

VIRGINIA BANKERS ASSOCIATION PAC

Financial Statements

December 31, 2022 and 2021

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VIRGINIA BANKERS ASSOCIATION PAC

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Virginia Bankers Association PAC (a political action committee sponsored by the Virginia Bankers Association, taxed as a corporation) which comprise the statements of cash receipts and disbursements for the years ended December 31, 2022 and 2021 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of Virginia Bankers Association PAC for the years ended December 31, 2022 and 2021 in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 PAC 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 these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Virginia Bankers Association PAC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Bankers Association PAC'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.

Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Keiter

June 8, 2023
Glen Allen, Virginia

VIRGINIA BANKERS ASSOCIATION PAC

Statements of Cash Receipts and Disbursements
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Receipts:		
Contributions from participants	\$ 454,168	\$ 413,838
Interest income	<u>350</u>	<u>280</u>
Total receipts	<u>454,518</u>	<u>414,118</u>
Disbursements:		
Political contributions	271,000	275,500
American Bankers Association BankPac contributions	110,000	100,000
Operating expenses	13,192	14,513
Industry sponsorships	18,000	14,500
Audit and tax fees	9,900	9,300
In-kind contributions	6,068	5,396
Miscellaneous	2,230	2,447
Income taxes	<u>49</u>	<u>134</u>
Total disbursements	<u>430,439</u>	<u>421,790</u>
Excess (deficit) of receipts over disbursements	<u>24,079</u>	<u>(7,672)</u>
Cash and cash equivalents, beginning of year	<u>417,177</u>	<u>424,849</u>
Cash and cash equivalents, end of year	<u>\$ 441,256</u>	<u>\$ 417,177</u>

See accompanying notes to financial statements.

VIRGINIA BANKERS ASSOCIATION PAC

Notes to Financial Statements

1. **Organization and Nature of Business:**

Virginia Bankers Association PAC ("BankPac") is a political action committee sponsored by the Virginia Bankers Association ("VBA"). The purposes of BankPac are the protection, preservation, and furtherance of the private free enterprise system and, in particular, the protection and advancement of the banking industry through political activity. BankPac has the discretion to deposit contributions in either its Federal Election Fund or State Election Fund within the guidelines of federal and state election laws, and transfers between these funds may only occur from the Federal Election Fund to the State Election Fund.

2. **Summary of Significant Accounting Policies:**

Basis of Accounting: The accounts of BankPac are maintained on the cash basis and the statements of cash receipts and disbursements recognize only cash received and disbursed. Therefore, receivables and payables, long-lived assets, accrued income and expenses and amortization and depreciation, which would be recognized under accounting principles generally accepted in the United States, and which may be material in amount, are not recognized in the accompanying financial statements.

Income Taxes: BankPac is a political organization as described in Internal Revenue Code Section 527. Contributions received by BankPac are exempt from federal and state income taxes to the extent they are segregated for use in accordance with the exempt function of BankPac. Investment income earned by BankPac is subject to federal and state income taxes at the maximum corporate rate. The BankPac follows the Financial Accounting Standard Board's ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in BankPac's financial statements. 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 BankPac's tax position and concluded that the BankPac had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The BankPac is not currently under audit by any tax jurisdiction.

Cash and Cash Equivalents: BankPac considers money market funds, interest bearing checking accounts, and certificates of deposit to be cash and cash equivalents.

Concentration of Credit Risk: Financial instruments that potentially subject BankPac to concentration of credit risk consist of cash and cash equivalents. BankPac places its cash and cash equivalents with high credit quality financial institutions. BankPac deposits periodically exceed the amount that is insured by the Federal Deposit Insurance Corporation.

VIRGINIA BANKERS ASSOCIATION PAC

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Subsequent Events: BankPac has evaluated subsequent events through June 8, 2023, the date the financial statements were available to be issued, and has determined that there are no subsequent events to be reported in the accompanying financial statements.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Checking account	\$ 241,644	\$ 217,916
Savings account	<u>199,612</u>	<u>199,261</u>
	<u>\$ 441,256</u>	<u>\$ 417,177</u>

Cash and cash equivalents by election fund consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
State Election Fund	\$ 39,381	\$ 57,431
Federal Election Fund	<u>401,875</u>	<u>359,746</u>
	<u>\$ 441,256</u>	<u>\$ 417,177</u>