

**North Carolina Association of
Certified Public Accountants, Inc. and Affiliates**

**Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

April 30, 2022 and 2021

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	6
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11
Supplementary Information	
Consolidating Statements of Financial Position	26
Consolidating Statements of Activities and Changes in Net Assets	28

Independent Auditor's Report

To the Board of Directors
North Carolina Association of
Certified Public Accountants, Inc. and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of North Carolina Association of Certified Public Accountants, Inc. and Affiliates, which comprise the consolidated statements of financial position as of April 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, consolidated statements of functional expenses, and consolidated statements of 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 North Carolina Association of Certified Public Accountants, Inc. and Affiliates as of April 30, 2022 and 2021, and the changes their its net assets and their 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of North Carolina Association of Certified Public Accountants, Inc. and Affiliates 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 Consolidated 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 North Carolina Association of Certified Public Accountants, Inc. and Affiliates' 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 Consolidated 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 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 GAAS, 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 North Carolina Association of Certified Public Accountants, Inc. and Affiliates' 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 North Carolina Association of Certified Public Accountants, Inc. and Affiliates' 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.

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 on pages 26 to 29 is presented for purposes of additional analysis and is 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 audits 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.



Charlotte, North Carolina
October 26, 2022

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Consolidated Statements of Financial Position
April 30, 2022 and 2021**

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,340,182	\$ 3,381,034
Accounts receivable	603,221	211,107
Investments	5,440,775	5,862,090
Prepaid expenses	234,243	405,156
Restricted investments	616,689	501,444
	<u>10,235,110</u>	<u>10,360,831</u>
Property and equipment		
Building and improvements	2,106,692	2,106,692
Computers and office equipment	1,035,154	971,802
Furniture and fixtures	346,429	342,970
Land	249,563	249,563
Vehicles	66,713	66,713
	<u>3,804,551</u>	<u>3,737,740</u>
Less accumulated depreciation	<u>(3,177,183)</u>	<u>(2,941,030)</u>
	627,368	796,710
Construction in progress	<u>121,978</u>	<u>26,981</u>
	<u>749,346</u>	<u>823,691</u>
Total property and equipment		
Other long-term assets		
Restricted investments - noncurrent	110,744	228,356
Investment in unconsolidated entities	12,783	15,823
	<u>123,527</u>	<u>244,179</u>
Total other long-term assets		
Total assets	<u><u>\$ 11,107,983</u></u>	<u><u>\$ 11,428,701</u></u>

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Consolidated Statements of Financial Position
April 30, 2022 and 2021**

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 235,791	\$ 228,075
Deferred revenue	1,274,396	887,940
PPP loan - current portion	113,542	-
Accrued other liabilities	168,127	88,059
Accrued salary and payroll tax liabilities	165,354	134,699
Accrued vacation	111,590	125,156
Accrued retirement	61,059	57,305
Deferred compensation liability	195,734	-
	<u>2,325,593</u>	<u>1,521,234</u>
Total current liabilities		
Noncurrent liabilities		
Deferred compensation liability	-	155,155
PPP loan	371,785	485,327
	<u>371,785</u>	<u>640,482</u>
Total noncurrent liabilities		
Total liabilities	<u>2,697,378</u>	<u>2,161,716</u>
Net assets		
Net assets without donor restrictions	7,959,037	8,776,117
Net assets with donor restrictions	451,568	490,868
	<u>8,410,605</u>	<u>9,266,985</u>
Total net assets		
Total liabilities and net assets	<u>\$ 11,107,983</u>	<u>\$ 11,428,701</u>

See Notes to Consolidated Financial Statements.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Consolidated Statement of Activities and Changes in Net Assets
Year Ended April 30, 2022**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues and other support			
Professional education	\$ 4,228,836	\$ -	\$ 4,228,836
Membership dues	2,275,440	-	2,275,440
Advertising, sponsorships, and other income	168,814	-	168,814
My Member Community	329	-	329
Foundation contributions	98,563	26,413	124,976
Investment return	(424,542)	(42,883)	(467,425)
PAC contributions	44,084	-	44,084
Grant revenue	367,063	-	367,063
	6,758,587	(16,470)	6,742,117
Net assets released from restrictions	22,830	(22,830)	-
Total revenues and other support	6,781,417	(39,300)	6,742,117
Expenses			
Program services			
Professional education	3,469,557	-	3,469,557
Communications and member services	1,135,300	-	1,135,300
My Member Community	72,591	-	72,591
Peer review	3,040	-	3,040
Government relations	286,261	-	286,261
NC CPA Foundation	140,676	-	140,676
PAC	28,729	-	28,729
Total program services	5,136,154	-	5,136,154
Support services			
Management	2,462,343	-	2,462,343
Total expenses	7,598,497	-	7,598,497
Changes in net assets	(817,080)	(39,300)	(856,380)
Net assets at beginning of year	8,776,117	490,868	9,266,985
Net assets at end of year	\$ 7,959,037	\$ 451,568	\$ 8,410,605

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Consolidated Statement of Activities and Changes in Net Assets
Year Ended April 30, 2021**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues and other support			
Professional education	\$ 4,491,936	\$ -	\$ 4,491,936
Membership dues	2,334,419	-	2,334,419
Peer review administration fees	243,475	-	243,475
Advertising, sponsorships, and other income	75,474	1,330	76,804
My Member Community	1,343	-	1,343
Foundation contributions	68,540	46,268	114,808
Investment return	1,155,550	97,585	1,253,135
PAC contributions	25,448	-	25,448
Grant revenue	336,000	-	336,000
	<u>8,732,185</u>	<u>145,183</u>	<u>8,877,368</u>
Net assets released from restrictions	<u>16,000</u>	<u>(16,000)</u>	<u>-</u>
Total revenues and other support	<u>8,748,185</u>	<u>129,183</u>	<u>8,877,368</u>
Expenses			
Program services			
Professional education	2,981,789	-	2,981,789
Communications and member services	895,932	-	895,932
My Member Community	45,201	-	45,201
Peer review	164,274	-	164,274
Government relations	188,809	-	188,809
NC CPA Foundation	124,763	-	124,763
PAC	37,228	-	37,228
Total program services	4,437,996	-	4,437,996
Support services			
Management	2,185,312	-	2,185,312
Total expenses	<u>6,623,308</u>	<u>-</u>	<u>6,623,308</u>
Changes in net assets	2,124,877	129,183	2,254,060
Net assets at beginning of year	<u>6,651,240</u>	<u>361,685</u>	<u>7,012,925</u>
Net assets at end of year	<u><u>\$ 8,776,117</u></u>	<u><u>\$ 490,868</u></u>	<u><u>\$ 9,266,985</u></u>

See Notes to Consolidated Financial Statements.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Consolidated Statement of Functional Expenses Year Ended April 30, 2022

	Program Services							Support Services		
	Professional Education	Communications and Member Services	My Member Community	Peer Review	Government Relations	Foundation	PAC	Total	Management	Total
Materials, speakers, and site expenses	\$ 2,299,818	\$ -	\$ 11,740	\$ -	\$ -	\$ -	\$ -	\$ 2,311,558	\$ -	\$ 2,311,558
Personnel expenses	567,302	630,335	31,517	-	126,067	-	-	1,355,221	1,796,455	3,151,676
Printing, postage and emarketing	29,039	38,455	1,834	-	2,750	193	-	72,271	41,384	113,655
Depreciation	63,761	59,038	4,723	-	7,085	-	-	134,607	101,546	236,153
Bank and merchant fees	142,124	50,759	-	-	-	6,127	-	199,010	10,152	209,162
Building expenses	28,997	26,849	2,148	-	3,222	-	-	61,216	46,180	107,396
Technology support	197,054	180,767	11,792	-	21,911	1,095	-	412,619	263,737	676,356
Staff travel	26,289	3,486	-	-	-	-	-	29,775	10,566	40,341
Professional services	64,178	92,555	4,754	-	61,278	2,864	-	225,629	102,209	327,838
Scholarships and gifts	-	-	-	-	28,729	130,000	-	158,729	2,029	160,758
Sponsorships	-	-	-	-	10,000	-	-	10,000	-	10,000
Leadership summit	1,805	1,671	134	-	201	-	-	3,811	2,874	6,685
Committee expenses	-	1,802	1,453	-	700	-	-	3,955	-	3,955
Office equipment rental and repairs	4,886	4,524	362	-	543	-	-	10,315	7,781	18,096
Board and officer expenses	5,210	4,824	386	-	579	-	-	10,999	8,297	19,296
New CPA Inauguration	-	4,568	-	-	-	-	-	4,568	-	4,568
Member engagement	-	7,721	-	-	-	-	-	7,721	-	7,721
Office supplies and expense	4,261	1,934	76	-	114	397	-	6,782	3,614	10,396
Telecommunications	9,594	8,884	711	-	1,066	-	-	20,255	15,280	35,535
Staff training	7,657	7,378	237	-	356	-	-	15,628	32,172	47,800
Business insurance	6,009	5,564	445	-	668	-	-	12,686	9,570	22,256
Unrelated business income and proxy tax	-	-	-	-	20,836	-	-	20,836	-	20,836
Dues and subscriptions	11,573	4,186	279	-	156	-	-	16,194	8,497	24,691
Campaign contributions	-	-	-	-	-	-	28,729	28,729	-	28,729
(Gain)/loss on investment in unconsolidated entities	-	-	-	3,040	-	-	-	3,040	-	3,040
	\$ 3,469,557	\$ 1,135,300	\$ 72,591	\$ 3,040	\$ 286,261	\$ 140,676	\$ 28,729	\$ 5,136,154	\$ 2,462,343	\$ 7,598,497

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Consolidated Statement of Functional Expenses Year Ended April 30, 2021

	Program Services							Support Services		
	Professional Education	Communications and Member Services	My Member Community	Peer Review	Government Relations	Foundation	PAC	Total	Management	Total
Materials, speakers, and site expenses	\$ 1,881,955	\$ -	\$ 4,181	\$ -	\$ -	\$ -	\$ -	\$ 1,886,136	\$ -	\$ 1,886,136
Personnel expenses	595,711	536,140	29,786	59,571	89,357	-	-	1,310,565	1,667,991	2,978,556
Printing, postage and emarketing	22,835	18,325	761	3,142	761	-	-	45,824	32,078	77,902
Depreciation	78,691	62,953	2,623	7,869	2,623	-	-	154,759	107,544	262,303
Bank and merchant fees	142,864	51,023	-	-	-	3,933	-	197,820	10,205	208,025
Peer review expenses	-	-	-	84,720	-	-	-	84,720	-	84,720
Building expenses	30,753	24,603	1,025	3,075	1,025	-	-	60,481	42,030	102,511
Technology support	146,989	132,506	4,699	15,266	4,699	2,560	-	306,719	215,960	522,679
Staff travel	324	717	-	-	-	-	-	1,041	362	1,403
Professional services	25,871	20,696	862	2,587	63,580	2,793	-	116,389	35,356	151,745
Scholarships and gifts	-	-	-	-	-	115,000	-	115,000	-	115,000
Leadership summit	233	186	8	23	8	-	-	458	318	776
Committee expenses	2,109	754	-	-	-	-	-	2,863	-	2,863
Office equipment rental and repairs	15,054	12,043	502	1,505	502	-	-	29,606	20,574	50,180
Board and officer expenses	1,098	878	37	110	37	-	-	2,160	1,500	3,660
New CPA Inauguration	-	964	-	-	-	-	-	964	-	964
Member engagement	-	6,718	-	-	-	-	-	6,718	-	6,718
Office supplies and expense	2,164	2,837	58	253	58	477	-	5,847	7,529	13,376
Telecommunications	11,001	8,801	367	1,100	367	-	-	21,636	15,035	36,671
Staff training	4,759	5,836	-	-	-	-	-	10,595	8,719	19,314
Business insurance	6,790	5,432	226	679	226	-	-	13,353	9,280	22,633
Unrelated business income and proxy tax	-	-	-	-	25,500	-	-	25,500	-	25,500
Image enhancement	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	12,588	4,520	66	197	66	-	-	17,437	10,831	28,268
Campaign contributions	-	-	-	-	-	-	37,228	37,228	-	37,228
(Gain)/loss on investment in unconsolidated entities	-	-	-	(15,823)	-	-	-	(15,823)	-	(15,823)
	\$ 2,981,789	\$ 895,932	\$ 45,201	\$ 164,274	\$ 188,809	\$ 124,763	\$ 37,228	\$ 4,437,996	\$ 2,185,312	\$ 6,623,308

See Notes to Consolidated Financial Statements.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Consolidated Statements of Cash Flows
Years Ended April 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Changes in net assets	\$ (856,380)	\$ 2,254,060
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	236,153	262,303
Unrealized loss (gain) on investments	644,635	(1,113,095)
Loss (gain) on unconsolidated entities	3,040	(15,823)
Net changes in assets and liabilities that provided (used) cash		
Accounts receivable	(392,114)	(193,570)
Prepaid expenses	170,913	(158,421)
Accounts payable	7,716	(59,059)
Deferred revenue	386,456	163,784
Accrued retirement	3,754	(5,797)
Accrued salary	30,655	(4)
Accrued vacation	(13,566)	13,574
Accrued other liabilities	80,068	(38,703)
Deferred compensation liability	<u>40,579</u>	<u>63,590</u>
Net cash provided by operating activities	<u>341,909</u>	<u>1,172,839</u>
Cash flows from investing activities		
Purchases of investments	(238,294)	(238,977)
Proceeds from investments	17,341	12,055
Purchases of property and equipment	<u>(161,808)</u>	<u>(83,942)</u>
Net cash used in investing activities	<u>(382,761)</u>	<u>(310,864)</u>
Cash flows from financing activities		
Proceeds from PPP loan	<u>-</u>	<u>485,327</u>
Net cash provided by financing activities	<u>-</u>	<u>485,327</u>
Net (decrease) increase in cash and cash equivalents	(40,852)	1,347,302
Cash and cash equivalents, at beginning of year	<u>3,381,034</u>	<u>2,033,732</u>
Cash and cash equivalents, at end of year	<u><u>\$ 3,340,182</u></u>	<u><u>\$ 3,381,034</u></u>
Supplemental disclosures		
Cash paid for proxy tax	<u><u>\$ 25,036</u></u>	<u><u>\$ 23,100</u></u>

See Notes to Consolidated Financial Statements.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements April 30, 2022 and 2021

Note 1 - Organization

The North Carolina Association of Certified Public Accountants, Inc. ("Association" or "NCACPA"), chartered in the State of North Carolina in 1919, is the statewide professional organization for Certified Public Accountants. The Association is headquartered in Morrisville and provides outreach to local areas throughout the state.

The Association is organized to promote the advancement of the accounting profession by serving its members, encouraging high professional and ethical standards, providing accounting education, and furthering the interest of the profession. Its mission is to enhance the accounting profession and the community it serves through advocacy, connections, education and resources. Its primary sources of revenue are derived from professional education classes and member dues.

The North Carolina Certified Public Accountant Foundation, Inc. ("Foundation"), was established in 1980 to attract high quality students to consider accounting as a career choice and activities to support those that pursue an accounting education within NC colleges and universities.

The North Carolina CPA Political Action Committee ("PAC"), was established to provide proactive support of state legislative candidates who share viewpoints on policy critical to the accounting profession.

The Association, Foundation, and PAC are collectively known as the Organization.

Note 2 - Summary of significant accounting policies

Basis of accounting

The accounting records and financial statements are prepared on the accrual basis of accounting.

Basis of presentation

The Organization follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not for Profit Entities - Presentation of Financial Statements*, and FASB ASC 958-605, *Not for Profit Entities - Revenue Recognition*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Association and its controlled affiliates, the Foundation and the PAC. The Foundation is a corporation in which the Association's Board of Directors makes up the entire membership. The PAC is governed by the Association. These entities are included in the consolidation according to generally accepted accounting principles ("GAAP") which require that accounts be consolidated for corporations which are deemed to be controlled by the Association. All intercompany transactions have been eliminated in consolidation.

Contributions

In accordance with FASB ASC 958-605, unconditional contributions received are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence and nature of any donor restrictions. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements
April 30, 2022 and 2021

Cash and cash equivalents

For purposes of reporting the statements of cash flows, the Organization considers all highly-liquid investments, except those classified as deferred compensation investments, purchased with original maturities of three months or less to be cash equivalents.

Accounts receivables

The Organization records accounts receivable at total unpaid balances for onsite continuing professional education courses, which approximates estimated fair value. At year end, the Organization determined that all receivables were collectible.

The following is a summary of accounts receivable as of April 30:

	2022	2021
Trade	\$ 37,137	\$ 12,770
Royalty and other receivables	-	1,200
Employee Retention Tax Credit receivable	563,338	196,000
Other receivables	2,746	1,137
	<u>\$ 603,221</u>	<u>\$ 211,107</u>

Investments

Financial statement presentation for investments follows professional standards governing investments held by not-for-profit organizations. Under these standards, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position.

Unrealized gains and losses on investments due to changes in market value are included in the changes in net assets.

Realized gains and losses, if any, are determined using the specific identification method.

The Board of Directors designates a portion of investments to an operating reserve and for a strategic initiatives reserve. At April 30, 2022 and 2021 the operating reserve was \$1,400,000 and \$1,400,000, respectively. This reserve may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress. At April 30, 2022 and 2021 the strategic initiatives reserve was \$1,331,226 and \$1,331,226, respectively. These funds may be drawn upon to support the strategic mission of the Organization.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements April 30, 2022 and 2021

At April 30, 2022 and 2021, investments were as follows:

	2022	2021
Unrestricted Investments	\$ 2,709,549	\$ 3,130,864
Unrestricted Investments - Board Designated Operating Reserve	1,400,000	1,400,000
Unrestricted Investments - Board Designated Strategic Initiatives	1,331,226	1,331,226
Restricted Investments	588,477	579,523
Restricted Investments - Foundation Board Designated	28,212	30,471
Restricted Investments - Foundation Board Designated - Endowed Investment	55,372	59,903
Restricted Investments - Donor Restricted Endowment Investments	55,372	59,903
	<u>\$ 6,168,208</u>	<u>\$ 6,591,890</u>

Investments in unconsolidated entities

The Association holds a non-controlling joint venture in one corporation, Coastal Peer Review, Inc. ("Coastal"), that is not consolidated in the financial statements. The Association holds an equal 50 percent stake in Coastal, which is a joint venture with Maryland Association of Certified Public Accountants. The investment in Coastal is carried on the statements of financial position.

Property and equipment and construction in progress

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Asset lives range from 5 to 31.5 years for building and improvements, and three to seven years for computers, office equipment, furniture and fixtures, and vehicles. The Organization's capitalization threshold is \$500.

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

Deferred revenue

Membership dues received are recorded as deferred revenue and recognized as income in the period earned. Registration fees for future continuing professional education courses and other events are recorded as deferred revenue and recognized as income when the course or event is held.

Income taxes

The Association is a not-for-profit organization and is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. However, certain activities not directly related to the Association's tax-exempt purpose are subject to taxation. The Association's primary activities subject to taxation include member affinity programs, advertising, commissions, and lobbying efforts.

The Association is not currently under examination by the Internal Revenue Service or the State of North Carolina. While none of the Association's income tax returns are currently being examined by the Internal Revenue Service, tax years since the year ended April 30, 2019 remain open for potential examination.

The Foundation is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions provided in Section 170(b)(1)(A)(vi).

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements April 30, 2022 and 2021

The Foundation is not currently under examination by the Internal Revenue Service or the State of North Carolina. While none of the Foundation's income tax returns are currently being examined by the Internal Revenue Service, tax years since the year ended April 30, 2019 remain open for potential examination.

The PAC is a voluntary nonprofit, unincorporated association of CPAs who are members of the NCACPA. The PAC is not affiliated with any political party, but instead is organized and operated on a non-partisan basis to preserve and promote the status of the accounting profession. The function of the organization is defined in Internal Revenue Service Code 527(e)(1).

The PAC is not currently under examination by the Internal Revenue Service or the State of North Carolina. While none of the PAC's income tax returns are currently being examined by the Internal Revenue Service, tax years since the year ended April 30, 2019 remain open for potential examination.

Functional allocations of expenses

The costs of providing the various programs and the administration of the Organization have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated based on time records and estimates made by the Organization's management.

The costs of providing the Organization programs and other activities is summarized on a functional basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among various functions benefited using objective bases such as time spent or salaries.

Management and general expense include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Management and general activities included those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management and similar activities that ensure an adequate working environment and an equitable employment program.

Program services

Professional services

The Association provides educational programs designed to maintain and improve the skills of CPAs. Professional education is also a requirement for CPA certification renewal.

Communication and member services

The Association disseminates information to its members as it relates to changes in the accounting profession and also seeks to educate the general public about the nature and diversity of business services that are provided by members. The Association also offers various business benefits to its members.

My Member Community

My Member Community includes an online portal for NCACPA members to connect, impact, and grow in ways that are more meaningful to them. Through technology, NCACPA is able to provide ways for members to communicate and engage with one another when they want, where they want and how they want. Coupled with more grassroots events, including meetups and small networking groups, NCACPA has expanded from a geographic model to a more unified, collaborative community.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements April 30, 2022 and 2021

Peer review

The Association, through its investment in Coastal, administered the peer review program for the American Institute of Certified Public Accountants ("AICPA") and the North Carolina State Board of Certified Public Accountant Examiners for firms required to have peer reviews for licensing requirements in North Carolina. The peer review program ensures that enrolled firms conduct their practice in accordance with the AICPA Code of Professional Conduct and that each firm has in place quality control procedures to ensure that all accounting and auditing services are competently delivered.

Government relations

The Association interacts with executive staff in North Carolina state government agencies, federal agencies, and U.S. Congress on behalf of the membership and the accounting profession. The Association monitors, and, in some cases, attempts to influence legislation that impacts its members as well as their employers and clients.

Foundation

The Foundation awards scholarships to accounting and finance students attending North Carolina four-year colleges and universities, as well as community colleges.

PAC

The PAC serves to represent the interests of the accounting profession and business community before lawmakers and support candidates for state elective office who share the views of NCACPA members on matters of policy important to the membership and that protect the CPA license and profession.

Donated services

The Organization's members donate significant time by serving on various committees, boards and planning local area events. No amounts have been reflected in the consolidated financial statements for volunteered time since the services performed do not meet the requirements for recognition in the consolidated financial statements.

Use of estimates

The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments

Professional standards require disclosure about the fair value for all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about fair value of financial instruments are based on pertinent information available to management as of April 30, 2022 and 2021. Accordingly, the estimates presented in these consolidated financial statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments. Management has estimated the fair values of cash, accounts receivable, accounts payable, accrued expenses and short-term borrowings to be approximately their respective carrying values reported in these consolidated financial statements because of their short maturities.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentation.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements
April 30, 2022 and 2021

Note 3 - Concentration of credit risk

The Organization places its cash and cash equivalents with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers up to \$250,000 for substantially all depository accounts. The Organization exceeded these limits by \$2,848,843 and \$2,966,702 as of April 30, 2022 and 2021, respectively.

The Organization also maintains separate investment accounts that are protected by the Securities Investor Protection Corporation ("SIPC"). The SIPC is a nonprofit membership corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of a brokerage firm. The insurance does not apply to losses related to market risk or investment fraud. At April 30, 2022 and 2021, the limits of protection extended up to \$500,000 for securities, including \$250,000 for cash and cash equivalents. The Organization exceeded the insured limits by \$5,492,170 and \$5,975,813 as of April 30, 2022 and 2021, respectively.

The Organization also maintains separate cash equivalents and investments that are not protected by SIPC or FDIC. For these funds, there is no insurance against the loss or theft of securities as well as the failure or insolvency of a brokerage firm. As of April 30, 2022 and 2021, these uninsured funds totaled \$8,138 and \$7,527, respectively.

Note 4 - Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of April 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,340,182	\$ 3,381,034
Accounts receivable	603,221	211,107
Investments	<u>5,440,775</u>	<u>5,862,090</u>
Total financial assets available within one year	9,384,178	9,454,231
Less:		
Net assets with donor restrictions	451,568	490,868
Board designated net assets	<u>2,761,579</u>	<u>2,755,636</u>
Total net asset obligations	3,213,147	3,246,504
Total financial assets available to management for general expenditures within one year	<u>\$ 6,171,031</u>	<u>\$ 6,207,727</u>

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements
April 30, 2022 and 2021

Because of the seasonality of the Organization's business, operating funds will experience significant variability during the fiscal year. Cash may exceed short-term requirements for short periods of time. Any excess funds are held in checking accounts at the primary financial institution of the Association or in short-term money-market funds.

The Organization has evaluated and determined not to commit to an operating line of credit based on current liquidity and need versus expense to the Organization.

Note 5 - Investments

Investments as April 30, 2022 consist of the following:

	<u>Historical cost</u>	<u>Fair value</u>
Bond funds	\$ 2,090,394	\$ 1,919,430
Equity funds	3,448,658	4,231,982
Mutual funds	16,796	16,796
	<u>\$ 5,555,848</u>	<u>\$ 6,168,208</u>

Investments as April 30, 2021 consist of the following:

	<u>Historical cost</u>	<u>Fair value</u>
Bond funds	\$ 2,000,077	\$ 2,050,852
Equity funds	3,333,806	4,537,838
Mutual funds	3,200	3,200
	<u>\$ 5,337,083</u>	<u>\$ 6,591,890</u>

The following summarized the investment return for the fiscal years ended April 30, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Unrealized gain (loss) on investments	\$ (644,635)	\$ 1,113,095
Interest and dividends	141,415	109,823
Realized gain on investments	38,075	31,620
Investment fees	(2,280)	(1,403)
	<u>\$ (467,425)</u>	<u>\$ 1,253,135</u>

Note 6 - Fair market value measurements

The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements
April 30, 2022 and 2021

establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Professional standards establish 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 One Inputs) and the lowest priority to measurements involving significant unobservable inputs (Level Three Inputs). The three levels of the fair value hierarchy are as follows:

- Level One Inputs - are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level Two Inputs - include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly.
- Level Three Inputs - are unobservable and significant to the overall fair value for the asset or liability

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at April 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bond funds	\$ 1,919,430	\$ -	\$ -
Equity funds	4,231,982	-	-
Mutual funds	16,796	-	-
Total	<u>\$ 6,168,208</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets that are measured at fair value on a recurring basis at April 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bond funds	\$ 2,050,852	\$ -	\$ -
Equity funds	4,537,838	-	-
Mutual funds	3,200	-	-
Total	<u>\$ 6,591,890</u>	<u>\$ -</u>	<u>\$ -</u>

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements
April 30, 2022 and 2021

Note 7 - Deferred compensation plans

Effective May 1, 2018, a deferred compensation plan was established for the Association's CEO. The Association makes annual contributions to the plan equal to 15% of the CEO's annual gross salary. The deferred compensation account will become fully vested on the earliest of the following dates: April 30, 2023; the date the current CEO becomes disabled; or the date of the current CEO's death; or if the current CEO is involuntarily terminated for a reason other than good cause by the Association before any of the above dates.

As of April 30, 2022 and 2021, \$150,195 and \$98,295, respectively, has been deposited for the deferred compensation plan. The corresponding liability totaled \$195,734 and \$155,155, respectively, as of April 30, 2022 and 2021. The difference between the asset and liability accounts of \$56,860 reflect deposits the Association will make to the brokerage account subsequent to year end.

Note 8 - Retirement plan

The Association has a flexible 401(k) profit sharing plan. The plan covers substantially all employees meeting age and service requirements. The Association contributes five percent of annual compensation for all eligible employees into the Profit-Sharing plan. As part of the 401(k) plan, the Association also will match 100 percent of the first two percent of employee contributions, with an additional three percent safe harbor contribution. Retirement contributions totaled \$187,232 and \$193,197 for the years ended April 30, 2022 and 2021, respectively.

Note 9 - Lease commitments

The Association has two operating lease agreements for copiers and a digital mailing system. The operating lease agreements expire April 2023. Future minimum lease payments due under these operating lease agreements is summarized as follows:

Year ending April 30, 2023	<u>\$ 5,838</u>
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Total rental expense for the years ended April 30, 2022 and 2021 was \$17,833 and \$17,908, respectively.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Notes to Consolidated Financial Statements
April 30, 2022 and 2021**

Note 10 - Net assets without donor restrictions

At April 30, 2022 and 2021, the Organization has net assets without donor restrictions of \$7,900,537 and \$8,776,117, respectively. At April 30, 2022 and 2021, net assets without donor restrictions were as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 5,144,586	\$ 5,960,600
Board Designated Operating Reserve	1,400,000	1,400,000
Board Designated Strategic Initiatives	1,331,226	1,331,226
Foundation Board Designated - Endowment	52,872	59,881
Foundation Board Designated - Mission Advancement	<u>30,353</u>	<u>24,410</u>
	<u><u>\$ 7,959,037</u></u>	<u><u>\$ 8,776,117</u></u>

Note 11 - Net assets with donor restrictions

The James L. McCoy, CPA Accounting Scholarship Fund was established to award scholarships to accounting students based on need and academic achievement. Scholarships from this fund are granted at the discretion of the Board of Directors of the Foundation. The fund was primarily supported by a joint effort between the late James L. McCoy, who donated time spent conducting an annual seminar, and NCACPA, which donated the net proceeds from the annual seminar. Per agreement with the donor, the Foundation will distribute the greater of the earnings of the fund for the preceding calendar year or four percent of the principal balance as of the preceding December 31 year end.

For the years ended April 30, 2022 and 2021, the Association contributed \$100,000 and \$3,226, respectively, to the Foundation, all of which was eliminated for financial statement presentation. Scholarships totaling \$130,000 and \$115,000 were awarded from the Foundation during the years ended April 30, 2022 and 2021, respectively.

Net assets with donor restrictions are available for the following purposes at April 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
James L. McCoy, CPA Accounting Scholarship	\$ 378,205	\$ 410,113
Local Area and Committee Scholarship Funds	20,852	20,852
Legacy Scholarship Endowment - restricted in perpetuity	<u>52,511</u>	<u>59,903</u>
	<u><u>\$ 451,568</u></u>	<u><u>\$ 490,868</u></u>

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Notes to Consolidated Financial Statements April 30, 2022 and 2021

Note 12 - Endowment funds

The Organization's endowment consists of two funds established for a purpose that are invested at Vanguard. The endowment consists of a donor-restricted endowment fund and a board designated quasi-endowed fund. Together these funds make up the Legacy Scholarship Program. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring, absent explicit donor stipulations to the contrary, that the following amounts included in the endowment be classified as permanently restricted: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA or spent in accordance with the purpose restrictions established by the donor.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

As of April 30, 2022, the Board of Directors of the Legacy Scholarship Program have formally adopted investment and spending policies for endowment assets ("Endowment Policy"). The draft investment and spending policies for endowment assets attempt to provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets will be invested in a manner that is intended to produce results that provide an average annual real rate of return, net of fees, equal to or greater than spending, administrative fees, and inflation (Consumer Price Index). Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Legacy Scholarship Program relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Notes to Consolidated Financial Statements
April 30, 2022 and 2021**

The Legacy Scholarship Program spending policy allows for appropriating for distribution each year a maximum of 4% of the average fair market value using the prior years' value at the calendar year-end preceding the fiscal year in which the distribution is planned. This policy will be evaluated on an annual basis for prudence. In establishing the spending policy, the expected return on the endowment was taken into consideration. Accordingly, the spending policy is expected to allow the endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

During the year ended April 30, 2021 the endowment was established. Changes in the investment portion of the endowment net assets for the year ended April 30, 2022 and 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, May 1, 2020	\$ 50,470	\$ 50,470	\$ 100,940
Distributions	(2,500)	(2,500)	(5,000)
Changes in beneficial interest in assets, net of expenses	11,933	11,933	23,866
Endowment net assets, April 30, 2021	<u>\$ 59,903</u>	<u>\$ 59,903</u>	<u>\$ 119,806</u>
Endowment net assets, May 1, 2021	\$ 59,903	\$ 59,903	\$ 119,806
Distributions	(2,500)	(2,500)	(5,000)
Changes in beneficial interest in assets, net of expenses	(4,531)	(4,892)	(9,423)
Endowment net assets, April 30, 2022	<u>\$ 52,872</u>	<u>\$ 52,511</u>	<u>\$ 105,383</u>

Note 13 - Related party transactions

The Foundation provides educational scholarships and awards to students. The Association acts as an agent on behalf of the Foundation in the collection of contributions and in the payment of certain operating expenses, which are subsequently reimbursed. The approximate cost of the unreimbursed Association employees' time spent on Foundation activities totaled \$42,078 and \$40,066 for the fiscal years ending April 30, 2022 and 2021, respectively, all of which were eliminated for financial statement presentation. The Association made contributions to the Foundation totaling \$100,000 and \$3,226 during the years ending April 30, 2022 and 2021, respectively, all of which were eliminated for financial statement presentation.

The Association acts as an agent on behalf of the PAC in the collection of contributions and in the payment of certain operating expenses, which are subsequently reimbursed. The approximate cost of the unreimbursed Association employees' time spent on PAC activities totaled \$2,874 and \$2,000 for the fiscal years ending April 30, 2022 and 2021, respectively, all of which were eliminated for financial statement presentation.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Notes to Consolidated Financial Statements
April 30, 2022 and 2021**

Note 14 - SBA CARES Act

Paycheck Protection Program

On March 22, 2021, the Organization entered into an unsecured promissory note with PNC Bank for an aggregate principal amount of approximately \$485,327, pursuant to the Paycheck Protection Program (the "PPP Loan"), which was established under the Coronavirus Aid, Relief, and Economic Securities Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). The outstanding borrowings under the PPP Loan bear interest at a rate of 1% per year and have a maturity of March 2026. Under the CARES Act, PPP Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. The Organization has submitted its application for PPP Loan forgiveness as of April 30, 2022 and believes it will qualify for full or partial forgiveness. However, there is no assurance the Organization's PPP Loan or any portion thereof will be forgiven.

The PPP Loan promissory note contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding and/or filing suit and obtaining judgment against the Organization.

Future minimum principal maturities of notes payable are as follows:

Year ending April 30:	
2023	\$ 113,542
2024	125,056
2025	136,905
2026	109,824
2027	-
Thereafter	-
	<hr/>
Total maturities	<u><u>\$ 485,327</u></u>

Employee Retention Credit

For the year ended April 30, 2022, the Organization applied for the Employee Retention Tax Credit ("ERTC"), which was established under the CARES Act. Pursuant to ASC 958-605, the Organization deems the ERTC to be grant revenue. For the years ended April 30, 2022 and 2021, \$367,063 and \$336,000, respectively, were recorded as grant revenue on the consolidated statements of activities and changes in net assets. As of April 30, 2022 and 2021, \$563,338 and \$196,000, respectively, remain receivable and included in accounts receivable on the consolidated statements of financial position.

Note 15 - Risks and uncertainties

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity, which could result in a loss of revenue and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. The future impact of the outbreak is highly uncertain and cannot be predicted and there is no assurance that the outbreak will not have a material adverse impact on the financial health. The extent of the impact, if any, will depend on future developments, including actions taken to contain

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Notes to Consolidated Financial Statements
April 30, 2022 and 2021**

the coronavirus. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on operations continue for an extended period of time, management may have to seek alternative measures to finance operations. There is no assurance these measures will be successful. The financial statements do not include any adjustments that might result if the Organization is unable to continue as a going concern.

Note 16 - Subsequent events

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through October 26, 2022 (date which the consolidated financial statements were available to be issued) and concluded that, other than the following subsequent event, no subsequent events have occurred that would require either recognition or additional disclosure in the consolidated financial statements.

On July 22, 2022 the Paycheck Protection Program loan with PNC Bank, National Association was forgiven.

Supplementary Information

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Consolidating Statement of Financial Position
April 30, 2022**

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
Assets					
Cash and cash equivalents	\$ 3,098,843	\$ 222,690	\$ 18,649	\$ -	\$ 3,340,182
Accounts receivable	611,778	25,053	13,296	(46,906)	603,221
Investments	5,302,786	137,989	-	-	5,440,775
Prepaid expenses	233,969	274	-	-	234,243
Restricted investments - current	152,729	463,960	-	-	616,689
Building and improvements	2,106,692	-	-	-	2,106,692
Computers and office equipment	1,035,154	-	-	-	1,035,154
Furniture and fixtures	346,429	-	-	-	346,429
Land	249,563	-	-	-	249,563
Vehicle	66,713	-	-	-	66,713
Accumulated depreciation	(3,177,183)	-	-	-	(3,177,183)
Construction in progress	121,978	-	-	-	121,978
Restricted investments - noncurrent	-	110,744	-	-	110,744
Investment in unconsolidated entities	12,783	-	-	-	12,783
Total assets	<u>\$10,162,234</u>	<u>\$ 960,710</u>	<u>\$ 31,945</u>	<u>\$ (46,906)</u>	<u>\$11,107,983</u>
Liabilities					
Accounts payable	\$ 262,098	\$ 9,300	\$ -	\$ (35,607)	\$ 235,791
Accounts payable - related party	-	7,621	3,678	(11,299)	-
Deferred revenue	1,274,396	-	-	-	1,274,396
Accrued other liabilities	168,127	-	-	-	168,127
Accrued salary and payroll tax liabilities	165,354	-	-	-	165,354
Accrued vacation	111,590	-	-	-	111,590
Accrued retirement	61,059	-	-	-	61,059
Deferred compensation liability	195,734	-	-	-	195,734
PPP loan	485,327	-	-	-	485,327
Total liabilities	<u>2,723,685</u>	<u>16,921</u>	<u>3,678</u>	<u>(46,906)</u>	<u>2,697,378</u>
Net assets					
Net assets without donor restrictions	7,438,549	460,160	28,267	32,061	7,959,037
Net assets with donor restrictions	-	483,629	-	(32,061)	451,568
Total net assets	<u>7,438,549</u>	<u>943,789</u>	<u>28,267</u>	<u>-</u>	<u>8,410,605</u>
Total liabilities and net assets	<u>\$10,162,234</u>	<u>\$ 960,710</u>	<u>\$ 31,945</u>	<u>\$ (46,906)</u>	<u>\$11,107,983</u>

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

**Consolidating Statement of Financial Position
April 30, 2021**

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
Assets					
Cash and cash equivalents	\$ 3,216,702	\$ 153,395	\$ 10,937	\$ -	\$ 3,381,034
Accounts receivable	210,823	7,269	1,975	(8,960)	211,107
Investments	5,730,787	131,303	-	-	5,862,090
Prepaid expenses	405,156	-	-	-	405,156
Restricted investments - current	-	501,444	-	-	501,444
Building and improvements	2,106,692	-	-	-	2,106,692
Computers and office equipment	970,433	1,369	-	-	971,802
Furniture and fixtures	342,970	-	-	-	342,970
Land	249,563	-	-	-	249,563
Vehicle	66,713	-	-	-	66,713
Accumulated depreciation	(2,941,030)	-	-	-	(2,941,030)
Construction in progress	26,981	-	-	-	26,981
Restricted investments - noncurrent	108,550	119,806	-	-	228,356
Investment in unconsolidated entities	15,823	-	-	-	15,823
Total assets	\$10,510,163	\$ 914,586	\$ 12,912	\$ (8,960)	\$11,428,701
Liabilities					
Accounts payable	\$ 236,456	\$ -	\$ -	\$ (8,381)	\$ 228,075
Accounts payable - related party	-	579	-	(579)	-
Deferred revenue	887,940	-	-	-	887,940
Accrued other liabilities	88,059	-	-	-	88,059
Accrued salary and payroll tax liabilities	134,699	-	-	-	134,699
Accrued vacation	125,156	-	-	-	125,156
Accrued retirement	57,305	-	-	-	57,305
Deferred compensation liability	155,155	-	-	-	155,155
PPP loan	485,327	-	-	-	485,327
Total liabilities	2,170,097	579	-	(8,960)	2,161,716
Net assets					
Net assets without donor restrictions	8,338,736	394,438	12,912	30,031	8,776,117
Net assets with donor restrictions	1,330	519,569	-	(30,031)	490,868
Total net assets	8,340,066	914,007	12,912	-	9,266,985
Total liabilities and net assets	\$10,510,163	\$ 914,586	\$ 12,912	\$ (8,960)	\$11,428,701

See Independent Auditor's Report.

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Consolidating Statement of Activities and Changes in Net Assets Year Ended April 30, 2022

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
Revenues and other support					
Professional education	\$ 4,228,836	\$ -	\$ -	\$ -	\$ 4,228,836
Membership dues	2,275,440	-	-	-	2,275,440
Advertising, sponsorships, and other income	168,814	-	-	-	168,814
My Member Community	329	-	-	-	329
Foundation contributions	-	227,006	-	(102,030)	124,976
In-kind contribution - related party	-	42,078	2,874	(44,952)	-
Investment return	(410,877)	(56,548)	-	-	(467,425)
PAC contributions	-	-	44,084	-	44,084
Grant revenue	367,063	-	-	-	367,063
Total revenues and other support	6,629,605	212,536	46,958	(146,982)	6,742,117
Expenses					
Materials, speakers, and site expenses	2,360,667	-	-	-	2,360,667
Personnel expenses	3,151,675	-	-	-	3,151,675
Printing, postage and emarketing	120,383	1,685	-	-	122,068
Depreciation	236,153	-	-	-	236,153
Bank and merchant fees	203,035	6,127	-	-	209,162
Peer review expenses	1,778	-	-	-	1,778
Building expenses	107,397	-	-	-	107,397
Technology support	667,031	-	-	-	667,031
Staff travel	18,925	-	-	-	18,925
Professional services	263,696	2,864	-	-	266,560
Scholarships and gifts	-	130,000	-	-	130,000
Related party contributions	102,030	-	-	(102,030)	-
Leadership summit	6,683	-	-	-	6,683
Committee expenses	2,177	-	-	-	2,177
Office equipment rental and repairs	18,096	-	-	-	18,096
Board and officer expenses	19,295	-	-	-	19,295
New CPA Inauguration	4,568	-	-	-	4,568
Member engagement	7,720	-	-	-	7,720
Office supplies and expense	14,352	-	-	-	14,352
Telecommunications	35,533	-	-	-	35,533
Staff training	47,799	-	-	-	47,799
Business insurance	22,256	-	-	-	22,256
Unrelated business income and proxy tax	20,836	-	-	-	20,836
Image enhancement	71,304	-	-	-	71,304
Dues and subscriptions	24,693	-	-	-	24,693
Campaign contributions	-	-	28,729	-	28,729
(Gain)/loss on investment in unconsolidated entities	3,040	-	-	-	3,040
In-kind management fee - related party	-	42,078	2,874	(44,952)	-
Total expenses	7,531,122	182,754	31,603	(146,982)	7,598,497
Excess (deficiency) of revenues over expenses	(901,517)	29,782	15,355	-	(856,380)
Net assets at beginning of year	8,340,066	914,007	12,912	-	9,266,985
Net assets at end of year	\$ 7,438,549	\$ 943,789	\$ 28,267	\$ -	\$ 8,410,605

North Carolina Association of Certified Public Accountants, Inc. and Affiliates

Consolidating Statement of Activities and Changes in Net Assets Year Ended April 30, 2021

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
Revenues and other support					
Professional education	\$ 4,491,936	\$ -	\$ -	\$ -	\$ 4,491,936
Membership dues	2,334,419	-	-	-	2,334,419
Peer review administration fees	243,475	-	-	-	243,475
Advertising, sponsorships, and other income	76,804	-	-	-	76,804
My member community	1,343	-	-	-	1,343
Foundation contributions	-	118,034	-	(3,226)	114,808
In-kind contribution - related party	-	40,066	2,000	(42,066)	-
Investment return	1,113,659	139,476	-	-	1,253,135
PAC contributions	-	-	25,448	-	25,448
Grant revenue	336,000	-	-	-	336,000
Total revenues and other support	8,597,636	297,576	27,448	(45,292)	8,877,368
Expenses					
Materials, speakers, and site expenses	1,800,238	332	-	-	1,800,570
Personnel expenses	2,978,556	-	-	-	2,978,556
Printing, postage and emarketing	77,902	2,705	-	-	80,607
Depreciation	262,303	-	-	-	262,303
Bank and merchant fees	204,091	3,933	-	-	208,024
Peer review expenses	84,720	-	-	-	84,720
Building expenses	102,511	-	-	-	102,511
Technology support	520,117	-	-	-	520,117
Staff travel	1,403	-	-	-	1,403
Professional services	148,953	2,793	-	-	151,746
Scholarships and gifts	-	115,000	-	-	115,000
Related party contributions	3,226	-	-	(3,226)	-
Leadership summit	775	-	-	-	775
Committee expenses	2,863	-	-	-	2,863
Office equipment rental and repairs	50,180	-	-	-	50,180
Board and officer expenses	3,659	-	-	-	3,659
New CPA Inauguration	964	-	-	-	964
Member engagement	6,718	-	-	-	6,718
Office supplies and expense	12,903	-	-	-	12,903
Telecommunications	36,670	-	-	-	36,670
Staff training	19,314	-	-	-	19,314
Business insurance	22,634	-	-	-	22,634
Unrelated business income and proxy tax	111,398	-	-	-	111,398
Dues and subscriptions	28,268	-	-	-	28,268
Campaign contributions	-	-	37,228	-	37,228
(Gain)/loss on investment in unconsolidated entities	(15,823)	-	-	-	(15,823)
In-kind management fee - related party	-	40,066	2,000	(42,066)	-
Total expenses	6,464,543	164,829	39,228	(45,292)	6,623,308
Excess (deficiency) of revenues over expenses	2,133,093	132,747	(11,780)	-	2,254,060
Net assets at beginning of year	6,206,973	781,260	24,692	-	7,012,925
Net assets at end of year	\$ 8,340,066	\$ 914,007	\$ 12,912	\$ -	\$ 9,266,985

See Independent Auditor's Report.



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