THE VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS AND AFFILIATES

CONSOLIDATED FINANCIAL REPORT

April 30, 2024

CONTENTS

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Virginia Society of Certified Public Accountants and Affiliates (VSCPA Educational Foundation, Inc. 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, 2024, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of April 30, 2024, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
August 13, 2024

THE VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
April 30, 2024, with Comparative Totals as of April 30, 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 1,361,415	$ 1,058,720
Accounts receivable		
Trade	31,485	46,429
Other	5,065	12,223
Marketable investments	4,810,119	4,706,219
Prepaid expenses	186,741	189,999
Right-of-use assets - operating leases	22,494	44,015
Property and equipment, net	2,154,993	2,217,107
Goodwill, net	2,161,250	-
Total assets	$ 10,733,562	$ 8,274,712
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 37,541	$ 14,854
Accrued expenses	319,545	260,594
Deferred compensation	636,892	511,380
Deferred revenue	619,847	637,236
Accrued 401(k)	186,778	160,333
Operating lease liabilities	22,494	44,015
Note payable	1,275,000	-
Total liabilities	3,098,097	1,628,412
NET ASSETS		
Without donor restrictions		
Invested in property and equipment	2,154,993	2,217,107
Board designated for reserves	1,971,638	1,856,070
Board designated for VSCPA Legacy Fund	150,000	-
Undesignated	2,219,492	1,466,881
Total without donor restrictions	6,496,123	5,540,058
With donor restrictions	1,139,342	1,106,242
Total net assets	7,635,465	6,646,300
Total liabilities and net assets	$ 10,733,562	$ 8,274,712

The Notes to Consolidated Financial Statements are an integral part of this statement.

THE VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended April 30, 2024, with Comparative Totals for the Year Ended April 30, 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
REVENUES				
Program Revenue:				
Membership	$ 2,500,375	$ -	$ 2,500,375	$ 2,422,396
Learning	3,424,312	-	3,424,312	2,383,946
Peer Review	329,605	-	329,605	332,995
Communication	53,293	-	53,293	57,105
Students and educators	10,000	-	10,000	21,900
Contributions - Education Foundation	252,082	4,000	256,082	47,840
Contributions - PAC	45,747	-	45,747	55,128
Excess of fair value of net assets acquired over consideration paid in acquisition of VSCPA Educational Foundation, Inc.	-	-	-	1,590,935
Net assets released from restriction	55,725	(55,725)	-	-
Total program revenue	6,671,139	(51,725)	6,619,414	6,912,245
Other Revenue:				
Affinity income	153,081	-	153,081	202,695
Miscellaneous	2,500	-	2,500	37,536
Rental income	43,323	-	43,323	24,997
Loss on property and equipment disposal	(3,101)	-	(3,101)	-
Investment income, net	367,671	84,825	452,496	2,145
Total other revenue	563,474	84,825	648,299	267,373
Total support and revenues	7,234,613	33,100	7,267,713	7,179,618
EXPENSES				
Program services:				
Learning	2,633,878	-	2,633,878	2,306,464
Membership	1,235,413	-	1,235,413	1,301,152
Governance	534,729	-	534,729	432,922
Advocacy	306,440	-	306,440	364,470
Peer review	246,486	-	246,486	242,320
Students & educators	289,730	-	289,730	225,284
Supporting services:				
Administrative and general	1,031,872	-	1,031,872	1,018,026
Total expenses	6,278,548	-	6,278,548	5,890,638
Change in net assets	956,065	33,100	989,165	1,288,980
NET ASSETS				
Beginning	5,540,058	1,106,242	6,646,300	5,357,320
Ending	$ 6,496,123	$ 1,139,342	$ 7,635,465	$ 6,646,300

THE VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended April 30, 2024, with Comparative Totals for the Year Ended April 30, 2024

	2024									2023
	Learning	Membership	Governance	Advocacy	Peer Review	Students & Educators	Total Program	Administrative and General	Total	Total
Salaries	$ 871,875	$ 630,867	$ 268,145	$ 112,040	$ 58,573	$ 121,713	$ 2,063,213	$ 623,612	$ 2,686,825	$ 2,502,421
Direct program expense	1,198,897	197,097	93,400	73,026	150,082	24,886	1,737,388	-	1,737,388	1,578,076
Employee benefit/payroll costs	189,240	136,929	58,201	24,319	12,713	26,418	447,820	135,355	583,175	560,088
Technology expense	131,164	94,907	40,339	16,855	8,812	18,310	310,387	93,815	404,202	553,843
Occupancy and equipment expense	108,406	78,440	33,340	13,931	7,283	15,133	256,533	77,536	334,069	329,505
Bank/credit card fees	41,309	29,890	12,705	5,308	2,775	5,767	97,754	29,546	127,300	122,519
Professional fees	30,915	22,369	9,508	3,973	2,077	4,316	73,158	24,586	97,744	84,523
Scholarships	-	-	-	-	-	61,500	61,500	-	61,500	59,250
Political contributions	-	-	-	42,500	-	-	42,500	-	42,500	51,750
Other administration	12,562	9,090	3,864	5,614	844	1,754	33,728	8,984	42,712	37,709
Interest expense	10,343	7,484	3,181	1,329	695	1,444	24,476	7,399	31,875	-
Other expenses	2,256	1,631	694	2,801	152	3,336	10,870	4,638	15,508	10,954
Amortization of goodwill	36,911	26,709	11,352	4,744	2,480	5,153	87,349	26,401	113,750	-
	$ 2,633,878	$ 1,235,413	$ 534,729	$ 306,440	$ 246,486	$ 289,730	$ 5,246,676	$ 1,031,872	$ 6,278,548	$ 5,890,638

The Notes to Consolidated Financial Statements are an integral part of this statement.

THE VIRGINIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
April 30, 2024, with Comparative Totals as of April 30, 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	$ 989,165	$ 1,288,980
Adjustments to reconcile to net cash and cash equivalents provided by operating activities		
Depreciation	236,161	258,699
Amortization of goodwill	113,750	-
Net realized and unrealized (gain) loss on investments	(301,967)	95,872
Amortization of right-of-use assets-operating leases	21,521	20,473
Loss on property and equipment disposal	3,101	-
Excess of fair value of net assets acquired over consideration paid in acquisition of VSCPA Educational Foundation, Inc.	-	(1,590,935)
Decrease (increase) in operating assets:		
Trade accounts receivable	14,944	(1,381)
Other receivables	7,158	95,274
Prepaid expenses	3,258	3,425
Increase (decrease) in operating liabilities:		
Accounts payable	22,687	(26,297)
Accrued expenses	58,951	(33,842)
Deferred compensation	125,512	65,203
Deferred revenue	(17,389)	1,833
Accrued 401(k)	26,445	(37,385)
Operating lease liabilities	(21,521)	(20,473)
Net cash and cash equivalents provided by operating activities	1,281,776	119,446
INVESTING ACTIVITIES		
Purchase of property and equipment	(177,516)	(195,895)
Purchase of certificates of deposits and investments	(1,634,577)	(1,859,107)
Cash paid for acquisition of goodwill related to Don Farmer acquisition	(1,000,000)	-
Proceeds from sale of fixed assets	368	-
Proceeds from sale of investments	1,832,644	1,062,424
Cash from VSCPA Educational Foundation, Inc.	-	344,705
Net cash and cash equivalents used in investing activities	(979,081)	(647,873)
Net increase (decrease) in cash and cash equivalents	302,695	(528,427)
CASH AND CASH EQUIVALENTS		
Beginning	1,058,720	1,587,147
Ending	$ 1,361,415	$ 1,058,720
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 31,875	$ -
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Adoption of FASB ASC 842		
Right-of-use assets – operating leases	$ -	$ 64,488
Operating lease liabilities incurred	-	(64,488)
Cash paid to acquire right-of-use assets	$ -	$ -
Acquisition of Don Farmer tax series		
Purchase price	$ 2,275,000	$ -
Debt incurred	(1,275,000)	-
Cash paid for acquisition of goodwill related to Don Farmer acquisition	$ 1,000,000	$ -

Note 1. Organization and Nature of Activities

The Virginia Society of Certified Public Accountants (Society) is the registered trade name of The Virginia Society of Public Accountants, Incorporated, a nonprofit organization formed in Virginia in 1909 to enhance the success of Certified Public Accountants (CPAs) and their profession by advocating for CPAs' interests, building knowledge and expertise, creating community and long lasting relationships and providing transformational value to members. The VSCPA membership consists of approximately 12,000 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 VSCPA Educational Foundation, Inc. (Foundation), is a nonstock corporation dedicated to attracting future CPAs by promoting financial and accounting education, rewarding academic excellence, and encouraging students to pursue promising careers. The Foundation supports students and educators in Virginia through undergraduate and graduate scholarships, financial literacy grants, and award/recognition programs. The Foundation is a premier resource promoting excellence in accounting education by partnering with and benefiting business, academia, the accounting profession, and society at large. The majority of the Foundation's revenue is from contributions.

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

Note 2. Summary of Significant Accounting Policies

<u>Principles of consolidation</u>

The consolidated financial statements include the accounts of the Society, the Foundation, and the VSCPA PAC because the Society has both control and economic interest in both the Foundation and 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."

<u>Basis of presentation</u>

Under accounting principles 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 consolidated financial statements report amounts separately by class of assets as follows:

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of presentation (continued)

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 for the Society and for the VSCPA Legacy Fund to support the mission of the Foundation. 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 and income earned on restricted assets. 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 consolidated statement of activities as net assets released from restriction.

Net assets with donor restrictions are comprised of contributions and earnings on restricted assets to the Foundation and the VSCPA PAC and are used for scholarships and 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.

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. Cash of $51,733 is with donor restrictions for the VSCPA PAC as of April 30, 2024.

See Independent Auditor's Report. Notes continued on next page.

Note 2. Summary of Significant Accounting Policies (Continued)

Trade accounts receivable

From time to time the Organization extends unsecured credit to its members in the ordinary course of business. 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 credit loss expense 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 consolidated financial statements. The aging of trade accounts receivable is monitored to evaluate if an allowance for credit losses is needed; the Organization also looks at industry trends and other internal and external factors. In management's opinion, no allowance was considered necessary at year-end.

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 equity securities, fixed income securities, and brokered CDs. 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 Foundation is exempt from federal income taxes under Code Section 501(c)(3) of Internal Revenue Code and is not classified as a Private Foundation. The Society and Foundation are subject to tax on any unrelated business income that they 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.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates

The preparation of consolidated 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 consolidated 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 statement of activities and consolidated statement 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.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs incurred during the year ended April 30, 2024.

Revenue recognition

The Organization has the following sources of revenue which are recognized in accordance with 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.

Learning – Includes revenue from learning programs and is recognized at a point in time when services are rendered.

Membership programs and communication – Includes revenue from services provided by the Organization and is recorded at a point in time when the benefit is received by the member.

See Independent Auditor's Report. Notes continued on next page.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

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 – 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 was $3,571,268 and revenue recognized over time was $2,901,898 year ended April 30, 2024.

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 $619,847 at April 30, 2024. Contract liabilities at May 1, 2023 were $637,236. Trade accounts receivable were $46,429 at May 1, 2023.

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.

The Organization also has the following revenue streams that are outside the scope of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*:

Rental income – The Organization rents space to members and non-members. Rental income is recorded in accordance with ASC 842, *Leases*.

Contributions – The Organization receives contributions from donors to support its mission. Contributions are recorded in the period in which the promise to give is made in accordance with *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*.

Adoption of ASU 2016-13

Effective May 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organization that are subject to ASU 2016-13 include trade accounts receivable and fixed income securities in their managed investments. The adoption of this ASU did not have a material impact on the Organizations' consolidated financial statements but did change how losses in value in the Organization's portfolio of fixed income securities is monitored and also how an allowance for uncollectible accounts receivable would be determined if material.

Note 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.

Cash and cash equivalents	$1,361,415
Marketable investments	4,810,119
Trade and other accounts receivable	36,550
Total current financial assets	6,208,084
Board designations:	
Reserves	(1,971,638)
VSCPA Legacy Fund	(150,000)
With donor restrictions:	
Purpose restricted	(1,022,372)
In perpetuity	(116,970)
Deferred compensation plan	(636,892)
Financial assets available to meet cash needs for general expenditures within one year	$2,310,212

Of the total financial assets $2,121,638 is 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, 2024. 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 Society's major technology or strategic initiatives and/or facility needs as well as withstand the impact of economic downturns.

The VSCPA Legacy Fund whose purpose is to provide scholarships to support the Foundation's mission, to inspire and support future CPAs.

In addition, of the total financial assets $636,892 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, 2024.

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.

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 brokered CDs, 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, with a 10% variance in either direction.

Note 4. Investments

Investments consist of the following at April 30, 2024:

	Cost	Market Value
Equity securities	$ 2,557,417	$ 3,121,649
Brokered CDs	150,000	149,836
Fixed income securities	1,567,227	1,538,634
	$ 4,274,644	$ 4,810,119

Net investment income for the year ended April 30, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	$ 142,569	$ 28,188	$ 170,757
Net realized and unrealized gain on investments	240,025	61,942	301,967
Investment fees	(14,923)	(5,305)	(20,228)
	$ 367,671	$ 84,825	$ 452,496

Note 5. 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.

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.

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.

Note 5. Fair Value Measurements (Continued)

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, 2024.

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

Fixed income funds: Value at the closing price reported on an active market on which similar securities are traded.

Brokered CDs: Valued based on current interest rates and years until maturity.

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, 2024:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 3,121,649	$ -	$ -	$ 3,121,649
Brokered CDs	-	149,836	-	149,836
Fixed income funds	1,538,634	-	-	1,538,634
Total assets at fair value	$ 4,660,283	$ 149,836	$ -	$ 4,810,119

Note 6. Endowment Funds

The Financial Accounting Standards Board issued guidance, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds,* now codified in ASC Topic 958, Subtopic 205, Section 45 (ASC 958-205-45). ASC 958-205-45 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958-205-45 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Note 6. Endowment Funds (Continued)

Interpretation of relevant law

The Organization's endowment funds consist of one donor-restricted endowment and one board designated endowment.

The Organization has interpreted the Commonwealth of Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the following as net assets with donor restrictions (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment return objectives, risk parameters, and strategies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a diversified asset mix, which includes equity and fixed securities that are intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy

Annual scholarship amounts are stipulated in the Endowment Gift Agreements and shall be paid from a fund's total return, net of reasonable administrative fees and expenses. If a fund's accumulated total return is insufficient in any year to pay the award stipulated in the gift agreements, then the donor or the Organization may contribute additional funds to award the scholarship.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of April 30, 2024.

Note 6. Endowment Funds (Continued)

Endowment Net Asset Composition by Type of Fund as of April 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amounts required to be maintained in perpetuity	$ -	$ 116,970	$ 116,970
Funds designated by the Board for VSCPA Legacy Fund	150,000	-	150,000
Accumulated investment gains	-	34,041	34,041
	$ 150,000	$ 151,011	$ 301,011

Changes in Endowment Net Assets as of April 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	$ -	$ 146,699	$ 146,699
Contributions	150,000	-	150,000
Scholarships	-	(6,000)	(6,000)
Investment gain	-	11,837	11,837
Administrative expenses	-	(1,525)	(1,525)
Endowment net assets, ending	$ 150,000	$ 151,011	$ 301,011

Note 7. Net Assets with Donor Restrictions

As stated in Note 2, net assets with donor restrictions consist of contributions received from donors who have specified how the contribution will be utilized and contributions received from donors who have specified that the contributions be maintained in perpetuity by the Organization.

Net assets with donor restrictions held for scholarships at April 30, 2024, were as follows:

Austin M. Cloyd, Matthew G. Gwaltney, and Maxine S. Turner Doctoral Scholarship	$ 75,385
CST Group, CPAs, PC Scholarship	72,933
Curtis C. Duke & Dr. Ruth Coles Harris Scholarship	101,771
FORVIS Scholarship	116,907
H. Burton Bates, Jr. Scholarship	54,831
Michael E. Mares Scholarship	115,772
Murray, Johnson, White & Associates Scholarship	130,475
Samuel A. Derieux, CPA Memorial Scholarship	62,810
Thomas M. Berry, Jr. Scholarship	34,041
Verus Financial Partners Scholarship	69,755
Wall, Einhorn & Chernitzer Scholarship	64,400
Yount Hyde & Barbour Scholarship	68,989
	$ 968,069

Note 7. Net Assets with Donor Restrictions (Continued)

Net assets with donor restrictions held for operations of the VSCPA PAC at April 30, 2024, were as follows:

VSCPA PAC	$ 54,303

Net assets with donor restrictions held in perpetuity at April 30, 2024, were as follows:

Thomas M. Berry, Jr. Scholarship	$ 116,970

Note 8. Property and Equipment

Property and equipment consisted of the following at April 30, 2024:

Land	$ 268,561
Building and improvements	2,825,594
Furniture and equipment	578,856
Computer hardware	212,837
Computer software	527,965
	4,413,813
Less – accumulated depreciation and amortization	(2,258,820)
	$ 2,154,993

Note 9. Goodwill

In October 2023, the Organization acquired the intangible assets of Don Farmer, CPA, PA for $2,275,000. The purchase price was allocated entirely to goodwill as the benefit to the Organization is the ability to continue to produce continuing education with future materials written and taught by consultants. The Organization has elected to apply the goodwill alternative under which goodwill is amortized on a straight-line basis over a ten year period, and goodwill is tested for impairment only when a triggering event occurs indicating the fair value of the entity or reporting unit may be below its carrying amount. At April 30, 2024, management does not believe a triggering event has occurred. Goodwill net of accumulated amortization of $113,750 is $2,161,250 on the consolidated statement of financial position at April 30, 2024. Future amortization of goodwill is expected to be $227,500 for each year from 2025 through 2033, and $113,750 for 2034.

Note 10. Note Payable

The Organization entered into an unsecured promissory note for $1,275,000 with the seller of Don Farmer, CPA, PA to be paid over a two year period with interest at 5%. During the years ended April 30, 2025 and 2026, principal payments of $621,762 and $653,238 are due, respectively.

Note 11. Leases - Lessee

The Organization leases office equipment under operating leases with various initial terms. Some leases include renewal options which can extend the initial lease term. The exercise of these renewal options is at the sole discretion of the Organization. Only lease renewal options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

While all of the agreements provide for minimum lease payments, some include variable payments based on usage and other factors. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The components of operating lease expense that are included in operating expenses in the consolidated statement of activities for the year ended April 30, 2024, were as follows:

Operating lease cost	$ 25,325

The weighted average lease term and discount rate as of April 30, 2024, are as follows:

Weighted average remaining lease term	1.03 years
Weighted average discount interest rate	5.00%

The discount rates are generally based on estimates of the Organization's incremental borrowing rate, as the discount rates implicit in the Organization's leases cannot be readily determined.

The maturities of operating lease liabilities as of April 30, 2024, are as follows:

2025	$ 21,441
2026	1,589
Total lease payments	23,030
Less: interest	(536)
Present value of lease liabilities	$ 22,494

Note 12. 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 was $167,778 for the year ended April 30, 2024.

Note 13. 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 that 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 year ended April 30, 2024.

Note 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 consolidated financial statements to comply with the provisions of this guidance.

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 year ended April 30, 2024.

Note 15. Prior Year Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended April 30, 2023, from which the summarized information was derived.

Note 16. Subsequent Events

Management has evaluated subsequent events through August 13, 2024, the date, which the consolidated financial statements were available for issue.