

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

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

**April 30, 2020 and 2019**

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

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of North Carolina Association of Certified Public Accountants, Inc. and Affiliates, which comprise the consolidated statement of financial position as of April 30, 2020 and 2019, and the related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is enough and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of North Carolina Association of Certified Public Accountants, Inc. and Affiliates as of April 30, 2020 and 2019, and the consolidated changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Other 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 25 to 28 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.

*CohnReznick LLP*

Charlotte, North Carolina  
October 28, 2020

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

**Consolidated Statements of Financial Position  
April 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,033,732	\$ 1,914,382
Accounts receivable	17,537	58,559
Investments	4,730,766	4,784,975
Prepaid expenses	246,735	320,655
Restricted investments	<u>377,052</u>	<u>377,892</u>
Total current assets	<u>7,405,822</u>	<u>7,456,463</u>
Property and equipment		
Building and improvements	2,124,815	2,124,779
Computers and office equipment	1,144,683	1,120,664
Furniture and fixtures	356,955	340,906
Land	249,563	249,563
Vehicles	<u>66,713</u>	<u>56,081</u>
	3,942,729	3,891,993
Less accumulated depreciation	<u>(2,998,687)</u>	<u>(2,860,674)</u>
	944,042	1,031,319
Construction in progress	<u>58,010</u>	<u>204,873</u>
Total property and equipment	<u>1,002,052</u>	<u>1,236,192</u>
Other long-term assets		
Restricted investments - noncurrent	<u>144,055</u>	<u>-</u>
Total other long-term assets	<u>144,055</u>	<u>-</u>
Total assets	<u>\$ 8,551,929</u>	<u>\$ 8,692,655</u>

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

**Consolidated Statements of Financial Position  
April 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 287,134	\$ 56,679
Deferred revenue	724,156	1,104,591
Accrued other liabilities	126,762	374,665
Accrued salary and payroll tax liabilities	134,703	117,989
Accrued vacation	111,582	89,071
Accrued retirement	<u>63,102</u>	<u>60,034</u>
Total current liabilities	<u>1,447,439</u>	<u>1,803,029</u>
Noncurrent liabilities		
Deferred compensation liability	<u>91,565</u>	<u>48,300</u>
Total liabilities	<u>1,539,004</u>	<u>1,851,329</u>
Net assets		
Net assets without donor restrictions	6,651,240	6,496,977
Net assets with donor restrictions	<u>361,685</u>	<u>344,349</u>
Total net assets	<u>7,012,925</u>	<u>6,841,326</u>
Total liabilities and net assets	<u>\$ 8,551,929</u>	<u>\$ 8,692,655</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, 2020**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues and other support			
Professional education	\$ 5,689,574	\$ -	\$ 5,689,574
Membership dues	2,362,750	-	2,362,750
Peer review administration fees	266,055	-	266,055
Advertising, sponsorships, and other income	268,688	-	268,688
Member engagement	34,750	-	34,750
My Member Community	37,305	-	37,305
Foundation contributions	113,678	51,291	164,969
Investment return	110,959	(20,455)	90,504
PAC contributions	22,943	-	22,943
	<u>8,906,702</u>	<u>30,836</u>	<u>8,937,538</u>
Net assets released from restrictions	<u>13,500</u>	<u>(13,500)</u>	<u>-</u>
Total revenues and other support	<u>8,920,202</u>	<u>17,336</u>	<u>8,937,538</u>
Expenses			
Program services			
Professional education	4,363,463	-	4,363,463
Communications and member services	1,329,777	-	1,329,777
My Member Community	79,181	-	79,181
Peer review	230,855	-	230,855
Government relations	160,617	-	160,617
NC CPA Foundation	175,959	-	175,959
PAC	40,932	-	40,932
Total program services	<u>6,380,784</u>	<u>-</u>	<u>6,380,784</u>
Support services			
Management	<u>2,385,155</u>	<u>-</u>	<u>2,385,155</u>
Total expenses	<u>8,765,939</u>	<u>-</u>	<u>8,765,939</u>
Changes in net assets	154,263	17,336	171,599
Net assets at beginning of year	<u>6,496,977</u>	<u>344,349</u>	<u>6,841,326</u>
Net assets at end of year	<u>\$ 6,651,240</u>	<u>\$ 361,685</u>	<u>\$ 7,012,925</u>

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

**Consolidated Statement of Activities and Changes in Net Assets  
Year Ended April 30, 2019**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues and other support			
Professional education	\$ 5,794,285	\$ -	\$ 5,794,285
Membership dues	2,353,056	-	2,353,056
Peer review administration fees	280,228	-	280,228
Advertising, sponsorships, and other income	208,837	-	208,837
My Member Community	33,123	-	33,123
Foundation contributions	99,678	37,874	137,552
Investment return	307,232	34,499	341,731
	<u>9,076,439</u>	<u>72,373</u>	<u>9,148,812</u>
Net assets released from restrictions	45,186	(45,186)	-
	<u>9,121,625</u>	<u>27,187</u>	<u>9,148,812</u>
Total revenues and other support			
Expenses			
Program services			
Professional education	4,452,300	-	4,452,300
Communications and member services	1,219,478	-	1,219,478
My Member Community	122,454	-	122,454
Peer review	251,924	-	251,924
Government relations	155,584	-	155,584
NC CPA Foundation	152,207	-	152,207
	<u>6,353,947</u>	<u>-</u>	<u>6,353,947</u>
Total program services			
Support services			
Management	2,215,387	-	2,215,387
	<u>8,569,334</u>	<u>-</u>	<u>8,569,334</u>
Total expenses			
Changes in net assets	552,291	27,187	579,478
Net assets at beginning of year	5,944,686	317,162	6,261,848
Net assets at end of year	<u>\$ 6,496,977</u>	<u>\$ 344,349</u>	<u>\$ 6,841,326</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, 2020**

	Program Services						Support Services	Total	Total	
	Professional Education	Communications and Member Services	My Member Community	Peer Review	Government Relations	Foundation	PAC			Management
Materials, speakers, and site expenses	\$ 3,030,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,030,093	\$ -	\$ 3,030,093
Personnel expenses	625,632	656,913	31,282	62,563	93,845	-	-	1,470,235	1,657,924	3,128,159
Printing, postage and emarketing	86,466	38,843	2,083	3,518	2,333	6,694	-	139,937	43,870	183,807
Depreciation	102,568	91,578	7,326	7,326	7,326	-	-	216,124	150,188	366,312
Bank and merchant fees	168,320	53,769	-	-	-	1,258	-	223,347	11,689	235,036
Peer review expenses	-	-	-	132,155	-	-	-	132,155	-	132,155
Building expenses	37,670	33,634	2,691	2,691	2,691	-	-	79,377	55,159	134,536
Technology support	125,282	140,700	29,088	8,443	8,443	-	-	311,956	192,192	504,148
Staff travel	32,185	31,177	-	2,923	-	-	-	66,285	62,134	128,419
Professional services	28,563	25,503	2,040	2,040	2,040	14,702	-	74,888	41,824	116,712
Scholarships and gifts	-	-	-	-	-	151,729	-	151,729	-	151,729
Leadership summit	13,787	12,310	985	985	985	-	-	29,052	20,188	49,240
Committee expenses	5,099	16,943	-	1,127	30,271	-	-	53,440	-	53,440
Office equipment rental and repairs	16,503	14,735	1,179	1,179	1,179	-	-	34,775	24,165	58,940
Board and officer expenses	12,387	11,060	885	885	885	1,576	-	27,678	18,139	45,817
New CPA Inauguration	-	64,714	-	-	-	-	-	64,714	-	64,714
Member engagement	-	55,402	-	-	-	-	-	55,402	-	55,402
Office supplies and expense	3,679	12,361	216	467	216	-	-	16,939	8,457	25,396
Telecommunications	10,626	9,488	759	759	759	-	-	22,391	15,560	37,951
Staff training	42,381	46,446	-	3,147	-	-	-	91,974	62,399	154,373
Business insurance	5,186	4,631	370	370	370	-	-	10,927	7,594	18,521
Unrelated business income and proxy tax	-	-	-	-	8,997	-	-	8,997	-	8,997
Dues and subscriptions	17,036	9,570	277	277	277	-	-	27,437	13,673	41,110
Campaign contributions	-	-	-	-	-	-	40,932	40,932	-	40,932
	<u>\$ 4,363,463</u>	<u>\$ 1,329,777</u>	<u>\$ 79,181</u>	<u>\$ 230,855</u>	<u>\$ 160,617</u>	<u>\$ 175,959</u>	<u>\$ 40,932</u>	<u>\$ 6,380,784</u>	<u>\$ 2,385,155</u>	<u>\$ 8,765,939</u>

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

**Consolidated Statement of Functional Expenses  
Year Ended April 30, 2019**

	Program Services						Support Services		
	Professional Education	Communications and Member Services	My Member Community	Peer Review	Government Relations	Foundation	Total	Management	Total
Materials, speakers, and site expenses	\$ 3,179,612	\$ -	\$ 48,987	\$ -	\$ -	\$ -	\$ 3,228,599	\$ -	\$ 3,228,599
Personnel expenses	592,979	623,204	29,676	59,353	89,029	-	1,394,241	1,572,848	2,967,089
Printing, postage and emarketing	109,955	103,541	-	1,867	250	2,410	218,023	6,133	224,156
Depreciation	121,115	108,139	8,651	8,651	8,651	-	255,207	177,348	432,555
Bank and merchant fees	179,528	56,564	-	-	-	325	236,417	9,837	246,254
Peer review expenses	-	-	-	163,872	-	-	163,872	-	163,872
Building expenses	36,904	32,951	2,636	2,636	2,636	-	77,763	54,039	131,802
Technology support	77,440	82,426	19,588	5,604	4,746	-	189,804	108,664	298,468
Staff travel	31,917	11,190	3,441	2,148	-	-	48,696	58,900	107,596
Professional services	31,142	30,425	2,224	2,224	2,224	6,185	74,424	45,622	120,046
Scholarships and gifts	-	100	500	-	-	142,564	143,164	4,484	147,648
Leadership summit	15,392	13,743	1,099	1,099	1,099	-	32,432	22,734	55,166
Committee expenses	4,009	23,850	-	-	11,886	-	39,745	-	39,745
Office equipment rental and repairs	15,914	14,209	1,137	1,137	1,137	-	33,534	23,303	56,837
Board and officer expenses	8,763	7,825	626	626	626	723	19,189	12,833	32,022
New CPA Inauguration	-	66,226	-	-	-	-	66,226	-	66,226
Member engagement	-	5,080	-	-	-	-	5,080	-	5,080
Office supplies and expense	11,372	5,217	304	385	304	-	17,582	9,197	26,779
Telecommunications	13,771	12,296	984	984	984	-	29,019	20,165	49,184
Staff training	9,454	11,401	-	883	-	-	21,738	68,608	90,346
Business insurance	5,366	4,791	383	383	383	-	11,306	7,856	19,162
Unrelated business income and proxy tax	-	-	-	-	31,557	-	31,557	-	31,557
Image enhancement	-	-	-	-	-	-	-	2,159	2,159
Dues and subscriptions	7,667	6,300	72	72	72	-	14,183	10,657	24,840
Student recruitment	-	-	2,146	-	-	-	2,146	-	2,146
	<u>\$ 4,452,300</u>	<u>\$ 1,219,478</u>	<u>\$ 122,454</u>	<u>\$ 251,924</u>	<u>\$ 155,584</u>	<u>\$ 152,207</u>	<u>\$ 6,353,947</u>	<u>\$ 2,215,387</u>	<u>\$ 8,569,334</u>

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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Changes in net assets	\$ 171,599	\$ 579,478
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	366,312	432,555
Loss on disposal of assets	579	-
Net changes in assets and liabilities that provided (used) cash		
Accounts receivable	41,022	(24,038)
Prepaid expenses	73,920	(98,728)
Accounts payable	230,455	(151,212)
Deferred revenue	(380,435)	257,291
Accrued retirement	3,068	(1,191)
Accrued salary	16,714	20,655
Accrued vacation	22,511	13,098
Accrued other liabilities	(247,903)	306,614
Deferred compensation liability	43,265	48,300
	<u>341,107</u>	<u>1,382,822</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchases of property and equipment	<u>(132,751)</u>	<u>(267,789)</u>
Net cash used in investing activities	<u>(132,751)</u>	<u>(267,789)</u>
Net increase in cash, cash equivalents, and restricted cash	208,356	1,115,033
Cash, cash equivalents, and restricted cash at beginning of year	<u>7,077,249</u>	<u>5,962,216</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 7,285,605</u>	<u>\$ 7,077,249</u>
Noncash investing activities		
Purchases of construction in process in accounts payable	<u>\$ -</u>	<u>\$ 31,498</u>
Supplemental disclosures		
Cash paid for proxy tax	<u>\$ 21,098</u>	<u>\$ 31,557</u>

See Notes to Consolidated Financial Statements.

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

### Notes to Consolidated Financial Statements April 30, 2020 and 2019

#### 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 certified public accounting profession by serving its members, encouraging high professional and ethical standards, advancing accounting research, providing accounting education, and furthering the interest of the profession. Its mission is 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 further the development of accounting education and the accounting profession in North Carolina.

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 a corporation 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

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

**Notes to Consolidated Financial Statements  
April 30, 2020 and 2019**

point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

**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.

**Receivables**

The Organization records accounts receivable at total unpaid balances for peer review fees and 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:

	<u>2020</u>	<u>2019</u>
Trade	\$ 15,754	\$ 48,827
Royalty and other receivables	1,400	1,350
Other receivables	<u>383</u>	<u>8,382</u>
	<u>\$ 17,537</u>	<u>\$ 58,559</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 specific identification method.

The board of directors designates a portion of net assets without donor restrictions to an operating reserve. At April 30, 2020 and 2019 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.

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

**Notes to Consolidated Financial Statements  
April 30, 2020 and 2019**

At April 30, 2020 and 2019, investments were as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted Investments	\$ 3,330,766	\$ 3,384,975
Unrestricted Investments - Board Designated Operating Reserve	1,400,000	1,400,000
Restricted Investments	395,528	377,892
Restricted Investments - Foundation Board Designated	24,639	-
Restricted Investments - Quasi-Endowment Investment	50,470	-
Restricted Investments - Donor Restricted Endowment Investments	50,470	-
	<u>\$ 5,251,873</u>	<u>\$ 5,162,867</u>

**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 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, 2017 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).

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, 2017 remain open for potential examination.

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

### **Notes to Consolidated Financial Statements April 30, 2020 and 2019**

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, 2017 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.

#### **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**

The Association introduced My Member Community in fiscal year 2017, which included 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. The online portal includes opportunities through Volunteer Match, Connect and Mentor Match. Coupled with more grassroots events, including meetups and small networking groups, NCACPA has expanded from a geographic model to a more unified, collaborative community.

##### **Peer review**

The Association administers 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 students attending North Carolina four-year colleges and universities, as well as community colleges. The Foundation recognizes one

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

### Notes to Consolidated Financial Statements April 30, 2020 and 2019

accounting educator at a North Carolina College or University for demonstrated excellence in classroom teaching, motivating students, educational innovation, and active involvement in activities related to the accounting profession. As part of their recognition, the Foundation provides an award to their school on the educator's behalf.

#### **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, 2020 and 2019. 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 that 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.

#### **Change in accounting principles**

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-18 *Statement of Cash Flows (Topic 230) - Restricted Cash* ("ASU 2016-18") to address diversity in practice with respect to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the statement of financial position and the statement of cash flows. ASU 2016-18 was adopted retrospectively during the year ended April 30, 2020. Consequently, ending cash, cash equivalents and restricted cash as of April 30, 2019 and 2018 was increased from \$1,914,382 to \$7,077,249 and \$1,149,596 to \$5,962,216, respectively.



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

**Notes to Consolidated Financial Statements  
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In June 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-05 (ASU 2020-05), *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which provides for the elective deferrals of the effective dates of Topic 606 and Topic 842 for certain entities. The Organization has elected the adoption of ASU 2020-05.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

**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 \$1,754,040 and \$1,609,572 as of April 30, 2020 and 2019, 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, 2020 and 2019, the limits of protection extended up to \$500,000 for securities, including \$250,000 for cash and cash equivalents. Organization exceeded the insured limits by \$4,124,419 and \$4,277,074 as of April 30, 2020 and 2019, 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, 2019 and 2018, these uninsured funds totaled \$4,678 and \$7,901, respectively.

**Note 4 - Liquidity and availability**

As of April 30, 2020 and 2019, the Organization has \$7,405,822 and \$7,456,463, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$2,033,732 and \$1,914,382, accounts receivable of \$17,537 and \$58,559, investments of \$5,107,818 and \$5,162,867, and prepaid expenses of \$246,735 and \$320,655, respectively.

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

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.

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

**Notes to Consolidated Financial Statements  
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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, 2020 consist of the following:

	<u>Historical cost</u>	<u>Fair value</u>
Bond funds	\$ 1,540,989	\$ 1,639,305
Equity funds	2,811,241	3,569,392
Mutual funds	<u>66,620</u>	<u>43,176</u>
	<u>\$ 4,418,850</u>	<u>\$ 5,251,873</u>

Investments as April 30, 2019 consist of the following:

	<u>Historical cost</u>	<u>Fair value</u>
Bond funds	\$ 2,260,321	\$ 2,283,817
Equity funds	1,877,201	2,262,868
Mutual funds	<u>623,006</u>	<u>616,182</u>
	<u>\$ 4,760,528</u>	<u>\$ 5,162,867</u>

The following summarized the investment return for the fiscal years ended April 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Unrealized gain (loss) on investments	\$ (100,284)	\$ 180,362
Interest and dividends	172,889	145,334
Realized gain on investments	21,006	18,887
Investment fees	<u>(3,107)</u>	<u>(2,852)</u>
	<u>\$ 90,504</u>	<u>\$ 341,731</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 establishes a framework for measuring fair value and expands disclosures about fair value measurements.

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

**Notes to Consolidated Financial Statements  
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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 of 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 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, 2020:

	Level 1	Level 2	Level 3
Bond funds	\$ 1,639,305	\$ -	\$ -
Equity funds	3,569,392	-	-
Mutual funds	43,176	-	-
<b>Total</b>	<b>\$ 5,251,873</b>	<b>\$ -</b>	<b>\$ -</b>

The following table presents assets that are measured at fair value on a recurring basis at April 30, 2019:

	Level 1	Level 2	Level 3
Bond funds	\$ 2,283,817	\$ -	\$ -
Equity funds	2,262,868	-	-
Mutual funds	616,182	-	-
<b>Total</b>	<b>\$ 5,162,867</b>	<b>\$ -</b>	<b>\$ -</b>

**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.

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

**Notes to Consolidated Financial Statements  
April 30, 2020 and 2019**

As of April 30, 2020 and 2019, \$50,145 and \$0, respectively, has been deposited for the deferred compensation plan. The corresponding liability totaled \$91,565 and \$48,300, respectively, as of April 30, 2020 and 2019. The difference between the asset and liability accounts of \$43,265 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 \$191,720 and \$178,851 for the years ended April 30, 2020 and 2019, 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, 2021	\$	5,838
2022		5,838
2023		6,568
		<hr/>
	\$	18,244
		<hr/>

Total rental expense for the years ended April 30, 2020 and 2019 was \$17,411 and \$17,709, respectively.

**Note 10 - Net assets without donor restrictions**

At April 30, 2020 and 2019, the Organization has net assets without donor restrictions of \$6,651,240 and \$6,496,977. Included in net assets without donor restrictions are board designated net assets to be used for a specific purpose. At April 30, 2020 and 2019, net assets without donor restrictions of \$50,470 and \$0, respectively, were designated for quasi-endowment purpose of creating a legacy scholarship in honor of Bill Ezzell. Earnings on the funds are available for spending annually in accordance with the Organization's spending policy (see Note 12). At April 30, 2020 and 2019, net assets without donor restrictions of \$24,640 and \$0, respectively, were designated by the board of directors for future use for the Foundation's mission. Additionally, at April 30, 2020 and 2019, net assets without donor restrictions of \$1,400,000 and \$1,400,000, respectively, were designated by the board of directors to establish an operating reserve.

**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.

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

**Notes to Consolidated Financial Statements  
April 30, 2020 and 2019**

For the years ended April 30, 2020 and 2019, the Association contributed \$6,909 and \$5,335, respectively, to the Fund, all of which were eliminated for financial statement presentation. Additional contributions of \$63,581 and \$37,874 were received during the years ended April 30, 2020 and 2019, respectively. Scholarships totaling \$12,000 and \$16,000 were awarded from the fund during the years ended April 30, 2020 and 2019, respectively.

Net assets with donor restrictions are available for the following purposes at April 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
James L. McCoy, CPA Accounting Scholarship	\$ 290,363	\$ 323,497
Local Area and Committee Scholarship Funds	20,852	20,852
Legacy Scholarship Endowment - restricted in perpetuity	<u>50,470</u>	<u>-</u>
	<u>\$ 361,685</u>	<u>\$ 344,349</u>

**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 be classified as permanently restricted. 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.

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

**Notes to Consolidated Financial Statements  
April 30, 2020 and 2019**

6. Other resources of the Organization.
7. The investment policies of the Organization.

As of April 30, 2020, the Board of Directors of the Legacy Scholarship Program have not formally adopted investment and spending policies for endowment assets. Currently, a draft endowment policy is with the Board of Directors for approval and is expected to be adopted by the next fiscal year. 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.

The Legacy Scholarship Program draft 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 draft 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, 2020 the endowment was established. Changes in the investment portion of the endowment net assets for the year ended April 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, May 1, 2019	\$ -	\$ -	\$ -
Contributions	50,000	50,000	100,000
Changes in beneficial interest in assets, net of expenses	<u>470</u>	<u>470</u>	<u>940</u>
Endowment net assets, April 30, 2020	<u>\$ 50,470</u>	<u>\$ 50,470</u>	<u>\$ 100,940</u>

**Note 13 - Related party transactions**

The Foundation provides educational scholarships and awards to students and educators. 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 \$63,581 and \$37,933 for the fiscal years ending April 30, 2020 and 2019, respectively, all of which were eliminated for financial statement presentation. The Association made contributions to the

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

### Notes to Consolidated Financial Statements April 30, 2020 and 2019

Foundation totaling \$36,150 and \$41,793 during the years ending April 30, 2020 and 2019, 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 \$6,492 and \$0 for the fiscal years ending April 30, 2020 and 2019, respectively, all of which were eliminated for financial statement presentation.

#### Note 14 - Statements of cash flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts in the statements of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,033,732	\$ 1,914,382
Investments	4,730,766	4,784,975
Restricted investments	<u>377,052</u>	<u>377,892</u>
	<u>\$ 7,141,550</u>	<u>\$ 7,077,249</u>

Amounts included in restricted cash are comprised of cash and cash equivalents, investments, and restricted investments.

#### Note 15 - 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 28, 2020 (date which the consolidated financial statements were available to be issued) and concluded that other than the subsequent event discussed below that no subsequent events have occurred that would require either recognition or additional disclosure in the consolidated financial statements.

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 reliably estimate the length or severity of this outbreak and the related financial impact.

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

**Notes to Consolidated Financial Statements  
April 30, 2020 and 2019**

On July 30, 2020, NCACPA entered into a joint venture with Maryland Association of Certified Public Accountants ("MACPA") to incorporate Coastal Peer Review, Inc. The purpose of Coastal Peer Review, Inc. is to administer the American Institute of Certified Public Accountants ("AICPA") Peer Review Program on behalf of NCACPA and MACPA in order to promote and improve higher standards and better methods of accounting by certified public accountants.



## **Supplementary Information**

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

**Consolidating Statement of Financial Position  
April 30, 2020**

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
<b>Assets</b>					
Cash and cash equivalents	\$ 1,811,822	\$ 197,218	24,692	\$ -	\$ 2,033,732
Accounts receivable	17,404	2,504	-	(2,371)	17,537
Investments	4,629,653	101,113	-	-	4,730,766
Prepaid expenses	245,735	1,000	-	-	246,735
Restricted investments - current	-	377,052	-	-	377,052
Building and improvements	2,124,815	-	-	-	2,124,815
Computers and office equipment	1,144,683	-	-	-	1,144,683
Furniture and fixtures	356,955	-	-	-	356,955
Land	249,563	-	-	-	249,563
Vehicle	66,713	-	-	-	66,713
Accumulated depreciation	(2,998,687)	-	-	-	(2,998,687)
Construction in progress	56,331	1,679	-	-	58,010
Restricted investments - noncurrent	43,115	100,940	-	-	144,055
<b>Total assets</b>	<b>\$ 7,748,102</b>	<b>\$ 781,506</b>	<b>\$ 24,692</b>	<b>\$ (2,371)</b>	<b>\$ 8,551,929</b>
<b>Liabilities</b>					
Accounts payable	\$ 289,259	\$ -	\$ -	\$ (2,125)	\$ 287,134
Accounts payable - related party	-	246	-	(246)	-
Deferred revenue	724,156	-	-	-	724,156
Accrued other liabilities	126,762	-	-	-	126,762
Accrued salary and payroll tax liabilities	134,703	-	-	-	134,703
Accrued vacation	111,582	-	-	-	111,582
Accrued retirement	63,102	-	-	-	63,102
Deferred compensation liability	91,565	-	-	-	91,565
<b>Total liabilities</b>	<b>1,541,129</b>	<b>246</b>	<b>-</b>	<b>(2,371)</b>	<b>1,539,004</b>
<b>Net assets</b>					
Net assets without donor restrictions	6,206,973	392,770	24,692	26,805	6,651,240
Net assets with donor restrictions	-	388,490	-	(26,805)	361,685
<b>Total net assets</b>	<b>6,206,973</b>	<b>781,260</b>	<b>24,692</b>	<b>-</b>	<b>7,012,925</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,748,102</b>	<b>\$ 781,506</b>	<b>\$ 24,692</b>	<b>\$ (2,371)</b>	<b>\$ 8,551,929</b>

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

**Consolidating Statement of Financial Position  
April 30, 2019**

	<u>NCACPA</u>	<u>NC CPA Foundation</u>	<u>Eliminations</u>	<u>Consolidated NCACPA</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,745,400	\$ 168,982	\$ -	\$ 1,914,382
Accounts receivable	63,496	1,235	(6,172)	58,559
Investments	4,546,685	238,290	-	4,784,975
Prepaid expenses	320,655	-	-	320,655
Restricted investments - current	-	377,892	-	377,892
Building and improvements	2,124,779	-	-	2,124,779
Computers and office equipment	1,120,664	-	-	1,120,664
Furniture and fixtures	340,906	-	-	340,906
Land	249,563	-	-	249,563
Vehicle	56,081	-	-	56,081
Accumulated depreciation	(2,860,674)	-	-	(2,860,674)
Construction in progress	200,013	4,860	-	204,873
	<u>\$ 7,907,568</u>	<u>\$ 791,259</u>	<u>\$ (6,172)</u>	<u>\$ 8,692,655</u>
<b>Total assets</b>				
<b>Liabilities</b>				
Accounts payable	\$ 57,859	\$ -	\$ (1,180)	\$ 56,679
Accounts payable - related party	-	4,992	(4,992)	-
Deferred revenue	1,104,591	-	-	1,104,591
Accrued other liabilities	374,665	-	-	374,665
Accrued salary and payroll tax liabilities	117,989	-	-	117,989
Accrued vacation	89,071	-	-	89,071
Accrued retirement	60,034	-	-	60,034
Deferred compensation liability	48,300	-	-	48,300
	<u>1,852,509</u>	<u>4,992</u>	<u>(6,172)</u>	<u>1,851,329</u>
<b>Total liabilities</b>				
<b>Net assets</b>				
Net assets without donor restrictions	6,055,059	422,022	19,896	6,496,977
Net assets with donor restrictions	-	364,245	(19,896)	344,349
	<u>6,055,059</u>	<u>786,267</u>	<u>-</u>	<u>6,841,326</u>
<b>Total net assets</b>				
<b>Total liabilities and net assets</b>	<u>\$ 7,907,568</u>	<u>\$ 791,259</u>	<u>\$ (6,172)</u>	<u>\$ 8,692,655</u>

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, 2020**

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
Revenues and other support					
Professional education	\$ 5,689,574	\$ -	\$ -	\$ -	\$ 5,689,574
Membership dues	2,362,750	-	-	-	2,362,750
Peer review administration fees	266,055	-	-	-	266,055
Advertising, sponsorships, and other income	226,007	-	42,681	-	268,688
Member engagement	34,750	-	-	-	34,750
My member community	37,305	-	-	-	37,305
Foundation contributions	-	208,028	-	(43,059)	164,969
In-kind contribution - related party	-	63,581	6,492	(70,073)	-
Investment return	127,580	(37,076)	-	-	90,504
PAC contributions	-	-	22,943	-	22,943
	<u>8,744,021</u>	<u>234,533</u>	<u>72,116</u>	<u>(113,132)</u>	<u>8,937,538</u>
Total revenues and other support					
Expenses					
Materials, speakers, and site expenses	3,103,181	1,576	-	-	3,104,757
Personnel expenses	3,128,158	-	-	-	3,128,158
Printing, postage & emarketing	166,047	6,694	-	-	172,741
Depreciation	366,891	-	-	-	366,891
Bank and merchant fees	233,778	1,258	-	-	235,036
Peer review expenses	132,707	-	-	-	132,707
Building expenses	134,534	-	-	-	134,534
Technology support	504,149	-	-	-	504,149
Staff travel	106,136	-	-	-	106,136
Professional services	102,010	14,702	-	-	116,712
Scholarships and gifts	-	151,729	-	-	151,729
Related party contributions	43,059	-	-	(43,059)	-
Leadership summit	52,930	-	-	-	52,930
Committee expenses	55,723	-	-	-	55,723
Office equipment rental and repairs	58,940	-	-	-	58,940
Board and officer expenses	44,242	-	-	-	44,242
New CPA Inauguration	64,714	-	-	-	64,714
Member engagement	10,635	-	-	-	10,635
Office supplies and expense	23,078	-	-	-	23,078
Telecommunications	37,950	-	-	-	37,950
Staff training	154,375	-	-	-	154,375
Business insurance	18,523	-	-	-	18,523
Unrelated business income and proxy tax	8,998	-	-	-	8,998
Campaign contributions	-	-	40,932	-	40,932
Dues and subscriptions	41,112	-	-	-	41,112
Student recruitment	237	-	-	-	237
In-kind management fee - related party	-	63,581	6,492	(70,073)	-
	<u>8,592,107</u>	<u>239,540</u>	<u>47,424</u>	<u>(113,132)</u>	<u>8,765,939</u>
Total expenses					
Excess (deficiency) of revenues over expenses	151,914	(5,007)	24,692	-	171,599
Net assets at beginning of year	<u>6,055,059</u>	<u>786,267</u>	<u>-</u>	<u>-</u>	<u>6,841,326</u>
Net assets at end of year	<u>\$ 6,206,973</u>	<u>\$ 781,260</u>	<u>\$ 24,692</u>	<u>\$ -</u>	<u>\$ 7,012,925</u>

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

**Consolidating Statement of Activities and Changes in Net Assets  
Year Ended April 30, 2019**

	NCACPA	NC CPA Foundation	Eliminations	Consolidated NCACPA
Revenues and other support				
Professional education	\$ 5,794,285	\$ -	\$ -	\$ 5,794,285
Membership dues	2,353,056	-	-	2,353,056
Peer review administration fees	280,228	-	-	280,228
Advertising, sponsorships, and other income	208,837	-	-	208,837
Member engagement	-	-	-	-
My member community	33,123	-	-	33,123
Foundation contributions	-	184,680	(47,128)	137,552
In-kind contribution - related party	-	37,933	(37,933)	-
Investment return	302,727	39,004	-	341,731
	<u>8,972,256</u>	<u>261,617</u>	<u>(85,061)</u>	<u>9,148,812</u>
Total revenues and other support				
Expenses				
Materials, speakers, and site expenses	3,228,599	723	-	3,229,322
Personnel expenses	2,967,089	-	-	2,967,089
Printing, postage and emarketing	187,073	2,410	-	189,483
Depreciation	432,555	-	-	432,555
Bank and merchant fees	245,929	325	-	246,254
Peer review expenses	163,872	-	-	163,872
Building expenses	131,802	-	-	131,802
Technology support	298,468	-	-	298,468
Staff travel	107,596	-	-	107,596
Professional services	148,534	6,185	-	154,719
Scholarships and gifts	5,084	142,564	-	147,648
Related party contributions	47,128	-	(47,128)	-
Leadership summit	55,166	-	-	55,166
Committee expenses	39,745	-	-	39,745
Office equipment rental and repairs	56,837	-	-	56,837
Board and officer expenses	31,299	-	-	31,299
New CPA Inauguration	66,226	-	-	66,226
Member engagement	5,080	-	-	5,080
Office supplies and expense	26,779	-	-	26,779
Telecommunications	49,184	-	-	49,184
Staff training	90,346	-	-	90,346
Business insurance	19,162	-	-	19,162
Unrelated business income and proxy tax	31,557	-	-	31,557
Image enhancement	2,159	-	-	2,159
Dues and subscriptions	24,840	-	-	24,840
Student recruitment	2,146	-	-	2,146
In-kind management fee - related party	-	37,933	(37,933)	-
	<u>8,464,255</u>	<u>190,140</u>	<u>(85,061)</u>	<u>8,569,334</u>
Total expenses				
Excess (deficiency) of revenues over expenses	508,001	71,477	-	579,478
Net assets at beginning of year	5,547,058	714,790	-	6,261,848
Net assets at end of year	<u>\$ 6,055,059</u>	<u>\$ 786,267</u>	<u>\$ -</u>	<u>\$ 6,841,326</u>

See Independent Auditor's Report.



**Independent Member of Nexia International**

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