



Board Approved Policies

Virginia Society of Certified Public Accountants

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Preamble

The following policies have been approved by the Board of Directors (Board) of the Virginia Society of CPAs (VSCPA) and apply to individuals and situations as stated in the policies.

Section 1: General

A. Antitrust

The VSCPA does not intend to, and may not, play any role in the competitive decisions of its members or their employees, or in any way restrict the competition in any aspect of the accounting profession. The VSCPA Board of Directors, through this statement of policy, makes clear its unequivocal support for the policy of competition served by the antitrust laws and its uncompromising intent to comply strictly in all respects with those laws. It is the individual responsibility of every member of the VSCPA to be guided by the antitrust laws. It shall be the special responsibility of all VSCPA committee chairs, officers and directors, and executive staff including Vice President level and above, to assure that this policy is known and adhered to in the course of activities pursued under their leadership.

B. President & CEO Compensation

This policy on the process for determining compensation applies to the compensation of the President and CEO. All other staff compensation is the responsibility of the President and CEO. The process includes all of these elements:

1. Review and approval. The compensation is reviewed and approved by the Compensation Committee of the organization. The Compensation Committee is made up of the Chair of the Board, the Chair-Elect and the Chair-Elect Nominee.
2. Use of data as to comparable compensation. The compensation is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.
3. Contemporaneous documentation and recordkeeping. Contemporaneous documentation and recordkeeping with respect to deliberations and decisions regarding the compensation arrangement is maintained.

C. Conflict of Interest

In their capacity as directors, the members of the Board of the VSCPA must act at all times in the best interests of the VSCPA. The purpose of this policy is to help inform the Board about what constitutes a conflict of interest, assist the Board in identifying and disclosing actual and potential conflicts, and help ensure the avoidance of conflicts of interest where necessary. This policy may be enforced against individual Board members as described below.

1. Board members have a fiduciary duty to conduct themselves without conflict to the interests of the VSCPA. In their capacity as Board members, they must subordinate personal, individual business, third-party, and other interests to the welfare and best interests of VSCPA.
2. A conflict of interest is a transaction or relationship which presents or may present a conflict between a Board member's obligations to VSCPA and the Board member's personal, business or other interests.
3. All conflicts of interest are not necessarily prohibited or harmful to VSCPA. However, full disclosure of all actual, perceived and potential conflicts, and a determination by the disinterested Board (or Executive Committee) members — with the interested Board member(s) recused from participating in debates and voting on the matter — are required.
4. All actual, perceived and potential conflicts of interests shall be disclosed by Board members to the VSCPA Executive Committee through the annual disclosure form and/or whenever a conflict arises. The disinterested members of the Executive Committee shall make a determination as to whether a conflict exists and what subsequent action is appropriate (if any). The Executive Committee shall inform the Board of such determination and action. The Board shall retain the right to modify or reverse such determination and action, and shall retain the ultimate enforcement authority with respect to the interpretation and application of this policy.
5. On an annual basis, all Board members shall be provided with a copy of this policy and required to complete and sign the acknowledgment and disclosure form. All completed forms shall be provided to and reviewed by the Executive Committee, as well as all other conflict information provided by Board members.
6. If at any time following the submission of the disclosure form the Board member becomes aware of any actual, perceived or potential conflicts of interest, or if the information provided becomes inaccurate or incomplete, the Board member will promptly notify the VSCPA President & CEO in writing.
7. Periodic reviews of business arrangements with the VSCPA shall be made to ensure they are reasonable and conform to the VSCPA's written policies and procedures.

D. Cybersecurity and Data Protection

The VSCPA will take reasonable actions for the protection of its systems and data. The VSCPA privacy policy outlines how we collect, process and secure personal data.

E. Mailing List

The mailing list of the VSCPA is not normally given or sold to a member or any outside organizations for charitable, educational, political or commercial purposes. At the discretion of the President and CEO, the list may be given or sold to members, bona fide educational institutions or charitable, political or commercial organizations for their use in mailing announcements of programs perceived to be of benefit to VSCPA members. Members and customers have the opportunity to opt-out of third party mailings and email communications. The VSCPA does not rent, sell or lease the email address of any member or customer to any third party without consent.

F. Record Retention

The VSCPA adheres to the record retention policy outlined in Appendix A.

G. Student Membership

Student members shall include any college student with an interest in accounting who is not qualified for admission to any other class of membership in the VSCPA. Student members may not be a CPA and not working more than 1,000 hours a year in an accounting or finance job (excluding unpaid internships).

H. Whistleblower

A whistleblower is defined by this policy as an employee or member of the VSCPA who reports an activity that he or she considers to be illegal or dishonest to one or more of the parties specified in this Policy. The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

Examples of illegal or dishonest activities are violations of federal, state or local laws; billing for services not performed or for goods not delivered; and other fraudulent financial reporting.

If an employee has knowledge of or a concern of illegal or dishonest fraudulent activity, the employee should contact his/her immediate supervisor, the Chief Operating Officer or the Chair of the Board of Directors. The employee must exercise sound judgment to avoid baseless allegations. An employee who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination. If a member has knowledge of or concern of illegal or dishonest fraudulent activity, the member should contact the Chair of the Board of Directors.

Whistleblower protections are provided in two important areas -- confidentiality and against retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense. The VSCPA will not retaliate against a whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes he/she is being retaliated against must contact the Chief Operating Officer or the Chair of the Board of Directors immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

Section 2: Conduct

A. Equal Employment Opportunity

The VSCPA provides equal employment opportunities (EEO) to all employees and applicants for employment without regard to gender, gender identity or expression, race, color, national or ethnic origin, religion or religious belief, age, marital status, sexual orientation, disabilities, veteran status, or any other protected characteristic. This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, leaves of absence, compensation and training.

B. Anti-Harassment

Participants in VSCPA activities, including members, guests, staff, contractors, and vendors, shall enjoy an environment free from all forms of harassment. The VSCPA is dedicated to equality of opportunity and treatment, regardless of gender, gender identity or expression, race, color, national or ethnic origin, religion or religious belief, age, marital status, sexual orientation, disabilities, veteran status, or any other reason not related to merit. Harassment, sexual or otherwise, is a form of misconduct that undermines the integrity of the VSCPA.

Sexual harassment refers to unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature. The following are examples of behavior that, when unwelcome, may constitute sexual harassment: sexual flirtations, advances, or propositions; verbal comments or physical actions of a sexual nature; sexually degrading words used to describe an individual; a display of sexually suggestive objects or pictures; sexually explicit jokes; unnecessary touching.

Harassment based on gender, gender identity or expression, race, color, national or ethnic origin, religion or religious belief, age, marital status, sexual orientation, disabilities, veteran status or any other protected characteristic is also strictly prohibited. This conduct includes, but is not limited to the following: epithets,

slurs, or negative stereotyping; threatening, intimidating, or hostile acts; denigrating jokes and display or circulation of written or graphic material that denigrates or shows hostility or aversion toward an individual or group.

Anyone who believes they may be a victim of harassment should report it to the President & CEO or the Chair of the Board of Directors. He or she will appoint the appropriate group to investigate any potential violations of this policy and determine if disciplinary action or other response is needed. There shall be no retaliation against anyone reporting an act of harassment.

C. Diversity and Inclusion

In principle and in practice, the VSCPA values and seeks a diverse and inclusive membership and staff. VSCPA shall strive for full inclusivity and participation by all members and employees, regardless of gender, gender identity or expression, race, color, national or ethnic origin, religion or religious belief, age, marital status, sexual orientation, disabilities, veteran status, or any other protected characteristic.

D. Inappropriate Conduct

It is the policy of the VSCPA that all employees, members and customers be able to enjoy an environment free of disruptive and inappropriate conduct. Inappropriate conduct refers to behavior that is personally offensive, impairs morale and interferes with the work effectiveness of employees, members and customers. Individual conduct shall reflect a healthy respect for self and others in action and in the use of spoken and written language.

The VSCPA strives for a safe learning environment at events sponsored by the VSCPA, and the proper personal conduct of all parties is important to the success of the VSCPA. Group behavior shall include safe and appropriate use of public space in a manner respectful of all individuals, including participants and sponsoring organizations or entities. To ensure an optimal learning environment at VSCPA events, all employees and participants will commit to full participation in accomplishing the goals of the event.

Inappropriate conduct shall include, but not be limited to, abusive or profane language, inappropriate physical contact and rude or destructive actions. Should any individual breach this policy, the VSCPA reserves the right to pursue appropriate corrective action.

Section 3: Continuing Professional Education (CPE)

A. CPE Financing

The CPE program should be financially self-supporting, including covering indirect allocated expenses.

B. Compensation to Speakers and Discussion Leaders

Speakers at an official VSCPA conference may receive a complimentary registration and such honoraria and reimbursement for expenses for travel and housing as agreed upon. Discussion leaders for VSCPA seminars may receive honoraria and reimbursement for expenses for travel and housing as agreed upon. This policy does not automatically apply to jointly sponsored programs.

Section 4: Ethics Complaints

A. Complaint Against a Member

The staff liaison to the Professional Ethics Committee will reply to the complainant acknowledging receipt of the complaint. The member will then be investigated by the Professional Ethics Division of the

American Institute of CPAs (AICPA) in accordance with the terms of the Joint Ethics Enforcement Program (JEEP).

B. Complaint Against a Nonmember

The staff liaison to the Professional Ethics Committee will reply to the complainant acknowledging receipt of the complaint, informing the complainant that the person is not a member of the VSCPA. The staff liaison will provide the complainant with information on how to contact the Virginia Board of Accountancy (VBOA) to file a complaint.

Section 5: Financial

A. Annual Budgets

Before the end of each fiscal year, the Executive Committee shall approve the operating and capital budgets for the coming fiscal year. These annual budgets may include a line item for contingency, not to exceed 1.5 percent of total VSCPA gross budgeted revenues.

B. Audit Committee

The VSCPA Audit Committee will be appointed annually by the VSCPA Executive Committee. Membership of the committee will include: five members at large, with no more than two Board members.

C. Budgetary Controls

Annually, the President and CEO may authorize expenditures up to an aggregate of \$50,000 outside the Executive Committee approved capital budget and \$50,000 outside the Executive Committee-approved operating budget. All CEO authorizations must be disclosed to the Executive Committee within a reasonable period of time. This does not prevent the CEO from reallocating budgeted money. Also, variable expenditures due to increased programming attendance are excluded from the aggregate operating expenses. In excess of this amount, the Executive Committee must approve expenditures.

D. Contingency

The annual operating and capital budgets will contain a reasonable contingency fund (of up to 1 ½ percent of budgeted revenue) available to the VSCPA Leadership, Finance Committee and Board of Directors for unanticipated expenses. Monies will generally be first drawn from the contingency fund before any of the reserve funds.

E. Dues

It shall be the policy of the VSCPA to review the dues structure and amounts annually with the objective of maintaining dues at a level adequate to meet the financial needs and objectives of the VSCPA. The general objective is to have more frequent nominal dues increases when and if needed rather than wait long periods of time before implementing an increase and having the increase be of substantial magnitude.

F. Finance Committee

The VSCPA Finance Committee will be appointed annually by the VSCPA Executive Committee. Membership of the committee will include: the VSCPA Chair-Elect, at least one VSCPA Vice Chair, at

least two VSCPA Board members, VSCPA Chief Operating Officer and the VSCPA Vice President of Finance and Administration.

G. Waiver of Doctoral Student Dues

Upon request, the dues of any current fellow member pursuing a full-time doctoral degree in accounting will be waived on an annual basis. The member must have left full-time employment to pursue the doctoral degree and must provide written documentation of enrollment.

Section 6: Investment Policy

Overview

An investment policy outlines and prescribes a prudent and acceptable investment philosophy and defines the investment management procedures and long-term goals for the VSCPA General Fund, Operating Fund and Capital Fund.

This Investment Policy describes the type of investment choices available for use by the VSCPA. The selection of investments is intended to allow the allocation of funds in a manner that is consistent with VSCPA goals. The VSCPA does not provide investment advice or recommendations but has consulted with its Registered Investment Adviser. The VSCPA Finance Committee will meet no less than annually with its Registered Investment Adviser to review the performance of the investment portfolio for the General Fund, the Operating Fund and Capital Fund.

General Fund Objectives

The General Fund's purpose is to provide the VSCPA with funds that are available for management of operations cash flow on a daily basis and to maintain financial flexibility and security.

General Fund Asset Allocation

In order to ensure ongoing viability and to achieve its mission, the VSCPA shall seek to maintain unrestricted funds that will be evaluated and rebalanced on an annual basis. At times, the VSCPA may have cash and cash equivalents at a financial institution in excess of federally insured limits. However, 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. The General Fund may be allocated over an investment horizon of up to 36 months as long as there remains suitable ability to access cash for day-to-day operations.

General Fund

Because the liquidity requirements for the General Fund are unpredictable, an allocation of 100 percent high-quality, short-term fixed-income investments, money market instruments or CDs will be maintained. Short-term investments are segregated by investment horizon not to exceed 36 months' maturity.

Reserve Fund Objectives

The VSCPA Reserve Policy states that the Operating Fund purpose is to enable the VSCPA to withstand the impact of economic downturns that may be internally and/or externally generated or to invest in strategic opportunities. The Reserve Policy also states that the Capital Fund purpose is to provide for the VSCPA's major technology or strategic initiatives and/or facility needs.

Reserve Fund Asset Allocation

In order to ensure its ongoing and future viability to achieve its mission, VSCPA shall seek to maintain in unrestricted reserves the following designated funds that will be evaluated and rebalanced on an annual basis:

Operating Fund

Because the liquidity requirements for the Operating Fund are unpredictable, an allocation of at least 80 percent high-quality, short-term fixed-income investments or CDs will be maintained with

up to a maximum of 20 percent equities. Short term investments are segregated by investment horizon not to exceed 36 months' maturity.

Capital Fund

An asset allocation of 0-40 percent equities and 60-100 percent fixed-income will be maintained to meet the financial requirements for the Capital Fund. At least 80 percent of the fixed-income portion will be held in short term vehicles and the other 20 percent may be held in intermediate-term liquid fixed-income investments. Short term investments may be segregated by investment horizon not to exceed 36 months' maturity.

Monitoring

The portfolios of the General Fund, Operating Fund and Capital Fund will be monitored on an ongoing basis; however, the portfolios will be traded for compliance to the stated asset allocation on an annual basis. Interim changes may also result from responses to changing market conditions or fundamentals as directed by the VSCPA Finance Committee.

Definitions

Short Term Income Investments

Short Term Investments consists of high quality, investment grade fixed income investments, money market instruments and Federally Insured Bank Certificate of Deposits not to exceed 36 months in maturity.

Intermediate Term Income Investments

A fixed income security with a maturity, or date of principal repayment that is set to occur in the next 3-10 years.

The investment policy is in effect until modified by the Board of Directors. It will be reviewed at least annually by the Finance Committee for its continued appropriateness.

Section 7: Reserve Policy

Overview

Reserves are important in the operation of any organization for the stability and flexibility they can provide, but for a nonprofit, membership-based association, they provide a greater sense of security to achieve the current and future mission on behalf of its members. Balancing the funding of reserves with the sometimes competing financial obligation to meet annual operating budgets is key to provide member programs and services — both now and in the future. Adequate reserve levels can provide funding for strategic opportunities as well as sustain the VSCPA through potential economic downturns or provide funding for expenditures not otherwise considered within the normal budget process. The reserves will be invested according to the guidelines in the VSCPA Investment Policy.

In adopting a broad-based policy without specific constraints as to formula or use of proceeds standards, this Board of Directors leaves future leadership with our full faith and trust that the Board will identify the right time, circumstance and reason to use the funds set aside for a future time and use we may not envision today. Traditionally, the guiding principle for reserve funds is that use of the funds should not be taken lightly by those entrusted with its investment and access should be limited to financial downturn affecting the ability of the organization to operate. However, this traditional fiduciary standard should be balanced with consideration for the use of funds for strategic opportunity: the reserves are not to be considered solely a fund for a "rainy day."

Reserve Funding

In order to ensure its ongoing and future viability to achieve its mission, VSCPA shall seek to maintain in unrestricted reserves the following designated funds that will be evaluated and rebalanced on an annual basis:

Operating Fund

The purpose of the Operating Fund is to enable the VSCPA to withstand the impact of economic downturns, both internally and/or externally generated or to invest in strategic opportunities. Annual designations of net assets will be made until a fund balance of 20 percent of the previous year's total operating expenses is achieved. Amounts needed to increase the Operating Fund will come from undesignated net assets. Excess amounts, if any, will be returned to undesignated net assets.

Capital Fund

The purpose of the Capital Fund is to set aside funds, on a disciplined basis that will provide for VSCPA's major technology or strategic initiatives and/or facility needs. Annual designations of net assets will be made until a fund balance of 15 percent of the previous year's total operating expenses is achieved. These funds may be utilized by the VSCPA staff leadership at their request, through the annual budget process or during the fiscal year as may be requested by VSCPA leadership.

Withdrawals

A majority vote of the Executive Committee is necessary to approve a withdrawal from the Reserve Funds. The Board will be notified within one week if such withdrawal is greater than \$100,000. No approval is needed when funds are transferred by staff from the Operating Reserve Fund to the Operating account in order to maintain a \$250,000 balance in the Operating accounts. The Finance Committee will be notified within two business days of a transfer made under this provision and the Board will be notified at its next scheduled meeting. This policy puts trust in future VSCPA leadership to determine appropriate funding levels and reserve usage.

Section 8: Legislative and Regulatory

A. Official Positions

The VSCPA will maintain a listing of its existing positions which will be reviewed and approved annually by the Board of Directors. Interim positions will be approved by the Board of Directors or the Executive Committee on an as needed basis.

B. VSCPA Sponsored Legislation

The VSCPA Board of Directors shall approve the overall concept of any legislation proposed by the VSCPA. The Board of Directors delegates authority for approving final language to the Executive Committee.

C. Virginia Board of Accountancy Nominations

The VSCPA Board of Directors will approve the VSCPA's nominations for the CPA positions on the Virginia Board of Accountancy.

Section 9: Public Statements

A. Overview

There are many occasions on which the Executive Committee, the Board of Directors, committees (both state and chapter), task forces or VSCPA staff are asked to express an opinion on matters directly or indirectly affecting the CPA profession. The VSCPA aims to speak on behalf of its members when such action is in the best interest of its members and serves the cause of CPAs in Virginia.

Presentation of the VSCPA's views on appropriate matters to the AICPA, the Virginia legislature, U.S. Congress, state agencies, bankers and lawyers or to the public at large is an essential part of the program of service and meaningful public relations. It can be an effective part, however, only when carried out in an orderly manner consistent with a clearly stated policy.

The purpose of this statement is to clarify the authority and responsibility of individuals or groups, while they are associated in an official capacity with the VSCPA in expressing such opinions.

Nothing in this policy statement is intended to limit or preclude normal and routine correspondence of the Executive Committee, Board of Directors, committees (both state and chapter), task forces and staff. Nor is this statement intended to restrict any individual from expressing personal views; however, anyone holding a position of leadership in the VSCPA should recognize the probability that personal views might be confused with official views.

Any statement by an individual or group should be well studied, reasoned and documented when the situation permits.

B. Board and Executive Committee

The Board of Directors may make statements on behalf of the VSCPA at any time.

The Executive Committee may make or authorize a statement on behalf of the VSCPA when critical timing or other conditions make it impractical to await action from the Board of Directors.

C. Committee Chairs, Task Force Leaders and Staff

Committee chairs, task force leaders and staff may speak on behalf of the VSCPA only with respect to policies or matters already authorized by the Board or when the following conditions have been fulfilled:

- Statements must be within their technical competence and jurisdiction.
- The development of the statement has been coordinated with the chair of the Board and/or the President and CEO.
- The statement expresses the opinion of a substantial majority of the committee or task force based upon their understanding of the general sentiment of the majority of the profession.
- The statement makes clear that the opinion expressed is that of the committee or task force only.

D. Chair of the Board and President and CEO

The chair of the Board and the President and CEO both have the authority to prepare responses to matters requiring a prompt reply by the profession. However, the chair of the Board and the President and CEO should endeavor to discuss the matter with the members of the Executive Committee whenever possible.

Section 10: Volunteers

A. Committee and Task Force Appointments

Appointments and reappointments to the following positions generally will not exceed the maximum lengths indicated: VSCPA committee or task force member — four years; VSCPA committee or task force chair — two years.

B. Director Absence from Board Meeting

Any elected member of the Board who shall be absent from two meetings in one fiscal year, unless excused, shall be requested to submit his or her resignation.

C. Reimbursement of Members' Personal Expenses

VSCPA meetings

The VSCPA reimburses members for out-of-pocket expenses incurred to attend VSCPA meetings while serving on the VSCPA's Board of Directors, committees, task forces or other officially appointed groups, unless explicitly stated otherwise for a particular event. Members serving in these areas should make every effort to keep these costs reasonable and within the constraints of the budget.

Officers

The VSCPA reimburses expenses and registration fees (if applicable) for the chair and chair-elect and their spouses to attend AICPA Council meetings (if not reimbursed by AICPA), the VSCPA's Leadership Conference and VSCPA chapter meetings. The VSCPA also reimburses expenses and the registration fee for the chair-elect for the AICPA Leadership Conference.

Committee Members Attending Committee-Generated Conferences

Conference committee members will receive a complimentary conference registration for the event in which they helped plan. In order to receive the complimentary registration, the committee members need to have actively participated in the planning of the conference and perform onsite duties as needed and determined by the VSCPA staff or committee chair.

Expenses Reimbursed

Requests for reimbursement ordinarily should be submitted within 60 days after a meeting. In no event, however, will requests for reimbursement be honored for meetings during a fiscal year if submitted more than 30 days after the close of that fiscal year which ends on April 30.

Members Attending Conferences on Behalf of the VSCPA

A member may be asked to represent the VSCPA at a conference that concerns that particular member's area of responsibility. After the conference, the member should communicate with the VSCPA staff liaison important topics covered, actions taken and other pertinent information from the conference in order to provide valuable input to the membership.

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