payroll costs	191,660	42,014	14,929	98,544	41,424	15,342	6,727	28,678	-	439,318	150,767	590,085
Office supplies and postage	1,300	285	101	669	281	104	46	195	685	3,666	1,023	4,689
Technology expense	147,793	32,398	11,512	75,990	31,943	11,831	5,187	22,114	-	338,768	116,259	455,027
Bank/credit card fees	45,703	10,019	3,560	23,499	9,878	3,658	1,604	6,839	-	104,760	35,951	140,711
Occupancy & equipment expense	111,196	24,375	8,662	57,173	24,033	8,901	3,903	16,638	-	254,881	87,471	342,352
Professional fees	9,077	1,990	707	4,667	1,962	727	319	1,358	-	20,807	7,140	27,947
Other administration	10,263	2,250	799	5,277	2,218	822	360	1,536	4,003	27,528	8,073	35,601
Political contributions	-	-	-	-	-	-	-	-	32,400	32,400	-	32,400
	\$ 2,166,789	\$ 316,639	\$ 227,024	\$ 772,128	\$ 287,970	\$ 118,563	\$ 70,696	\$ 240,122	\$ 37,088	\$ 4,237,019	\$ 960,172	\$ 5,197,191

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 learning	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 Statements of Cash Flows

Years Ended April 30,	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 696,134	\$ 151,044
Adjustments to reconcile to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	256,717	201,308
Realized and unrealized (gain) loss on investments	(128,193)	34,737
Loss on disposal of property and equipment	3,226	58,908
Change in:		
Trade accounts receivable	54,268	(37,102)
Other receivables	(107,497)	-
Prepaid expenses	62,456	(1,540)
Accounts payable	9,730	(14,529)
Accrued expenses	46,042	36,666
Deferred compensation	124,400	62,200
Deferred revenue	571,813	(288,590)
Accrued retirement	2,589	4,773
Net cash and cash equivalents provided by operating activities	1,591,685	207,875
Cash flows from investing activities		
Purchase of property and equipment	(608,198)	(1,145,240)
Proceeds from sale of property and equipment	-	5,677
Purchase of investments	(976,434)	(2,582,744)
Proceeds from sale of investments	729,419	2,629,064
Net cash and cash equivalents used in investing activities	(855,213)	(1,093,243)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	519,300	-
Net cash and cash equivalents provided by financing activities	519,300	-
Change in cash and cash equivalents	1,255,772	(885,368)
Cash and cash equivalents - beginning of year	1,592,392	2,477,760
Cash and cash equivalents - end of year	\$ 2,848,164	\$ 1,592,392

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, 2021 and 2020

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 Society's 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 of Virginia* (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.

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.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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, 2021 and 2020, cash of \$51,381 and \$41,052 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 and 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 \$16,390 and \$16,200 for years ended April 30, 2021 and 2020, 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.

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Society 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 years ended April 30, 2021 and 2020.

	2021	2020
Revenue recognized at a point in time	\$2,743,665	\$3,117,614
Revenue recognized over time	\$2,935,532	\$2,953,691

The Society utilizes standardized dues rates approved by the Board of Directors on an annual basis. The membership arrangement is for the fiscal year. Dues are billed prior to the commencement of the contract year so a portion of the dues is collected in advance. The Society had contract liabilities (deferred revenue) of \$1,066,298 and \$494,485 at April 30, 2021 and 2020, respectively. The Society had contract liabilities (deferred revenue) of \$783,075 at April 30, 2019. 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 Society'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 Society 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 Society'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.

	2021	2020
Cash	\$2,796,783	\$1,551,340
Brokered CDs that mature within		
1 year of the balance sheet date	-	225,449
Marketable investments	1,993,235	1,357,548
Trade accounts receivable	<u>162,670</u>	<u>109,441</u>
Total current financial assets	4,952,688	3,243,778
Board designations:		
Capital reserves	(780,277)	(697,805)
Operating reserves	(1,021,791)	(949,452)
Deferred compensation plan	<u>(403,831)</u>	<u>(182,201)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,746,789</u>	<u>\$1,414,320</u>

Notes to Consolidated Financial Statements (continued)

3. Liquidity and Availability (continued)

Of the total financial assets \$1,802,068 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 Society's ongoing and future viability to achieve its mission. The designated funds include:

An Operating Fund whose purpose is to enable the Society 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 Society's major technology or strategic initiative and/or facility needs.

In addition, of the total financial assets, \$403,831 is unavailable for general expenditure and is set aside subject to a deferred compensation plan for the benefit of a current key employee.

The Society 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 \$5,901,727.

The Society 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 Society 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, 2021 and 2020, are as follows:

	2021		2020	
	Cost	Approximate Market Value	Cost	Approximate Market Value
Brokered Certificates of Deposit	\$ -	\$ -	\$ 225,000	\$ 225,449
Corporate Bonds	40,093	39,980	-	-
Equity Securities	1,203,617	1,394,077	510,104	459,656
U.S. Treasuries	548,508	559,178	878,163	897,892
	\$ 1,792,218	\$ 1,993,235	\$ 1,613,267	\$ 1,582,997

Notes to Consolidated Financial Statements (continued)

5. Property and Equipment

Property and equipment consisted of the following at April 30:

	2021	2020
Land	\$ 268,561	\$ 268,561
Building and improvements	2,760,387	2,486,052
Furniture and equipment	549,343	256,445
Computer hardware	409,541	425,296
Computer software	305,350	343,939
	<u>4,293,182</u>	<u>3,780,293</u>
Less - accumulated depreciation and amortization	<u>(1,836,229)</u>	<u>(1,671,595)</u>
	<u>\$ 2,456,953</u>	<u>\$ 2,108,698</u>

6. Lease and Lease Commitments

The Society has operating leases for equipment that expire in 2025 and 2026. Estimated future minimum lease payments for the equipment for fiscal years ending April 30, are as follows:

2022	\$ 24,284
2023	24,284
2024	24,284
2025	21,569
2026	3,369
	<u>\$ 97,790</u>

Total rental expense for the years ended April 30, 2021 and 2020 was \$22,329 and \$42,697, 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 \$197,251 and \$184,662 for the years ended April 30, 2021 and 2020, 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 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, 2021 and 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 \$52,356 and \$34,060 for the years ended April 30, 2021 and 2020, 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, 2021 and 2020, the Society charged the Foundation \$10,000 each year, for the cost of these services. As of April 30, 2021 and 2020, the in-kind contribution totaled approximately \$28,230 and \$31,225, 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 \$24,216 and \$35,756 for the years ended April 30, 2021 and 2020, 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
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Notes to Consolidated Financial Statements (continued)

10. Fair Value Measurements (continued)

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, 2021 and 2020.

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

Corporate debt securities: 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, 2021 and 2020:

	April 30, 2021			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 39,980	\$ -	\$ 39,980
Equity securities	1,394,077	-	-	1,394,077
U.S. Treasuries	-	559,178	-	559,178
Total assets at fair value	\$ 1,394,077	\$ 599,158	\$ -	\$ 1,993,235
	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

Notes to Consolidated Financial Statements (continued)

11. Employee Retention Credit (ERC)

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted. The CARES Act, among other things, provides an employee retention credit (ERC), which is a refundable credit against certain employment taxes of up to \$5,000 per employee for eligible employers during the period from March 13, 2020 through December 31, 2020, and \$7,000 per employee per calendar quarter for the period from January 1, 2021 through December 31, 2021. The Society qualified for and recognized \$257,478 of ERC; the ERC was recorded as a reduction of wages in the statement of activities during the year ended April 30, 2021, with \$107,497 recorded as other receivables on the consolidated statements of financial position as of April 30, 2021.

12. Paycheck Protection Program

On February 1, 2021, the Society received total loan proceeds of \$519,300 under the Paycheck Protection Program (the “PPP Loan”). The Paycheck Protection Program was established under the CARES Act and is administered by the Small Business Administration (SBA). The PPP Loan to the Society was made through TowneBank.

The term of the loan is two years from the date of funding and the interest rate is 1%. Payments and interest are deferred until ten months after the end of the covered period, unless applying for forgiveness.

The Society has accounted for the proceeds as a financial liability in accordance with FASB ASC 470. Under the terms of the CARES Act, PPP Loan recipients may apply for and be granted forgiveness for all or a portion of loan granted under the Paycheck Protection Program. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and certain non-payroll costs. The Society believes that it has acted in compliance with the program and plans to apply for forgiveness of the PPP Loan; therefore, the PPP Loan has been classified as current on the consolidated statements of financial position.

The proceeds from the loan remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Society has been “legally released”, or (2) the Society pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and a legal release is received, the Society will reduce the liability by the amount forgiven and record a gain on extinguishment.

13. 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, 2018.

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, 2021 and 2020.

Notes to Consolidated Financial Statements (continued)

14. Other Matters – COVID-19

On March 10, 2020, the World Health Organization declared COVID-19 as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. Actions taken to mitigate the spread of COVID-19 have had, and may to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Society operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Society, COVID-19 may continue to have an impact on future operations.

15. Subsequent Events

Management has evaluated subsequent events through August 24, 2021, the date which the consolidated financial statements were available for issue.