

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

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

**April 30, 2021 and 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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 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  
December 10, 2021

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

**Consolidated Statements of Financial Position  
April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,381,034	\$ 2,033,732
Accounts receivable	211,107	17,537
Investments	5,862,090	4,730,766
Prepaid expenses	405,156	246,735
Restricted investments	<u>501,444</u>	<u>377,052</u>
Total current assets	<u>10,360,831</u>	<u>7,405,822</u>
Property and equipment		
Building and improvements	2,106,692	2,124,815
Computers and office equipment	971,802	1,146,362
Furniture and fixtures	342,970	356,955
Land	249,563	249,563
Vehicles	<u>66,713</u>	<u>66,713</u>
	3,737,740	3,944,408
Less accumulated depreciation	<u>(2,941,030)</u>	<u>(2,998,687)</u>
	796,710	945,721
Construction in progress	<u>26,981</u>	<u>56,331</u>
Total property and equipment	<u>823,691</u>	<u>1,002,052</u>
Other long-term assets		
Restricted investments - noncurrent	228,356	144,055
Investment in unconsolidated entities	<u>15,823</u>	<u>-</u>
Total other long-term assets	<u>244,179</u>	<u>144,055</u>
Total assets	<u><u>\$ 11,428,701</u></u>	<u><u>\$ 8,551,929</u></u>

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

**Consolidated Statements of Financial Position  
April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 228,075	\$ 287,134
Deferred revenue	887,940	724,156
Accrued other liabilities	88,059	126,762
Accrued salary and payroll tax liabilities	134,699	134,703
Accrued vacation	125,156	111,582
Accrued retirement	<u>57,305</u>	<u>63,102</u>
Total current liabilities	<u>1,521,234</u>	<u>1,447,439</u>
Noncurrent liabilities		
Deferred compensation liability	155,155	91,565
PPP loan	<u>485,327</u>	<u>-</u>
Total noncurrent liabilities	<u>640,482</u>	<u>91,565</u>
Total liabilities	<u>2,161,716</u>	<u>1,539,004</u>
Net assets		
Net assets without donor restrictions	8,776,117	6,651,240
Net assets with donor restrictions	<u>490,868</u>	<u>361,685</u>
Total net assets	<u>9,266,985</u>	<u>7,012,925</u>
Total liabilities and net assets	<u>\$ 11,428,701</u>	<u>\$ 8,551,929</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, 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
	8,732,185	145,183	8,877,368
Net assets released from restrictions	16,000	(16,000)	-
Total revenues and other support	8,748,185	129,183	8,877,368
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	6,623,308	-	6,623,308
Changes in net assets	2,124,877	129,183	2,254,060
Net assets at beginning of year	6,651,240	361,685	7,012,925
Net assets at end of year	\$ 8,776,117	\$ 490,868	\$ 9,266,985

**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
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>

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, 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

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

## Consolidated Statement of Functional Expenses Year Ended April 30, 2020

	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	\$ 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
Image enhancement	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	17,036	9,570	277	277	277	-	-	27,437	13,673	41,110
Campaign contributions	-	-	-	-	-	-	40,932	40,932	-	40,932
	\$ 4,363,463	\$ 1,329,777	\$ 79,181	\$ 230,855	\$ 160,617	\$ 175,959	\$ 40,932	\$ 6,380,784	\$ 2,385,155	\$ 8,765,939

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Changes in net assets	\$ 2,254,060	\$ 171,599
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	262,303	366,312
Loss on disposal of assets	-	579
Unrealized (gain) loss on investments	(15,290)	5,035
(Gain)/losses on unconsolidated entities	(15,823)	-
Net changes in assets and liabilities that provided (used) cash		
Accounts receivable	(193,570)	41,022
Prepaid expenses	(158,421)	73,920
Accounts payable	(59,059)	230,455
Deferred revenue	163,784	(380,435)
Accrued retirement	(5,797)	3,068
Accrued salary	(4)	16,714
Accrued vacation	13,574	22,511
Accrued other liabilities	(38,703)	(247,903)
Deferred compensation liability	63,590	43,265
	<u>2,270,644</u>	<u>346,142</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of investments	(50,145)	(48,150)
Purchases of property and equipment	(83,942)	(132,751)
	<u>(134,087)</u>	<u>(180,901)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from PPP loan	485,327	-
	<u>485,327</u>	<u>-</u>
Net cash provided by financing activities		
Net increase in cash, cash equivalents, and restricted cash	2,621,884	165,241
Cash, cash equivalents, and restricted cash at beginning of year	<u>7,242,490</u>	<u>7,077,249</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 9,864,374</u>	<u>\$ 7,242,490</u>
Supplemental disclosures		
Cash paid for proxy tax	<u>\$ 23,100</u>	<u>\$ 21,098</u>

See Notes to Consolidated Financial Statements.

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

## **Notes to Consolidated Financial Statements April 30, 2021 and 2020**

### **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, 2021 and 2020**

**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:

	2021	2020
Trade	\$ 12,770	\$ 15,754
Royalty and other receivables	1,200	1,400
ERC receivable	196,000	-
Other receivables	1,137	383
	<u>\$ 211,107</u>	<u>\$ 17,537</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 investments to an operating reserve and for a strategic initiatives reserve. At April 30, 2021 and 2020 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, 2021 and 2020 the strategic initiatives reserve was \$1,331,226, and \$198,703, respectively. These funds may be drawn upon to support the strategic mission of Organization.

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

## Notes to Consolidated Financial Statements April 30, 2021 and 2020

At April 30, 2021 and 2020, investments were as follows:

	2021	2020
Unrestricted Investments	\$ 3,130,864	\$ 3,132,063
Unrestricted Investments - Board Designated Operating Reserve	1,400,000	1,400,000
Unrestricted Investments - Board Designated Strategic Initiatives	1,331,226	198,703
Restricted Investments	579,523	395,528
Restricted Investments - Foundation Board Designated	30,471	24,639
Restricted Investments - Foundation Board Designated - Endowed Investment	59,903	50,470
Restricted Investments - Donor Restricted Endowment Investments	59,903	50,470
	<u>\$ 6,591,890</u>	<u>\$ 5,251,873</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 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, 2018 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, 2021 and 2020**

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, 2018 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, 2018 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**

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.

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

### **Notes to Consolidated Financial Statements April 30, 2021 and 2020**

#### **Peer review**

The Association 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, 2021 and 2020. 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.



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

**Notes to Consolidated Financial Statements  
April 30, 2021 and 2020**

**Change in accounting principles**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). Effective April 2021, the Organization adopted ASU 2014-09 on a retrospective basis. The modifications under ASU 2014-09 were applied to all of the Organization's contracts with customers. No practical expedients were applied. The majority of the Organization's revenue is derived from professional education and membership dues revenue. Other revenue streams are made up of peer review, advertising, and sponsorship revenue. Accordingly, adoption of the new guidance had a minimal to no impact since substantially all of the Organization's contracts with customers do not have more than one performance obligation. Additionally, all performance obligations are typically completed during the fiscal year. Therefore, adoption of ASU 2014-09 had no impact on the recognition of revenue of the Organization during the periods presented or on the opening balances of net assets as of May 1, 2020 and 2019, respectively.

**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 \$2,966,702 and \$1,561,822 as of April 30, 2021 and 2020, 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, 2021 and 2020, 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 \$5,975,813 and \$4,704,019 as of April 30, 2021 and 2020, 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, 2021 and 2020, these uninsured funds totaled \$7,527 and \$4,678, respectively.

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

**Notes to Consolidated Financial Statements  
April 30, 2021 and 2020**

**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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,381,034	\$ 2,033,732
Accounts receivable	211,107	17,537
Investments	<u>6,363,534</u>	<u>5,107,818</u>
 Total financial assets available within one year	 9,955,675	 7,159,087
 Less:		
Net assets with donor restrictions	<u>490,868</u>	<u>361,685</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 9,464,807</u>	 <u>\$ 6,797,402</u>

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.

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, 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	<u>3,200</u>	<u>3,200</u>
	 <u>\$ 5,337,083</u>	 <u>\$ 6,591,890</u>

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

**Notes to Consolidated Financial Statements**  
**April 30, 2021 and 2020**

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	66,620	43,176
	<u>\$ 4,418,850</u>	<u>\$ 5,251,873</u>

The following summarized the investment return for the fiscal years ended April 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Unrealized gain (loss) on investments	\$ 1,113,095	\$ (100,284)
Interest and dividends	109,823	172,889
Realized gain on investments	31,620	21,006
Investment fees	(1,403)	(3,107)
	<u>\$ 1,253,135</u>	<u>\$ 90,504</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.

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 based on the lowest level input that is significant to the fair value measurement in its entirety.

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

## Notes to Consolidated Financial Statements April 30, 2021 and 2020

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

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

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	-	-
Total	<u>\$ 5,251,873</u>	<u>\$ -</u>	<u>\$ -</u>

### 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, 2021 and 2020, \$98,295 and \$48,150, respectively, has been deposited for the deferred compensation plan. The corresponding liability totaled \$155,155 and \$91,565, respectively, as of April 30, 2021 and 2020. 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 \$193,197 and \$191,720 for the years ended April 30, 2021 and 2020, respectively.

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

**Notes to Consolidated Financial Statements**  
**April 30, 2021 and 2020**

**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, 2022	\$	5,838
2023		<u>6,568</u>
	\$	<u>12,406</u>

Total rental expense for the years ended April 30, 2021 and 2020 was \$17,908 and \$17,411, respectively.

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

At April 30, 2021 and 2020, the Organization has net assets without donor restrictions of \$8,776,117 and \$6,651,240. At April 30, 2021 and 2020, net assets without donor restrictions were as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 5,960,600	\$ 4,977,657
Board Designated Operating Reserve	1,400,000	1,400,000
Board Designated Strategic Initiatives	1,331,226	198,703
Foundation Board Designated - Endowment	59,881	50,470
Foundation Board Designated - Mission Advancement	<u>24,410</u>	<u>24,410</u>
	<u>\$ 8,776,117</u>	<u>\$ 6,651,240</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, 2021 and 2020, the Association contributed \$3,226 and \$6,909, respectively, to the Foundation, all of which were eliminated for financial statement presentation. Scholarships totaling \$13,500 and \$12,000 were awarded from the Foundation during the years ended April 30, 2021 and 2020, respectively.

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

**Notes to Consolidated Financial Statements  
April 30, 2021 and 2020**

Net assets with donor restrictions are available for the following purposes at April 30, 2021 and 2020:

	2021	2020
James L. McCoy, CPA Accounting Scholarship	\$ 410,113	\$ 290,363
Local Area and Committee Scholarship Funds	20,852	20,852
Legacy Scholarship Endowment - restricted in perpetuity	59,903	50,470
	<u>\$ 490,868</u>	<u>\$ 361,685</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.
6. Other resources of the Organization.
7. The investment policies of the Organization.

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

**Notes to Consolidated Financial Statements  
April 30, 2021 and 2020**

As of April 30, 2021, 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.

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, 2020 the endowment was established. Changes in the investment portion of the endowment net assets for the year ended April 30, 2021 and 2020 is as follows:

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

**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 \$40,066 and

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

## Notes to Consolidated Financial Statements April 30, 2021 and 2020

\$63,581 for the fiscal years ending April 30, 2021 and 2020, respectively, all of which were eliminated for financial statement presentation. The Association made contributions to the Foundation totaling \$3,226 and \$36,150 during the years ending April 30, 2021 and 2020, 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 \$2,000 and \$6,492 for the fiscal years ending April 30, 2021 and 2020, 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:

	2020	2019
Cash and cash equivalents	\$ 3,381,034	\$ 2,033,732
Investments	5,862,090	4,730,766
Restricted investments	621,250	477,992
	<u>\$ 9,864,374</u>	<u>\$ 7,242,490</u>

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

### Note 15 - 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 not submitted its application for PPP Loan forgiveness as of April 30, 2021 but expects to do so in fiscal year 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, breached 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 judgement against the Organization.



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

**Notes to Consolidated Financial Statements  
April 30, 2021 and 2020**

Future minimum principal maturities of notes payable are as follows:

Year ending April 30:	
2022	\$ -
2023	113,542
2024	125,056
2025	136,905
2026	109,824
Thereafter	-
	<hr/>
Total maturities	<u>\$ 485,327</u>

**Employee Retention Credit**

For the year ended April 30, 2021, 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, 2021 and 2020, \$336,000 and \$0, respectively, were recoded as revenue on the statement of activities and changes in net assets. As of April 30, 2021 and 2020, \$196,000 and \$0, respectively, remain receivable and included in accounts receivable on the statement of financial position.

**Note 16 - 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 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 our operations continue for an extended period of time, we may have to seek alternative measures to finance our 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 17 - 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 December 10, 2021 (date which the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require either recognition or additional disclosure in the consolidated financial statements.

## **Supplementary Information**

**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
<b>Assets</b>					
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
<b>Total assets</b>	<b>\$ 10,510,163</b>	<b>\$ 914,586</b>	<b>\$ 12,912</b>	<b>\$ (8,960)</b>	<b>\$ 11,428,701</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>2,170,097</b>	<b>579</b>	<b>-</b>	<b>(8,960)</b>	<b>2,161,716</b>
<b>Net assets</b>					
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
<b>Total net assets</b>	<b>8,340,066</b>	<b>914,007</b>	<b>12,912</b>	<b>-</b>	<b>9,266,985</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,510,163</b>	<b>\$ 914,586</b>	<b>\$ 12,912</b>	<b>\$ (8,960)</b>	<b>\$ 11,428,701</b>

**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	1,679	-	-	1,146,362
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	-	-	-	56,331
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>

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, 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
Other 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 & 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

# 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
Total revenues and other support	8,744,021	234,533	72,116	(113,132)	8,937,538
Expenses					
Materials, speakers, and site expenses	3,103,181	1,576	-	-	3,104,757
Personnel expenses	3,128,158	-	-	-	3,128,158
Printing, postage and 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)	-
Total expenses	8,592,107	239,540	47,424	(113,132)	8,765,939
Excess (deficiency) of revenues over expenses	151,914	(5,007)	24,692	-	171,599
Net assets at beginning of year	6,055,059	786,267	-	-	6,841,326
Net assets at end of year	\$ 6,206,973	\$ 781,260	\$ 24,692	\$ -	\$ 7,012,925

See Independent Auditor's Report.



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