



Florida Institute of Certified Public Accountants

**FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND  
FLORIDA INSTITUTE OF ACCOUNTANTS, INC. AND SUBSIDIARY**  
**Consolidated Financial Statements**  
**June 30, 2017 and 2016**  
**With Independent Auditors' Report**

**Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc. and Subsidiary  
June 30, 2017 and 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Governors  
Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc.  
Tallahassee, Florida

We have audited the accompanying consolidated financial statements of the Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary (the "Institute"), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Institute's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary as of June 30, 2017 and 2016, and the changes in their consolidated net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position, activities, and expenses as of and for the years ended June 30, 2017 and 2016, are presented for purposes of additional analysis 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 taken as a whole.

*Withum Smith + Brown, PC*

September 20, 2017

**Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc. and Subsidiary  
Consolidated Statements of Financial Position  
June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,155,044	\$ 2,416,199
Accounts receivable and accrued income	132,787	163,462
Prepaid expenses	198,962	220,492
Total current assets	<u>3,486,793</u>	<u>2,800,153</u>
Investments	11,385,062	10,294,234
Property and equipment, net	338,783	406,996
Other assets, net	<u>-</u>	<u>5,641</u>
Total assets	<u><u>\$ 15,210,638</u></u>	<u><u>\$ 13,507,024</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 826,713	\$ 772,520
Revenues received in advance		
Membership dues	2,691,707	2,237,999
Continuing professional education fees	180,371	165,003
Other	84,697	30,441
Current portion of deferred gain on sale-leaseback	128,318	256,635
Total current liabilities	<u>3,911,806</u>	<u>3,462,598</u>
Long-term portion of deferred gain on sale-leaseback	<u>-</u>	<u>128,318</u>
Total liabilities	<u><u>3,911,806</u></u>	<u><u>3,590,916</u></u>
Net assets		
Unrestricted	11,241,211	9,858,487
Temporarily restricted	57,621	57,621
Total net assets	<u>11,298,832</u>	<u>9,916,108</u>
Total liabilities and net assets	<u><u>\$ 15,210,638</u></u>	<u><u>\$ 13,507,024</u></u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc. and Subsidiary  
Consolidated Statements of Activities  
Years Ended June 30, 2017 and 2016**

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	<b>2017</b>	<b>2016</b>
Change in unrestricted net assets		
Revenues		
Membership dues	\$ 4,121,121	\$ 4,146,258
Continuing professional education programs	3,063,652	3,136,008
Peer review fees	386,602	361,029
Publications	122,343	115,756
Institute endorsed programs	135,131	156,874
Net gains on investments	847,215	531,698
Interest and dividends	243,613	155,458
Rental income	-	95,129
Other	158,457	117,904
Gain on sale-leaseback	256,635	1,427,134
Total revenues	<u>9,334,769</u>	<u>10,243,248</u>
Expenses		
Program services		
Membership services	2,676,534	2,631,619
Continuing professional education	2,971,727	3,023,422
Chapter operations	454,453	506,341
Peer review services	364,665	321,335
Government affairs	454,001	443,559
Supporting services		
Management and administrative	1,030,665	973,835
Total expenses	<u>7,952,045</u>	<u>7,900,111</u>
Change in unrestricted net assets	<u>1,382,724</u>	<u>2,343,137</u>
Change in net assets	1,382,724	2,343,137
Net assets		
Beginning of year	<u>9,916,108</u>	<u>7,572,971</u>
End of year	<u>\$ 11,298,832</u>	<u>\$ 9,916,108</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc. and Subsidiary  
Consolidated Statements of Cash Flows  
Years Ended June 30, 2017 and 2016**

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	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,382,724	\$ 2,343,137
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	86,903	148,093
Gain on sale of property and equipment	(2,476)	(2,775)
Gain on sale-leaseback	-	(1,427,134)
Amortization of deferred gain on sale-leaseback	(256,635)	(117,625)
Dividend reinvestments	(238,315)	(155,453)
Realized and unrealized gains on investments	(847,215)	(531,698)
(Increase) decrease in		
Accounts receivable and accrued income	30,675	(1,649)
Prepaid expenses	21,530	(12,915)
Other assets	5,641	-
Increase (decrease) in		
Accounts payable and accrued expenses	54,193	(108,290)
Deferred revenues	523,332	126,534
Rental deposits	-	(10,750)
Net cash provided by operating activities	<u>760,357</u>	<u>249,475</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(19,939)	(109,622)
Proceeds from sale of property and equipment	3,725	2,775
Proceeds from sale-leaseback	-	3,971,720
Purchases of investments	(2,758,558)	(4,435,936)
Proceeds from sales and maturities of investments	<u>2,753,260</u>	<u>496,266</u>
Net cash used in investing activities	<u>(21,512)</u>	<u>(74,797)</u>
<b>Net change in cash and cash equivalents</b>	738,845	174,678
<b>Cash and cash equivalents</b>		
Beginning of year	<u>2,416,199</u>	<u>2,241,521</u>
End of year	<u>\$ 3,155,044</u>	<u>\$ 2,416,199</u>

**Noncash investing and financing activities**

During 2016, the Institute deferred a gain of \$502,578 related to a real estate sale-leaseback transaction.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Nature of Operations**

The Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. (the "Institute") is a tax-exempt entity organized in Florida to maintain higher standards of accountancy, to promote the exchange of ideas within the accounting profession, and to advance understanding among its members and the general public. The primary sources of revenue are membership dues and continuing professional education programs.

### **Basis of Presentation**

The Institute prepares its statements under the guidance of Financial Accounting Standards Board ("FASB") ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Institute does not have any permanently restricted net assets.

### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Institute and/or the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Institute, including its local chapters, and its wholly-owned subsidiary, CPA Service Corporation, a for-profit corporation. FICPA Insurance Services, LLC, a for-profit limited liability company, is a wholly-owned subsidiary of CPA Service Corporation. All significant intercompany transactions and balances have been eliminated in consolidation.

The Institute provides support to its affiliates:

- FICPA Scholarship Foundation, Inc.
- Florida CPA Political Action Committee, Inc.
- Florida CPA Political Action Committee – North, Inc.
- Florida CPA Political Action Committee – South, Inc.
- Florida CPA Political Action Committee – Central, Inc.

These organizations are not considered financially interrelated organizations, as defined in FASB ASC 958, *Not-for-Profit Entities*, and accordingly, are not included in the accompanying consolidated financial statements.



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**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 consolidated financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of checking and savings accounts and money market funds similar to demand deposits. The Institute considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

At times, the Institute had a concentration of credit risk arising from cash deposits at a financial institution in excess of federally insured limits of \$250,000. At June 30, 2017, approximately \$2,838,000 of cash and cash equivalents was uninsured.

**Accounts Receivable and Accrued Income**

The Institute is a professional association which grants credit to members who use the continuing professional education and peer review services offered by the Institute. The Institute also grants credit to customers for advertisements in the *Florida CPA Today* magazine. Accounts receivable are stated at estimated net realizable value. For certain trade receivables over 30 days past due, an interest rate of 1.5% is applied against the outstanding balance. After 120 days past due, accounts are generally turned over to a third-party collection agency and a valuation allowance is set up. The allowance, if necessary, is based on the Institute's historic write-offs, the present economic conditions, and the perceived financial stability of its members. Specific accounts, generally no more than one year past due, are written off once determined uncollectible by the collection agency and management. At June 30, 2017 and 2016, no allowance was recorded.

**Investments**

The Institute invests in debt and equity securities for long-term preservation of capital and growth through consistent returns. The Institute accounts for investments in accordance with FASB ASC 958, *Not-for-Profit Entities*. Therefore, investments in debt and equity securities are reported at fair market value. Fair value is 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. See Note 3 for discussion of fair value measurements.

Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. The Institute's investments consist of mutual funds with readily determinable market values.

**Property and Equipment**

Property and equipment greater than \$1,000 is recorded at cost. Material purchases of property and equipment, and significant repairs and additions, which extend the useful life of existing assets, are capitalized in accordance with the Institute's adopted policy. Prior to sale-leaseback (see Note 5), the building was depreciated over its estimated useful life of 40 years using the straight-line method. Furniture, fixtures, and equipment are depreciated over estimated useful lives ranging from 3 to 15 years using the straight-line method.

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**Revenue Recognition**

Revenues are recognized when the earnings process is substantially complete and goods have been delivered or services performed. Revenues from membership dues are recognized in the year to which they relate. Continuing education revenues are recognized when the educational course has been held or the educational materials have been delivered. Peer review fees are recognized when the Institute has substantially completed the review process.

**Advertising**

The Institute expenses the costs of advertising the first time the advertising takes place, except for direct-response advertising which is amortized over its expected period of future benefits. Direct-response advertising consists of CPE program advertisements placed in the *Florida CPA Today* magazine, directories, and other direct-mail brochures. The capitalized costs of the advertising are amortized over the annual CPE program term and as advertised classes are held. For the years ended June 30, 2017 and 2016, advertising expense was approximately \$161,000 and \$158,000, respectively.

**Income Taxes**

The Institute is generally exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. However, the Institute is subject to tax on unrelated business income arising from advertising and certain commissions.

The wholly-owned for-profit subsidiary uses the asset and liability method of accounting for income taxes as required by FASB ASC 740, *Income Taxes*. Therefore, federal and state income taxes are provided on income reported for financial statement purposes and include both current and deferred income tax expense. Current income tax expense is recorded to reflect income taxes based upon the tax returns filed with the appropriate taxing agencies. Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at year end. The change in deferred income taxes is recognized as deferred income tax expense or benefit. The tax benefit related to operating loss carryforwards, if any, is recognized if management believes, based on available evidence, that it is more likely than not that they will be realized.

**Subsequent Events**

Subsequent events have been evaluated through September 20, 2017, the date the consolidated financial statements were available to be issued. Based upon this evaluation, the Institute has determined that no subsequent events have occurred which require adjustment to or disclosure in the consolidated financial statements.

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**2. INVESTMENTS**

Investments consist of the following at June 30, 2017 and 2016:

	<b>2017</b>		
	<b>Historical Cost</b>	<b>Unrealized Gains</b>	<b>Market and Carrying Value</b>
Mutual funds invested in debt securities	\$ 3,566,189	\$ 8,711	\$ 3,574,900
Mutual funds invested in equity securities	3,274,388	1,293,521	4,567,909
Exchange-traded funds	2,629,565	612,688	3,242,253
<b>Total investments</b>	<b>\$ 9,470,142</b>	<b>\$ 1,914,920</b>	<b>\$ 11,385,062</b>
	<b>2016</b>		
	<b>Historical Cost</b>	<b>Unrealized Gains (Losses)</b>	<b>Market and Carrying Value</b>
Mutual funds invested in debt securities	\$ 3,479,901	\$ 86,643	\$ 3,566,544
Mutual funds invested in equity securities	3,862,048	1,436,330	5,298,378
Exchange-traded funds	1,158,676	270,636	1,429,312
<b>Total investments</b>	<b>\$ 8,500,625</b>	<b>\$ 1,793,609</b>	<b>\$ 10,294,234</b>

Net gains on investments shown on the accompanying consolidated statements of activities consist of the following for the years ended June 30, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Unrealized gains	\$ 771,841	\$ 529,269
Realized gains	75,374	2,429
<b>Net gains on investments</b>	<b>\$ 847,215</b>	<b>\$ 531,698</b>

**3. FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides 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 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

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- Level 2 – Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

*Mutual funds:* Valued at the daily closing price as reported by the funds. Mutual funds held by the Institute are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Institute are deemed to be actively traded.

*Exchange-traded funds:* Measured at the value of the quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Institute 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.

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The following table sets forth the Institute's Level 1 investments measured at fair value at June 30, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Mutual funds invested in debt securities		
Vanguard Short-Term Bond Index Fund	\$ 1,802,316	\$ 1,792,863
Vanguard Inter-Term Bond Index Fund	<u>1,772,584</u>	<u>1,773,681</u>
	<u>3,574,900</u>	<u>3,566,544</u>
Mutual funds invested in equity securities		
Vanguard 500 Index Fund	2,334,221	2,632,548
Vanguard Mid Cap Index Fund	-	718,393
Vanguard Small Cap Index Fund	452,597	379,893
Vanguard Total International Index Fund	305,301	254,307
Fundamental US Large Index Fund	-	1,313,237
Vanguard High Dividend Yld Index	<u>1,475,790</u>	<u>-</u>
	<u>4,567,909</u>	<u>5,298,378</u>
Exchange-traded funds		
Vanguard Dividend Appreciation ETF	1,498,482	1,317,050
Vanguard FTSE Emerging Markets ETF	133,369	112,262
iShares Core S&P 500 ETF	<u>1,610,402</u>	<u>-</u>
	<u>3,242,253</u>	<u>1,429,312</u>
Total investments	<u>\$ 11,385,062</u>	<u>\$ 10,294,234</u>

The value and related income of the Institute's investments are sensitive to changes in economic conditions. Accordingly, investment values may be subject to risks by shifts in the market's perception of the issuers and changes in interest rates.

#### **4. PROPERTY AND EQUIPMENT**

The components of property and equipment at June 30, 2017 and 2016, are presented below:

	<b>2017</b>	<b>2016</b>
Furniture, fixtures, and equipment	\$ 1,409,556	\$ 1,411,015
Less accumulated depreciation	<u>(1,070,773)</u>	<u>(1,004,019)</u>
Total property and equipment	<u>\$ 338,783</u>	<u>\$ 406,996</u>

Depreciation expense totaled approximately \$87,000 and \$148,000 for the years ended June 30, 2017 and 2016, respectively.

During 2016, the Institute executed a sale-leaseback on its land and building (see Note 5).

**5. SALE-LEASEBACK TRANSACTION**

In January 2016, the Institute sold and leased back its land and office building. Proceeds of approximately \$3,972,000 were received in connection with the sale, which were net of seller incurred closing costs of approximately \$28,000. The carrying value of the land and building sold was approximately \$2,042,000. In accordance with FASB ASC 840, *Leases*, the Institute accounted for the transaction as a sale-leaseback and recognized a gain of approximately \$1,427,000 and a deferred gain of approximately \$503,000. The deferred gain will be amortized over the expected life of the building lease (see Note 12). For the years ended June 30, 2017 and 2016, amortization of the deferred gain totaled approximately \$257,000 and \$118,000, respectively.

**6. LINE OF CREDIT**

Pursuant to an agreement with Hancock Bank, the Institute had available a \$500,000 unsecured line of credit. The line of credit matures in February 2018 and bears interest at the greater of 4.0% or the prime rate (4.25% at June 30, 2017). At June 30, 2017 and 2016, there was no outstanding balance.

**7. DEFINED-CONTRIBUTION PLAN**

The Institute sponsors a defined-contribution pension plan for salaried employees who have completed six months of service and have attained age 20½ years. The plan provides for matching and discretionary profit sharing contributions by the Institute on behalf of eligible employees. Employees may optionally contribute to the plan via salary deferrals and are limited by certain provisions of the Internal Revenue Code. Due to the nature of the plan, there is no liability for past service costs or unfunded vested benefits. For the fiscal years ended June 30, 2017 and 2016, the Institute's contributions to the plan totaled approximately \$90,000 and \$136,000, respectively. For the years ended June 30, 2017 and 2016, plan contributions included approximately \$32,000 and \$46,000, respectively, of discretionary profit sharing contributions.

**8. INCOME TAXES**

The wholly-owned for-profit subsidiary (CPA Service Corporation and its wholly-owned for-profit subsidiary, FICPA Insurance Services, LLC) uses the asset and liability method of accounting for income taxes as required by FASB ASC 740, *Income Taxes*. Under this statement, CPA Service Corporation and its subsidiary have an estimated gross deferred tax asset of approximately \$216,000 and \$225,000 at June 30, 2017 and 2016, respectively, resulting from approximately \$629,000 and \$661,000 of income tax net operating loss carryforwards unused at June 30, 2017 and 2016, respectively. Of these carryforwards, approximately \$191,000, \$253,000, and \$164,000 expire in 2019, 2020, and 2021, respectively. The remaining amounts expire at various times between 2022 and 2034. However, due to uncertainty regarding realizability, a valuation allowance has been recorded in the full amount of the estimated deferred tax assets as of June 30, 2017 and 2016. Therefore, there was no net deferred income tax benefit recognized by CPA Service Corporation for the years ended June 30, 2017 and 2016.

The unused net operating loss is available to offset future taxable income of CPA Service Corporation and its subsidiary.

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The Institute implemented the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of June 30, 2017, the Institute has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

**9. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Institute's various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs benefited.

**10. TEMPORARILY RESTRICTED NET ASSETS**

The Institute reports contributions of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. At both June 30, 2017 and 2016, the Institute held \$57,621 of contributions from members to support the Anti-Tax Initiative.

**11. RELATED PARTIES**

At June 30, 2017 and 2016, the Institute held amounts collected on behalf of or designated to certain affiliates. These amounts are included in accounts payable and accrued expenses as follows:

	<b>2017</b>	<b>2016</b>
FICPA Scholarship Foundation, Inc.	\$ 41,998	\$ 43,757
Florida CPA Political Action Committees	<u>16,999</u>	<u>19,908</u>
	<u>\$ 58,997</u>	<u>\$ 63,665</u>

At times, the Institute provides services to the FICPA Scholarship Foundation, Inc. which are recorded as in-kind contributions under the related service expense. For the years ended June 30, 2017 and 2016, the Institute contributed approximately \$149,000 and \$56,000, respectively, of services related to administrative support.

**12. COMMITMENTS AND CONTINGENCIES**

**Operating Leases**

**As Lessee**

The Institute leases office space accounted for as a sale-leaseback transaction (see Note 5) under a noncancellable operating lease which requires monthly rent payments of approximately \$22,000 through December 31, 2017.

Additionally, starting September 1, 2017, the Institute will lease office space under a noncancellable operating lease which requires monthly escalating rent payments through December 31, 2022. The lease allows for a 5-year renewal option through December 31, 2027.

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The Institute leases certain office equipment under noncancellable operating leases expiring at various dates through September 2018. Future minimum rental payments under leases with remaining terms in excess of one year at June 30, 2017, are as follows:

Year Ending June 30,	
2018	\$ 293,569
2019	263,525
2020	269,745
2021	276,504
2022	283,399
Thereafter	<u>144,627</u>
	<u>\$ 1,531,369</u>

Rental expense incurred under all operating leases for the years ended June 30, 2017 and 2016, was approximately \$57,000 and \$165,000, respectively, net of amortization of approximately \$257,000 and \$118,000 (see Note 5) for the years ended June 30, 2017 and 2016, respectively.

**As Lessor**

Prior to the sale-leaseback of the land and building (see Note 5), the Institute leased a portion of its building under an operating lease agreement. The lease called for monthly rental payments of approximately \$14,000 and the tenant was responsible for insurance, repairs and maintenance, and other certain expenses.

Total rental income, including short-term month-to-month rentals, totaled approximately \$95,000 for the year ended June 30, 2016.

**Conference and Hotel Agreements**

During the ordinary course of business, the Institute executes agreements with hotels and conference centers for future events. These agreements contain financial penalties for termination of the contract as well as minimum financial guarantees related to room and food/beverage sales. At June 30, 2017, management has no intentions to terminate any of the existing agreements. Additionally, in the case of an unforeseen cancellation, management believes the resulting costs would not be material to the consolidated financial statements.





Florida Institute of Certified Public Accountants

**SUPPLEMENTARY INFORMATION**

**Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc. and Subsidiary  
Consolidating Schedules of Financial Position  
June 30, 2017 and 2016**

	<u>FICPA</u>	<u>Chapters of FICPA</u>	<u>CPA Service Corporation</u>	<u>FICPA Insurance Services, LLC</u>	<u>Eliminating Entries</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 3,001,802	\$ 140,244	\$ 85	\$ 12,913	\$ -	\$ 3,155,044	\$ 2,416,199
Accounts receivable and accrued income	135,242	765	-	-	(3,220)	132,787	163,462
Prepaid expenses	193,452	5,510	-	-	-	198,962	220,492
Total current assets	<u>3,330,496</u>	<u>146,519</u>	<u>85</u>	<u>12,913</u>	<u>(3,220)</u>	<u>3,486,793</u>	<u>2,800,153</u>
Investments	11,398,061	-	12,914	-	(25,913)	11,385,062	10,294,234
Property and equipment, net	338,783	-	-	-	-	338,783	406,996
Other assets, net	-	-	-	-	-	-	5,641
Total assets	<u>\$ 15,067,340</u>	<u>\$ 146,519</u>	<u>\$ 12,999</u>	<u>\$ 12,913</u>	<u>\$ (29,133)</u>	<u>\$ 15,210,638</u>	<u>\$ 13,507,024</u>
<b>Liabilities and Net Assets</b>							
Current liabilities							
Accounts payable and accrued expenses	\$ 799,791	\$ 30,143	\$ -	\$ -	\$ (3,221)	\$ 826,713	\$ 772,520
Revenues received in advance							
Membership dues	2,688,322	3,385	-	-	-	2,691,707	2,237,999
Continuing professional education fees	180,371	-	-	-	-	180,371	165,003
Other	84,697	-	-	-	-	84,697	30,441
Deferred gain on sale-leaseback	128,318	-	-	-	-	128,318	256,635
Total current liabilities	<u>3,881,499</u>	<u>33,528</u>	<u>-</u>	<u>-</u>	<u>(3,221)</u>	<u>3,911,806</u>	<u>3,462,598</u>
Long term portion of deferred gain on sale-leaseback	-	-	-	-	-	-	128,318
Total liabilities	<u>3,881,499</u>	<u>33,528</u>	<u>-</u>	<u>-</u>	<u>(3,221)</u>	<u>3,911,806</u>	<u>3,590,916</u>
Net assets							
Common stock	-	-	10	10	(20)	-	-
Additional paid-in capital	-	-	654,112	24,225	(678,337)	-	-
Retained earnings	-	-	(641,123)	(11,322)	652,445	-	-
Unrestricted	11,128,220	112,991	-	-	-	11,241,211	9,858,487
Temporarily restricted	57,621	-	-	-	-	57,621	57,621
Total net assets	<u>11,185,841</u>	<u>112,991</u>	<u>12,999</u>	<u>12,913</u>	<u>(25,912)</u>	<u>11,298,832</u>	<u>9,916,108</u>
Total liabilities and net assets	<u>\$ 15,067,340</u>	<u>\$ 146,519</u>	<u>\$ 12,999</u>	<u>\$ 12,913</u>	<u>\$ (29,133)</u>	<u>\$ 15,210,638</u>	<u>\$ 13,507,024</u>

See Independent Auditors' Report.

**Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc. and Subsidiary  
Consolidating Schedules of Activities  
Years Ended June 30, 2017 and 2016**

	<u>FICPA</u>	<u>Chapters of FICPA</u>	<u>CPA Service Corporation</u>	<u>FICPA Insurance Services, LLC</u>	<u>Eliminating Entries</u>	<u>2017 Total</u>	<u>2016 Total</u>
Change in unrestricted net assets							
Revenues							
Membership dues	\$ 4,123,318	\$ 142,108	\$ -	\$ -	\$ (144,305)	\$ 4,121,121	\$ 4,146,258
Continuing professional education programs	2,827,762	250,940	-	-	(15,050)	3,063,652	3,136,008
Peer review fees	386,602	-	-	-	-	386,602	361,029
Publications	122,243	100	-	-	-	122,343	115,756
Institute endorsed programs	135,131	-	-	-	-	135,131	156,874
Net gains on investments	847,215	-	-	-	-	847,215	531,698
Interest and dividends	243,613	-	-	-	-	243,613	155,458
Rental income	-	-	-	-	-	-	95,129
Other	96,339	62,118	5,606	8,408	(14,014)	158,457	117,904
Gain on sale-leaseback	256,635	-	-	-	-	256,635	1,427,134
Total revenues	<u>9,038,858</u>	<u>455,266</u>	<u>5,606</u>	<u>8,408</u>	<u>(173,369)</u>	<u>9,334,769</u>	<u>10,243,248</u>
Expenses							
Program services							
Membership services	2,819,077	-	-	-	(142,543)	2,676,534	2,631,619
Continuing professional education	2,971,727	-	-	-	-	2,971,727	3,023,422
Chapter operations	-	471,494	-	-	(17,041)	454,453	506,341
Peer review services	364,665	-	-	-	-	364,665	321,335
Government affairs	454,001	-	-	-	-	454,001	443,559
Supporting services							
Management and administrative	1,030,665	-	150	2,802	(2,952)	1,030,665	973,835
Total expenses	<u>7,640,135</u>	<u>471,494</u>	<u>150</u>	<u>2,802</u>	<u>(162,536)</u>	<u>7,952,045</u>	<u>7,900,111</u>
Change in net assets	1,398,723	(16,228)	5,456	5,606	(10,833)	1,382,724	2,343,137
Net assets							
Beginning of year	9,787,118	129,219	7,393	7,307	(14,929)	9,916,108	7,572,971
Capital contribution	-	-	150	-	(150)	-	-
End of year	<u>\$ 11,185,841</u>	<u>\$ 112,991</u>	<u>\$ 12,999</u>	<u>\$ 12,913</u>	<u>\$ (25,912)</u>	<u>\$ 11,298,832</u>	<u>\$ 9,916,108</u>

See Independent Auditors' Report.

**Florida Institute of Certified Public Accountants and  
Florida Institute of Accountants, Inc. and Subsidiary  
Consolidated Schedules of Expenses  
Years Ended June 30, 2017 and 2016**

	<u>Membership Services</u>	<u>Continuing Professional Education</u>	<u>Chapter Operations</u>	<u>Peer Review Services</u>	<u>Government Affairs</u>	<u>Management and Administrative</u>	<u>2017 Total</u>	<u>2016 Total</u>
Advertising and promotions	\$ 11,906	\$ 147,471	\$ -	\$ -	\$ -	\$ 1,677	\$ 161,054	\$ 158,094
Chapter operations	-	-	454,453	-	-	-	454,453	506,341
Consulting	20,119	5,612	-	6,135	106,131	25,239	163,236	147,575
Contributions and sponsorships	150,449	455	-	-	2,000	1,250	154,154	70,227
Copier and fax lease	11,206	6,972	-	1,544	1,935	3,964	25,621	27,244
Depreciation and amortization	33,892	25,202	-	3,476	4,345	19,988	86,903	148,093
Dues and subscriptions	12,027	2,731	-	1,229	17,849	5,934	39,770	39,921
Education	15,527	11,458	-	8,338	9,127	10,350	54,800	53,735
Facility and A/V rentals	162,618	381,647	-	24,202	8,909	51,938	629,314	317,733
Honorariums	6,350	115,412	-	-	-	-	121,762	160,656
Insurance	31,626	18,009	-	5,010	3,636	14,201	72,482	89,716
Legal and accounting	-	-	-	-	-	58,428	58,428	54,691
Materials and royalties	2,835	144,487	-	-	-	-	147,322	184,766
Merchant fees	77,603	79,410	-	3,276	-	301	160,590	158,753
Miscellaneous	28,214	20,528	-	1,439	3,592	6,417	60,190	68,724
Office supplies	4,099	4,829	-	414	218	1,692	11,252	10,439
Postage	54,064	8,435	-	1,386	108	3,155	67,148	72,290
Printing	35,601	2,280	-	85	1,196	1,396	40,558	37,410
Repairs and maintenance	28,007	15,547	-	4,422	780	12,540	61,296	86,820
Salaries and benefits	1,608,669	1,091,376	-	277,796	261,880	752,353	3,992,074	4,052,890
Speaker expenses	2,745	143,659	-	-	-	-	146,404	151,982
Telephone and utilities	11,179	6,165	-	1,618	1,344	5,353	25,659	68,247
Travel and entertainment	276,253	660,904	-	9,958	23,068	17,477	987,660	1,035,287
Website and technology	91,545	79,138	-	14,337	7,883	37,012	229,915	198,477
<b>Total expenses</b>	<b>\$ 2,676,534</b>	<b>\$ 2,971,727</b>	<b>\$ 454,453</b>	<b>\$ 364,665</b>	<b>\$ 454,001</b>	<b>\$ 1,030,665</b>	<b>\$ 7,952,045</b>	<b>\$ 7,900,111</b>

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