AIA Virginia and Affiliate

CONSOLIDATED FINANCIAL REPORT

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
AIA Virginia and Affiliate
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of AIA Virginia and Affiliate, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIA Virginia and Affiliate (the "Organization") as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We previously audited the Organization's 2022 financial statements, as noted in our report dated February 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richmond, Virginia
XX XX, 2024

CONSOLIDATED FINANCIAL STATEMENTS

AIA VIRGINIA AND AFFILIATE

Consolidated Statement of Financial Position
June 30, 2023
With Comparative Amounts as of June 30, 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 272,907	$ 350,701
Cash, restricted for VSAIA PAC	55,638	60,338
Total cash and cash equivalents	328,545	411,039
Accounts receivable		
Trade	-	1,098
Other	13,147	19,775
Total accounts receivable	13,147	20,873
Employee receivables	341	315
AIA documents inventory	15,853	16,742
Prepaid expenses	18,991	13,062
Investments (see Note 5)	425,355	394,097
Total current assets	460,540	424,216
FURNITURE AND FIXTURES		
Furniture and fixtures	359,665	349,003
Accumulated depreciation	(343,632)	(332,982)
Total furniture and fixtures	16,033	16,021
OPERATING LEASE RIGHT-OF-USE ASSET	109,711	-
SECURITY DEPOSITS	5,088	5,088
Total assets	$ 933,064	$ 877,237
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 22,987	$ 47,063
Accrued interest payable	3,521	7,088
Deferred revenue	50,025	39,887
Total current liabilities	76,533	94,038
ECONOMIC INJURY DISASTER LOAN	150,000	150,000
OPERATING LEASE LIABILITY	113,957	-
NET ASSETS		
Undesignated	111,581	178,764
Board designated	425,355	394,097
Total net assets without donor restrictions	536,936	572,861
Net assets with donor restrictions	55,638	60,338
Total net assets	592,574	633,199
Total liabilities and net assets	$ 933,064	$ 877,237

See accompanying notes.

AIA VIRGINIA AND AFFILIATE

Consolidated Statement of Activities
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
REVENUES AND OTHER SUPPORT				
Contributions	$ -	$ 39,606	$ 39,606	$ 38,145
Membership dues	622,287	-	622,287	620,001
AIA documents	62,626	-	62,626	63,047
Architecture Exchange East	159,356	-	159,356	48,138
Member services	44,169	-	44,169	28,950
Professional Excellence	59,719	-	59,719	112,035
Inform Magazine	575	-	575	3,225
Other income	18,427	-	18,427	25,510
Investment income (loss)	19,279	4	19,283	(38,439)
	986,438	39,610	1,026,048	900,612
Net assets released from restrictions	44,310	(44,310)	-	-
Total revenues and support	1,030,748	(4,700)	1,026,048	900,612
EXPENSES				
Program services	545,974	-	545,974	505,092
Management and general	476,389	-	476,389	428,906
Fund raising	44,310	-	44,310	34,025
Total expenses	1,066,673	-	1,066,673	968,023
CHANGE IN NET ASSETS	(35,925)	(4,700)	(40,625)	(67,411)
NET ASSETS, BEGINNING OF THE YEAR	572,861	60,338	633,199	700,610
NET ASSETS, END OF THE YEAR	$ 536,936	$ 55,638	$ 592,574	$ 633,199

See accompanying notes.

AIA VIRGINIA AND AFFILIATE
Consolidated Statement of Functional Expenses
June 30, 2023
With Comparative Amounts as of June 30, 2022

	Program Services	Management & General	Fund Raising	Totals 2023	Totals 2022
Salaries	$ 201,302	$ 128,701	$ -	$ 330,003	$ 411,993
Payroll taxes	15,326	9,799	-	25,125	33,644
Employee benefits	20,229	12,933	-	33,162	30,530
Cost of sales	7,152	-	-	7,152	5,915
Insurance	-	7,210	-	7,210	7,147
Meals and entertainment	11,112	8,896	-	20,008	18,689
Catering	41,701	1,032	-	42,733	8,748
Merchant services	7,655	-	-	7,655	6,164
Printing & postage	-	1,583	-	1,583	4,088
Office supplies	-	-	-	-	6,764
Registration fees	6,335	-	-	6,335	-
Professional fees/services	78,225	171,549	-	249,774	126,097
Rent expense	45,307	77,320	-	122,627	83,773
Supplies	9,299	9,762	-	19,061	5,541
Taxes and licenses	-	-	-	-	2,892
Travel	15,187	10,618	-	25,805	42,117
Telephone	-	5,493	-	5,493	4,793
Interest	-	4,125	-	4,125	-
Lobbying	54,833	-	-	54,833	55,000
PAC expenses	-	-	44,310	44,310	34,025
Other expenses	32,311	16,718	-	49,029	70,770
Depreciation	-	10,650	-	10,650	9,333
Total expenses	$ 545,974	$ 476,389	$ 44,310	$ 1,066,673	$ 968,023

See accompanying notes.

AIA VIRGINIA AND AFFILIATE

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ (40,625)**	$ (67,411)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	**10,650**	9,333
Realized loss on investments	**16,710**	-
Unrealized (gain) loss on investments	**(20,623)**	47,709
Net effect of operating lease adjustments	**4,246**	-
Accounts receivable	**7,726**	4,886
Employee receivables	**(26)**	(42)
Inventories	**889**	895
Prepaid expenses	**(5,929)**	(322)
Accounts payable	**(24,076)**	42,347
Accrued interest	**(3,567)**	3,706
Deferred revenue	**10,138**	23,254
Net cash provided by (used in) operating activities	**(44,487)**	64,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(93,081)**	(21,244)
Proceeds from sale of investments	**65,736**	-
Purchase of furniture and fixtures	**(10,662)**	(8,485)
Net cash used in investing activities	**(38,007)**	(29,729)
Increase (decrease) in cash and cash equivalents	**(82,494)**	34,626
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning	**411,039**	376,413
Ending	**$ 328,545**	$ 411,039
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	**$ 7,692**	$ -
CASH, CASH EQUIVALENTS AND RESTRICTED CASH ARE COMPRISED OF THE FOLLOWING:		
Cash and cash equivalents	**$ 272,907**	$ 350,701
Cash, restricted for VSAIA PAC	**55,638**	60,338
	$ 328,545	$ 411,039

See accompanying notes.

NOTE 1. NATURE OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Reporting Entity

AIA Virginia is a not-for-profit organization established to unite the members of the architectural profession; to promote the aesthetic, scientific, and practical efficiency of the profession; to advance the science and art of planning by advancing the standards of architectural education, training and practice; and to coordinate the building industry and the profession of architecture to advance the living standards of people. AIA Virginia's support comes primarily from membership dues and other member programs.

The consolidated financial statements of AIA and affiliate have been prepared on the accrual basis. The significant accounting policies of AIA Virginia are described below to enhance the usefulness of the financial statements to the reader.

Principles of Consolidation

The consolidated financial statements include the accounts of the AIA Virginia and its affiliate through common control, AIA Virginia PAC. All significant intercompany accounts and transactions have been eliminated in consolidating the financial statements.

Basis of Presentation:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Information regarding the Organization's financial position and activities are reported according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

(continued)

NOTE 1. NATURE OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of reporting the consolidated statement of cash flows, the Organizations include all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying consolidated statement of financial position. AIA Virginia, at times, may have cash in excess of insured limits. AIA Virginia and affiliate's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk.

Restricted Cash

The Organization's restricted cash deposits are related to unspent contributions with donor restrictions for the AIA Virginia PAC. These restricted deposits totaled \$55,638 at June 30, 2023.

Accounts Receivable

AIA Virginia routinely extends credit in connection with its activities to parties located primarily in Virginia. Accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis and, therefore, does not bear interest, although a finance charge may be applied to receivables that are more than 30 days past due.

Accounts are periodically evaluated for collectability based on past credit history and current financial condition. If necessary, an allowance for uncollectible accounts is provided based on management's evaluation of the collectability of individual receivables. Bad debt expense for the year ended June 30, 2023 was \$0.

AIA Documents Inventory

Inventory is valued at the lower of cost or market based on the last purchase price.

Furniture and Fixtures and Depreciation

Furniture and fixtures are recorded at cost and are depreciated over the estimated useful lives of the respective assets on a straight-line basis.

Investments

Investments are composed of a fixed income mutual fund and cash equivalents, carried at fair value, which is determined based on quoted market prices. Realized and unrealized gains and losses, if any, are reflected in the statement of activities. Earnings from investments are recorded as interest and dividends and are reflected in the statement of activities.

(continued)

NOTE 1. NATURE OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Unconditional contributions are recognized as revenues when received. They are recognized at fair value and are classified in the appropriate net asset class based on donor stipulation. Conditional contributions are recognized as revenues when the conditions are substantially met. Contributions are available for unrestricted use unless specifically restricted by the donor.

The Organization recognizes program revenue under Topic 606, *Revenue from Contracts with Customers*. Revenue from membership dues represent contracts with customers and are recognized at a point in time when services are provided, and the Organization's performance obligations are completed. Economic factors may impact the nature, amount and timing of revenue recognition. Any amounts paid in advance of completed performance obligations are included as deferred revenue, or contract liabilities, on the statement of financial position. Deferred revenue from membership dues at June 30, 2023was $50,025.

Contributed Goods and Services

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. Contribution of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received. There were no contributed goods or services during 2023.

Income Taxes

AIA Virginia is a not-for-profit entity organized under Section 501(c)(6) of the Internal Revenue Code. It is subject to income tax on any unrelated business income such as advertising revenues from its publications.

AIA Virginia PAC is subject to federal income taxes on investment income.

The Organizations follow Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. Management has evaluated the Organization's tax position and concluded that the Organizations had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organizations are not currently under audit by any tax jurisdiction.

Any penalties and interest assessed by income taxing authorities would be included in general and administrative expenses. The Organizations did not have penalties and interest relating to income taxes for the year ended June 30, 2023.

NOTE 1. NATURE OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among program and support services. Expenses are allocated on the basis of time and effort.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Recent Accounting Guidance

The Organization adopted Accounting Standards Update (ASU) No, 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized ROU assets of $109,711 and lease liabilities of $113,957 in its statement of financial position as of June 30, 2023. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has $286,054 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of $272,907 and accounts receivable of $13,147. Also, the Board of Directors has designated short-term investments of $425,355 to be held for possible future financial hardships.

NOTE 3. LEASE ARRANGEMENTS

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Organization's right to use underlying assets for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from these leases. The ROU asset and lease liability, both of which arise from an operating lease for office space, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of June 30, 2023 was 2.615%.

The Organization is obligated under an operating lease for office space. The lease term is from February 28, 2019 through January 31, 2025. Rent expense for the year ended June 30, 2023 was $77,320. The agreement called for monthly lease payments of $5,088 for the first year. In each subsequent year of the lease, the lease paymentincreases by 3%.

The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less).

The total minimum lease commitments at June 30, 2023 under the leases described above are due as follows:

June 30,		
2024	$	69,411
2025		47,190
Total lease payments		116,601
Less present value discount		(2,644)
Total lease obligations	$	113,957

NOTE 4. INVESTMENTS

Board designated short-term investments at June 30, 2023 are carried at market value totaling $425,355. Investments at cost total $435,990. Investment income for the year ended June 30, 2023 consists of the following:

Interest income	$	25
Dividend income		16,276
Capital gain distributions		1,442
Realized losses		(16,710)
Unrealized gains		20,623
Investment fees		(2,373)
	$	19,283

NOTE 5. FAIR VALUE MEASUREMENTS

FASB ASC 820 establishes a framework for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — Inputs are unobservable inputs for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair market value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. All of the Organization's investments are Level 1 investments.

NOTE 6. RETIREMENT PLAN

In January 2009, AIA Virginia adopted a 401(k) retirement plan. The retirement plan is a voluntary plan for those employees who meet the eligibility requirements set forth in the plan. The contribution for the plan year ended June 30, 2023, totaled $12,630.

NOTE 7. AIA VIRGINIA PAC

The purpose of AIA Virginia PAC is to promote the practice of architecture in Virginia and to stimulate persons engaged in the practice of architecture and their associates to take an active and effective part in governmental affairs. To assist in such an effort, AIA Virginia PAC provides direct financial contributions to candidates for public office who are believed by the Board of Trustees to be in general agreement with their objectives; however, AIA Virginia PAC is not affiliated with any specific political party.

All amounts related to AIA Virginia PAC are reported as net assets with donor restrictions.

NOTE 8. ECONOMIC INJURY DISASTER LOAN

In October 2020, the Organization received an uncollateralized $150,000 Economic Injury Disaster Loan (EIDL) directly from the SBA to help weather the financial hardships brought on by the Covid-19 pandemic. This is a thirty-year loan at 2.75% interest. Loan payments are $641 per month. The SBA extended the first payment due date until July 2022. Loan interest continued to accrue during the deferment period. Interest of $3,521 has been accrued on this EIDL long-term loan as of June 30, 2023.

The future scheduled maturities of long-term debt are as follows:

2024	$	374
2025		3,623
2026		3,723
2027		3,827
2028		3,923
Thereafter		134,530
	$	150,000

NOTE 9. SUBSEQUENT EVENTS

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