

# Virginia Bankers Association

## Consolidated Financial Report

December 31, 2024

# Virginia Bankers Association

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## Independent Auditor's Report

To the Audit Committee of the Board of Directors of  
Virginia Bankers Association  
Glen Allen, Virginia

### Opinion

We have audited the accompanying consolidated financial statements of Virginia Bankers Association (a nonprofit organization) and its subsidiaries (the "Association"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits 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 Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Association'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 Association'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 Association's 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 audits were 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.

CERTIFIED PUBLIC ACCOUNTANTS

Glen Allen, Virginia

DATE

# **Consolidated Financial Statements**

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# Virginia Bankers Association

## Consolidated Statements of Financial Position

December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,977,251	\$ 3,769,469
Investments	7,104,850	6,455,488
Accrued interest receivable	6,582	13,309
Accounts receivable	632,428	567,334
Accrued pension asset	719,563	383,189
Income taxes receivable	29,475	82,552
Prepaid expenses	162,718	127,742
Property and equipment, net	1,926,475	2,153,694
Retirement benefits	1,532,919	1,332,823
Cash surrender value of life insurance	146,173	140,707
	<b><u>\$ 16,238,434</u></b>	<b><u>\$ 15,026,307</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 409,375	\$ 394,083
Deferred revenue	703,459	692,768
Accrued postretirement health care benefits	132,706	133,202
Retirement liability	1,539,490	1,332,823
Deferred income taxes, net	452,736	271,724
Total liabilities	<u>3,237,766</u>	<u>2,824,600</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>13,000,668</u>	<u>12,201,707</u>
	<b><u>\$ 16,238,434</u></b>	<b><u>\$ 15,026,307</u></b>

**Virginia Bankers Association**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>REVENUE</b>		
Education and conference revenue	\$ 2,158,636	\$ 1,965,268
Health and welfare administrative fees	1,660,814	1,881,522
Membership dues	1,443,693	1,337,236
Defined benefit and contribution administrative fees	1,072,808	890,816
Investment income, net	966,949	603,950
Management fees	633,892	527,975
Product and endorsement revenue	512,342	440,279
Nonqualified plan fees	355,605	308,074
Lease revenue	301,221	291,633
Insurance commissions	61,709	53,072
Other revenue	-	169,846
Gain (loss) on disposal of property and equipment	8,558	(2,060)
Total revenue	<u>9,176,227</u>	<u>8,467,611</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	4,396,795	4,054,043
Education and conferences	1,596,430	1,202,030
Consulting	584,548	666,570
Professional fees	399,031	255,776
Benefits administration	288,438	272,579
Office expenses	248,975	240,339
Depreciation	242,148	238,222
Other operating expenses	192,977	85,888
Occupancy	182,708	188,738
Travel and education	140,070	123,237
Insurance	63,641	60,253
Meetings	44,257	34,771
Publications and products	7,696	10,665
Marketing	5,411	3,718
Income tax expense	266,580	330,159
Total operating expenses	<u>8,659,705</u>	<u>7,766,988</u>
Change in net assets - without donor restrictions		
before pension-related changes	516,522	700,623
Pension-related changes other than net periodic pension		
cost and postretirement benefits	287,353	136,702
Postretirement changes	<u>(4,914)</u>	<u>(7,655)</u>
Change in net assets - without donor restrictions	798,961	829,670
<b>NET ASSETS</b>		
Net assets - without donor restrictions, beginning of year	12,201,707	11,372,037
Net assets - without donor restrictions, end of year	<u><u>\$ 13,000,668</u></u>	<u><u>\$ 12,201,707</u></u>

**Virginia Bankers Association**  
**Consolidated Statement of Functional Expenses**  
Year Ended December 31, 2024

	<b>Program Services</b>			<b>Support Services</b>	<b>Total</b>
	<b>Advocacy and Communication</b>	<b>Employee Benefits</b>	<b>Products and Services</b>	<b>Administrative</b>	<b>Expenses</b>
Salaries and benefits	\$ 903,683	\$ 1,518,369	\$ 1,526,577	\$ 448,166	\$ 4,396,795
Education and conferences	-	-	1,596,430	-	1,596,430
Consulting	27,424	507,051	48,421	1,652	584,548
Professional fees	71,209	303,631	23,915	276	399,031
Benefits administration	-	288,438	-	-	288,438
Office expenses	75,274	71,409	102,023	269	248,975
Depreciation	59,864	70,253	100,770	11,261	242,148
Other operating expenses	159,497	10,394	23,022	64	192,977
Occupancy	28,376	54,662	87,803	11,867	182,708
Travel and education	40,332	56,081	43,657	-	140,070
Insurance	11,876	34,541	16,945	279	63,641
Meetings	29,675	3,639	10,943	-	44,257
Publications and products	-	-	7,696	-	7,696
Marketing	-	5,250	161	-	5,411
Income tax expense	-	118,946	147,634	-	266,580
	<b><u>\$ 1,407,210</u></b>	<b><u>\$ 3,042,664</u></b>	<b><u>\$ 3,735,997</u></b>	<b><u>\$ 473,834</u></b>	<b><u>\$ 8,659,705</u></b>

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

	<b>Program Services</b>			<b>Support Services</b>	<b>Total</b>
	<b>Advocacy and Communication</b>	<b>Employee Benefits</b>	<b>Products and Services</b>	<b>Administrative</b>	<b>Expenses</b>
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	-	272,579	-	-	272,579
Professional fees	33,649	196,675	25,075	377	255,776
Office expenses	65,495	70,020	103,708	364	239,587
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	71,394	7,127	7,910	209	86,640
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	104	3,510	104	-	3,718
Income tax expense	-	203,332	126,827	-	330,159
	<b><u>\$ 1,227,946</u></b>	<b><u>\$ 3,003,197</u></b>	<b><u>\$ 3,074,614</u></b>	<b><u>\$ 461,231</u></b>	<b><u>\$ 7,766,988</u></b>

**Virginia Bankers Association**  
**Consolidated Statements of Cash Flows**  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 798,961	\$ 829,670
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	242,148	238,222
Net appreciation in the fair value of investments	(533,038)	(346,393)
Deferred income taxes, net	181,012	198,519
(Gain) loss on disposal of property and equipment	(8,558)	2,060
Realized gain on sale of investments	(30,032)	-
Changes in operating assets:		
Receivables	(58,367)	(61,502)
Prepaid expenses	(34,976)	12,824
Retirement benefits	(200,096)	(223,971)
Accrued pension asset	(336,374)	(240,594)
Income taxes receivable	53,077	(336,951)
Changes in operating liabilities:		
Accounts payable and accrued expenses	15,292	63,269
Deferred revenue	10,691	(29,930)
Accrued postretirement health care benefits	(496)	2,251
Retirement liability	206,667	223,971
Net cash and cash equivalents provided by operating activities	<u>305,911</u>	<u>331,445</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(58,959)	(71,861)
Proceeds from sale of property and equipment	52,588	-
Payment of life insurance premium	(5,466)	(5,466)
Purchase of investments	(2,138,876)	(1,659,790)
Proceeds from matured investments	1,868,573	968,391
Proceeds from the sale of investments	184,011	-
Net cash and cash equivalents used in investing activities	<u>(98,129)</u>	<u>(768,726)</u>
Net increase (decrease) in cash and cash equivalents	207,782	(437,281)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	3,769,469	4,206,750
End of year	<u><u>\$ 3,977,251</u></u>	<u><u>\$ 3,769,469</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for income taxes	<u><u>\$ 43,905</u></u>	<u><u>\$ 459,500</u></u>

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2024

### Note 1 – Nature of Organization

Virginia Bankers Association (VBA), founded in 1893, is a not-for-profit Virginia nonstock corporation organized under the Mid-Atlantic Bankers Association holding company 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 statements 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".

### Note 2 – Summary of Significant Accounting Policies

#### *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, 2024**

*Reorganization*

The Association entered a plan of reorganization with Maryland Bankers Association (MBA) dated April 10, 2024. The Association's voting members approved the reorganization on May 3, 2024. Effective July 1, 2024, the Association reorganized and consolidated operations with MBA under the Mid-Atlantic Bankers Association holding company.

*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 statements of financial position. At December 31, 2024 and 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 has investments in common stock of two privately held entities in the banking industry, one of which is valued at the lower of cost or market. At December 31, 2024 and 2023, the Association's investment in Compliance Alliance was \$15,900. The investment in Canapi is reported at fair value at December 31, 2024 and 2023 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, 2024 or 2023.

At January 1, 2023, the Association has accounts receivable totaling \$515,183.

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

### December 31, 2024

#### *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 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 2024 and 2023. 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, 2024 and 2023. 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 consolidated statements 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, 2024 and 2023.

#### *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.

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

### December 31, 2024

The Association recognizes the majority of its revenue, other than educational and conference and product and endorsement, 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 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 banking products and service providers. The revenue is recognized in agreement with the contract terms. 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.

#### Revenue – Over Time and Point in Time

Total program revenue recognized at a point in time and over time for the years ended December 31, 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
Revenue recognized at a point in time	\$ 2,670,978	\$ 2,575,392
Revenue recognized over time	5,228,521	4,998,695
	<b><u>\$ 7,899,499</u></b>	<b><u>\$ 7,574,087</u></b>

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2024

### 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, 2024 and 2023. The Association has contract liabilities of \$703,459 at December 31, 2024, \$692,768 at December 31, 2023, and \$722,698 at January 1, 2023, which are recorded as deferred revenue on the accompanying consolidated statements of financial position.

### *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.

### *Advertising Expense*

Advertising costs are expensed as incurred and amounted to \$5,411 and \$3,614 for 2024 and 2023, respectively.

### *Reclassifications*

Certain reclassifications were made to the prior year financial statements, with no effect on net income or financial position, to conform with classifications used in the current year.

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## Note 3 – Investment Income

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

	<b>2024</b>	<b>2023</b>
Interest on cash equivalents	\$ 118,413	\$ 78,690
Interest and dividends on investments	297,064	179,545
Unrealized gains	533,038	355,857
Realized gain on investments	30,032	-
Investment expenses	(11,598)	(10,142)
	<u><u>\$ 966,949</u></u>	<u><u>\$ 603,950</u></u>

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2024

The unrealized gains in the fair value of investments shown above includes retirement benefits and nonmarketable stock included in retirement benefits in the accompanying consolidated statements 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, 2024 and 2023, 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.

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 3,977,251	\$ 3,769,469
Investments - certificates of deposit	2,456,816	2,464,132
Investments	4,648,034	3,991,356
Accounts receivable	632,428	567,334
Income taxes receivable	29,475	82,552
Retirement benefits	1,532,919	1,332,823
Cash surrender value of life insurance	146,173	140,707
Accrued interest receivable	6,582	13,309
Financial assets, at year-end	13,429,678	12,361,682
Less those unavailable for general expenditure within one year, due to:		
Investments not convertible to cash within next 12 months	(626,673)	(543,439)
Retirement benefits designated for future retirement liabilities	(1,539,490)	(1,332,823)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,263,515</u>	<u>\$ 10,485,420</u>

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

#### Note 5 – Fair Value Measurements

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.

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2024

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, 2024 and 2023.

*Certificates of Deposit:* Valued at face value, plus accrued interest.

*Investment Funds:* Valued at the deposit amount.

*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.

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

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.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2024:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 2,456,816	\$ -	\$ 2,456,816
Investments funds	56,652	-	-	56,652
Mutual funds	1,286,352	-	-	1,286,352
Exchange traded funds	1,845,326	-	-	1,845,326
Equity securities	1,359,239	-	-	1,359,239
Subtotal investments at fair value	4,547,569	2,456,816	-	7,004,385
Retirement benefits	1,492,785	40,134	-	1,532,919
Cash surrender value of life insurance	-	-	146,173	146,173
Total assets in fair value hierarchy	<u>\$ 6,040,354</u>	<u>\$ 2,496,950</u>	<u>\$ 146,173</u>	8,683,477
Investments measured at NAV(a)				84,565
Total assets at fair value				<u>\$ 8,768,042</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2024

*this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.*

The following table sets forth by level, within the fair value hierarchy, the Association's retirement benefits by category as of December 31, 2024:

December 31, 2024				
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 40,134	\$ -	\$ 40,134
Investments funds	33,116	-	-	33,116
Mutual funds	286,559	-	-	286,559
Exchange traded funds	1,173,110	-	-	1,173,110
Subtotal retirement benefits	<u>\$ 1,492,785</u>	<u>\$ 40,134</u>	<u>\$ -</u>	<u>\$ 1,532,919</u>

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	3,886,522	2,464,132	-	6,350,654
Retirement benefits	1,235,537	97,286	-	1,332,823
Cash surrender value of life insurance	-	-	140,707	140,707
Total assets in fair value hierarchy	<u>\$ 5,122,059</u>	<u>\$ 2,561,418</u>	<u>\$ 140,707</u>	<u>7,824,184</u>
Investments measured at NAV(a)				88,934
Total assets at fair value				<u>\$ 7,913,118</u>

*(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.*

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>\$ 1,235,537</u>	<u>\$ 97,286</u>	<u>\$ -</u>	<u>\$ 1,332,823</u>

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2024

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 2024 or 2023.

Premiums paid for life insurance were \$5,466 for each of the years ended December 31, 2024 and 2023.

The Association's investments in alternative investments are subject to restrictions on frequency of redemptions. At December 31, 2024, no redemptions are allowed until the termination of the fund, which is scheduled for December 2030. At December 31, 2024, the Association had unfunded commitments related to alternative investments totaling \$23,280.

#### Note 6 – Property and Equipment

Property and equipment consisted of the following for the years ended December 31:

	2024	2023
Land	\$ 399,547	\$ 399,547
Building	3,163,193	3,210,036
Building improvements	776,143	760,011
Furniture and fixtures	996,599	988,598
Work in progress	5,318	-
Vehicles	190,874	190,874
	5,531,674	5,549,066
Accumulated depreciation	(3,605,199)	(3,395,372)
	<u><u>\$ 1,926,475</u></u>	<u><u>\$ 2,153,694</u></u>

Depreciation expense was \$242,148 and \$238,222 for December 31, 2024 and 2023, respectively.

A portion of the Association's office space was leased to an unrelated party with a lease term that began in January 2020. On December 31, 2024, the lease was terminated by the lessee, who paid approximately \$53,000 in termination fees which are included in lease income on the accompanying consolidated statements of activities. The amount received for rent was \$301,221 and \$291,683 for December 31, 2024 and 2023, 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 statements 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 statements of activities in the year in which the changes occur.

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2024

### 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 statements of financial position as of December 31:

	2024	2023
Change in benefit obligation:		
Projected benefit obligation, beginning of year	\$ 3,535,799	\$ 3,281,103
Service cost	153,236	119,776
Interest cost	169,688	162,506
Actuarial (gain) loss	(171,424)	104,461
Benefits paid	(178,541)	(132,047)
Projected benefit obligation, end of year	<u>\$ 3,508,758</u>	<u>\$ 3,535,799</u>

	2024	2023
Change in plan assets:		
Fair value of assets, beginning of year	\$ 3,918,988	\$ 3,423,695
Actual return on plan assets	337,874	427,340
Employer contributions	150,000	200,000
Benefits paid	(178,541)	(132,047)
Fair value of assets, end of year	4,228,321	3,918,988
Accumulated benefit obligation	3,508,758	3,535,799
Funded status at end of year	<u>\$ 719,563</u>	<u>\$ 383,189</u>
Net periodic pension cost	<u>\$ 100,979</u>	<u>\$ 96,107</u>

Assumptions used to determine benefit obligation:

	2024	2023
Discount rate	5.50%	4.75%
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:

	2024	2023
Mutual funds - fixed income	37%	40%
Mutual funds - equity	63%	60%
	<u>100%</u>	<u>100%</u>

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, 2024 and 2023.

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

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2024

*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, 2024				
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 5,549	\$ -	\$ -	\$ 5,549
Mutual funds:				
Fixed income funds	2,674,892	-	-	2,674,892
Equity funds	1,547,880	-	-	1,547,880
Total assets at fair value	<u>\$ 4,228,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,228,321</u>

  

December 31, 2023				
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 4,908	\$ -	\$ -	\$ 4,908
Mutual funds:				
Fixed income funds	2,366,995	-	-	2,366,995
Equity funds	1,547,085	-	-	1,547,085
Total assets at fair value	<u>\$ 3,918,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,918,988</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 2024 and 2023. 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, 2024**

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

2025	\$ 95,939
2026	134,277
2027	132,075
2028	182,321
2029	518,495
Thereafter	3,081,201
	<u><u>\$ 4,144,308</u></u>

Net periodic pension cost for 2024 is expected as follows:

Service costs	\$ 153,236
Interest cost	169,688
Expected return on assets	(287,744)
Amortization of unrecognized prior service cost and net loss	65,799
	<u><u>\$ 100,979</u></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 \$158,586 and \$147,877 for 2024 and 2023, 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 2024 and 2023 was 4.75% and 5.00%, respectively. This plan is unfunded. Annual payments for 2024 and 2023 approximate \$13,300 and \$12,500, respectively. The healthcare cost trend rate for 2025 is expected to be 5.50%, and ultimately expected to be 6.00% by 2045.

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2024

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 statements of financial position as of December 31:

	2024	2023
Change in benefit obligation:		
Projected benefit obligation, beginning of year	\$ 133,202	\$ 130,951
Interest cost	6,015	6,238
Actuarial gain	6,769	8,530
Benefits paid	(13,280)	(12,517)
Projected benefit obligation, end of year	132,706	133,202
Change in plan assets:		
Fair value of assets, beginning of year	-	-
Employer contributions	13,280	12,517
Benefits paid	(13,280)	(12,517)
Fair value of assets, end of year	-	-
Funded status, end of year	<u>\$ (132,706)</u>	<u>\$ (133,202)</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 statements 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 \$146,173 and \$140,707 at December 31, 2024 and 2023, respectively. The accompanying consolidated statements 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, 2024 and 2023.

#### 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 2024 and 2023 were \$607,284 and \$485,379, respectively, and have been included in the accompanying consolidated statements of activities as management fees.

Benefits Corporation received management fees from some of the Affiliated Trusts in the amounts of \$1,191,038 and \$991,564 during 2024 and 2023, respectively. These management fees have been included as revenue in the accompanying consolidated statements of activities as defined benefit and contribution administrative fees and as nonqualified plan fees.

The Association received \$89,950 in shared services fees from Maryland Bankers Association, an affiliated company organized under the Mid-Atlantic Banker Association holding company. The fees have been included as "Management fees" on the consolidated statement of activities.

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2024

At December 31, 2024 and 2023, the amounts owed to the Association by other affiliated companies totaled \$34,953 and \$10,964, respectively. These amounts are included in accounts receivable on the accompanying consolidated statements of financial position.

At December 31, 2024 and 2023, the amounts due to other affiliated companies by the Association totaled \$2,304 and \$-0-, respectively. These amounts are included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

### Note 10 – Leases - Lessor

VBA Properties, LLC leases real property to third parties under operating leases, which generate rental income from tenants and operating cash flows for the Association. Tenant leases have various fee arrangements and initial terms, including renewal options available upon expiration of the initial lease terms.

The component of lease revenue that is included in the consolidated statement of activities for the years ended December 31, 2024 and 2023, was as follows:

	2024	2023
Fixed lease revenue	\$ 301,221	\$ 291,633

The future estimated minimum lease revenue to be received under noncancelable leases is as follows:

Years Ending	
2025	\$ 109,375
2026	295,728
2027	304,600
2028	313,738
2029	323,150
Thereafter	1,028,789
Total undiscounted cash flows	\$ 2,375,380

### Note 11 – 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:

	2024	2023
Deferred tax assets	\$ 36,539	\$ 40,872
Deferred tax liabilities	(489,275)	(312,596)
Deferred income taxes, net	\$ (452,736)	\$ (271,724)

# Virginia Bankers Association

## Notes to Consolidated Financial Statements

December 31, 2024

Income tax expense consisted of the following for the years ended December 31:

	2024		
	VBA Benefits Corporation	VBA Management Services, Inc.	Total
Current tax expense	\$ 71,264	\$ 14,304	\$ 85,568
Deferred tax benefit	47,682	133,330	181,012
	<u>\$ 203,332</u>	<u>\$ 126,827</u>	<u>\$ 266,580</u>

  

	2023		
	VBA Benefits Corporation	VBA Management Services, Inc.	Total
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>

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:

	2024		
	VBA Benefits Corporation	VBA Management Services, Inc.	Total
Unrealized losses (gains) on securities	\$ 8,492	\$ (310,816)	\$ (302,324)
Property and equipment	(7,084)	(1,759)	(8,843)
Accrued pension	(55,978)	(108,125)	(163,923)
Investment in subsidiary	10,339	5,514	15,853
Accrued vacation	3,527	3,154	6,681
	<u>\$ (40,704)</u>	<u>\$ (412,032)</u>	<u>\$ (452,736)</u>

  

	2023		
	VBA Benefits Corporation	VBA Management Services, Inc.	Total
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>

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

## Virginia Bankers Association

### Notes to Consolidated Financial Statements

December 31, 2024

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#### Note 12 – Compensated Absences

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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 statements of financial position, was \$49,906 and \$44,005 at December 31, 2024 and 2023, respectively.

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#### Note 13 – Subsequent Events

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Management has evaluated subsequent events through DATE, 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, 2024

	VBA General Fund	VBA Benefits Corporation	VBA Management Services, Inc.	VBA Properties, LLC	Eliminations	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 701,971	\$ 768,190	\$ 2,048,610	\$ 458,480	\$ -	\$ 3,977,251
Investments	615,482	3,840,688	2,648,680	-	-	7,104,850
Accrued interest receivable	1,686	3,107	1,789	-	-	6,582
Accounts receivable	167,289	407,002	221,114	-	(162,977)	632,428
Accrued pension asset (liability)	87,628	217,475	420,066	(5,606)	-	719,563
Income taxes receivable (payable)	-	(15,626)	45,101	-	-	29,475
Prepaid expenses	42,795	21,310	98,613	-	-	162,718
Property and equipment, net	31,801	36,272	16,543	1,842,060	(201)	1,926,475
Investment in subsidiaries	12,426,990	739,587	739,587	-	(13,906,164)	-
Retirement benefits	1,203,778	-	329,141	-	-	1,532,919
Cash surrender value of life insurance	146,173	-	-	-	-	146,173
	<u>\$ 15,425,593</u>	<u>\$ 6,018,005</u>	<u>\$ 6,569,244</u>	<u>\$ 2,294,934</u>	<u>\$ (14,069,342)</u>	<u>\$ 16,238,434</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 92,737	245,273	159,775	74,567	\$ (162,977)	\$ 409,375
Deferred revenue	626,459	-	77,000	-	-	703,459
Accrued postretirement health care benefits	132,706	-	-	-	-	132,706
Retirement liability	1,210,349	-	329,141	-	-	1,539,490
Deferred income tax liability	-	40,705	412,031	-	-	452,736
Total liabilities	<u>2,062,251</u>	<u>285,978</u>	<u>977,947</u>	<u>74,567</u>	<u>(162,977)</u>	<u>3,237,766</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	13,363,342	5,731,027	5,477,730	(914,633)	(10,656,798)	13,000,668
	<u>\$ 15,425,593</u>	<u>\$ 6,018,005</u>	<u>\$ 6,569,244</u>	<u>\$ 2,294,934</u>	<u>\$ (14,069,342)</u>	<u>\$ 16,238,434</u>

**Virginia Bankers Association**  
**Consolidating Statement of Activities**  
Year Ended December 31, 2024

	VBA General Fund	VBA Benefits Corporation	VBA Management Services, Inc.	VBA Properties, LLC	Eliminations	Total
<b>REVENUE</b>						
Education and conference revenue	\$ -	\$ -	\$ 2,158,636	\$ -	\$ -	\$ 2,158,636
Health and welfare administrative fees	-	1,660,814	-	-	-	1,660,814
Membership dues	1,443,693	-	-	-	-	1,443,693
Defined benefit and contribution administrative fees	-	1,072,808	-	-	-	1,072,808
Investment income, net	37,366	256,263	665,331	7,989	-	966,949
Management fees	-	-	633,892	-	-	633,892
Product and endorsement revenue	-	-	512,342	-	-	512,342
Nonqualified plan fees	-	355,605	-	-	-	355,605
Lease revenue	-	-	-	301,221	-	301,221
Insurance commissions	-	-	61,709	-	-	61,709
Royalty revenue	136,917	-	-	-	(136,917)	-
Gain on disposal of property and equipment	-	-	-	8,558	-	8,558
Income (loss) from subsidiaries	441,268	(33,629)	(33,629)	-	(374,010)	-
Total revenue	<u>2,059,244</u>	<u>3,311,861</u>	<u>3,998,281</u>	<u>317,768</u>	<u>(510,927)</u>	<u>9,176,227</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	1,100,560	1,627,315	1,645,385	23,535	-	4,396,795
Education and conferences	-	-	1,596,430	-	-	1,596,430
Consulting	23,474	499,442	36,199	25,433	-	584,548
Benefits administration	-	288,438	-	-	-	288,438
Professional fees	70,549	302,360	21,872	4,250	-	399,031
Office expenses	74,632	70,176	100,040	4,127	-	248,975
Depreciation	32,941	18,390	17,463	173,354	-	242,148
Other operating expenses	159,350	10,110	22,565	952	-	192,977
Occupancy	-	-	-	182,708	-	182,708
Travel and education	40,332	56,081	43,657	-	-	140,070
Insurance	11,209	33,255	14,881	4,296	-	63,641
Meetings	29,675	3,639	10,943	-	-	44,257
Publications and products	-	-	7,696	-	-	7,696
Marketing	-	5,250	161	-	-	5,411
Royalty expense	-	64,987	71,930	-	(136,917)	-
Income tax expense	-	118,946	147,634	-	-	266,580
Total operating expenses	<u>1,542,722</u>	<u>3,098,389</u>	<u>3,736,856</u>	<u>418,655</u>	<u>(136,917)</u>	<u>8,659,705</u>
Change in net assets - without donor restrictions before pension-related changes	516,522	213,472	261,425	(100,887)	(374,010)	516,522
Pension-related changes other than net periodic pension cost and postretirement benefits	79,385	111,927	93,988	2,053	-	287,353
Postretirement changes	(4,914)	-	-	-	-	(4,914)
Change in net assets - without donor restrictions	<u>590,993</u>	<u>325,399</u>	<u>355,413</u>	<u>(98,834)</u>	<u>(374,010)</u>	<u>798,961</u>
<b>NET ASSETS - without donor restrictions</b>						
Beginning of year	12,772,349	5,406,628	5,235,884	2,319,201	(13,532,355)	12,201,707
End of year	<u>\$ 13,363,342</u>	<u>\$ 5,732,027</u>	<u>\$ 5,591,297</u>	<u>\$ 2,220,367</u>	<u>\$ (13,906,365)</u>	<u>\$ 13,000,668</u>

# Virginia Bankers Association

## VBA General Fund - Statement of Activities

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
Membership dues:		
Active dues	\$ 1,079,811	\$ 1,053,961
Associate dues	195,500	204,250
DCBA dues	168,382	79,025
Total membership dues	1,443,693	1,337,236
Investment income, net	37,366	24,481
Royalty revenue	136,917	129,201
Income from subsidiaries	441,268	566,249
Total revenue	<u>2,059,244</u>	<u>2,057,167</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,100,560	1,061,691
Office expenses:		
Membership and public relations	25,849	24,426
Postage	340	390
Property taxes and business license	3,081	3,454
Supplies and maintenance	38,210	32,914
Telephone	7,152	3,781
Consulting	23,474	17,317
Professional fees:		
Audit and tax	11,500	11,900
Legal and professional	59,049	21,089
Meetings:		
Board and other	24,568	20,522
Lobbying	5,107	5,002
Insurance	11,209	12,295
Travel and education:		
Travel	33,589	36,917
Training and education	6,743	2,748
Depreciation	32,941	30,697
Other operating expenses	159,350	71,401
Total operating expenses	<u>1,542,722</u>	<u>1,356,544</u>
Change in net assets - without donor restrictions before pension related changes	<u><u>\$ 516,522</u></u>	<u><u>\$ 700,623</u></u>

# Virginia Bankers Association

## VBA Benefits Corporation - Statement of Income

Years Ended December 31, 2024 and 2023

	2024	2023
<b>REVENUE</b>		
Health and welfare administrative fees	\$ 1,660,814	\$ 1,881,522
Defined benefit and contribution administrative fees	1,072,808	890,816
Nonqualified plan fees	355,605	308,074
Investment income, net	256,263	343,306
Total revenue	3,345,490	3,423,718
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,627,315	1,537,816
Benefits administration:		
ACA PCORI fees	11,294	-
COBRA administration	21,411	30,444
Recordkeeping	255,733	242,136
Office expenses:		
Membership and public relations	9,020	8,113
Postage	295	180
Property taxes and business license	1,794	1,969
Supplies and maintenance	46,723	41,236
Telephone	12,344	17,317
Consulting	499,442	612,907
Professional fees:		
Audit and tax	67,750	71,650
Legal and professional	234,610	123,772
Meetings	3,639	1,612
Insurance	33,255	27,844
Marketing	5,250	3,510
Travel and education:		
Training and education	10,072	2,033
Travel	46,009	41,306
Royalty expense	64,987	63,499
Depreciation	18,390	15,761
Other operating expenses	10,110	7,076
Loss from subsidiary	33,629	37,792
Total operating expenses	3,013,072	2,887,973
Income before income taxes	332,418	535,745
Income tax expense	118,946	203,332
Net income before pension-related changes	<u>\$ 213,472</u>	<u>\$ 332,413</u>

## Virginia Bankers Association

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

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
Management fees:		
Title agencies	\$ 466,034	\$ 435,379
Consulting services revenue	20,000	20,000
Virginia Mortgage Bankers Association	51,700	50,000
Other Management Fees	96,158	22,596
Education and conference revenue	2,158,636	1,965,268
Product and endorsement revenue	512,342	440,279
Insurance commissions	61,709	53,072
Investment income, net	665,331	231,013
Other revenue	-	169,846
Total revenue	<u>4,031,910</u>	<u>3,387,453</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	1,645,385	1,432,243
Education and conferences	1,596,430	1,202,030
Office expenses:		
Membership and public relations	11,710	11,678
Postage	721	693
Property taxes and business license	1,799	2,028
Supplies and maintenance	71,431	67,354
Telephone	14,379	20,071
Publications and products	7,696	10,665
Consulting	36,199	27,715
Professional fees	21,872	23,115
Meetings	10,943	7,635
Insurance	14,881	16,071
Marketing	161	104
Travel and education:		
Training and education	9,691	3,528
Travel	33,966	36,705
Royalty expense	71,930	65,702
Depreciation	17,463	15,988
Other operating expenses	22,565	7,880
Loss from subsidiary	33,629	37,792
Total operating expenses	<u>3,622,851</u>	<u>2,988,997</u>
Income before income taxes	409,059	398,456
Income tax expense	<u>147,634</u>	<u>126,827</u>
Net income before pension-related changes	<u><u>\$ 261,425</u></u>	<u><u>\$ 271,629</u></u>

## Virginia Bankers Association

### VBA Properties, LLC - Statement of Loss

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
Lease revenue	\$ 301,221	\$ 291,633
Investment income	7,989	5,150
Gain (loss) on disposal of property and equipment	8,558	(2,060)
Total revenue	<u>317,768</u>	<u>294,723</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	23,535	22,293
Occupancy:		
Janitorial	35,038	34,181
Property taxes and business license	26,926	25,487
Repairs and maintenance	55,512	63,040
Utilities	65,232	66,030
Office expenses:		
Membership and public relations	3,603	3,543
Postage	98	119
Supplies and maintenance	282	280
Telephone	144	144
Consulting	25,433	8,631
Professional fees, audit and tax	4,250	4,250
Insurance	4,296	4,043
Depreciation	173,354	175,776
Other operating expenses	952	282
Total operating expenses	<u>418,655</u>	<u>408,099</u>
Net loss before pension-related changes	<u><u>\$ (100,887)</u></u>	<u><u>\$ (113,376)</u></u>