

# Virginia Bankers Association

## Consolidated Financial Report

December 31, 2023

# Virginia Bankers Association

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## Independent Auditor's Report

To the Audit Committee of the Board of Directors of  
Virginia Bankers Association  
Richmond, Virginia

### Opinion

We have audited the accompanying consolidated financial statements of Virginia Bankers Association and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, and 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 consolidated financial position of Virginia Bankers Association and its subsidiaries, as of December 31, 2023, and the changes in their net assets and their 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 Virginia Bankers Association and its subsidiaries 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.

### Prior Period Financial Statements

The consolidated financial statements of Virginia Bankers Association and its subsidiaries as of December 31, 2022 were audited by other auditors whose report dated June 8, 2023, expressed an unmodified opinion on those statements.

### 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 Virginia Bankers

Association and its subsidiaries 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 Virginia Bankers Association and its subsidiaries' 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 Virginia Bankers Association and its subsidiaries' ability 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2022 accompanying supplementary information was subjected to auditing procedures applied in the 2022 audit of the basic consolidated financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2022 consolidated financial statements as a whole.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia  
                    , 2024

# Consolidated Financial Statements

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## Virginia Bankers Association

### Consolidated Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,769,469	\$ 4,206,750
Investments	6,455,488	5,417,696
Accrued interest receivable	13,309	3,958
Accounts receivable	567,334	515,183
Accrued pension asset	383,189	142,595
Income taxes receivable	82,552	-
Prepaid expenses	127,742	140,566
Property and equipment, net	2,153,694	2,322,115
Retirement benefits	1,332,823	1,108,852
Cash surrender value of life insurance	140,707	135,241
Total assets	<b>\$ 15,026,307</b>	<b>\$ 13,992,956</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 394,083	\$ 330,814
Income taxes payable	-	254,399
Deferred revenue	692,768	722,698
Accrued postretirement health care benefits	133,202	130,951
Retirement liability	1,332,823	1,108,852
Deferred income taxes, net	271,724	73,205
Total liabilities	2,824,600	2,620,919
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>12,201,707</b>	<b>11,372,037</b>
Total liabilities and net assets	<b>\$ 15,026,307</b>	<b>\$ 13,992,956</b>

**Virginia Bankers Association**  
**Consolidated Statements of Activities**  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>		
Education and conference revenue	\$ 1,965,268	\$ 1,668,295
Health and welfare administrative fees	1,881,522	1,798,712
Membership dues	1,337,236	1,168,054
Defined benefit and contribution administrative fees	890,816	762,918
Investment income, net	603,950	1,787,592
Management fees	527,975	744,616
Product and endorsement income	440,278	473,193
Nonqualified plan fees	308,074	218,592
Lease income	291,633	273,783
Other revenue	169,846	20,832
Insurance commissions	53,072	46,444
Total revenue	<u>8,469,670</u>	<u>8,963,031</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	4,054,043	3,753,178
Education and conferences	1,202,030	893,188
Consulting	666,570	728,519
Benefits administration	272,580	305,779
Professional fees	255,776	313,914
Office expenses	239,794	234,545
Depreciation	238,222	235,071
Occupancy	188,738	240,603
Travel and education	123,237	112,688
Other operating expenses	88,699	205,531
Insurance	60,253	50,408
Meetings	34,771	47,522
Publications and products	10,665	10,321
Marketing	3,510	3,517
Income tax expense	330,159	380,072
Total operating expenses	<u>7,769,047</u>	<u>7,514,856</u>
Change in net assets - without donor restrictions before pension-related changes	700,623	1,448,175
Pension-related changes other than net periodic pension cost and postretirement benefits	136,702	(227,593)
Postretirement changes	(7,655)	20,745
Change in net assets - without donor restrictions	<u>829,670</u>	<u>1,241,327</u>
<b>NET ASSETS</b>		
Net assets - without donor restrictions, beginning of year	11,372,037	10,130,710
Net assets - without donor restrictions, end of year	<u><u>\$ 12,201,707</u></u>	<u><u>\$ 11,372,037</u></u>



**Virginia Bankers Association**  
**Consolidated Statement of Functional Expenses**  
Year Ended December 31, 2023

	Program Services			Support Services	Total Expenses
	Advocacy and Communication	Employee Benefits	Products and Services	Administrative	
Salaries and benefits	\$ 873,255	\$ 1,437,304	\$ 1,316,696	\$ 426,788	\$ 4,054,043
Education and conferences	-	-	1,202,030	-	1,202,030
Consulting	18,657	615,451	31,696	766	666,570
Benefits administration	-	272,580	-	-	272,580
Professional fees	33,649	196,675	25,075	377	255,776
Office expenses	65,599	70,020	103,812	363	239,794
Depreciation	57,982	67,576	97,055	15,609	238,222
Occupancy	29,298	55,636	87,045	16,759	188,738
Travel and education	39,665	43,339	40,233	-	123,237
Other operating expenses	71,765	7,766	8,960	208	88,699
Insurance	12,923	29,036	17,935	359	60,253
Meetings	25,524	1,612	7,635	-	34,771
Publications and products	-	-	10,665	-	10,665
Marketing	-	3,510	-	-	3,510
Income tax (benefit) expense	-	203,332	126,827	-	330,159
	<b><u>\$ 1,228,317</u></b>	<b><u>\$ 3,003,837</u></b>	<b><u>\$ 3,075,664</u></b>	<b><u>\$ 461,229</u></b>	<b><u>\$ 7,769,047</u></b>

**Virginia Bankers Association**  
**Consolidated Statement of Functional Expenses**  
Year Ended December 31, 2022

	Program Services			Support Services	Total Expenses
	Advocacy and Communication	Employee Benefits	Products and Services	Administrative	
Salaries and benefits	\$ 558,856	\$ 1,255,835	\$ 1,471,575	\$ 466,912	\$ 3,753,178
Education and conferences	-	-	893,188	-	893,188
Consulting	23,109	682,315	22,507	588	728,519
Professional fees	58,681	212,972	41,904	357	313,914
Benefits administration	-	305,779	-	-	305,779
Occupancy	36,376	70,856	115,012	18,359	240,603
Depreciation	60,199	60,161	101,241	13,470	235,071
Office expenses	71,524	65,999	96,160	862	234,545
Other operating expenses	8,135	6,058	190,422	916	205,531
Travel and education	35,230	41,534	35,924	-	112,688
Insurance	12,461	21,698	15,987	262	50,408
Meetings	32,790	4,663	10,069	-	47,522
Publications and products	-	-	10,321	-	10,321
Marketing	-	3,517	-	-	3,517
Income tax (benefit) expense	-	(104,394)	484,466	-	380,072
	<b><u>\$ 897,361</u></b>	<b><u>\$ 2,626,993</u></b>	<b><u>\$ 3,488,776</u></b>	<b><u>\$ 501,726</u></b>	<b><u>\$ 7,514,856</u></b>

## Virginia Bankers Association

### Consolidated Statement of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 829,670	\$ 1,241,327
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities		
Depreciation	238,222	235,071
Net depreciation (appreciation) in the fair value of investments	(346,393)	785,720
Deferred income taxes, net	198,519	(146,189)
Gain on disposal of property and equipment	(16,940)	(18,862)
Realized gain on sale of investments	-	(2,436,223)
Changes in operating assets and liabilities:		
Receivables	(61,502)	28,750
Prepaid expenses	12,824	(10,646)
Retirement benefits	(223,971)	200,889
Income taxes receivable and payable	(336,951)	218,439
Accounts payable and accrued expenses	63,269	(11,755)
Deferred revenue	(29,930)	88,438
Accrued pension expense	(240,594)	(114,878)
Accrued postretirement health care benefits	2,251	(25,636)
Retirement liability	223,971	(200,889)
Net cash and cash equivalents provided by (used in) operating activities	312,445	(166,444)
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(71,861)	(147,640)
Proceeds from sale of property and equipment	19,000	25,000
Payment of life insurance premium	(5,466)	(5,466)
Purchase of investments	(1,659,790)	(2,057,914)
Proceeds from matured investments	968,391	1,064,030
Proceeds from the sale of investments	-	2,425,156
Net cash and cash equivalents provided by (used in) investing activities	(749,726)	1,303,166
Net increase (decrease) in cash and cash equivalents	(437,281)	1,136,722
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	4,206,750	3,070,028
End of year	\$ 3,769,469	\$ 4,206,750
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for income taxes	\$ 459,500	\$ 245,002

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2023

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### Note 1 – Nature of Organization

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Virginia Bankers Association (VBA), founded in 1893, is a not-for-profit Virginia nonstock corporation representing commercial and savings banks in the Commonwealth of Virginia. The primary mission of VBA includes supporting the federal and state legislative processes as they relate to banks and savings institutions, providing member education and training, and generally supporting any member need or common issue that can best be accomplished by a central organization. Other banking support is provided through two wholly owned for-profit subsidiaries, VBA Benefits Corporation (Benefits Corporation) and VBA Management Services, Inc. (Management Services).

Benefits Corporation, founded in 1992, is incorporated in the Commonwealth of Virginia. It administers the Virginia Bankers Association Group Medical and Dental Trust, the State Bankers Association Group Insurance Trust, the Trust Fund of State Bankers Association Master Defined Benefit Pension Plan and Trust, and the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust (Affiliated Trusts) for participating members of VBA. Accordingly, Benefits Corporation receives revenue sharing income and fees for these administrative services (included in health and welfare administrative fees and defined benefit and contribution administrative fees in the accompanying consolidated statement of activities) and pays certain operating expenses of these Affiliated Trusts. The Benefits Corporation also operates as an agent for various types of nonqualified plans. Benefits Corporation offers these plans to commercial banks, savings institutions, and associate members, who in turn provide coverage to their employees.

Management Services, founded in 1993, is incorporated in the Commonwealth of Virginia and its primary mission is to introduce products and services to members of VBA that provide new income opportunities, offer cost savings, help banks stay in regulatory compliance and help train bank employees. To accomplish this mission, Management Services provides education and training and product endorsements to VBA member banks. Management Services has been contracted by companies and associations to manage their business affairs.

VBA Properties, LLC (Properties) is a Virginia limited liability company created in 2004. Properties is equally owned by VBA, Benefits Corporation, and Management Services. The primary purpose of Properties is to hold and manage the assets and liabilities of the Association's headquarters building.

VBA and subsidiaries are collectively referred to herein as the "Association".

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### Note 2 – Summary of Significant Accounting Policies

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#### *Basis of Accounting*

The Association prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, which include using the accrual basis of accounting.

#### *Consolidation*

The consolidated financial statements include the accounts of VBA and its subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation. Net assets are reported as without donor restrictions since they are available at the discretion of the Board of Directors for use in the Association's operations.

**Virginia Bankers Association**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023**

*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 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 differ from those estimates.

*Cash and Cash Equivalents*

The Association considers all highly liquid investment instruments with an original maturity at purchase of three months or less to be cash equivalents. The Association, at times, may have cash and investments in excess of insured limits. The Association's cash and investments are in institutions whose credit ratings are monitored by management to minimize the concentrations of credit risk. Cash and cash equivalents does not include amounts that are part of managed investments. These amounts are included with investments on the consolidated statement of financial position. At December 31, 2023, the Association had balances included in cash and cash equivalents that were in excess of insured limits.

*Investments*

Investments include certificates of deposit, mutual funds, equity securities and common stock. These investments are measured at fair value. Dividends and interest are recorded as revenue when earned. Gains and losses on sales of securities are calculated using the specific identification methods and recorded on the trade date.

The Association also had investments in common stock of four privately held entities in the banking industry, three of which were valued at the lower of cost or market at December 31, 2021. During 2022, the Association sold their investment in Infinex Investments, Inc. and impaired their investment in the Alliance of Bankers Association to zero with the related gain of \$2,482,395 and loss of \$500 reported in investment income, net, in the accompanying consolidated statement of activities. At December 31, 2023 and 2022, the Association's investment in Compliance Alliance was \$15,900. The investment in Canapi is reported at fair value at December 31, 2023 and 2022 based on information the Association obtained from the investment manager. Annually, management evaluates these investments for potential impairment based on the financial results of the privately held entities. As the Compliance Alliance investment is held at cost, it is excluded from the fair value hierarchy at Note 5.

*Accounts Receivable*

Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are generally extended on a short-term basis and, therefore, do not bear interest. The Association evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, industry trends, and other internal and external factors. On a continuing basis, the aging of accounts receivable is monitored to evaluate the adequacy of the allowance for credit losses. Accounts receivable are written off against the allowance when determined to be uncollectible. In management's opinion, no allowance was considered necessary at December 31, 2023 and 2022.

*Property and Equipment*

Property and equipment are stated at cost. Major repairs and betterments are capitalized, and normal maintenance and repairs are charged to expense as incurred. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets, generally three to ten years for furniture, fixtures, and vehicles, and thirty years for

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2023

building and improvements. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

### *Valuation of Long-lived Assets*

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of assets exceeds the estimated value of the assets. There were no impairment losses in 2023 and 2022. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

### *Net Assets*

The consolidated financial statements report amounts separately by class of net assets as follows:

Net assets without donor restriction are those available for use at the discretion of the Board of Directors for use in the Association's operations and those resources invested in property and equipment. All net assets without donor restrictions are undesignated as of December 31, 2023 and 2022. There are no board designated net assets.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that they be maintained permanently by the Association to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation. The Association had no net assets with donor restrictions at December 31, 2023 and 2022.

### *Revenue Recognition*

Revenue is generated through membership dues, management services, health and welfare administrative fees, retirement plan fees, lease income, insurance commissions, product and endorsement income and educational training seminars sponsored by the Association. Dues revenue is recorded as earned on a pro rata basis over the Association's fiscal year.

The Association follows FASB guidance Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 affects any entity that enters into contracts with customers to transfer goods or services. The standard's core principle is that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services.

The Association recognizes the majority of its revenue, other than educational and conferences, over time. Economic factors may impact the nature, amount, and timing of revenue recognition.

### Membership Dues

The Association provides services for its members in the forms of communication, member relations, and government relations. Fees associated with these services are billed as part of membership dues each year. The performance obligation

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2023

for providing these services is satisfied over time (the calendar year) because the members are continually receiving and consuming the benefits as they are provided by the Association each month. Therefore, revenue related to dues is recognized during the calendar year, which is equivalent, annually, to recognizing the dues monthly, or over time.

### Management Fees

The Association provides management type services for its members pursuant to individual management agreements. The performance obligation for providing these services is satisfied over time because the members are continually receiving and consuming the benefits as they are provided by the Association each month. Therefore, revenue related to management fees is recognized monthly, or over time.

### Health and Welfare Administrative Fees

The Association provides insurance services for its members whereby it collects insurance premiums and remits them to the applicable carrier. Fees associated with these services are billed monthly pursuant to individual participation agreements. The performance obligation for providing these services is satisfied over time because the members are continually receiving and consuming the benefits as they are provided by the Association each month. Therefore, revenue related to health and welfare administration is recognized monthly, or over time.

### Product and Endorsements Revenue

The Association earns a fee for endorsements for various software and banking products. The revenue is recognized when the contract is agreed upon. The obligation performed by the Association is immediate at the time of the conference or educational event.

### Educational and Conference Revenue

The Association earns revenues related to registration fees and educational program or event fees. The performance obligation for providing these classes or events is satisfied at a point in time, the day of the class or event. Therefore, revenue related to classes and events is recognized on the day that the class or event is completed.

Total program revenue recognized at a point in time and over time for the years ended December 31, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Revenue recognized at a point in time	\$ 4,998,695	\$ 4,739,336
Revenue recognized over time	2,575,392	2,162,320
	<b><u>\$ 7,574,087</u></b>	<b><u>\$ 6,901,656</u></b>

### Contract Assets and Liabilities

Contract assets relate to the Association's conditional right to payment for performance completed to date under a contract. Accounts receivable is recorded when the right to payment becomes unconditional. Contract liabilities represent the Association's obligation to transfer goods or services to a customer when the customer prepays consideration for goods and services. The Association has no contract assets at December 31, 2023, 2022, or January 1, 2022. The Association has contract liabilities of \$692,768 at December 31, 2023, \$722,698 at December 31, 2022, and \$634,260 at January 1, 2022, which are recorded as deferred revenue on the accompanying consolidated statement of financial position.

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2023

### *Functional Allocation of Expenses*

The accompanying consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Association are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on time and effort or the proportion of employees within a program or other supporting service versus the total organizational employee count.

### *Income Taxes*

VBA is generally exempt from federal income taxes under Section 501(c)(6) of the *Internal Revenue Code* and the tax statutes of the Commonwealth of Virginia. The consolidated financial statements provide for income taxes for its for-profit subsidiaries, Benefits Corporation and Management Services. These subsidiaries file separate federal and state income tax returns. Properties is classified as a partnership for federal income tax purposes and, therefore, the consolidated financial statements do not include a provision for income taxes for this entity.

### *Income Tax Uncertainties*

The Association follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Association's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Association is not currently under audit by any tax jurisdiction.

### *Advertising Expense*

Advertising costs are expensed as incurred and amounted to \$3,614 and \$3,517 for 2023 and 2022, respectively.

### *Adoption of ASU 2016-13*

Effective January 1, 2023, the Association 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 Association 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 Association that are subject to ASU 2016-13 include accounts receivable. The adoption of this ASU did not have a material impact on the Association's consolidated financial statements but did change how an allowance for uncollectible accounts receivable would be determined if material.



## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

#### Note 3 – Investment Income

Net investment income consists of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest on cash equivalents	\$ 78,690	\$ 14,990
Interest and dividends on investments	179,545	122,099
Unrealized gains (losses)	355,857	(775,523)
Realized gain on investments	-	2,436,223
Investment expenses	(10,142)	(10,197)
	<u>\$ 603,950</u>	<u>\$ 1,787,592</u>

The unrealized gains (losses) in the fair value of investments shown above includes retirement benefits and nonmarketable stock included in investments in the accompanying consolidated statement of financial position, net of investment expenses.

#### Note 4 – Liquidity and Availability

The following table reflects the Association's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 3,769,469	\$ 4,206,750
Investments - certificates of deposit	2,464,132	1,855,083
Investments	3,991,356	3,562,613
Accounts receivable	567,334	515,183
Retirement benefits	1,332,823	1,108,852
Cash surrender value of life insurance	140,707	135,241
Accrued interest receivable	13,309	3,958
Financial assets, at year-end	12,279,130	11,387,680
Less those unavailable for general expenditure within one year, due to:		
Investments not convertible to cash within next 12 months	(543,439)	(1,213,516)
Retirement benefits designated for future retirement liabilities	(1,332,823)	(1,108,852)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,402,868</u>	<u>\$ 9,065,312</u>

The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2023

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### Note 5 – Fair Value Measurements

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FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.
- Level 2** Inputs to the valuation methodology are quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3** Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The fair values of equity investments (equities and mutual funds) that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

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 December 31, 2023 and 2022.

*Certificates of Deposit:* Valued at face value, plus accrued interest as reported by the issuing institutions.

*Investment Funds:* Valued at the deposit amount.

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

*Mutual Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Exchange Traded Funds:* Valued at the closing price reported on the active market on which similar securities are traded.

*Cash Surrender Value of Life Insurance:* The fair value and cash value of life insurance was determined to be the same because the life insurance policies have no liquid market value, they are not transferrable or assignable, and there are no defined maturities of the cash flows.

*Alternative Investment:* Limited partnership interests are accounted for at fair value based on net asset value (NAV) of shares held by the Association as quoted by the fund manager, as a practical expedient. In accordance with Subtopic 820-10, investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. These investments totaled \$88,934 and \$100,052 at December 31, 2023 and 2022, respectively.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association 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.

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2023:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 2,464,132	\$ -	\$ 2,464,132
Investments funds	46,156	-	-	46,156
Mutual funds	1,242,548	-	-	1,242,548
Exchange traded funds	1,666,982	-	-	1,666,982
Equity securities	930,836	-	-	930,836
Subtotal investments at fair value	<u>3,886,522</u>	<u>2,464,132</u>	<u>-</u>	<u>6,350,654</u>
Retirement benefits	1,332,823	-	-	1,332,823
Cash surrender value of life insurance	-	-	140,707	140,707
Total assets at fair value	<u><b>\$ 5,219,345</b></u>	<u><b>\$ 2,464,132</b></u>	<u><b>\$ 140,707</b></u>	<u><b>\$ 7,824,184</b></u>

The following table sets forth by level, within the fair value hierarchy, the Association's retirement benefits by category as of December 31, 2023:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 44,087	\$ -	\$ 44,087
Investments funds	33,943	-	-	33,943
Mutual funds	264,900	-	-	264,900
Exchange traded funds	936,694	-	-	936,694
Unit investment trusts	-	53,199	-	53,199
Subtotal retirement benefits	<u><b>\$ 1,235,537</b></u>	<u><b>\$ 97,286</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,332,823</b></u>

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2022:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 1,855,083	\$ -	\$ 1,855,083
Mutual funds	2,599,576	-	-	2,599,576
Equity securities	847,085	-	-	847,085
Subtotal investments at fair value	<u>3,446,661</u>	<u>1,855,083</u>	<u>-</u>	<u>5,301,744</u>
Retirement benefits	1,108,852	-	-	1,108,852
Cash surrender value of life insurance	-	-	135,241	135,241
Total assets at fair value	<u><b>\$ 4,555,513</b></u>	<u><b>\$ 1,855,083</b></u>	<u><b>\$ 135,241</b></u>	<u><b>\$ 6,545,837</b></u>

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

The following table sets forth by level, within the fair value hierarchy, the Association's retirement benefits by category as of December 31, 2022:

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 1,108,852	\$ -	\$ -	\$ 1,108,852

Due to significant unobservable inputs included in the valuation model for the cash value of life insurance, the resulting accumulated premiums applied to the savings component of the life insurance policy is classified as level 3. The fair value of the life insurance contract was estimated at the net cash value the Association would receive if it surrendered the policy to the insurance provider. There were no transfers in or out of level three assets for 2023 or 2022.

Premiums paid for life insurance were \$5,466 for each of the years ended December 31, 2023 and 2022.

The Association's investments in alternative investments are subject to restrictions on frequency of redemptions. At December 31, 2023, no redemptions are allowed until the termination of the fund, which is scheduled for December 2030. At December 31, 2023, the Association had unfunded commitments related to alternative investments totaling \$21,968.

#### Note 6 – Property and Equipment

Property and equipment at December 31, 2023 and 2022 consisted of:

	2023	2022
Land	\$ 399,547	\$ 399,547
Building	3,210,036	3,212,346
Building improvements	760,011	754,416
Furniture and fixtures	988,598	1,005,439
Vehicles	190,874	181,558
	5,549,066	5,553,306
Accumulated depreciation	(3,395,372)	(3,231,191)
	<u>\$ 2,153,694</u>	<u>\$ 2,322,115</u>

Depreciation expense was \$238,222 and \$235,071 for December 31, 2023 and 2022, respectively.

A portion of the Association's office space is leased to unrelated parties with a lease term that began in January 2020. The amount received for rent was \$291,683 and \$96,653 for December 31, 2023 and 2022, respectively.

#### Note 7 – Employee Benefit Plans

The Association participates in a defined benefit cash balance plan through the State Bankers Association Master Defined Benefit Pension Plan and Trust (the "Plan"), which covers substantially all employees. Contributions and benefits are based upon age and level of compensation.

The Association is required to recognize the funded status of defined benefit and other postretirement plans as an asset or liability in the accompanying consolidated statement of financial position. Funded status represents the difference between the fair value of plan assets and the projected benefit obligation. Changes in the net actuarial pension loss, net of taxes, are required to be recognized through the accompanying consolidated statement of activities in the year in which the changes occur.

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

#### *Defined Benefit Plan*

The following sets forth the changes in the benefit obligation, plan assets and funded status of the Plan and the amounts recognized in the Association's accompanying consolidated statement of financial position as of December 31:

	<b>2023</b>	<b>2022</b>
Change in benefit obligation:		
Projected benefit obligation, beginning of year	\$ 3,281,103	\$ 4,245,131
Service cost	119,776	148,828
Interest cost	162,506	115,717
Actuarial (gain)/loss	104,461	(1,016,746)
Benefits paid	(132,047)	(211,827)
Projected benefit obligation, end of year	<b>\$ 3,535,799</b>	<b>\$ 3,281,103</b>

	<b>2023</b>	<b>2022</b>
Change in plan assets:		
Fair value of assets, beginning of year	\$ 3,423,698	\$ 4,272,848
Actual return (loss) on plan assets	427,340	(937,323)
Employer contributions	200,000	300,000
Benefits paid	(132,047)	(211,827)
Fair value of assets, end of year	3,918,991	3,423,698
Accumulated benefit obligation	3,535,799	3,281,103
Funded status at end of year	<b>\$ 383,192</b>	<b>\$ 142,595</b>
Net periodic pension cost	<b>\$ 96,107</b>	<b>\$ (42,472)</b>

Assumptions used to determine benefit obligation:

	<b>2023</b>	<b>2022</b>
Discount rate	4.75%	5.00%
Expected return on plan assets	7.25%	7.25%
Rate of compensation increase	3.00%	3.00%

Expected long-term return on assets is determined by applying historical average investment returns from published indexes relating to the current allocation of assets in the portfolio.

The Association's pension plan weighted-average asset allocations by asset category are as follows as of December 31:

	<b>2023</b>	<b>2022</b>
Mutual funds - fixed income	40%	38%
Mutual funds - equity	60%	62%
	<b>100%</b>	<b>100%</b>

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 December 31, 2023 and 2022.

*Cash and Cash Equivalents: Valued at cost which approximates fair value.*

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

*Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.*

The following tables set forth, by level within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 4,908	\$ -	\$ -	\$ 4,908
Mutual funds:				
Fixed income funds	2,366,998	-	-	2,366,998
Equity funds	1,547,085	-	-	1,547,085
Total assets at fair value	<u>\$ 3,918,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,918,991</u>

  

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 4,890	\$ -	\$ -	\$ 4,890
Mutual funds:				
Fixed income funds	1,300,411	-	-	1,300,411
Equity funds	2,118,397	-	-	2,118,397
Total assets at fair value	<u>\$ 3,423,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,423,698</u>

The Plan is sufficiently diversified to maintain a reasonable level of risk without imprudently sacrificing return, with a targeted asset allocation of 40% fixed income and 60% equities for 2023 and 2022. The investment manager selects investment fund managers with demonstrated experience and expertise, and funds with demonstrated historical performance, for the implementation of the Plan's investment strategy. The investment manager considers both actively and passively managed investment strategies and allocates funds across the asset classes.

#### *Expected Long-Term Rate of Return on Assets*

The Plan Sponsor selects the expected long-term rate-of-return-on-assets assumption in consultation with the investment advisors and actuary. This rate is intended to reflect the average rate of earnings expected to be earned on the funds invested or to be invested to provide plan benefits. Historical performance is reviewed especially with respect to real rates of return (net of inflation) for the major asset classes held or anticipated to be held by the trust, and for the trust itself. Undue weight is not given to recent experience with higher significance placed on current forecasts of future long-term economic conditions. Because assets are held in a qualified trust, anticipated returns are not reduced for taxes. Consideration is given to the potential impact of current and future investment policy, cash flow into and out of the trust, and expenses (both investment and non-investment) typically paid from plan assets (to the extent such expenses are not explicitly estimated within periodic cost).

#### *Discount Rate*

The process used to select the discount rate assumption takes into account the benefit cash flow and the segmented yields on high-quality corporate bonds that would be available to provide for the payment of the benefit cash flow. A single effective discount rate, rounded to the nearest 0.25%, is then established that produces an equivalent discounted present value.

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

Pension benefit payments, which reflect future service, as appropriate, are expected to be paid as follows for the subsequent years ending December 31:

2024	\$	141,950
2025		134,561
2026		132,528
2027		130,389
2028		128,266
Thereafter		3,359,564
	\$	<u>4,027,258</u>

Net periodic pension cost for 2024 is expected as follows:

Service costs	\$	128,690
Interest cost		164,618
Expected return on assets		(279,071)
Amortization of unrecognized prior service cost and net loss		49,127
	\$	<u>63,364</u>

#### *Defined Contribution Plan*

The Association has a 401(k) profit sharing plan for substantially all of their employees. The total amount contributed to the plan was \$147,877 and \$133,415 for 2023 and 2022, respectively.

#### *Postretirement Benefits Plan*

The Association has committed to paying a portion of the health care premiums after retirement for one retired employee. The retiree has been granted insurance at the same rate as current employees. The accrued postretirement health care benefit for the covered retiree has been actuarially determined based on the maximum monthly amount and their life expectancy. The discount rate used that sets forth the weighted average assumptions for the accrued postretirement health care benefit for 2023 and 2022 was 5.00% and 2.75%, respectively. This plan is unfunded. Annual payments for 2023 and 2022 approximate \$12,500 and \$11,800, respectively. The healthcare cost trend rate for 2023 is expected to be 6%, and ultimately expected to be 4% by 2028.

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

The following sets forth the change in the benefit obligation, plan assets and funded status of the postretirement health care benefit plan and the amounts recognized in the Association's accompanying consolidated statement of Financial Position as of December 31:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Projected benefit obligation, beginning of year	\$ 130,951	\$ 156,587
Interest cost	6,238	4,145
Actuarial (gain) loss	8,530	(17,996)
Benefits paid	<u>(12,517)</u>	<u>(11,785)</u>
Projected benefit obligation, end of year	<u>133,202</u>	<u>130,951</u>
Change in plan assets:		
Fair value of assets, beginning of year	-	-
Employer contributions	12,517	11,785
Benefits paid	<u>(12,517)</u>	<u>(11,785)</u>
Fair value of assets, end of year	<u>-</u>	<u>-</u>
Funded status, end of year	<u>\$ (133,202)</u>	<u>\$ (130,951)</u>

The Association also provides retirement benefits for the current President and CEO through fully funded annuity and mutual fund contracts. The Association is the beneficiary under the contracts until retirement of the individual. The present value of the future benefits to be paid and the related retirement asset account have been recorded in the accompanying consolidated statement of financial position as retirement benefits and retirement liability.

#### Note 8 – Cash Surrender Value of Life Insurance

The Association maintains a split-dollar life insurance policy with one key employee. The Association's interest in the agreement is limited to the lesser of the total premiums paid by the Association or the total cash value of the policy, less any indebtedness against the policy. The Association has paid cumulative premiums, net of redemption proceeds, of \$140,707 and \$135,241 at December 31, 2023 and 2022, respectively. The accompanying consolidated statement of financial position reflects the amount that could be realized by the Association from the surrender of the life insurance policies as of December 31, 2023 and 2022.

#### Note 9 – Related Party Transactions

Management Services collects fees for the management of affiliated companies. The fees received from these companies for management services during 2023 and 2022 were \$485,379 and \$724,616, respectively, and have been included in the accompanying consolidated statement of activities as management fees.

Benefits Corporation received management fees from some of the Affiliated Trusts in the amounts of \$991,564 and \$841,174 during 2023 and 2022, respectively. These management fees have been included as revenue in the accompanying consolidated statement of activities as defined benefit and contribution administrative fees and as nonqualified plan fees.

At December 31, 2023 and 2022, the amounts owed to the Association by affiliated companies totaled \$10,964 and \$48,177, respectively. These amounts are included in accounts receivable on the accompanying consolidated statement of financial position.



# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2023

### Note 10 – Income Taxes

Deferred income taxes result primarily from accelerated depreciation, unrealized investment gains, pension liabilities/assets, and certain other items of income and expense, which are recognized in the consolidated financial statements in periods different from when they are recognized for tax purposes.

Net deferred income taxes include the following components at December 31:

	<b>2023</b>	<b>2022</b>
Deferred tax assets	\$ 40,872	\$ 135,992
Deferred tax liabilities	(312,596)	(209,197)
Deferred income taxes, net	<u>\$ (271,724)</u>	<u>\$ (73,205)</u>

Income tax expense (benefit) consists of the following for the years ended December 31:

	<b>2023</b>		
	<b>VBA</b>		
	<b>VBA Benefits Corporation</b>	<b>Management Services, Inc.</b>	<b>Total</b>
Current tax expense	\$ 74,317	\$ 57,323	\$ 131,640
Deferred tax benefit	129,015	69,504	198,519
	<u>\$ 203,332</u>	<u>\$ 126,827</u>	<u>\$ 330,159</u>
	<b>2022</b>		
	<b>VBA</b>		
	<b>VBA Benefits Corporation</b>	<b>Management Services, Inc.</b>	<b>Total</b>
Current tax expense	\$ -	\$ 527,006	\$ 527,006
Deferred tax benefit	(104,394)	(42,540)	(146,934)
	<u>\$ (104,394)</u>	<u>\$ 484,466</u>	<u>\$ 380,072</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities consisted of the following at year end:

	<b>2023</b>		
	<b>VBA</b>		
	<b>VBA Benefits Corporation</b>	<b>Management Services, Inc.</b>	<b>Total</b>
Unrealized losses (gains) on securities	\$ 33,242	\$ (197,954)	\$ (164,712)
Property and equipment	(10,154)	(4,051)	(14,205)
Accrued pension	(18,153)	(74,139)	(92,292)
Investment in subsidiary	227	(4,640)	(4,413)
Accrued vacation	1,815	2,083	3,898
	<u>\$ 6,977</u>	<u>\$ (278,701)</u>	<u>\$ (271,724)</u>

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2023

	2022		
	VBA Benefits Corporation	VBA Management Services, Inc.	Total
Unrealized losses (gains) on securities	\$ 97,275	\$ (168,207)	\$ (70,932)
Net operating loss	3,801	-	3,801
Property and equipment	(2,801)	(6,393)	(9,194)
Accrued pension	2,490	(60,425)	(57,935)
Investment in subsidiary	30,609	22,151	52,760
Accrued vacation	4,618	3,677	8,295
	<u>\$ 135,992</u>	<u>\$ (209,197)</u>	<u>\$ (73,205)</u>

The Association's effective tax rate differs from the federal statutory rate of 21% primarily due to state taxes and certain nondeductible expenses.

#### Note 11 – Compensated Absences

The Association has a vacation policy under which vacation benefits accrue during active service. Vacation benefits accrued but not taken, subject to certain limitations, are paid to employees upon termination. The liability, included in accounts payable and accrued expenses on the accompanying consolidated statement of financial position, was \$44,005 and \$43,092 at December 31, 2023 and 2022, respectively.

#### Note 12 – Subsequent Events

The Association and the Maryland Bankers Association have entered into an agreement to reorganize and consolidate their operations into a holding company structure. The newly formed holding company, a nonstock Virginia corporation, is the Mid-Atlantic Bankers Association. The effective date of the reorganization is July 1, 2024.

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

# Supplementary Information

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**Virginia Bankers Association**  
**Consolidating Statement of Financial Position**  
December 31, 2023

	VBA General Fund	VBA Benefits Corporation	VBA Management Services, Inc.	VBA Properties, LLC	Eliminations	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 508,889	\$ 745,660	\$ 2,181,908	\$ 333,012	\$ -	\$ 3,769,469
Investments	688,615	3,603,968	2,162,905	-	-	6,455,488
Accrued interest receivable	7,553	3,366	2,390	-	-	13,309
Accounts receivable	172,947	373,916	165,372	-	(144,901)	567,334
Accrued pension asset (liability)	31,646	70,526	288,031	(7,014)	-	383,189
Income taxes receivable	-	30,647	51,905	-	-	82,552
Prepaid expenses	34,400	11,775	81,567	-	-	127,742
Property and equipment, net	58,555	49,742	27,382	2,018,216	(201)	2,153,694
Investment in subsidiaries	11,985,722	773,216	773,216	-	(13,532,154)	-
Retirement benefits	1,033,378	-	299,445	-	-	1,332,823
Cash surrender value of life insurance	140,707	-	-	-	-	140,707
	<u>\$ 14,662,412</u>	<u>\$ 5,662,816</u>	<u>\$ 6,034,121</u>	<u>\$ 2,344,214</u>	<u>\$ (13,677,256)</u>	<u>\$ 15,026,307</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 91,550	\$ 263,165	\$ 167,531	\$ 16,738	\$ (144,901)	\$ 394,083
Deferred revenue	631,933	-	52,560	8,275	-	692,768
Accrued postretirement health care benefits	133,202	-	-	-	-	133,202
Retirement liability	1,033,378	-	299,445	-	-	1,332,823
Deferred income tax (asset) liability	-	(6,977)	278,701	-	-	271,724
Total liabilities	<u>1,890,063</u>	<u>256,188</u>	<u>798,237</u>	<u>25,013</u>	<u>(144,901)</u>	<u>2,824,600</u>
<b>NET ASSETS</b>						
Common stock	-	1,000	10,000	-	(11,000)	-
Additional paid-in capital	-	-	103,567	3,135,000	(3,238,567)	-
Net assets (deficit) - without donor restrictions	<u>12,772,349</u>	<u>5,405,628</u>	<u>5,122,317</u>	<u>(815,799)</u>	<u>(10,282,788)</u>	<u>12,201,707</u>
Total liabilities and net assets	<u>\$ 14,662,412</u>	<u>\$ 5,662,816</u>	<u>\$ 6,034,121</u>	<u>\$ 2,344,214</u>	<u>\$ (13,677,256)</u>	<u>\$ 15,026,307</u>

**Virginia Bankers Association**  
**Consolidated Statement of Activities**  
Year Ended December 31, 2023

	VBA General Fund	VBA Benefits Corporation	VBA Management Services, Inc.	VBA Properties, LLC	Eliminations	Total
<b>REVENUE</b>						
Education and conference revenue	\$ -	\$ -	\$ 1,965,268	\$ -	\$ -	\$ 1,965,268
Health and welfare administrative fees	-	1,881,522	-	-	-	1,881,522
Membership dues	1,337,236	-	-	-	-	1,337,236
Defined benefit and contribution administrative fees	-	890,816	-	-	-	890,816
Investment income (loss), net	24,481	343,306	231,013	5,150	-	603,950
Management fees	-	-	527,975	-	-	527,975
Product and endorsement income	-	-	440,278	-	-	440,278
Nonqualified plan fees	-	308,074	-	-	-	308,074
Lease income	-	-	-	291,633	-	291,633
Other revenue	-	-	169,846	-	-	169,846
Insurance commissions	-	-	53,072	-	-	53,072
Royalty revenue	129,201	-	-	-	(129,201)	-
Income (loss) from subsidiaries	566,249	(37,792)	(37,792)	-	(490,665)	-
Total revenue	<u>2,057,167</u>	<u>3,385,926</u>	<u>3,349,660</u>	<u>296,783</u>	<u>(619,866)</u>	<u>8,469,670</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	1,061,691	1,537,816	1,432,243	22,293	-	4,054,043
Education and conferences	-	-	1,202,030	-	-	1,202,030
Consulting	17,317	612,907	27,715	8,631	-	666,570
Benefits administration	-	272,580	-	-	-	272,580
Professional fees	32,989	195,422	23,115	4,250	-	255,776
Office expenses	64,965	68,815	101,928	4,086	-	239,794
Depreciation	30,697	15,761	15,988	175,776	-	238,222
Occupancy	-	-	-	188,738	-	188,738
Travel and education	39,665	43,339	40,233	-	-	123,237
Other operating expenses	71,401	7,076	7,880	2,342	-	88,699
Insurance	12,295	27,844	16,071	4,043	-	60,253
Meetings	25,524	1,612	7,635	-	-	34,771
Publications and products	-	-	10,665	-	-	10,665
Marketing	-	3,510	-	-	-	3,510
Royalty expense	-	63,499	65,702	-	(129,201)	-
Income tax expense	-	203,332	126,827	-	-	330,159
Total operating expenses	<u>1,356,544</u>	<u>3,053,513</u>	<u>3,078,032</u>	<u>410,159</u>	<u>(129,201)</u>	<u>7,769,047</u>
Change in net assets - without donor restrictions before pension-related changes	700,623	332,413	271,628	(113,376)	(490,665)	700,623
Pension-related changes other than net periodic pension cost and postretirement benefits	39,469	50,678	45,629	926	-	136,702
Postretirement changes	(7,655)	-	-	-	-	(7,655)
Change in net assets - without donor restrictions	<u>732,437</u>	<u>383,091</u>	<u>317,257</u>	<u>(112,450)</u>	<u>(490,665)</u>	<u>829,670</u>
<b>NET ASSETS - without donor restrictions</b>						
Beginning of year	12,039,912	5,023,537	4,918,627	2,431,651	(13,041,690)	11,372,037
End of year	<u>\$ 12,772,349</u>	<u>\$ 5,406,628</u>	<u>\$ 5,235,884</u>	<u>\$ 2,319,201</u>	<u>\$ (13,532,355)</u>	<u>\$ 12,201,707</u>

## Virginia Bankers Association

### VBA General Fund - Statement of Activities

Years Ended December 31, 2023 and 2022

	2023	2022
<b>REVENUE</b>		
Membership dues:		
Active dues	\$ 1,053,961	\$ 960,054
Associate dues	204,250	208,000
DCBA dues	79,025	-
Total membership dues	1,337,236	1,168,054
Investment income, net	24,481	1,009
Royalty revenue	129,201	165,339
Other revenue	-	20,806
Income from subsidiaries	566,249	1,131,715
Total revenue	2,057,167	2,486,923
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,061,691	746,443
Occupancy	-	21,334
Office expenses:		
Membership and public relations	24,426	24,545
Postage	390	423
Property taxes and business license	3,454	3,515
Supplies and maintenance	32,914	31,113
Telephone	3,781	10,217
Consulting	17,317	21,945
Professional fees:		
Audit and tax	11,900	14,011
Legal and professional	21,089	43,962
Meetings:		
Board and other	20,522	29,975
Lobbying	5,002	2,815
Insurance	12,295	11,940
Travel and education:		
Travel	36,917	35,252
Training and education	2,748	1,495
Depreciation	30,697	33,508
Other operating expenses	71,401	6,254
Total operating expenses	1,356,544	1,038,747
Change in net assets - without donor restrictions	<b>\$ 700,623</b>	<b>\$ 1,448,176</b>

## Virginia Bankers Association

### VBA Benefits Corporation - Statement of Income (Loss)

Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>		
Health and welfare administrative fees	\$ 1,881,522	\$ 1,798,712
Defined benefit and contribution administrative fees	890,816	762,918
Nonqualified plan fees	308,074	218,592
Investment (loss) income, net	343,306	(351,115)
Other revenue	-	26
Total revenue	3,423,718	2,429,133
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,537,816	1,370,945
Benefits administration:		
COBRA administration	30,444	41,947
Recordkeeping	242,136	263,832
Occupancy	-	36,802
Office expenses:		
Membership and public relations	8,113	6,899
Postage	180	861
Property taxes and business license	1,969	1,428
Supplies and maintenance	41,236	38,555
Telephone	17,317	14,924
Consulting	612,907	680,048
Professional fees:		
Audit and tax	71,650	67,428
Legal and professional	123,772	144,167
Meetings	1,612	4,663
Insurance	27,844	20,684
Marketing	3,510	3,517
Travel and education:		
Training and education	2,033	5,058
Travel	41,306	36,476
Royalty expense	63,499	56,979
Depreciation	15,761	8,171
Other operating expenses	7,076	6,091
Loss from subsidiary	37,792	24,987
Total operating expenses	2,887,973	2,834,462
Income (loss) before income taxes	535,745	(405,329)
Income tax (benefit) expense	203,332	(104,394)
Net income (loss) before pension-related changes	<b>\$ 332,413</b>	<b>\$ (300,935)</b>

## Virginia Bankers Association

### VBA Management Services, Inc. - Statement of Income

Years Ended December 31, 2023 and 2022

	2023	2022
<b>REVENUE</b>		
Management fees:		
Bankers Insurance, LLC	\$ -	\$ 150,000
Title agencies	435,379	526,694
Consulting services income	20,000	20,000
Virginia Mortgage Bankers Association	50,000	47,922
Other Management Fees	22,596	-
Education and conference revenue	1,965,268	1,668,295
Product and endorsement income	440,278	473,193
Insurance commissions	53,072	46,444
Investment gain, net	231,013	2,137,235
Other revenue	169,846	-
Total revenue	3,387,452	5,069,783
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,432,243	1,615,795
Education and conferences	1,202,030	893,188
Occupancy	-	59,315
Office expenses:		
Membership and public relations	11,781	11,805
Postage	693	649
Property taxes and business license	2,028	2,067
Supplies and maintenance	67,355	60,191
Telephone	20,071	15,818
Publications and products	10,665	10,321
Consulting	27,715	18,826
Professional fees	23,115	39,668
Board meetings	7,635	10,069
Insurance	16,071	14,342
Marketing	-	-
Travel and education:		
Training and education	3,528	3,976
Travel	36,705	31,948
Royalty expense	65,702	108,360
Depreciation	15,988	16,851
Other operating expenses	7,880	189,503
Loss from subsidiary	37,792	24,987
Total operating expenses	2,988,997	3,127,679
Income before income taxes	398,455	1,942,104
Income tax expense	126,827	484,466
Net income before pension-related changes	<b>\$ 271,628</b>	<b>\$ 1,457,638</b>



## Virginia Bankers Association

### VBA Properties, LLC - Statement of Loss

Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>		
Lease income	\$ 291,633	\$ 391,234
Investment income	5,150	463
Total revenue	296,783	391,697
<b>OPERATING EXPENSES</b>		
Salaries and benefits	22,293	19,995
Occupancy:		
Janitorial	34,181	36,101
Property taxes and business license	25,487	24,971
Repairs and maintenance	63,040	120,097
Utilities	66,030	59,434
Office expenses:		
Membership and public relations	3,543	3,309
Postage	119	79
Supplies and maintenance	280	8,003
Telephone	144	144
Consulting	8,631	7,700
Professional fees, audit and tax	4,250	4,678
Insurance	4,043	3,442
Depreciation	175,776	176,541
Other operating expenses	2,342	2,165
Total operating expenses	410,159	466,659
Net loss before pension-related changes	<b>\$ (113,376)</b>	<b>\$ (74,962)</b>