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, 2022 and 2021

BROWNEDWARDS
certified public accountants

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

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Independent Auditor's Report

Board of Directors
The Virginia Society of Certified Public Accountants &
The Virginia Society of Certified Public Accountants' Political Action Committee
Glen Allen, Virginia

Opinion

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, (the Organization), which comprise the consolidated statement of financial position as of April 30, 2022, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of April 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's abilities to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Financial Statements

The financial statements as of April 30, 2021, were audited by Mitchell, Wiggins & Company, LLP, who were acquired by Brown, Edwards & Company, LLP effective November 1, 2021, and whose report dated August 24, 2021, expressed an unmodified opinion on those statements.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
September 6, 2022

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,		**2022**		2021
		ASSETS		
Assets				
Cash and cash equivalents	**$**	**1,587,147**	$	2,848,164
Trade accounts receivable		**45,048**		55,173
Other receivables		**107,497**		107,497
Investments		**2,765,738**		1,993,235
Prepaid expenses		**192,326**		229,277
Property and equipment – net		**2,279,911**		2,456,953
	$	**6,977,667**	$	7,690,299
		LIABILITIES AND NET ASSETS		
Liabilities				
Paycheck protection program (PPP) loan	**$**	**-**	$	519,300
Accounts payable		**46,613**		30,041
Accrued expenses		**294,436**		289,239
Deferred compensation		**446,177**		403,831
Deferred revenue		**635,403**		1,066,298
Accrued retirement		**197,718**		197,251
Total liabilities		**1,620,347**		2,505,960
Net Assets				
Without donor restrictions:				
Invested in property and equipment		**2,279,911**		2,456,953
Board designated for reserves		**1,781,813**		1,802,068
Undesignated		**1,235,128**		863,175
		5,296,852		5,122,196
With donor restrictions (VSCPA PAC)		**60,468**		62,143
Total net assets		**5,357,320**		5,184,339
	$	**6,977,667**	$	7,690,299

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,	**2022**	2021
Change in net assets without donor restrictions		
Revenue:		
Program revenue:		
Learning		
Seminars	**$ 840,109**	$ 716,669
Conferences	**393,838**	367,680
Ethics	**725,219**	1,096,347
Online	**217,972**	388,583
Other Learning	**55,608**	28,538
Total learning	**2,232,746**	2,597,817
Peer Review	**336,180**	354,685
Innovation	**35,380**	51,993
Membership	**2,474,575**	2,490,456
Communications	**47,233**	46,235
Students & Educators	**26,201**	14,681
Net assets released from restriction, VSCPA PAC	**41,776**	37,088
Total program revenue	**5,194,091**	5,592,955
Other:		
Affinity income	**177,362**	120,830
Investment income (loss), net	**(36,760)**	153,380
Rental income	**9,667**	8,290
Loss on disposal of property and equipment	**(5,285)**	(3,226)
Forgiveness of PPP loan	**519,300**	-
Miscellaneous	**2,511**	2,500
Total support and revenues without donor restrictions	**5,860,886**	5,874,729
Expenses:		
Program services:		
Learning	**2,370,253**	2,166,789
Governance	**419,356**	316,639
Peer Review	**303,617**	227,024
Membership	**754,474**	772,128
Innovation	**298,887**	287,970
Students & Educators	**150,006**	118,563
Public Relations	**37,690**	70,696
Government Affairs	**217,280**	240,122
VSCPA PAC	**41,776**	37,088
Supporting services:		
Administrative and general	**1,092,891**	960,172
Total expenses	**5,686,230**	5,197,191
Change in net assets without donor restrictions	**174,656**	677,538
Change in net assets with donor restrictions		
Contributions to the VSCPA PAC	**40,101**	55,684
Net assets released from restriction, VSCPA PAC	**(41,776)**	(37,088)
Change in net assets with donor restrictions	**(1,675)**	18,596
Change in net assets	**172,981**	696,134
Net assets – beginning of year	**5,184,339**	4,488,205
Net assets – end of year	**$ 5,357,320**	$ 5,184,339

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, 2022

	Learning	Governance	Peer Review	Membership	Innovation	Students & Educators	Public Relations	Government Affairs	VSCPA PAC	Total Program Services	Total Administrative and General	Total
Direct program expenses	$ 1,040,525	$ 83,176	$ 177,651	$ 152,188	$ 10,907	$ 36,596	$ 29,184	$ 61,746	$ -	$ 1,591,973	$ -	$ 1,591,973
Rental expense	-	-	-	-	-	-	-	-	-	-	2,135	2,135
Salaries	792,000	200,232	75,027	358,728	171,524	67,548	5,066	92,637	-	1,762,762	649,666	2,412,428
Employee benefit/payroll costs	203,470	51,441	19,275	92,160	44,066	17,354	1,302	23,799	-	452,867	166,901	619,768
Office supplies and postage	1,214	307	115	550	263	104	8	142	1,276	3,979	996	4,975
Technology expense	150,502	38,050	14,257	68,168	32,594	12,836	963	17,604	-	334,974	123,455	458,429
Bank/credit card fees	38,985	9,856	3,693	17,658	8,443	3,325	249	4,560	-	86,769	31,978	118,747
Occupancy & Equipment expense	116,042	29,337	10,993	52,560	25,131	9,897	742	13,573	-	258,275	95,188	353,463
Professional fees	15,539	3,929	1,472	7,038	3,365	1,325	99	1,818	-	34,585	12,748	47,333
Other administration	11,976	3,028	1,134	5,424	2,594	1,021	77	1,401	4,000	30,655	9,824	40,479
Political contributions	-	-	-	-	-	-	-	-	36,500	36,500	-	36,500
	$ 2,370,253	$ 419,356	$ 303,617	$ 754,474	$ 298,887	$ 150,006	$ 37,690	$ 217,280	$ 41,776	$ 4,593,339	$ 1,092,891	$ 5,686,230

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	Gov't Affairs	VSCPA PAC	Total Program Services	Total Administrative and General	Total
Direct program expenses	$ 949,414	$ 49,776	$ 132,198	$ 146,198	$ 24,855	$ 21,113	$ 27,968	$ 57,965	$ -	$ 1,409,487	$ -	$ 1,409,487
Rental Expenses	-	-	-	-	-	-	-	-	-	-	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.

Consolidated Statements of Cash Flows

Years Ended April 30,	**2022**	2021
Cash flows from operating activities		
Change in net assets	**$ 172,981**	$ 696,134
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation	**243,121**	256,717
Realized and unrealized (gain) loss on investments	**77,892**	(128,193)
Loss on disposal of property and equipment	**5,285**	3,226
Forgiveness of PPP Loan	**(519,300)**	
Change in:		
Trade accounts receivable	**10,125**	54,268
Other receivables	**-**	(107,497)
Prepaid expenses	**36,951**	62,456
Accounts payable	**16,572**	9,730
Accrued expenses	**5,197**	46,042
Deferred compensation	**42,346**	124,400
Deferred revenue	**(430,895)**	571,813
Accrued retirement	**467**	2,589
Net cash and cash equivalents provided by (used in) operating activities	**(339,258)**	1,591,685
Cash flows from investing activities		
Purchase of property and equipment	**(71,664)**	(608,198)
Proceeds from sale of property and equipment	**300**	-
Purchase of investments	**(1,791,713)**	(976,434)
Proceeds from sale of investments	**941,318**	729,419
Net cash and cash equivalents used in investing activities	**(921,759)**	(855,213)
Cash flows from financing activities		
Proceeds from PPP loan	**-**	519,300
Net cash and cash equivalents provided by financing activities	**-**	519,300
Change in cash and cash equivalents	**(1,261,017)**	1,255,772
Cash and cash equivalents - beginning of year	**2,848,164**	1,592,392
Cash and cash equivalents - end of year	**$ 1,587,147**	$ 2,848,164

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

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 12,750 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

Principles of Consolidation

The consolidated financial statements include the accounts of the Society and the VSCPA PAC because the Society has both control and economic interest in the VSCPA PAC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization."

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 Organization 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 Organization. The Board of Directors has designated, from net assets without donor restrictions, net assets for a reserve fund. 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)

Basis of Presentation (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 Organization, these net assets are reclassified to net assets without donor restrictions and reported in the statements 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 Organization has does not hold any donor restricted funds that are perpetual in nature.

Concentration of Credit Risk

The Organization's financial assets potentially subject to credit risk include cash and cash equivalents, investments, and trade receivables. At times, the Organization may have cash and cash equivalents at a financial institution in excess of insured limits. The Organization 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 Organization'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 Organization 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, 2022 and 2021, cash of $57,664 and $51,381 is with donor restrictions for the VSCPA PAC.

Trade Accounts Receivable

The Organization 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. The Organization does not charge interest on past due receivables. 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.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost. All items costing $1,000 and above are capitalized. Depreciation is based on estimated useful service lives and is computed on the straight-line method. Estimated useful lives for real property are forty to forty-five years; all other asset lives range from 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 equities and U.S. treasury notes. All investments are stated at approximate market value. The Organization 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.

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.

2. Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs, which are expensed as incurred, were $19,240 and $16,390 for years ended April 30, 2022 and 2021, 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.

The VSCPA has the following sources of revenue:

Rental income – the Organization rents space to members and non-members. Revenue is recognized when earned. Rental income is outside the scope of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers.*

Affinity income – from time to time the Organization earns commissions/royalties for referrals through affinity programs with third-party vendors in support of the Organization's objectives. These commissions/royalties are both earned at a point in time when a sale is made to a member and over time in agreement with contracts made with vendors.

Continuing education revenue – includes revenue from learning programs and is recognized at a point in time when services are rendered.

Innovation and communication – includes revenue from services provided by the Organizations and is recorded at a point in time when the benefit is received by the member.

Peer review – includes revenue from the Organization's peer review monitoring practice. The revenues received from members who participate are recorded over time.

Membership dues – are recorded ratably over the membership period as benefits are consumed except for certain member engagement fees which are recorded at a point in time.

Total revenue recognized at a point in time and over time was as follows for the years ended April 30, 2022 and 2021.

	2022	2021
Revenue recognized at a point in time	$2,430,042	$2,743,665
Revenue recognized over time	$2,902,148	$2,935,532

2. Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

The Organization 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 Organization had contract liabilities (deferred revenue) of $635,403 and $1,066,298 at April 30, 2022 and 2021, respectively. The Organization had contract liabilities (deferred revenue) of $494,485 at April 30, 2020.

If the Organization'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 Organization 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 Organization'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 reserves that could be drawn upon if the board approves that action.

	2022	2021
Cash and cash equivalents	$1,587,147	$2,848,164
Marketable investments	2,765,738	1,993,235
Trade and other accounts receivable	152,545	162,670
Total current financial assets	4,505,430	5,004,069
Board designations:		
Reserves	(1,781,813)	(1,802,068)
Donor restricted funds	(60,648)	(62,143)
Deferred compensation plan	(446,177)	(403,831)
Financial assets available to meet cash needs for general expenditures within one year	$2,216,792	$2,736,027

Of the total financial assets $1,781,813 and $1,802,068 are subject to board designations that make them unavailable for general expenditure within one year of the statement of financial position date without board approval at April 30, 2022 and 2021, respectively. These designations are in place in order to ensure the Organization's ongoing and future viability to achieve its mission. The designated funds include:

A Reserve Fund whose purpose is to provide for the Organization's major technology or strategic initiatives and/or facility needs as well as withstand the impact of economic downturns.

3. Liquidity and Availability (continued)

In addition, of the total financial assets $446,177 and $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 at April 30, 2022 and 2021, respectively.

The Organization 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 $5,160,103 and $5,901,737, for the years ended April 30, 2022 and 2021, respectively.

The Organization 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 Organization 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 60% of the reserve fund and up to 40% of the general fund may be invested in equities.

4. Investments

Cost and approximate market value of investment securities at April 30, 2022 and 2021, are as follows:

	2022		2021	
	Cost	Approximate Market Value	Cost	Approximate Market Value
Fixed Income Instruments	$ 827,129	$ 807,277	$ 588,601	$ 599,158
Equity Securities	1,850,947	1,958,461	1,203,617	1,394,077
	$ 2,678,076	$ 2,765,738	$ 1,792,218	$ 1,993,235

5. Property and Equipment

Property and equipment consisted of the following at April 30:

	2022	2021
Land	$ 268,561	$ 268,561
Building and improvements	2,799,412	2,760,387
Furniture and equipment	559,517	549,343
Computer hardware	180,424	409,541
Computer software	305,350	305,350
	4,113,264	4,293,182
Less - accumulated depreciation and amortization	(1,833,353)	(1,836,229)
	$ 2,279,911	$ 2,456,953

6. Lease and Lease Commitments

The Organization 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:

2023	$ 24,284
2024	24,284
2025	21,569
2026	3,369
	$ 73,506

Total rental expense for the years ended April 30, 2022 and 2021 was $27,884 and $22,329, respectively.

7. Retirement Benefits

The Organization 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 Organization has the option under the plan to provide matching contributions and/or non-elective discretionary contributions. The Organization's discretionary contributions to the plan were $197,718 and $197,251 for the years ended April 30, 2022 and 2021, respectively.

8. Deferred Compensation

The Organization 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 Organization 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 Organization'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 Organization awarded $62,200 of deferred compensation to a key employee for the years ended April 30, 2022 and 2021.

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 $71,902 and $52,356 for the years ended April 30, 2022 and 2021, 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, 2022 and 2021, the Society charged the Foundation $10,000 each year, for the cost of these services. As of April 30, 2022 and 2021, the in-kind contribution totaled approximately $67,344 and $28,230, respectively. At April 30, 2022 and 2021, the Foundation owed the Society $1,629 and $1,650, respectively. At April 30, 2022 and 2021, the Society owed the Foundation $7,091 and $12,384, respectively, for contributions collected on behalf of the Foundation. Additionally, the Foundation reimbursed the Society $95,000 and $85,000 for expenses associated with one of its conferences during the years ended April 30, 2022 and 2021, 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 $26,731 and $24,216 for the years ended April 30, 2022 and 2021, 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 Organization has the ability to access.

10. Fair Value Measurements (continued)

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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, 2022 and 2021.

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

Fixed Income Instruments: 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 Organization 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 Organization's assets at fair value as of April 30, 2022 and 2021:

10. Fair Value Measurements (continued)

	April 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity securities	$ 1,958,461	$ -	$ -	$ 1,958,461
Fixed Income Instruments	807,277	-	-	807,277
Total assets at fair value	$ 2,765,738	$ -	$ -	$ 2,765,738

	April 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity securities	$ 1,394,077	$ -	$ -	$ 1,394,077
Fixed Income Instruments	599,158	-	-	599,158
Total assets at fair value	$ 1,993,235	$ -	$ -	$ 1,993,235

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 September 30, 2021. The Organization qualified for and recognized $257,478 of ERC in FY21; 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 a receivable on the statement of financial position as of April 30, 2021. On April 27, 2022, the Organization was informed that the Internal Revenue Service would be conducting an audit of the amended return filed in order to claim the employee retention credit. On June 29, 2022, the Organization was informed there was no change to the claim as a result of the audit and the amended return was accepted.

11. Paycheck Protection Program

On February 1, 2021, the Organization 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 Organization was made through TowneBank.

The Organization originally accounted for the proceeds as a financial liability in accordance with FASB ASC 470 as of April 30, 2021. 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. The Organization applied for forgiveness of the PPP loan and on September 15, 2021 received notification that the full loan was forgiven. Subsequently, the liability was eliminated and revenue of $519,300 recorded.

12. 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 continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, COVID-19 may continue to have an impact on future operations.

13. New Accounting Pronouncements

On February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or fewer) on the statement of financial position as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The standard will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. This standard is effective for the Organization for the year ending April 30, 2023.

The Organization is evaluating the requirements of this new accounting guidance and currently believes the new guidance will not have a material impact on its financial results when adopted but will require additional disclosures in its financial statements.

14. Accounting for Uncertain Tax Positions

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax positions and concluded that the Organization 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 Organization is no longer subject to income tax examinations by the taxing authorities for years ending before April 30, 2019.

The Organization includes penalties and interest assessed by income taxing authorities in administrative and general expenses. The Organization did not have penalties and interest relating to income taxes for the years ended April 30, 2022 and 2021.

16. Subsequent Events

Management has evaluated subsequent events through September 6, 2022, the date which the consolidated financial statements were available for issue. On April 28, 2022, the Society Board of Directors appointed the FY23 Society Board as the VSCPA Educational Foundation Board of Directors. This change will provide the Society with controlling financial interest and therefore the VSCPA Educational Foundation's financial statements will be consolidated with the Society and VSCPA PAC beginning May 1, 2022.