

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED APRIL 30, 2022 AND 2021

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
APRIL 30, 2022 AND 2021

INDEX

| | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITOR’S REPORT | 1 – 3 |
| FINANCIAL STATEMENTS: | |
| Combined Statements of Financial Position | 4 |
| Combined Statements of Activities..... | 5 |
| Combined Statements of Functional Expenses | 6 – 7 |
| Combined Statements of Cash Flows..... | 8 |
| Notes to the Combined Financial Statements | 9 – 23 |
| SUPPLEMENTAL INFORMATION: | |
| Combined Statements of Functional Revenues and Expenses..... | 24 – 26 |



Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Robynn P. Beck, CPA
John P. Butler, CPA
Jason C. Montegut, CPA
Paul M. Novak, CPA, AVB, CVA
Wesley D. Wade, CPA

Michael J. O' Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA
William G. Stamm, CPA

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

INDEPENDENT AUDITOR'S REPORT

July 12, 2022

To the Board of Directors and
Members of the Society of Louisiana Certified
Public Accountants and Related Organizations
Metairie, Louisiana

Opinion

We have audited the accompanying combined financial statements of the Society of Louisiana Certified Public Accountants and Related Organizations (a nonprofit organization), which comprise the combined statements of financial position as of April 30, 2022 and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society of Louisiana Certified Public Accountants and Related Organizations as of April 30, 2022, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined statements of functional revenues and expenses are presented for the purpose of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited the Society of Louisiana Certified Public Accountants' 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated June 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Duplantier, Chapman, Hogan and Drake, LLP

New Orleans, Louisiana

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|-------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,552,618 | \$ 1,379,246 |
| Accounts receivable, net of allowance | 24,016 | 35,715 |
| Prepaid expenses | 62,206 | 34,993 |
| Total current assets | <u>1,638,840</u> | <u>1,449,954</u> |
| Investments at fair value: | | |
| Investments - Society | 2,449,772 | 2,767,646 |
| Investments - Insurance Trust | 175,146 | 165,569 |
| Investments - Education Foundation | 325,989 | 373,303 |
| Total investments at fair value | <u>2,950,907</u> | <u>3,306,518</u> |
| Property and equipment: | | |
| Leasehold improvements | 35,291 | 2,962 |
| Office furniture and equipment | 373,849 | 206,788 |
| Less accumulated depreciation and amortization | (158,713) | (155,999) |
| Property and equipment - net | <u>250,427</u> | <u>53,751</u> |
| TOTAL ASSETS | <u>\$ 4,840,174</u> | <u>\$ 4,810,223</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES: | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 283,861 | \$ 232,984 |
| Deferred revenue | 279,117 | 212,255 |
| Total current liabilities | <u>562,978</u> | <u>445,239</u> |
| NET ASSETS: | | |
| Without donor restrictions: | | |
| Undesignated | 3,389,068 | 3,449,313 |
| Board designated | 500,674 | 543,794 |
| With donor restrictions | 387,454 | 371,877 |
| Total net assets | <u>4,277,196</u> | <u>4,364,984</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 4,840,174</u> | <u>\$ 4,810,223</u> |

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022
WITH COMPARATIVE TOTALS FOR 2021

| | Without <u>Restrictions</u> | With <u>Restrictions</u> | <u>Eliminations</u> | 2022 <u>Total</u> | 2021 Summarized Financial <u>Information</u> |
|---------------------------------------|--------------------------------|-----------------------------|---------------------|----------------------|---|
| Support and Revenues: | | | | | |
| Continuing professional education | \$ 1,980,705 | \$ - | \$ - | \$ 1,980,705 | \$ 2,337,350 |
| Member dues | 1,216,770 | - | - | 1,216,770 | 1,272,998 |
| Peer review firm fees and CART fees | 402,523 | - | - | 402,523 | 366,236 |
| Income (loss) from investments | (262,125) | 10,077 | - | (252,048) | 767,080 |
| In-house CPE courses | 65,919 | - | - | 65,919 | 73,171 |
| Royalty income | 18,706 | - | - | 18,706 | 13,802 |
| Chapter functions income | 94,426 | - | - | 94,426 | 25,906 |
| Lagniappe ad sales | 55,745 | - | - | 55,745 | 49,155 |
| Education contributions | - | 19,945 | - | 19,945 | 10,141 |
| Miscellaneous | 1,011 | - | - | 1,011 | 4,848 |
| Application and late fees | 3,260 | - | - | 3,260 | 13,975 |
| Gain on disposal of assets | 15,267 | - | - | 15,267 | - |
| Commission income | - | 30,776 | (30,776) | - | - |
| Net assets released from restrictions | 45,221 | (45,221) | - | - | - |
| Total support and revenue | <u>3,637,428</u> | <u>15,577</u> | <u>(30,776)</u> | <u>3,622,229</u> | <u>4,934,662</u> |
| Expenses: | | | | | |
| Program services: | | | | | |
| Member services | 1,321,826 | - | - | 1,321,826 | 1,202,173 |
| Continuing professional education | 1,939,999 | - | - | 1,939,999 | 2,087,905 |
| Peer review | 400,040 | - | - | 400,040 | 360,524 |
| Insurance trust | 31,276 | - | (30,776) | 500 | 500 |
| Education foundation | 33,784 | - | - | 33,784 | 32,771 |
| Supporting services: | | | | | |
| Administrative and general | 13,868 | - | - | 13,868 | 18,552 |
| Total expenses | <u>3,740,793</u> | <u>-</u> | <u>(30,776)</u> | <u>3,710,017</u> | <u>3,702,425</u> |
| Change in net assets | (103,365) | 15,577 | - | (87,788) | 1,232,237 |
| Net assets at beginning of year | <u>3,993,107</u> | <u>371,877</u> | <u>-</u> | <u>4,364,984</u> | <u>3,132,747</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 3,889,742</u> | <u>\$ 387,454</u> | <u>\$ -</u> | <u>\$ 4,277,196</u> | <u>\$ 4,364,984</u> |

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED APRIL 30, 2022

| | Member <u>Services</u> | Continuing Professional <u>Education</u> | Peer <u>Review</u> | Administrative and <u>General</u> | Insurance <u>Trust</u> | Education <u>Foundation</u> | Total <u>Expenses</u> |
|--|---------------------------|--|-----------------------|---|---------------------------|--------------------------------|--------------------------|
| Continuing professional education | \$ - | \$ 977,913 | \$ - | \$ - | \$ - | \$ - | \$ 977,913 |
| Salaries | 544,698 | 427,978 | - | - | - | - | 972,676 |
| Rent - office space | 22,732 | 42,019 | - | 4,133 | - | - | 68,884 |
| Employee benefits | 120,990 | 95,064 | - | - | - | - | 216,054 |
| Travel and meeting | 114,528 | 44,539 | - | - | - | - | 159,067 |
| Postage and freight | 19,541 | 18,038 | - | - | - | - | 37,579 |
| Professional fees | 59,814 | 55,214 | - | - | 500 | 2,559 | 118,087 |
| Peer review and CART expenses | - | - | 397,749 | - | - | - | 397,749 |
| Public information and media relations | 11,913 | - | - | - | - | - | 11,913 |
| Payroll taxes | 42,205 | 33,161 | - | - | - | - | 75,366 |
| Office supplies | 21,266 | 19,630 | - | - | - | - | 40,896 |
| Miscellaneous | 16,717 | 15,431 | - | - | - | - | 32,148 |
| Service charges | 49,401 | 45,600 | - | - | - | - | 95,001 |
| Publications expense | 3,206 | 2,960 | - | - | - | - | 6,166 |
| Lagniappe publication expense | 29,145 | - | - | - | - | - | 29,145 |
| Telephone | 24,905 | 22,989 | - | - | - | - | 47,894 |
| Rentals and maintenance of equipment | 3,870 | 3,573 | - | - | - | - | 7,443 |
| Chapter function expenses | 95,300 | - | - | - | - | - | 95,300 |
| In-house CPE courses | - | 36,508 | - | - | - | - | 36,508 |
| Dues - Chapters' portion | 53,276 | - | - | - | - | - | 53,276 |
| Insurance | 10,879 | 10,042 | - | - | - | - | 20,921 |
| Scholarships | - | - | - | - | - | 31,225 | 31,225 |
| Computer services | 53,571 | 55,900 | - | 6,987 | - | - | 116,458 |
| Dues to associations | 7,445 | 6,873 | - | - | - | - | 14,318 |
| Awards | 2,224 | - | - | - | - | - | 2,224 |
| Total expenses before depreciation and amortization | 1,307,626 | 1,913,432 | 397,749 | 11,120 | 500 | 33,784 | 3,664,211 |
| Depreciation and amortization | 14,200 | 26,567 | 2,291 | 2,748 | - | - | 45,806 |
| Total expenses | <u>\$ 1,321,826</u> | <u>\$ 1,939,999</u> | <u>\$ 400,040</u> | <u>\$ 13,868</u> | <u>\$ 500</u> | <u>\$ 33,784</u> | <u>\$ 3,710,017</u> |

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
 AND RELATED ORGANIZATIONS
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED APRIL 30, 2021

| | Member Services | Continuing Professional Education | Peer Review | Administrative and General | Insurance Trust | Education Foundation | Total Expenses |
|--|---------------------|---|-------------------|----------------------------------|--------------------|-------------------------|---------------------|
| Continuing professional education | \$ - | \$ 943,934 | \$ - | \$ - | \$ - | \$ - | \$ 943,934 |
| Salaries | 586,770 | 541,633 | - | - | - | - | 1,128,403 |
| Rent - office space | 71,965 | 133,027 | - | 13,085 | - | - | 218,077 |
| Employee benefits | 128,491 | 118,607 | - | - | - | - | 247,098 |
| Travel and meeting | 35,903 | 13,963 | - | - | - | - | 49,866 |
| Postage and freight | 20,968 | 19,355 | - | - | - | - | 40,323 |
| Professional fees | 58,331 | 53,843 | - | - | 500 | 2,521 | 115,195 |
| Peer review and CART expenses | - | - | 358,868 | - | - | - | 358,868 |
| Public information and media relations | 193 | - | - | - | - | - | 193 |
| Payroll taxes | 45,375 | 41,885 | - | - | - | - | 87,260 |
| Office supplies | 13,025 | 12,022 | - | - | - | - | 25,047 |
| Miscellaneous | 15,469 | 14,281 | - | - | - | - | 29,750 |
| Service charges | 73,043 | 67,425 | - | - | - | - | 140,468 |
| Publications expense | 3,062 | 2,826 | - | - | - | - | 5,888 |
| Lagniappe publication expense | 30,582 | - | - | - | - | - | 30,582 |
| Telephone | 25,594 | 23,625 | - | - | - | - | 49,219 |
| Rentals and maintenance of equipment | 4,406 | 4,067 | - | - | - | - | 8,473 |
| Chapter function expenses | 21,688 | - | - | - | - | - | 21,688 |
| In-house CPE courses | - | 29,901 | - | - | - | - | 29,901 |
| Dues - Chapters' portion | 3,401 | - | - | - | - | - | 3,401 |
| Insurance | 14,314 | 13,212 | - | - | - | - | 27,526 |
| Scholarships | - | - | - | - | - | 30,250 | 30,250 |
| Computer services | 26,683 | 27,844 | - | 3,480 | - | - | 58,007 |
| Dues to associations | 7,845 | 7,242 | - | - | - | - | 15,087 |
| Awards | 1,883 | - | - | - | - | - | 1,883 |
| Loss on sale of assets | 2,913 | - | - | - | - | - | 2,913 |
| Total expenses before depreciation and amortization | 1,191,904 | 2,068,692 | 358,868 | 16,565 | 500 | 32,771 | 3,669,300 |
| Depreciation and amortization | 10,269 | 19,213 | 1,656 | 1,987 | - | - | 33,125 |
| Total expenses | <u>\$ 1,202,173</u> | <u>\$ 2,087,905</u> | <u>\$ 360,524</u> | <u>\$ 18,552</u> | <u>\$ 500</u> | <u>\$ 32,771</u> | <u>\$ 3,702,425</u> |

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (87,788) | \$ 1,232,237 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 45,806 | 33,125 |
| Bad debt expense | 3,246 | 1,877 |
| Realized (gain) on sale of investments | (93,870) | (42,100) |
| Unrealized (gain) loss on investments | 396,580 | (676,029) |
| Dividends reinvested | (52,793) | (53,361) |
| (Gain) loss on disposal of equipment | (15,267) | 2,913 |
| Change in assets and liabilities: | | |
| Accounts receivable | 8,453 | (9,157) |
| Prepaid expenses | (27,213) | 12,318 |
| Accounts payable and accrued liabilities | 50,877 | (93,039) |
| Deferred revenue | 66,862 | (51,982) |
| Net cash provided by operating activities | <u>294,893</u> | <u>356,802</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (109,373) | (828,322) |
| Proceeds from redemption of investments | 215,067 | 781,040 |
| Proceeds from sale of equipment | - | 4,500 |
| Purchases of equipment | (227,215) | (32,055) |
| Net cash used in investing activities | <u>(121,521)</u> | <u>(74,837)</u> |
| Net change in cash and cash equivalents | 173,372 | 281,965 |
| Cash and cash equivalents at beginning of year | <u>1,379,246</u> | <u>1,097,281</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>\$ 1,552,618</u></u> | <u><u>\$ 1,379,246</u></u> |
| SUPPLEMENTAL DISCLOSURE: | | |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> |
| Taxes paid | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

ORGANIZATION:

The Society of Louisiana Certified Public Accountants (the Society) was incorporated in 1911 and is located in Metairie, Louisiana. The mission of the organization is to serve the common needs of its members and to enhance the professional environment in which they work. The membership includes approximately 6,525 Certified Public Accountants (CPAs), CPA licensee candidates, and students. The CPAs and CPA licensee candidates are primarily in Louisiana working in public practice, industry, government, and education. The primary sources of revenue to accomplish the purpose of the Society are membership dues and continuing professional education revenue.

The Society, through its Insurance Committee, maintains a trust to fund various types of group insurance and benefits for the Society's members who elect to participate, their employees, and such employees' dependents. The Insurance Trust reimburses the Society for administrative services provided to members. The total amount reimbursed to the Society during the years ended April 30, 2022 and 2021 amounted to \$30,776 and \$38,000, respectively. The Insurance Trust has a December 31 fiscal year-end; however, the activity of the Insurance Trust has been combined using a reporting period of April 30. In April of 2022, management voted to dissolve the trust. As of April 30, 2022, the trust assets remain with its investment custodian, and the activity is reflected in the combined financial statements. The trust fund assets will be transferred out during the fiscal year ended April 30, 2023, and the trust will be fully dissolved.

The Society also operates, through its Executive Committee, an Education Foundation. The Education Foundation has a fiscal reporting period of April 30. The objective of the Education Foundation is to promote accounting education and accounting careers to prospective CPAs, the public, and university faculty. The Education Foundation funds college scholarships for accounting students.

Effective May 1, 2017, the accounts of nine local chapters merged with the Society. Subsequent to the date of this merger, all operations of these nine local chapters are conducted by the Society. Current and prior year chapter function income and expenses are included in the statements of activities. The net assets transferred as of May 1, 2017, and the accumulated net income from the chapters since the date of transfer, have been designated by the Board for future chapter functions (see Note 6).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The Society and its related organizations recognize revenue and record expenses on the accrual basis of accounting.

Principles of Combination:

The financial statements include the accounts of the Society of Louisiana Certified Public Accountants Insurance Trust (Insurance Trust) and the Louisiana Certified Public Accountants Education Foundation, Inc. (Education Foundation) in accordance with FASB ASC 958-810-50.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation:

The Society 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. Net assets – without donor restrictions are not subject to or are no longer subject to donor-imposed stipulations. Net assets – with donor restrictions is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents:

For the statement of cash flows, the Society considers cash on deposit, cash on hand, and money market funds with original maturities less than three months to be cash equivalents.

Accounts Receivable:

Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due (based on days since last payment). The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past member history, any adverse situations that might affect the member's ability to repay and current economic conditions. The need for an adjustment to the allowance is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values (based on quoted market prices) in the statement of financial position. Other investments include securities of a non-subsidiary corporation for which there is no readily determinable fair market value. This investment has been carried at cost written down to \$100 based on management's estimate of it having minimal or no value. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statements of activities and in the combined statements of functional expenses. Certain expenses have been allocated among various programs based on time allocation of Society staff. Facility and depreciation expenses are allocated to each function based on square footage utilized by the function.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment are recorded at cost. The policy of the Society is to capitalize assets with a value greater than \$500 and an economic life greater than one year. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, generally five years for office equipment, leasehold improvements and automobiles, and three years for computer equipment and related software. Depreciation and amortization expense totaled \$45,806 and \$33,125 in 2022 and 2021, respectively.

Deferred Revenue:

Deferred revenue consists primarily of billings and payments received from the peer review program, and registrants for continuing education seminars. The peer review program is billed on a calendar year basis with income recognized systematically over the same period as peer review services are performed. The deferred revenues and any related expenses from continuing education seminars are recognized as the seminars are held. Annual membership dues are recognized systematically over a twelve-month period.

Contributed Services:

During 2022 and 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization.

Income Taxes:

The Society and Education Foundation are exempt from income taxes as entities described in Section 501(c)(6) and Section 501(c)(3), respectively, of the Internal Revenue Code. The Insurance Trust has no income subject to taxation. Therefore, no provision for income taxes has been made in the financial statements.

Unrelated business taxable income (UBTI) is derived from any activity that constitutes a trade or business that is regularly carried on and is not substantially related to the organization's tax-exempt purposes. During 2022 and 2021, the Society and the Education Foundation did not incur any income tax from UBTI.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of April 30, 2022 and 2021, the Society and its related organizations believe that they have no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax returns typically remain subject to examination by the taxing authorities for three years.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Advertising, Public Information Expense, and Media Relations Expense:

The Society records the costs of all advertising, public information expense, and media relations expense in the periods in which the advertising, public information, or media relations occurs. Such costs amounted to \$11,912 and \$193 in 2022 and 2021, respectively.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2021 Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended April 30, 2021, from which the summarized information was derived.

Revenue Recognition:

As of May 1, 2020, the Society and its related organizations adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 was a comprehensive new revenue recognition standard that superseded most existing revenue recognition guidance under generally accepted accounting principles. No practical expedients allowed by the standard were adopted. Analysis of various provisions of this standard resulted in no significant changes in the way the Society and its related organizations recognized revenue, and therefore no changes to the previously issued audited financial statements were required. See additional information in note 11.

2. ACCOUNTS RECEIVABLE:

Accounts receivable consisted of the following as of April 30, 2022 and 2021:

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

2. ACCOUNTS RECEIVABLE: (Continued)

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------|-------------|
| CPE, Peer Review, CART | \$ 20,661 | \$ 32,882 |
| Other | 4,355 | 3,833 |
| Less: allowance | (1,000) | (1,000) |
| Accounts receivable, net of allowance | \$ 24,016 | \$ 35,715 |

During the years ended April 30, 2022 and 2021, the Society recorded income of \$811 and \$1,448, respectively, from the recovery of bad debts written off in prior years. Adjustments to the provision for bad debts resulted in expense of \$3,246 and \$1,877, respectively, for the years ended April 30, 2022 and 2021.

3. INVESTMENTS AT FAIR VALUE:

Investments consisted of the following as of April 30, 2022:

| | Fair Value | | | |
|----------------------|-----------------------|--------------|-------------------|--------------|
| | | Money | Marketable | |
| | <u>April 30, 2022</u> | <u>Funds</u> | <u>Securities</u> | <u>Other</u> |
| Society | \$ - | \$ 2,449,672 | \$ 100 | \$ 2,449,772 |
| Insurance Trust | 3,401 | 171,745 | - | 175,146 |
| Education Foundation | 3,212 | 322,777 | - | 325,989 |
| Total Fair Value | \$ 6,613 | \$ 2,944,194 | \$ 100 | \$ 2,950,907 |

| | Cost | | | |
|----------------------|-----------------------|--------------|-------------------|--------------|
| | | Money | Marketable | |
| | <u>April 30, 2022</u> | <u>Funds</u> | <u>Securities</u> | <u>Other</u> |
| Society | \$ - | \$ 2,320,714 | \$ 20,343 | \$ 2,341,057 |
| Insurance Trust | 3,401 | 76,781 | - | 80,182 |
| Education Foundation | 3,212 | 299,369 | - | 302,581 |
| Total Cost | \$ 6,613 | \$ 2,696,864 | \$ 20,343 | \$ 2,723,820 |

| | Unrealized Appreciation (Depreciation) | | | |
|-------------------------------|--|--------------|-------------------|--------------|
| | | Money | Marketable | |
| | <u>April 30, 2022</u> | <u>Funds</u> | <u>Securities</u> | <u>Other</u> |
| Society | \$ - | \$ 128,958 | \$ (20,243) | \$ 108,715 |
| Insurance Trust | - | 94,964 | - | 94,964 |
| Education Foundation | - | 23,408 | - | 23,408 |
| Total Unrealized Depreciation | \$ - | \$ 247,330 | \$ (20,243) | \$ 227,087 |

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

3. INVESTMENTS AT FAIR VALUE: (Continued)

Investments consisted of the following as of April 30, 2021:

| <u>April 30, 2021</u> | Fair Value | | | |
|-----------------------|-----------------|--------------|--------|--------------|
| | Money | Marketable | Other | Total |
| | Market Funds | Securities | | |
| Society | \$ - | \$ 2,767,546 | \$ 100 | \$ 2,767,646 |
| Insurance Trust | 3,399 | 162,170 | - | 165,569 |
| Education Foundation | 6,216 | 367,087 | - | 373,303 |
| Total Fair Value | \$ 9,615 | \$ 3,296,803 | \$ 100 | \$ 3,306,518 |

| <u>April 30, 2021</u> | Cost | | | |
|-----------------------|-----------------|--------------|-----------|--------------|
| | Money | Marketable | Other | Total |
| | Market Funds | Securities | | |
| Society | \$ - | \$ 2,280,624 | \$ 20,343 | \$ 2,300,967 |
| Insurance Trust | 3,399 | 72,900 | - | 76,299 |
| Education Foundation | 6,216 | 299,369 | - | 305,585 |
| Total Cost | \$ 9,615 | \$ 2,652,893 | \$ 20,343 | \$ 2,682,851 |

| <u>April 30, 2021</u> | Unrealized Appreciation (Depreciation) | | | |
|---|--|------------|-------------|------------|
| | Money | Marketable | Other | Total |
| | Market Funds | Securities | | |
| Society | \$ - | \$ 486,922 | \$ (20,243) | \$ 466,679 |
| Insurance Trust | - | 89,270 | - | 89,270 |
| Education Foundation | - | 67,718 | - | 67,718 |
| Total Unrealized Appreciation (Depreciation) | \$ - | \$ 643,910 | \$ (20,243) | \$ 623,667 |

Fair value is determined using a hierarchy which has three levels based on the reliability of the inputs. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability; and Level 3, unobservable inputs for use when little or no market data exists. All investments of the Society recorded at fair value are within Level 1 of the fair value hierarchy. Although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

3. INVESTMENTS AT FAIR VALUE: (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended April 30, 2022 and 2021:

| | April 30, 2022 | | |
|--|----------------------------------|----------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total |
| Interest and dividends | \$ 46,776 | \$ 3,886 | \$ 50,662 |
| Net realized and unrealized gain (loss) | (308,901) | 6,191 | (302,710) |
| Total investment return | \$ (262,125) | \$ 10,077 | \$ (252,048) |
| | April 30, 2021 | | |
| | Without donor restrictions | With donor restrictions | Total |
| Interest and dividends | \$ 45,458 | \$ 3,493 | \$ 48,951 |
| Net realized and unrealized gain | 673,530 | 44,599 | 718,129 |
| Total investment return | \$ 718,988 | \$ 48,092 | \$ 767,080 |

4. CONCENTRATIONS AND RISKS:

The Society maintained cash accounts at local banks during 2022 and 2021. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 in the aggregate, per financial institution. In the event of a failure of the bank, the FDIC is not obligated to pay uninsured deposits. At various times during 2022 and 2021, the Society had funds on deposit in excess of the insured amount. As of April 30, 2022 and 2021, the Society had bank balances in excess of insurance coverage of \$930,697 and \$870,971, respectively.

Investments represent a significant portion of total assets. Such investments are subject to interest rate and other risks including the possible loss of principal as reflected in the statement of financial position. Future changes in the financial markets could affect the future earnings from these investments.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

5. LEASE COMMITMENTS:

The Society entered into a lease agreement for the Kenner, Louisiana office through April 30, 2019. During a prior year, this lease was renewed with a five year lease through April 30, 2023, replacing the prior lease agreement. The lease contains a provision for the Society to reduce the space leased after the first year of the lease. The lease also contains a termination option which allows the Society to terminate the lease after three years with proper notice. During the year ended April 30, 2021, the Society executed the termination option and subsequently agreed to an extension through October 31, 2021 at a reduced rate for reduced office space. During the year ended April 30, 2022, the Society entered into a 64 month lease agreement for an office in Metairie, Louisiana through May 31, 2027. This lease included abatement of four months of rent from February through May of 2022. This abatement resulted in deferred revenue of \$35,340 as of April 30, 2022. The Society also entered into a lease agreement through December 31, 2021 for an office in Baton Rouge, Louisiana. This lease was renewed for an additional year through December 31, 2022. The total rental expense associated with these leases for the fiscal years ended April 30, 2022 and 2021 was \$68,884 and \$218,077, respectively.

The Society entered into leases for a copy machine expiring in July 2023 and a postage machine expiring in January 2023. The monthly lease payments are \$351 and \$493, respectively. Total rent expense including maintenance for 2022 and 2021 was \$11,358 and \$11,297, respectively.

The total future minimum lease rentals relating to the Society's non-cancelable leases are as follows:

| Year Ending | Amount |
|------------------|-------------------|
| <u>April 30,</u> | |
| 2023 | \$ 138,912 |
| 2024 | 131,761 |
| 2025 | 132,406 |
| 2026 | 133,752 |
| 2027 | 134,650 |
| Thereafter | 16,831 |
| | <u>\$ 688,312</u> |

6. BOARD DESIGNATED NET ASSETS:

The Education Foundation has designated investment income and unrealized gains (losses) on endowment assets for the purpose of awarding scholarships. Designated net assets for this purpose totaled \$121,014 and \$168,109 as of April 30, 2022 and 2021, respectively.

The Society has designated net assets for the purpose of conducting the activities of the individual chapters. Designated net assets for this purpose totaled \$379,660 and \$375,685 as of April 30, 2022 and 2021, respectively.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the purpose of administering the Insurance Trust fund. Additionally, donations with donor imposed restrictions for the purpose of awarding scholarships are considered restricted until the scholarships are awarded. Students are selected to be given scholarships based on academic merit and achievement and an essay. They must be at least a fifth semester student enrolled in an accounting program in a Louisiana four-year college or university.

Net assets with donor restrictions for the Insurance Trust fund as of April 30, 2022 and 2021 were \$174,646 and \$165,069 respectively. Donor-restricted endowment fund net assets are restricted to the principal of endowment fund investments in perpetuity. The income is expendable to support the purpose of scholarship awards (see Note 8). These net assets with donor restrictions totaled \$212,808 and \$206,808 for the years ended April 30, 2022 and 2021, respectively.

Net assets totaling \$45,221 and \$46,502 in 2022 and 2021, respectively, were released from restrictions by incurring expenses satisfying the restricted purpose.

8. ENDOWMENT ASSETS:

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment fund assets consist of four separate funds. The principal investment is restricted in perpetuity (see Note 7). Investment income and unrealized gains or losses are Board designated for the purpose of awarding scholarships. Dues contributions from members are restricted until funds are released for the purpose of awarding scholarships (see Note 6). Contributions with restrictions totaled \$6,000 and \$2,060 for the years ended April 30, 2022 and 2021, respectively.

Interpretation of Relevant Law:

The Board of Trustees of the Education Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Education Foundation classifies as net assets with restrictions (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 is classified as net assets with restrictions until those amounts are appropriated for expenditures by the organization in a manner consistent with the standard for prudence prescribed by SPMIFA.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

8. ENDOWMENT ASSETS: (Continued)

Interpretation of Relevant Law: (Continued)

In accordance with SPMIFA, the Education Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment 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 Education Foundation

Financial Summary:

The following summarizes the financial activity for the Education Foundation for 2022 and 2021:

Endowment Net Asset Composition by Type of Fund
as of April 30, 2022

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|--------------------------------------|---|------------------------------------|--------------|
| Donor-restricted endowment funds | \$ - | \$ 212,808 | \$ 212,808 |
| Board-designated endowment funds | 121,014 | - | 121,014 |
| Endowment net assets, end of year | \$ 121,014 | \$ 212,808 | \$ 333,822 |

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

8. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

Changes in Foundation Endowment Net Assets
for the Fiscal Year Ended April 30, 2022

| | Without donor <u>restrictions</u> | With donor <u>restrictions</u> | <u>Total</u> |
|---|---|-----------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 168,109 | \$ 206,808 | \$ 374,917 |
| Investment return: | | | |
| Investment income | 4,947 | - | 4,947 |
| Net depreciation (realized and unrealized) | <u>(32,203)</u> | <u>-</u> | <u>(32,203)</u> |
| Total investment return | (27,256) | - | (27,256) |
| Contributions | 13,945 | 6,000 | 19,945 |
| Appropriation for investment fees | (2,559) | - | (2,559) |
| Appropriation of endowment assets for scholarships | <u>(31,225)</u> | <u>-</u> | <u>(31,225)</u> |
| Endowment net assets, end of year | <u>\$ 121,014</u> | <u>\$ 212,808</u> | <u>\$ 333,822</u> |

Endowment Net Asset Composition by Type of Fund
as of April 30, 2021

| | Without donor <u>restrictions</u> | With donor <u>restrictions</u> | <u>Total</u> |
|--------------------------------------|---|-----------------------------------|-------------------|
| Donor-restricted endowment funds | \$ - | \$ 206,808 | \$ 206,808 |
| Board-designated endowment funds | <u>168,109</u> | <u>-</u> | <u>168,109</u> |
| Endowment net assets, end of year | <u>\$ 168,109</u> | <u>\$ 206,808</u> | <u>\$ 374,917</u> |

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

8. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

Changes in Foundation Endowment Net Assets
for the Fiscal Year Ended April 30, 2021

| | Without donor <u>restrictions</u> | With donor <u>restrictions</u> | <u>Total</u> |
|---|---|-----------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 143,946 | \$ 204,748 | \$ 348,694 |
| Investment return: | | | |
| Investment income | 6,753 | - | 6,753 |
| Net appreciation (realized and unrealized) | 42,100 | - | 42,100 |
| Total investment return | 48,853 | - | 48,853 |
| Contributions | 8,081 | 2,060 | 10,141 |
| Appropriation for investment fees | (2,521) | - | (2,521) |
| Appropriation of endowment assets for scholarships | (30,250) | - | (30,250) |
| Endowment net assets, end of year | <u>\$ 168,109</u> | <u>\$ 206,808</u> | <u>\$ 374,917</u> |

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Education Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without restrictions. These deficiencies may result from unfavorable market fluctuations occurring after the investment of new permanently restricted contributions and continued appropriation for scholarships that was deemed prudent by the Board of Trustees. There were no such deficiencies as of April 30, 2022 or 2021.

Return Objectives and Risk Parameters:

The Education Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to scholarships supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets may include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

8. ENDOWMENT ASSETS: (Continued)

Return Objectives and Risk Parameters: (Continued)

The Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the principal of the endowment assets.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Education Foundation 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 Education Foundation targets a diversified asset allocation that places an emphasis on equities and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The Education Foundation has a policy of appropriating for distribution each year a target of 2% - 5% of the value of the total portfolio's preceding 3-year average market value. Accordingly, over the long-term, the Education Foundation expects the current spending policy to allow for preservation of the principal.

9. PENSION PLAN:

Substantially all Society employees meeting certain minimum service and age requirements are covered by a defined contribution plan and are 100% vested upon entrance into the plan after these eligibility requirements are met. The Society's contribution to the plan is calculated as 10% of the eligible employee's compensation. The eligible employees are also allowed to make contributions to the plan up to a maximum of 15% of their compensation. Plan funding is made in accordance with the provisions of the plan. The Society contributed \$96,376 and \$113,341 in 2022 and 2021, respectively.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Society manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations. The primary sources of revenue are members' dues and continuing professional education. The Society utilizes operating cash and reserves for any annual cash requirements, if any. The following table reflects the Society's financial assets (cash and cash equivalents, accounts receivable, investments and other assets) as April 30, 2022 and 2021, reduced by amounts not available for expenses within one year of balance sheet date:

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

| | <u>2022</u> | <u>2021</u> |
|---|--------------|--------------|
| Financial assets: | | |
| Cash and equivalents | \$ 1,552,618 | \$ 1,379,246 |
| Investments | 2,950,907 | 3,306,518 |
| Accounts receivable, net | 24,016 | 35,715 |
| Total financial assets | 4,527,541 | 4,721,479 |
| Less: those unavailable for expenses within one year, due to: | | |
| Board-designated endowment fund | (121,014) | (168,109) |
| Board-designated Individual chapters activity | (379,660) | (375,685) |
| Donor-restricted Insurance Trust fund | (174,646) | (165,069) |
| Donor-restricted endowment fund | (212,808) | (206,808) |
| Financial assets available to meet cash needs for expenses in one year | \$ 3,639,413 | \$ 3,805,808 |

11. REVENUE RECOGNITION:

ASC 606 was a comprehensive new revenue recognition standard that superseded most existing revenue recognition guidance under generally accepted accounting principles. The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASC 606 prescribes a five-step process to accomplish this core principle, including:

- Identification of the contract with the customer;
- Identification of the performance obligation(s) under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligation(s); and
- Recognition of revenue as (or when) an entity satisfies the identified performance obligation(s).

Membership dues are charged to members and recognized over time on a monthly basis as the performance obligation is satisfied. Any amounts not earned are recorded as a contract liability. CPE revenue consists of fees for events and classes that are recognized when the event occurs and the performance obligation is satisfied. Any amounts received for these classes that have not yet been earned are recorded as a contract liability. Peer Review fees consist of fees for the performance of

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

11. REVENUE RECOGNITION: (Continued)

peer reviews for participating accounting firms and are recognized monthly when the peer review is performed. Any amounts received for peer reviews that have not yet been earned are recorded as a contract liability. Lagniappe Ad Sales revenue is recorded over time as the Lagniappe is published and distributed and the performance obligation is satisfied. The above sources of revenue are considered exchange transactions.

Contract assets consist of accounts receivable for CPE and Peer Review revenue. Contract liabilities consist of deferred revenue for member dues, CPE revenue, and Peer Review revenue.

Revenue from contracts with customers included the following for the years ended April 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--------------------------|-----------------------|-----------------------|
| Membership dues | \$ 1,216,770 | \$ 1,272,998 |
| CPE revenue | 2,046,624 | 2,410,521 |
| Peer review fees | 402,523 | 366,236 |
| Lagniappe ad sales | 55,745 | 49,155 |
| | <u>\$ 3,721,662</u> | <u>\$ 4,098,910</u> |
| Contract assets | <u>\$ 19,661</u> | <u>\$ 31,882</u> |
| Contract liabilities | <u>\$ 205,619</u> | <u>\$ 188,436</u> |

12. SUBSEQUENT EVENTS:

Management of the Society has evaluated subsequent events through July 12, 2022, the date that the financial statements were available to be issued.

On April 27, 2022, the Society of Louisiana CPA Insurance Trust Board of Directors held a meeting and agreed to terminate the Insurance Trust, effective immediately. As of April 30, 2022, the Insurance Trust still had assets held in an investment account with Vanguard. The Society plans to transfer the remaining assets in the Insurance Trust account to the Education Foundation account in the subsequent fiscal year ending April 30, 2023.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
SUPPLEMENTARY INFORMATION
COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

| | 2022 | | | | | | | | | 2021 Summarized Financial Information |
|--|--------------------|---|----------------|----------------------------------|------------------|--------------------|-------------------------|-----------------|------------------|--|
| | Society | | | | | Insurance Trust | Education Foundation | Eliminations | 2022 Total | |
| | Member Services | Continuing Professional Education | Peer Review | Administrative and General | Society Total | | | | | |
| Support and revenues: | | | | | | | | | | |
| Continuing professional education | \$ - | \$ 1,980,705 | \$ - | \$ - | \$ 1,980,705 | \$ - | \$ - | \$ - | \$ 1,980,705 | \$ 2,337,350 |
| Member dues | 1,216,770 | - | - | - | 1,216,770 | - | - | - | 1,216,770 | 1,272,998 |
| Peer review firm fees and CART fees | - | - | 402,523 | - | 402,523 | - | - | - | 402,523 | 366,236 |
| Unrealized gain (loss) on investments | (118,292) | (240,168) | - | - | (358,460) | 6,191 | (44,311) | - | (396,580) | 676,029 |
| In-house CPE courses | - | 65,919 | - | - | 65,919 | - | - | - | 65,919 | 73,171 |
| Royalty income | 18,706 | - | - | - | 18,706 | - | - | - | 18,706 | 13,802 |
| Income (expense) from investments | 40,785 | 82,806 | - | - | 123,591 | 3,886 | 17,055 | - | 144,532 | 91,051 |
| Chapter function income | 94,426 | - | - | - | 94,426 | - | - | - | 94,426 | 25,906 |
| Lagniappe ad sales | 55,745 | - | - | - | 55,745 | - | - | - | 55,745 | 49,155 |
| Education contributions | - | - | - | - | - | - | 19,945 | - | 19,945 | 10,141 |
| Miscellaneous | 950 | 61 | - | - | 1,011 | - | - | - | 1,011 | 4,848 |
| Application and late fees | 3,260 | - | - | - | 3,260 | - | - | - | 3,260 | 13,975 |
| Gain on disposal of assets | 15,267 | - | - | - | 15,267 | - | - | - | 15,267 | - |
| Commission income | - | - | - | - | - | 30,776 | - | (30,776) | - | - |
| Total support and revenues | <u>1,327,617</u> | <u>1,889,323</u> | <u>402,523</u> | <u>-</u> | <u>3,619,463</u> | <u>40,853</u> | <u>(7,311)</u> | <u>(30,776)</u> | <u>3,622,229</u> | <u>4,934,662</u> |

(Continued)

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
SUPPLEMENTARY INFORMATION
COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

| | 2022 | | | | | | | | 2021 | |
|--|--------------------|---|----------------|----------------------------------|------------------|--------------------|-------------------------|-----------------|------------------|--|
| | Society | | | | | | | | | Summarized Financial Information |
| | Member Services | Continuing Professional Education | Peer Review | Administrative and General | Society Total | Insurance Trust | Education Foundation | Eliminations | 2022 Total | |
| Expenses: | | | | | | | | | | |
| Continuing professional education | \$ - | \$ 977,913 | \$ - | \$ - | \$ 977,913 | \$ - | \$ - | \$ - | \$ 977,913 | \$ 943,934 |
| Salaries | 544,698 | 427,978 | - | - | 972,676 | - | - | - | 972,676 | 1,128,403 |
| Rent - office space | 22,732 | 42,019 | - | 4,133 | 68,884 | - | - | - | 68,884 | 218,077 |
| Employee benefits | 120,990 | 95,064 | - | - | 216,054 | - | - | - | 216,054 | 247,098 |
| Travel and meeting | 114,528 | 44,539 | - | - | 159,067 | - | - | - | 159,067 | 49,866 |
| Postage and freight | 19,541 | 18,038 | - | - | 37,579 | - | - | - | 37,579 | 40,323 |
| Professional fees | 59,814 | 55,214 | - | - | 115,028 | 500 | 2,559 | - | 118,087 | 115,195 |
| Peer review and CART expenses | - | - | 397,749 | - | 397,749 | - | - | - | 397,749 | 358,868 |
| Public information and media relations | 11,913 | - | - | - | 11,913 | - | - | - | 11,913 | 193 |
| Payroll taxes | 42,205 | 33,161 | - | - | 75,366 | - | - | - | 75,366 | 87,260 |
| Office supplies | 21,266 | 19,630 | - | - | 40,896 | - | - | - | 40,896 | 25,047 |
| Miscellaneous | 16,717 | 15,431 | - | - | 32,148 | - | - | - | 32,148 | 29,750 |
| Service charges | 49,401 | 45,600 | - | - | 95,001 | - | - | - | 95,001 | 140,468 |
| Publications expense | 3,206 | 2,960 | - | - | 6,166 | - | - | - | 6,166 | 5,888 |
| Lagniappe publication expense | 29,145 | - | - | - | 29,145 | - | - | - | 29,145 | 30,582 |
| Telephone | 24,905 | 22,989 | - | - | 47,894 | - | - | - | 47,894 | 49,219 |
| Rentals and maintenance of equipment | 3,870 | 3,573 | - | - | 7,443 | - | - | - | 7,443 | 8,473 |
| Chapter function expenses | 95,300 | - | - | - | 95,300 | - | - | - | 95,300 | 21,688 |
| In-house CPE courses | - | 36,508 | - | - | 36,508 | - | - | - | 36,508 | 29,901 |
| Dues - Chapters' portion | 53,276 | - | - | - | 53,276 | - | - | - | 53,276 | 3,401 |
| Insurance | 10,879 | 10,042 | - | - | 20,921 | - | - | - | 20,921 | 27,526 |
| Scholarships | - | - | - | - | - | - | 31,225 | - | 31,225 | 30,250 |
| Computer services | 53,571 | 55,900 | - | 6,987 | 116,458 | - | - | - | 116,458 | 58,007 |
| Dues to associations | 7,445 | 6,873 | - | - | 14,318 | - | - | - | 14,318 | 15,087 |
| Awards | 2,224 | - | - | - | 2,224 | - | - | - | 2,224 | 1,883 |
| Overhead reimbursement | - | - | - | - | - | 30,776 | - | (30,776) | - | - |
| Total expenses before depreciation and amortization | <u>1,307,626</u> | <u>1,913,432</u> | <u>397,749</u> | <u>11,120</u> | <u>3,629,927</u> | <u>31,276</u> | <u>33,784</u> | <u>(30,776)</u> | <u>3,664,211</u> | <u>3,669,300</u> |

(Continued)

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
SUPPLEMENTARY INFORMATION
COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

| | 2022 | | | | | | | | 2021 Summarized Financial Information | |
|-------------------------------|--------------------|---|----------------|----------------------------------|------------------|--------------------|-------------------------|-----------------|--|------------------|
| | Society | | | | | Insurance Trust | Education Foundation | Eliminations | | 2022 Total |
| | Member Services | Continuing Professional Education | Peer Review | Administrative and General | Society Total | | | | | |
| Expenses: (Continued) | | | | | | | | | | |
| Depreciation and amortization | 14,200 | 26,567 | 2,291 | 2,748 | 45,806 | - | - | - | 45,806 | 33,125 |
| Total expenses | <u>1,321,826</u> | <u>1,939,999</u> | <u>400,040</u> | <u>13,868</u> | <u>3,675,733</u> | <u>31,276</u> | <u>33,784</u> | <u>(30,776)</u> | <u>3,710,017</u> | <u>3,702,425</u> |
| TOTAL CHANGE IN NET ASSETS | \$ 5,791 | \$ (50,676) | \$ 2,483 | \$ (13,868) | \$ (56,270) | \$ 9,577 | \$ (41,095) | \$ - | \$ (87,788) | \$ 1,232,237 |