

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

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

**April 30, 2024 and 2023**

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

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## Independent Auditor's Report

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

### *Opinion*

We have audited the accompanying consolidated financial statements of North Carolina Association of Certified Public Accountants, Inc. and Affiliates, which comprise the consolidated statements of financial position as of April 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, consolidated statements of functional expenses, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of North Carolina Association of Certified Public Accountants, Inc. and Affiliates as of April 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of North Carolina Association of Certified Public Accountants, Inc. and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Carolina Association of Certified Public Accountants, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities and changes in net assets are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, net assets, and cash flows of the individual companies and are 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 17, 2024

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

**Consolidated Statements of Financial Position  
April 30, 2024 and 2023**

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,223,097	\$ 2,437,927
Accounts and pledges receivable	73,743	264,649
Investments	6,097,022	5,480,943
Prepaid expenses	213,883	215,499
Restricted investments	<u>553,629</u>	<u>679,284</u>
Total current assets	<u>8,161,374</u>	<u>9,078,302</u>
Property and equipment		
Building and improvements	2,113,209	2,112,162
Computers and office equipment	1,555,762	1,514,722
Furniture and fixtures	322,282	346,429
Land	249,563	249,563
Vehicles	<u>66,713</u>	<u>66,713</u>
	4,307,529	4,289,589
Less accumulated depreciation	<u>(3,551,784)</u>	<u>(3,404,957)</u>
	755,745	884,632
Construction in progress	<u>63,214</u>	<u>64,510</u>
Total property and equipment	<u>818,959</u>	<u>949,142</u>
Other long-term assets		
Restricted investments - noncurrent	111,756	101,321
Investment in unconsolidated entities	<u>12,267</u>	<u>14,777</u>
Total other long-term assets	<u>124,023</u>	<u>116,098</u>
Total assets	<u><u>\$ 9,104,356</u></u>	<u><u>\$ 10,143,542</u></u>

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

**Consolidated Statements of Financial Position  
April 30, 2024 and 2023**

Liabilities and Net Assets

	<u>2024</u>	<u>2023</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 121,312	\$ 281,558
Deferred revenue	396,431	846,987
Accrued other liabilities	152,523	90,133
Accrued salary and payroll tax liabilities	111,571	86,942
Accrued vacation	121,481	133,674
Accrued retirement	79,742	66,969
Deferred compensation liability	<u>-</u>	<u>242,899</u>
Total current liabilities	<u>983,060</u>	<u>1,749,162</u>
Noncurrent liabilities		
Deferred compensation liability	<u>46,800</u>	<u>23,400</u>
Total noncurrent liabilities	<u>46,800</u>	<u>23,400</u>
Total liabilities	<u>1,029,860</u>	<u>1,772,562</u>
Net assets		
Net assets without donor restrictions	7,496,693	7,909,081
Net assets with donor restrictions	<u>577,803</u>	<u>461,899</u>
Total net assets	<u>8,074,496</u>	<u>8,370,980</u>
Total liabilities and net assets	<u>\$ 9,104,356</u>	<u>\$ 10,143,542</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, 2024**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues and other support			
Professional education	\$ 4,096,020	\$ -	\$ 4,096,020
Membership dues	2,398,278	-	2,398,278
Advertising, sponsorships and other income	208,419	-	208,419
My Member Community	280	-	280
Foundation contributions	173,239	20,352	193,591
Investment return	648,776	48,543	697,319
PAC contributions	75,214	-	75,214
Loss on investment in unconsolidated entities	(2,510)	-	(2,510)
	<u>7,597,716</u>	<u>68,895</u>	<u>7,666,611</u>
Net assets released from restrictions	(47,009)	47,009	-
	<u>7,550,707</u>	<u>115,904</u>	<u>7,666,611</u>
Expenses			
Program services			
Professional education	3,674,001	-	3,674,001
Communications and member services	1,451,589	-	1,451,589
My Member Community	63,519	-	63,519
Government relations	292,038	-	292,038
NC CPA Foundation	139,280	-	139,280
PAC	61,620	-	61,620
	<u>5,682,047</u>	<u>-</u>	<u>5,682,047</u>
Total program services			
Support services			
Management	2,281,048	-	2,281,048
	<u>7,963,095</u>	<u>-</u>	<u>7,963,095</u>
Total expenses			
Changes in net assets	(412,388)	115,904	(296,484)
Net assets at beginning of year	<u>7,909,081</u>	<u>461,899</u>	<u>8,370,980</u>
Net assets at end of year	<u>\$ 7,496,693</u>	<u>\$ 577,803</u>	<u>\$ 8,074,496</u>

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

**Consolidated Statement of Activities and Changes in Net Assets  
Year Ended April 30, 2023**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenues and other support			
Professional education	\$ 4,538,320	\$ -	\$ 4,538,320
Membership dues	2,266,101	-	2,266,101
Advertising, sponsorships and other income	164,142	-	164,142
My Member Community	6,386	-	6,386
Foundation contributions	82,866	2,150	85,016
Investment return	46,986	17,002	63,988
PAC contributions	73,630	-	73,630
Loan forgiveness	485,327	-	485,327
Gain on investment in unconsolidated entities	1,994	-	1,994
	<u>7,665,752</u>	<u>19,152</u>	<u>7,684,904</u>
Net assets released from restrictions	<u>8,821</u>	<u>(8,821)</u>	<u>-</u>
Total revenues and other support	<u>7,674,573</u>	<u>10,331</u>	<u>7,684,904</u>
Expenses			
Program services			
Professional education	3,347,539	-	3,347,539
Communications and member services	1,196,910	-	1,196,910
My Member Community	72,834	-	72,834
Government relations	236,393	-	236,393
NC CPA Foundation	117,821	-	117,821
PAC	56,500	-	56,500
Total program services	<u>5,027,997</u>	<u>-</u>	<u>5,027,997</u>
Support services			
Management	<u>2,696,532</u>	<u>-</u>	<u>2,696,532</u>
Total expenses	<u>7,724,529</u>	<u>-</u>	<u>7,724,529</u>
Changes in net assets	(49,956)	10,331	(39,625)
Net assets at beginning of year	<u>7,959,037</u>	<u>451,568</u>	<u>8,410,605</u>
Net assets at end of year	<u>\$ 7,909,081</u>	<u>\$ 461,899</u>	<u>\$ 8,370,980</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, 2024

	Program services						Support services		
	Professional education	Communications and member services	My Member Community	Government relations	Foundation	PAC	Total	Management	Total
Materials, speakers, and site expenses	\$ 2,301,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,301,473	\$ -	\$ 2,301,473
Personnel expenses	842,432	772,229	35,101	140,405	-	-	1,790,167	1,719,965	3,510,132
Printing, postage & emarketing	10,589	104,358	-	-	4,215	-	119,162	441	119,603
Depreciation	74,851	67,833	4,678	9,356	-	-	156,718	77,190	233,908
Bank and merchant fees	102,601	68,158	-	-	2,091	-	172,850	23,281	196,131
Building expenses	39,133	35,464	2,446	4,892	-	-	81,935	40,356	122,291
Technology support	173,217	238,989	9,585	23,556	1,750	-	447,097	179,129	626,226
Staff travel	11,896	27,523	92	9,649	-	-	49,160	62,773	111,933
Professional services	57,391	52,011	3,587	70,384	-	-	183,373	59,185	242,558
Scholarships and contributions	-	-	-	-	131,000	-	131,000	2,157	133,157
Resource & networking groups	1,064	10,290	-	2,431	-	-	13,785	-	13,785
Office equipment rental and repairs	4,138	3,750	259	517	-	-	8,664	4,267	12,931
Board and officer expenses	28,187	25,544	1,762	3,523	86	-	59,102	29,067	88,169
Member engagement	-	14,195	4,981	-	-	-	19,176	-	19,176
Office supplies and expense	5,059	6,049	304	608	138	-	12,158	8,150	20,308
Telecommunications	7,960	7,213	497	995	-	-	16,665	8,208	24,873
Staff training	6,556	8,002	72	2,643	-	-	17,273	32,373	49,646
Business insurance	-	-	-	-	-	-	-	27,419	27,419
R&D	-	2,400	-	-	-	-	2,400	-	2,400
Unrelated business income and proxy tax	-	-	-	23,000	-	-	23,000	-	23,000
Campaign Contributions	-	-	-	-	-	61,620	61,620	-	61,620
Dues and subscriptions	7,454	7,581	155	79	-	-	15,269	7,087	22,356
	\$ 3,674,001	\$ 1,451,589	\$ 63,519	\$ 292,038	\$ 139,280	\$ 61,620	\$ 5,682,047	\$ 2,281,048	\$ 7,963,095

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

## Consolidated Statement of Functional Expenses Year Ended April 30, 2023

	Program services						Support services		
	Professional education	Communications and member services	My Member Community	Government relations	Foundation	PAC	Total	Management	Total
Materials, speakers and site expenses	\$ 2,212,325	\$ -	\$ 12,685	\$ -	\$ -	\$ -	\$ 2,225,010	\$ -	\$ 2,225,010
Personnel expenses	602,078	668,975	33,449	100,346	-	-	1,404,848	1,940,028	3,344,876
Printing, postage and emarketing	20,856	98,999	-	8,319	353	-	128,527	798	129,325
Depreciation	63,777	54,666	4,556	6,833	-	-	129,832	97,943	227,775
Bank and merchant fees	97,046	52,967	-	-	5,303	-	155,316	26,684	182,000
Building expenses	37,913	32,496	2,708	4,062	-	-	77,179	58,223	135,402
Technology support	188,275	161,379	13,448	24,348	-	-	387,450	289,137	676,587
Staff travel	28,494	18,598	-	2,602	-	-	49,694	49,439	99,133
Professional services	31,798	27,256	2,271	56,779	-	-	118,104	91,422	209,526
Scholarships and gifts	-	-	-	-	110,000	-	110,000	1,126	111,126
Resource and networking groups	975	9,129	-	1,393	-	-	11,497	-	11,497
Office equipment rental and repairs	4,315	3,698	308	462	-	-	8,783	6,626	15,409
Board and officer expenses	34,979	29,982	2,498	3,748	82	-	71,289	53,717	125,006
Member engagement	-	6,356	-	-	-	-	6,356	-	6,356
Office supplies and expense	5,736	4,097	184	276	2,083	-	12,376	6,129	18,505
Telecommunications	7,322	6,276	523	785	-	-	14,906	11,245	26,151
Staff training	6,299	13,830	133	1,033	-	-	21,295	17,896	39,191
Business insurance	-	-	-	-	-	-	-	24,625	24,625
R&D	-	-	-	-	-	-	-	12,246	12,246
Unrelated business income and proxy tax	-	-	-	25,300	-	-	25,300	-	25,300
Campaign contributions	-	-	-	-	-	56,500	56,500	-	56,500
Dues and subscriptions	5,351	8,206	71	107	-	-	13,735	9,248	22,983
	\$ 3,347,539	\$ 1,196,910	\$ 72,834	\$ 236,393	\$ 117,821	\$ 56,500	\$ 5,027,997	\$ 2,696,532	\$ 7,724,529

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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Changes in net assets	\$ (296,484)	\$ (39,625)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	233,908	227,775
Loss on disposal of assets	9,473	-
Unrealized (gain) loss on investments	(470,926)	87,793
Loss (gain) on unconsolidated entities	2,510	(1,994)
Forgiveness of PPP loan	-	(485,327)
Net changes in assets and liabilities		
Accounts receivable	190,906	338,572
Prepaid expenses	1,616	18,744
Accounts payable	(160,246)	45,767
Deferred revenue	(450,556)	(427,409)
Accrued retirement	12,773	5,910
Accrued salary	24,629	(78,412)
Accrued vacation	(12,193)	22,083
Accrued other liabilities	62,390	(77,994)
Deferred compensation liability	(219,499)	70,565
Net cash used in operating activities	<u>(1,071,699)</u>	<u>(293,552)</u>
Cash flows from investing activities		
Purchases of investments	(209,978)	(196,188)
Proceeds from investments	180,045	15,055
Purchases of property and equipment	<u>(113,198)</u>	<u>(427,570)</u>
Net cash used in investing activities	<u>(143,131)</u>	<u>(608,703)</u>
Net decrease in cash and cash equivalents	(1,214,830)	(902,255)
Cash and cash equivalents, at beginning of year	<u>2,437,927</u>	<u>3,340,182</u>
Cash and cash equivalents, at end of year	<u>\$ 1,223,097</u>	<u>\$ 2,437,927</u>
Noncash investing activities		
Purchases of property and equipment in accounts payable	<u>\$ -</u>	<u>\$ 91,481</u>
Supplemental disclosures		
Cash paid for proxy tax	<u>\$ 25,300</u>	<u>\$ 21,000</u>

See Notes to Consolidated Financial Statements.

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

## **Notes to Consolidated Financial Statements April 30, 2024 and 2023**

### **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, Inc. ("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 consolidated financial statements are prepared on the accrual basis of accounting.

#### **Basis of presentation and net assets**

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. Program service expenses must be segregated from management and general expenses. Contributions received are recorded as support without donor restrictions or with donor restrictions. Net assets without donor restrictions are those that have no external restrictions. Net assets with donor restrictions are those net assets for which use is limited by donors to a specific time period and/or purpose or for which use is restricted in perpetuity by donors.

#### **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.

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

## Notes to Consolidated Financial Statements April 30, 2024 and 2023

### 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.

### Cash and cash equivalents

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

### Accounts and pledges receivables

The Organization records accounts receivable at total unpaid balances for onsite continuing professional education courses, which approximates estimated fair value. The Organization records pledges and unconditional promises to give at estimated net realizable value. Pledges with payments due in future periods are discontinued to present value and are reported as revenue with donor restrictions. At year end, the Organization determined that all receivables were collectible.

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

	2024	2023
Trade receivable	\$ 21,200	\$ 42,543
Pledges receivable	30,000	-
Employee Retention Tax Credit receivable	-	192,054
Other receivables	22,543	30,052
	<u>\$ 73,743</u>	<u>\$ 264,649</u>

As of April 30, 2024, future pledge payments are as follows:

2025	\$ 30,000
2026	-
2027	-
2028	-
2029	-
	<u>\$ 30,000</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 consolidated statements of financial position.

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

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

## Notes to Consolidated Financial Statements April 30, 2024 and 2023

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

The Board of Directors designates a portion of investments to an operating reserve and for a strategic initiatives reserve. At April 30, 2024 and 2023 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, 2024 and 2023 the strategic initiatives reserve was \$1,056,930 and \$1,205,763, respectively. These funds may be drawn upon to support the strategic mission of the Organization.

At April 30, 2024 and 2023, investments were as follows:

	2024	2023
Unrestricted Investments	\$ 3,640,092	\$ 2,875,180
Unrestricted Investments - Board Designated Operating Reserve	1,400,000	1,400,000
Unrestricted Investments - Board Designated Strategic Initiatives	1,056,930	1,205,763
Restricted Investments	522,337	651,469
Restricted Investments - Foundation Board Designated	31,292	27,815
Restricted Investments - Foundation Board Designated - Endowed Investment	58,542	50,661
Restricted Investments - Donor Restricted Endowment Investments	53,214	50,660
	<u>\$ 6,762,407</u>	<u>\$ 6,261,548</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 consolidated 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 consolidated 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.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended April 30, 2024 and 2023, respectively.

### Deferred revenue

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

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

## **Notes to Consolidated Financial Statements April 30, 2024 and 2023**

### **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, 2021 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, 2021 remain open for potential examination.

Prior to August 3, 2023, the PAC, a voluntary nonprofit, was an 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). On August 3, 2023, the PAC was incorporated as a not-for-profit organization.

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, 2021 remain open for potential examination.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of April 30, 2024, there are no uncertain tax positions that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

### **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 are 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),

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

### **Notes to Consolidated Financial Statements April 30, 2024 and 2023**

oversight, business management, financial recordkeeping, budgeting, legal services, human resource management and similar activities that ensure an adequate working environment and an equitable employment program.

#### **Program services**

##### **Professional services**

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

##### **Communication and member services**

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

##### **My Member Community**

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

##### **Peer review**

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

##### **Government relations**

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

##### **Foundation**

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

##### **PAC**

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



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

### **Notes to Consolidated Financial Statements April 30, 2024 and 2023**

#### **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 consolidated financial statements purposes. Disclosures about fair value of financial instruments are based on pertinent information available to management as of April 30, 2024 and 2023. Accordingly, the estimates presented in these consolidated financial statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments. Management has estimated the fair values of cash, accounts receivable, accounts payable, accrued expenses and short-term borrowings to be approximately their respective carrying values reported in these consolidated financial statements because of their short maturities.

#### **Adopted accounting pronouncement**

On May 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (Topic 326 and ASU 2016-13), which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. Under the current and expected loss (CECL) model, the Organization will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with ASU 2016-13, the Organization evaluates certain criteria, including aging and historical write-offs, current economic conditions of specific customers and future economic conditions to determine the appropriate allowance for credit losses. As a result of the adoption of ASU 2016-13, there was no cumulative effect adjustment to net assets required upon adoption of the new standard.

#### **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. As of April 30, 2024 and 2023, the Organization has exceeded the FDIC limit by \$624,937 and \$2,167,756, 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, 2024 and 2023, 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 \$6,231,111 and \$5,556,705 as of April 30, 2024 and 2023, respectively.

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

**Notes to Consolidated Financial Statements**  
**April 30, 2024 and 2023**

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, 2024 and 2023, these uninsured funds totaled \$8,286 and \$6,525, respectively.

**Note 4 - Liquidity and availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statements of financial position, comprise the following as of April 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,223,097	\$ 2,437,927
Accounts and pledges receivable	73,743	264,649
Investments	<u>6,097,022</u>	<u>5,480,943</u>
 Total financial assets available within one year	 <u>7,393,862</u>	 <u>8,183,519</u>
 Less		
Net assets with donor restrictions	577,803	461,899
Board designated net assets	<u>2,456,930</u>	<u>2,686,777</u>
 Total net asset obligations	 <u>3,034,733</u>	 <u>3,148,676</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 4,359,129</u>	 <u>\$ 5,034,843</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.

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

**Notes to Consolidated Financial Statements  
April 30, 2024 and 2023**

**Note 5 - Investments**

Investments as April 30, 2024 consist of the following:

	<u>Historical cost</u>	<u>Fair value</u>
Bond funds	\$ 2,181,640	\$ 1,900,966
Equity funds	3,466,073	4,839,247
Mutual and exchange traded funds	<u>22,194</u>	<u>22,194</u>
	<u><u>\$ 5,669,907</u></u>	<u><u>\$ 6,762,407</u></u>

Investments as April 30, 2023 consist of the following:

	<u>Historical cost</u>	<u>Fair value</u>
Bond funds	\$ 2,124,642	\$ 1,892,362
Equity funds	3,582,289	4,346,478
Mutual funds	<u>22,814</u>	<u>22,708</u>
	<u><u>\$ 5,729,745</u></u>	<u><u>\$ 6,261,548</u></u>

The following summarized the investment return for the fiscal years ended April 30, 2024 and 2023, respectively:

	<u>2024</u>	<u>2023</u>
Unrealized gain (loss) on investments	\$ 470,926	\$ (87,793)
Interest and dividends	209,791	135,825
Realized gain on investments	18,789	18,060
Investment fees	<u>(2,187)</u>	<u>(2,104)</u>
	<u><u>\$ 697,319</u></u>	<u><u>\$ 63,988</u></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 April 30, 2024 and 2023

Professional standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level One Inputs) and the lowest priority to measurements involving significant unobservable inputs (Level Three Inputs). The three levels of the fair value hierarchy are as follows:

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

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

The following table presents assets that are measured at fair value on a recurring basis at April 30, 2024:

	Level 1	Level 2	Level 3
Bond funds	\$ 1,900,966	\$ -	\$ -
Equity funds	4,839,247	-	-
Mutual funds	22,194	-	-
Total	<u>\$ 6,762,407</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets that are measured at fair value on a recurring basis at April 30, 2023:

	Level 1	Level 2	Level 3
Bond funds	\$ 1,892,362	\$ -	\$ -
Equity funds	4,346,478	-	-
Mutual funds	22,708	-	-
Total	<u>\$ 6,261,548</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. During the year ended April 30, 2024, the account was paid out upon the retirement of the CEO.

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

## Notes to Consolidated Financial Statements April 30, 2024 and 2023

Effective February 1, 2023, a deferred compensation plan was established for the Association's COO. The Association makes annual contributions to the plan equal to 10% of the COO's annual gross salary. The deferred compensation account will become fully vested on the earliest of the following dates: January 31, 2028; the date the current COO becomes disabled; or the date of the current COO's death; or if the current COO is involuntarily terminated for a reason other than good cause by the Association before any of the above dates.

As of April 30, 2024 and 2023, \$23,400 and \$203,393, respectively, has been deposited for the deferred compensation plan. The corresponding liability totaled \$46,800 and \$242,899, respectively, for the years ended April 30, 2024 and 2023. The difference between the asset and liability accounts of \$23,400 and \$39,506 reflect deposits the Association will make to the brokerage account subsequent to year end for the years ended April 30, 2024 and 2023, respectively.

### 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 \$241,221 and \$189,221 for the years ended April 30, 2024 and 2023, 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 2024.

Total rental expense for the years ended April 30, 2024 and 2023 was \$12,259 and \$14,866, respectively.

### Note 10 - Net assets without donor restrictions

At April 30, 2024 and 2023, the Organization has net assets without donor restrictions of \$7,478,008 and \$7,909,081, respectively. At April 30, 2024 and 2023, net assets without donor restrictions were as follows:

	2024	2023
Undesignated	\$ 4,899,540	\$ 5,222,304
Board Designated Operating Reserve	1,400,000	1,400,000
Board Designated Strategic Initiatives	1,056,930	1,205,763
Foundation Board Designated - Endowment	109,870	50,661
Foundation Board Designated - Mission Advancement	30,353	30,353
	<u>\$ 7,496,693</u>	<u>\$ 7,909,081</u>

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

**Notes to Consolidated Financial Statements**  
**April 30, 2024 and 2023**

**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, 2024 and 2023, the Association contributed \$50,000 and \$100,000, respectively, to the Foundation, all of which was eliminated for consolidated financial statement presentation. Scholarships totaling \$131,000 and \$110,000 were awarded from the Foundation during the years ended April 30, 2024 and 2023, respectively.

Net assets with donor restrictions are available for the following purposes at April 30, 2024 and 2023:

	2024	2023
James L. McCoy, CPA Accounting Scholarship	\$ 504,097	\$ 390,747
Local Area and Committee Scholarship Funds	20,852	20,852
Legacy Scholarship Endowment - restricted in perpetuity	52,854	50,300
	<u>\$ 577,803</u>	<u>\$ 461,899</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 two board designated quasi-endowed funds. Together these funds make up the Legacy Scholarship Program. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

**Notes to Consolidated Financial Statements  
April 30, 2024 and 2023**

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

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

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

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.

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

## Notes to Consolidated Financial Statements April 30, 2024 and 2023

During the year ended April 30, 2021 the endowment was established. Changes in the investment portion of the endowment net assets for the years ended April 30, 2024 and 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, May 1, 2022	\$ 52,872	\$ 52,511	\$ 105,383
Distributions	(2,500)	(2,500)	(5,000)
Changes in beneficial interest in assets, net of expenses	289	289	578
Endowment net assets, April 30, 2023	<u>\$ 50,661</u>	<u>\$ 50,300</u>	<u>\$ 100,961</u>
Endowment net assets, May 1, 2023	\$ 50,661	\$ 50,300	\$ 100,961
Contributions	56,520	-	56,520
Distributions	(2,500)	(2,500)	(5,000)
Changes in beneficial interest in assets, net of expenses	5,099	5,054	10,153
Endowment net assets, April 30, 2024	<u>\$ 109,780</u>	<u>\$ 52,854</u>	<u>\$ 162,634</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 \$32,558 and \$31,305 for the fiscal years ending April 30, 2024 and 2023, respectively, all of which were eliminated for consolidated financial statement presentation. The Association made contributions to the Foundation totaling \$0 and \$50,000 during the years ending April 30, 2024 and 2023, respectively, all of which were eliminated for consolidated 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 \$0 and \$12,229 for the fiscal years ending April 30, 2024 and 2023, respectively, all of which were eliminated for consolidated financial statement presentation.

### Note 14 - SBA CARES Act

#### Paycheck Protection Program

On March 22, 2021, the Organization entered into an unsecured promissory note with PNC Bank for an aggregate principal amount of approximately \$485,327, pursuant to the Paycheck Protection Program (the "PPP Loan"), which was established under the Coronavirus Aid, Relief, and Economic Securities Act (the "CARES Act") and is administered by the U.S. Small Business Administration (the "SBA"). The outstanding borrowings under the PPP Loan bear interest at a rate of 1% per year



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

**Notes to Consolidated Financial Statements  
April 30, 2024 and 2023**

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. As of April 30, 2023, the full amount of the PPP Loan has been forgiven.

**Employee Retention Credit**

For the year ended April 30, 2022, the Organization claimed 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, 2024 and 2023, no grant revenue from the ERTC was recorded on the consolidated statements of activities and changes in net assets. As of April 30, 2024 and 2023, \$0 and \$192,054, respectively, remain receivable and included in accounts receivable on the consolidated statements of financial position.

**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 17, 2024 (date which the consolidated financial statements were available to be issued) and concluded that, other than the subsequent events described below, no subsequent events have occurred that would require either recognition or additional disclosure in the consolidated financial statements.

On May 1, 2024, the Organization entered into a lease agreement with CPGJRC Wycliff Road, LLC, an unrelated party, for office space. The lease agreement is for an initial term of 103 months with an average monthly rental payment of \$16,435.

On June 25, 2024, the Organization sold the land and building to an unrelated third party.

## **Supplementary Information**

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

**Consolidating Statement of Financial Position  
April 30, 2024**

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
<b>Assets</b>					
Cash and cash equivalents	\$ 922,945	\$ 249,792	\$ 50,360	\$ -	\$ 1,223,097
Accounts receivable	87,686	59,828	8,631	(82,402)	73,743
Investments	5,908,054	188,968	-	-	6,097,022
Prepaid expenses	213,883	-	-	-	213,883
Restricted investments - current	23,400	530,229	-	-	553,629
Building and improvements	2,113,209	-	-	-	2,113,209
Computers and office equipment	1,555,762	-	-	-	1,555,762
Furniture and fixtures	322,282	-	-	-	322,282
Land	249,563	-	-	-	249,563
Vehicle	66,713	-	-	-	66,713
Accumulated depreciation	(3,551,784)	-	-	-	(3,551,784)
Construction in progress	63,214	-	-	-	63,214
Restricted investments - noncurrent	-	111,756	-	-	111,756
Investment in unconsolidated entities	12,267	-	-	-	12,267
<b>Total assets</b>	<b>\$ 7,987,194</b>	<b>\$ 1,140,573</b>	<b>\$ 58,991</b>	<b>\$ (82,402)</b>	<b>\$ 9,104,356</b>
<b>Liabilities</b>					
Accounts payable	\$ 186,386	\$ 17,328	\$ -	\$ (82,402)	\$ 121,312
Deferred revenue	396,431	-	-	-	396,431
Accrued other liabilities	152,523	-	-	-	152,523
Accrued salary and payroll tax liabilities	111,571	-	-	-	111,571
Accrued vacation	121,481	-	-	-	121,481
Accrued retirement	79,742	-	-	-	79,742
Deferred compensation liability	46,800	-	-	-	46,800
<b>Total liabilities</b>	<b>1,094,934</b>	<b>17,328</b>	<b>-</b>	<b>(82,402)</b>	<b>1,029,860</b>
<b>Net assets</b>					
Net assets without donor restrictions	6,892,260	511,224	58,991	34,218	7,496,693
Net assets with donor restrictions	-	612,021	-	(34,218)	577,803
<b>Total net assets</b>	<b>6,892,260</b>	<b>1,123,245</b>	<b>58,991</b>	<b>-</b>	<b>8,074,496</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,987,194</b>	<b>\$ 1,140,573</b>	<b>\$ 58,991</b>	<b>\$ (82,402)</b>	<b>\$ 9,104,356</b>

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

## Consolidating Statement of Financial Position April 30, 2023

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
<b>Assets</b>					
Cash and cash equivalents	\$ 2,237,942	\$ 190,214	\$ 9,771	\$ -	\$ 2,437,927
Accounts receivable	282,336	112,535	39,304	(169,526)	264,649
Investments	5,331,341	149,602	-	-	5,480,943
Prepaid expenses	215,499	-	-	-	215,499
Restricted investments - current	198,318	480,966	-	-	679,284
Building and improvements	2,112,162	-	-	-	2,112,162
Computers and office equipment	1,514,722	-	-	-	1,514,722
Furniture and fixtures	346,429	-	-	-	346,429
Land	249,563	-	-	-	249,563
Vehicle	66,713	-	-	-	66,713
Accumulated depreciation	(3,404,957)	-	-	-	(3,404,957)
Construction in progress	64,510	-	-	-	64,510
Restricted investments - noncurrent	-	101,321	-	-	101,321
Investment in unconsolidated entities	14,777	-	-	-	14,777
<b>Total assets</b>	<b>\$ 9,229,355</b>	<b>\$ 1,034,638</b>	<b>\$ 49,075</b>	<b>\$ (169,526)</b>	<b>\$ 10,143,542</b>
<b>Liabilities</b>					
Accounts payable	\$ 404,073	\$ 43,333	\$ 3,678	\$ (169,526)	\$ 281,558
Deferred revenue	846,987	-	-	-	846,987
Accrued other liabilities	90,133	-	-	-	90,133
Accrued salary and payroll tax liabilities	86,942	-	-	-	86,942
Accrued vacation	133,674	-	-	-	133,674
Accrued retirement	66,969	-	-	-	66,969
Deferred compensation liability	266,299	-	-	-	266,299
<b>Total liabilities</b>	<b>1,895,077</b>	<b>43,333</b>	<b>3,678</b>	<b>(169,526)</b>	<b>1,772,562</b>
<b>Net assets</b>					
Net assets without donor restrictions	7,334,278	486,219	45,397	43,187	7,909,081
Net assets with donor restrictions	-	505,086	-	(43,187)	461,899
<b>Total net assets</b>	<b>7,334,278</b>	<b>991,305</b>	<b>45,397</b>	<b>-</b>	<b>8,370,980</b>
<b>Total liabilities and net assets</b>	<b>\$ 9,229,355</b>	<b>\$ 1,034,638</b>	<b>\$ 49,075</b>	<b>\$ (169,526)</b>	<b>\$ 10,143,542</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, 2024

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
Revenues and other support					
Professional education	\$ 4,096,020	\$ -	\$ -	\$ -	\$ 4,096,020
Membership dues	2,398,278	-	-	-	2,398,278
Advertising, sponsorships, and other income	208,419	-	-	-	208,419
My Member Community	280	-	-	-	280
Foundation contributions	-	195,748	-	(2,157)	193,591
In-kind contribution - related party	-	32,558	-	(32,558)	-
Investment return	621,847	75,472	-	-	697,319
PAC contributions	-	-	75,214	-	75,214
Gain on investment in unconsolidated entities	(2,510)	-	-	-	(2,510)
<b>Total revenues and other support</b>	<b>7,322,334</b>	<b>303,778</b>	<b>75,214</b>	<b>(34,715)</b>	<b>7,666,611</b>
Expenses					
Materials, speakers and site expenses	2,301,473	-	-	-	2,301,473
Personnel expenses	3,510,132	-	-	-	3,510,132
Printing, postage and emarketing	119,603	-	-	-	119,603
Depreciation	233,908	-	-	-	233,908
Bank and merchant fees	188,548	7,583	-	-	196,131
Building expenses	122,291	-	-	-	122,291
Technology support	626,226	-	-	-	626,226
Staff travel	111,933	-	-	-	111,933
Professional services	242,558	-	-	-	242,558
Scholarships and gifts	2,157	131,000	-	-	133,157
Related party contributions	2,157	-	-	(2,157)	-
Resource and networking groups	13,088	697	-	-	13,785
Office equipment rental and repairs	12,931	-	-	-	12,931
Board and officer expenses	88,169	-	-	-	88,169
Member engagement	19,176	-	-	-	19,176
Office supplies and expense	20,308	-	-	-	20,308
Telecommunications	24,873	-	-	-	24,873
Staff training	49,646	-	-	-	49,646
Business insurance	27,419	-	-	-	27,419
R&D	2,400	-	-	-	2,400
Unrelated business income and proxy tax	23,000	-	-	-	23,000
Campaign contributions	-	-	61,620	-	61,620
Dues and subscriptions	22,356	-	-	-	22,356
In-kind management fee - related party	-	32,558	-	(32,558)	-
<b>Total expenses</b>	<b>7,764,352</b>	<b>171,838</b>	<b>61,620</b>	<b>(34,715)</b>	<b>7,963,095</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(442,018)</b>	<b>131,940</b>	<b>13,594</b>	<b>-</b>	<b>(296,484)</b>
Net assets at beginning of year	7,334,278	991,305	45,397	-	8,370,980
<b>Net assets at end of year</b>	<b>\$ 6,892,260</b>	<b>\$ 1,123,245</b>	<b>\$ 58,991</b>	<b>\$ -</b>	<b>\$ 8,074,496</b>

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

## Consolidating Statement of Activities and Changes in Net Assets Year Ended April 30, 2023

	NCACPA	NC CPA Foundation	PAC	Eliminations	Consolidated NCACPA
Revenues and other support					
Professional education	\$ 4,538,320	\$ -	\$ -	\$ -	\$ 4,538,320
Membership dues	2,266,101	-	-	-	2,266,101
Advertising, sponsorships and other income	164,142	-	-	-	164,142
My Member Community	6,386	-	-	-	6,386
Foundation contributions	-	146,142	-	(61,126)	85,016
In-kind contribution - related party	-	31,305	12,229	(43,534)	-
Investment return	44,790	19,198	-	-	63,988
PAC contributions	-	-	73,630	-	73,630
Loan forgiveness	485,327	-	-	-	485,327
Gain on investment in unconsolidated entities	1,994	-	-	-	1,994
Total revenues and other support	7,507,060	196,645	85,859	(104,660)	7,684,904
Expenses					
Materials, speakers and site expenses	2,225,010	-	-	-	2,225,010
Personnel expenses	3,344,876	-	-	-	3,344,876
Printing, postage and emarketing	129,325	-	-	-	129,325
Depreciation	227,775	-	-	-	227,775
Bank and merchant fees	174,261	7,739	-	-	182,000
Building expenses	135,402	-	-	-	135,402
Technology support	676,587	-	-	-	676,587
Staff travel	99,133	-	-	-	99,133
Professional services	209,526	-	-	-	209,526
Scholarships and gifts	1,126	110,000	-	-	111,126
Related party contributions	61,126	-	-	(61,126)	-
Resource and networking groups	11,412	85	-	-	11,497
Office equipment rental and repairs	15,409	-	-	-	15,409
Board and officer expenses	125,006	-	-	-	125,006
Member engagement	6,356	-	-	-	6,356
Office supplies and expense	18,505	-	-	-	18,505
Telecommunications	26,151	-	-	-	26,151
Staff training	39,191	-	-	-	39,191
Business insurance	24,625	-	-	-	24,625
R&D	12,246	-	-	-	12,246
Unrelated business income and proxy tax	25,300	-	-	-	25,300
Dues and subscriptions	-	-	56,500	-	56,500
Campaign contributions	22,983	-	-	-	22,983
In-kind management fee - related party	-	31,305	12,229	(43,534)	-
Total expenses	7,611,331	149,129	68,729	(104,660)	7,724,529
Excess (deficiency) of revenues over expenses	(104,271)	47,516	17,130	-	(39,625)
Net assets at beginning of year	7,438,549	943,789	28,267	-	8,410,605
Net assets at end of year	\$ 7,334,278	\$ 991,305	\$ 45,397	\$ -	\$ 8,370,980

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