



**FICPA SCHOLARSHIP FOUNDATION, INC.**  
**Financial Statements**  
**June 30, 2019 and 2018**  
**With Independent Auditors' Report**

**FICPA Scholarship Foundation, Inc.**  
**June 30, 2019 and 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
FICPA Scholarship Foundation, Inc.  
Tallahassee, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of FICPA Scholarship Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FICPA Scholarship Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation adopted Accounting Standards Update (“ASU”) No. 2016-14, Not-for-Profit Entities (Topic 958). Our opinion is not modified with respect to this matter.

### Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenses – fundraising activities is presented for purposes of additional analysis and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

December 6, 2019

**FICPA Scholarship Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 253,284	\$ 308,158
Accounts receivable – due from Florida Institute of Certified Public Accountants, Inc.	10,238	-
Accounts receivable – other	8,670	1,716
Prepaid expenses and deposits	12,741	10,741
Current portion of pledged contributions receivable, net	<u>29,206</u>	<u>31,469</u>
Total current assets	314,139	352,084
Pledged contributions receivable, less current portion, net	62,791	68,969
Investments	<u>2,289,031</u>	<u>2,092,607</u>
Total assets	<u>\$ 2,665,961</u>	<u>\$ 2,513,660</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,098	\$ -
Accounts payable – due to Florida Institute of Certified Public Accountants, Inc.	-	13,419
Deferred revenues	19,470	18,815
Scholarships payable	<u>160,000</u>	<u>142,000</u>
Total current liabilities	<u>180,568</u>	<u>174,234</u>
Net assets		
Without donor restrictions	552,743	508,864
With donor restrictions	<u>1,932,650</u>	<u>1,830,562</u>
Total net assets	<u>2,485,393</u>	<u>2,339,426</u>
Total liabilities and net assets	<u>\$ 2,665,961</u>	<u>\$ 2,513,660</u>

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

**FICPA Scholarship Foundation, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Fundraising activities	\$ 164,261	\$ -	\$ 164,261	\$ 156,415	\$ -	\$ 156,415
Contributions	-	43,420	43,420	-	28,001	28,001
Contributions – local chapters	14,354	-	14,354	5,890	-	5,890
Contributions – Florida Institute of Certified Public Accountants, Inc.	252,090	-	252,090	249,795	-	249,795
Contributions – CPA 1040K Run	-	6,707	6,707	-	20,015	20,015
Contributions – other	45,836	-	45,836	15,520	-	15,520
Investment income	58,925	137,505	196,430	52,193	112,911	165,104
Other revenue	-	-	-	2,107	-	2,107
Net assets released from restrictions	85,544	(85,544)	-	86,843	(86,843)	-
Total revenues	<u>621,010</u>	<u>102,088</u>	<u>723,098</u>	<u>568,763</u>	<u>74,084</u>	<u>642,847</u>
Expenses						
Program services	183,222	-	183,222	191,359	-	191,359
Fundraising activities	215,623	-	215,623	161,252	-	161,252
Management and general	178,286	-	178,286	219,649	-	219,649
Total expenses	<u>577,131</u>	<u>-</u>	<u>577,131</u>	<u>572,260</u>	<u>-</u>	<u>572,260</u>
Change in net assets	<u>43,879</u>	<u>102,088</u>	<u>145,967</u>	<u>(3,497)</u>	<u>74,084</u>	<u>70,587</u>
Net assets						
Beginning of year	<u>508,864</u>	<u>1,830,562</u>	<u>2,339,426</u>	<u>512,361</u>	<u>1,756,478</u>	<u>2,268,839</u>
End of year	<u>\$ 552,743</u>	<u>\$ 1,932,650</u>	<u>\$ 2,485,393</u>	<u>\$ 508,864</u>	<u>\$ 1,830,562</u>	<u>\$ 2,339,426</u>

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

**FICPA Scholarship Foundation, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 145,967	\$ 70,587
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Unrealized and realized gains	(143,501)	(125,055)
Dividend reinvestments	(52,923)	(40,047)
(Increase) decrease in		
Accounts receivable – due from Florida Institute of Certified Public Accountants, Inc.	(10,238)	41,998
Accounts receivable – other	(6,954)	3,156
Prepaid expenses and deposits	(2,000)	-
Pledged contributions receivable	8,441	40,105
Increase (decrease) in		
Scholarships, accounts payable, and accrued expenses	19,098	44,162
Accounts payable – due to Florida Institute of Certified Public Accountants, Inc.	(13,419)	13,419
Deferred revenues	655	(7,235)
Net cash provided by (used in) operating activities	<u>(54,874)</u>	<u>41,090</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	-	127,669
Purchase of investments	<u>-</u>	<u>(137,528)</u>
Net cash used in investing activities	<u>-</u>	<u>(9,859)</u>
<b>Net change in cash and cash equivalents</b>	(54,874)	31,231
<b>Cash and cash equivalents</b>		
Beginning of year	<u>308,158</u>	<u>276,927</u>
End of year	<u>\$ 253,284</u>	<u>\$ 308,158</u>

**FICPA Scholarship Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	Program Services			Fundraising Activities								Management and General	Total
	Accounting			CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast	Golfing	Scholarship Night	Miscellaneous Fundraising	Subtotal			
	Scholar Leadership Symposium	Subtotal	Scramble			Fore							
	Scholarship Program			Golf Tournament	Education Tournament								
Advertising and promotions	\$ -	\$ -	\$ -	\$ 3,783	\$ 846	\$ 856	\$ 189	\$ 2,227	\$ 4,082	\$ 11,983	\$ 464	\$ 12,447	
Consulting	2,361	-	2,361	-	-	-	-	-	-	-	21,000	23,361	
Contributions and sponsorships	-	-	-	6,707	6,224	6,000	6,009	6,000	-	30,940	-	30,940	
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	191	191	
Education	-	-	-	-	-	-	-	-	-	-	125	125	
Facility and AV	-	391	391	31,619	16,633	3,996	2,428	1,248	-	55,924	804	57,119	
Food and beverage	-	6,939	6,939	629	11,779	5,828	1,533	6,759	-	26,528	4,662	38,129	
Licenses and taxes	-	-	-	-	-	-	-	-	-	-	586	586	
Legal and accounting	-	-	-	-	-	-	-	-	-	-	17,690	17,690	
Merchant fees	-	11	11	264	857	347	99	150	-	1,717	1,453	3,181	
Office supplies	-	47	47	-	62	-	-	-	-	62	93	202	
Postage	-	-	-	549	-	-	-	-	-	549	275	824	
Printing	-	-	-	123	-	-	-	-	-	123	25	148	
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	430	430	
Salaries and benefits	26,870	-	26,870	38,078	21,261	14,846	-	1,587	-	75,772	124,705	227,347	
Speaker expenses	-	36	36	-	-	-	-	-	-	-	-	36	
Scholarships	138,700	-	138,700	9,000	-	-	-	-	-	9,000	-	147,700	
Telephone and utilities	-	-	-	45	10	-	-	-	-	55	80	135	
Travel and entertainment	-	7,867	7,867	389	2,136	371	-	74	-	2,970	5,155	15,992	
Website and technology	-	-	-	-	-	-	-	-	-	-	548	548	
<b>Total expenses</b>	<b>\$ 167,931</b>	<b>\$ 15,291</b>	<b>\$ 183,222</b>	<b>\$ 91,186</b>	<b>\$ 59,808</b>	<b>\$ 32,244</b>	<b>\$ 10,258</b>	<b>\$ 18,045</b>	<b>\$ 4,082</b>	<b>\$ 215,623</b>	<b>\$ 178,286</b>	<b>\$ 577,131</b>	

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



**FICPA Scholarship Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2018**

	Program Services			Fundraising Activities						Management and General	Total
	Accounting			CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Golfing Fore Education Tournament	Miscellaneous Fundraising	Subtotal		
	Scholarship Program	Scholar Leadership Symposium	Subtotal								
Advertising and promotions	\$ -	\$ 160	\$ 160	\$ 2,449	\$ 2,733	\$ 2,690	\$ 6,693	\$ 1,155	\$ 15,720	\$ 4,624	\$ 20,504
Consulting	2,268	-	2,268	-	-	-	-	-	-	175	2,443
Contributions and sponsorships	-	-	-	20,014	2,500	-	-	-	22,514	2,330	24,844
Dues and subscriptions	-	-	-	-	-	-	-	-	-	88	88
Education	-	-	-	-	-	-	-	-	-	45	45
Facility and AV	-	1,571	1,571	13,988	19,045	5,032	2,268	-	40,333	1,246	43,150
Food and beverage	-	5,108	5,108	220	11,870	6,200	2,176	-	20,466	3,812	29,386
Licenses and taxes	-	-	-	-	-	-	-	-	-	261	261
Legal and accounting	-	-	-	-	-	-	-	-	-	17,398	17,398
Merchant fees	-	40	40	97	401	410	102	-	1,010	796	1,846
Office supplies	-	-	-	57	-	-	-	-	57	795	852
Postage	-	-	-	590	82	32	-	-	704	683	1,387
Printing	-	-	-	613	54	834	-	-	1,501	2,380	3,881
Salaries and benefits	21,787	-	21,787	23,305	13,986	8,470	-	-	45,761	181,981	249,529
Scholarships	153,157	-	153,157	9,000	-	-	-	-	9,000	-	162,157
Telephone and utilities	-	-	-	131	34	61	-	-	226	331	557
Travel and entertainment	-	7,268	7,268	937	2,198	647	168	-	3,950	2,539	13,757
Website and technology	-	-	-	-	-	10	-	-	10	165	175
<b>Total expenses</b>	<b>\$ 177,212</b>	<b>\$ 14,147</b>	<b>\$ 191,359</b>	<b>\$ 71,401</b>	<b>\$ 52,903</b>	<b>\$ 24,386</b>	<b>\$ 11,407</b>	<b>\$ 1,155</b>	<b>\$ 161,252</b>	<b>\$ 219,649</b>	<b>\$ 572,260</b>

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

**1. NATURE OF OPERATIONS**

The FICPA Scholarship Foundation, Inc. (the “Foundation”) is a charitable organization established pursuant to Section 501(c)(3) of the Internal Revenue Code to raise funds for the purpose of subsidizing educational programs in the field of public accounting to qualified students enrolled in accredited colleges and universities in the state of Florida. The Internal Revenue Service currently considers the Foundation to be a publicly-supported charity for which a charitable contribution deduction is available. The Foundation receives support for its purposes from the general public as well as its affiliate, the Florida Institute of Certified Public Accountants, Inc. On July 20, 2017, the Board of Trustees (“Board”) voted to amend the articles of incorporation and change the Foundation’s name from Florida Institute of Certified Public Accountants’ Educational Foundation, Inc. to FICPA Scholarship Foundation, Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Foundation prepares its statements under the guidance of Financial Accounting Standards Board (“FASB”) ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Coalition 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.

**Basis of Accounting**

The accompanying 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 Foundation and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. These assets may, however, be subject to Board designation and unavailable for use at management’s discretion.

With donor restrictions – Net assets that are subject to donor-imposed stipulations. These stipulations either require the Coalition to maintain the net asset permanently, generally permitting all or part of the income earned on related assets be used for general or specific purposes, or be met either by the completion of a stipulated action and/or the passage of time. As of June 30, 2019 and 2018, the Foundation holds \$1,696,390 and \$1,591,944, respectively, in assets that are required to be maintained permanently.

**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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

**Accounting Pronouncement Adopted in Current Year**

During 2019, the Foundation adopted ASU 2016-14 – Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit’s liquidity, financial performance, and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and the recognition of underwater endowment funds as a reduction in net assets with donor restrictions. This guidance also enhances disclosures for board designated endowments, composition of net assets without donor restrictions, liquidity, and presentation of expenses by both their natural and functional classification. The Foundation applied ASU 2016-14 retrospectively. A recap of the prior year net asset classifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

	<b>As of June 30, 2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Net Assets</b>
<b>Net Assets Classifications</b>			
Unrestricted	\$ 508,864	\$ -	\$ 508,864
Temporarily Restricted	-	238,618	238,618
Permanently Restricted	-	1,591,944	1,591,944
Net Assets as previously reported	<u>\$ 508,864</u>	<u>\$ 1,830,562</u>	<u>\$ 2,339,426</u>

**Cash and Cash Equivalents**

Cash and cash equivalents consist of checking and savings accounts and money market funds similar to demand deposits. The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At times, the Foundation had a concentration of credit risk arising from cash deposits at a financial institution in excess of federally insured limits. The Foundation believes there is no significant risk with respect to these deposits.

**Pledged Contributions Receivable**

All unconditional pledges that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis using rates ranging from 0.641% to 2.960%. The Foundation determines an allowance based on specific identification, historical write-offs, and current economic conditions. As of June 30, 2019 and 2018, the allowance for uncollectible pledges was \$800.

**Investments**

The Foundation accounts for investments in accordance with FASB ASC 958, *Not-for-Profit Entities*. Therefore, investments in debt and equity securities are reported at fair 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 4 for discussion of fair value measurements.

Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses and interest and dividends are included in investment income in the statements of activities. The Foundation’s investments consist of exchange-traded funds and mutual funds with readily determinable market values comprised of common stocks and U.S. Treasury agency and corporate bonds with maturities greater than three months.

### **Deferred Revenues**

Deferred revenues consist of fundraising event sponsorships and registrations received in advance.

### **Revenue Recognition**

#### **Contributions**

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional pledges, if any, are recognized when the conditions on which they depend are substantially met. Unconditional pledges due in the next year are recorded at their net realizable value. Unconditional pledges in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period.

#### **Contributed Services**

The amount of contributed services represent the estimated fair value of corporate services provided to the Foundation but paid for by the Florida Institute of Certified Public Accountants, Inc. and others. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Total contributed services, which represents all of the Foundation's payroll and related expenses, included as unrestricted revenues in the statements of activities are \$252,090 and \$249,795 for the years ended June 30, 2019 and 2018, respectively. These contributions include \$76,302 and \$43,759 in support of the fundraising activities of the Foundation for the years ended June 30, 2019 and 2018, respectively. Total contributed services represent approximately 41% and 44% of unrestricted total revenues.

### **Income Taxes**

The Foundation is a nonprofit organization exempt from federal taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Foundation experienced no taxes as a result of unrelated business income for the years ended June 30, 2019 and 2018. The Foundation is not classified as a private foundation by the Internal Revenue Service.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Foundation in its tax returns. The Foundation's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Foundation in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Foundation has any material uncertain tax positions at June 30, 2019.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

### **Subsequent Events**

Management has evaluated subsequent events through December 6, 2019, the date which the financial statements were available to be issued.



**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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Investment income shown on the accompanying statements of activities consists of the following for the years ended June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Interest and dividends	\$ 52,929	\$ 40,049
Realized gains	-	17,226
Unrealized gains	<u>143,501</u>	<u>107,829</u>
Total investment income	<u>\$ 196,430</u>	<u>\$ 165,104</u>

For the years ended June 30, 2019 and 2018, investment income is presented on the statements of activities as follows:

	<b>2019</b>	<b>2018</b>
Without donor restrictions	\$ 58,925	\$ 52,193
With donor restrictions	<u>137,505</u>	<u>112,911</u>
Total investment income	<u>\$ 196,430</u>	<u>\$ 165,104</u>

The Foundation invests in exchange-traded funds and mutual funds comprised of debt and equity securities. The value and related income of these securities 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. 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 below:

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

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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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, 2019 and 2018.

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

*Mutual funds:* Valued at the daily closing price as reported by the funds. Mutual funds held by the Foundation 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 Foundation are deemed to be actively traded.

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 Foundation 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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's Level 1 investments measured at fair value at June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Bond index funds	\$ 520,057	\$ 489,067
Equity index funds	655,336	599,865
International equity index funds	66,109	65,736
Municipal bond fund	19,474	18,307
Exchange-traded funds – corporate bonds	264,020	242,433
Exchange-traded funds – equity	734,933	649,083
Exchange-traded funds – emerging markets	<u>29,102</u>	<u>28,116</u>
Total investments at fair value	<u>\$ 2,289,031</u>	<u>\$ 2,092,607</u>

The Foundation's investments do not include any investments considered Level 2 or Level 3 under the fair value hierarchy.

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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**5. PLEDGED CONTRIBUTIONS RECEIVABLE**

Pledged contributions receivable consist of the following unconditional promises to give at June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Receivable in less than one year	\$ 29,206	\$ 31,469
Receivable in one to five years	67,033	72,420
Total pledged contributions receivable	<u>96,239</u>	<u>103,889</u>
Less discounts to present value	(3,442)	(2,651)
Allowance for uncollectible pledges	<u>(800)</u>	<u>(800)</u>
Pledged contributions receivable	<u><u>\$ 91,997</u></u>	<u><u>\$ 100,438</u></u>

Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Pledged contributions receivable are presented on the statements of financial position as follows at June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Pledged contributions receivable – net	\$ 29,206	\$ 31,469
Pledged contributions receivable, less current portion – net	<u>62,791</u>	<u>68,969</u>
Pledged contributions receivable	<u><u>\$ 91,997</u></u>	<u><u>\$ 100,438</u></u>

**6. FUNCTIONAL ALLOCATION OF EXPENSES**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across program services, fundraising events, and management and general expenses based on estimated time spent by employees involved with those areas.

**7. BOARD DESIGNATED NET ASSETS**

The Board designates collections from half of the Platinum, all of the Fellow, Diamond, and Life members' pledges, and the related interest earnings thereon to provide scholarships. As of June 30, 2019 and 2018, such designated amounts totaled \$283,333 and \$280,983, respectively. These amounts are included in net assets without donor restrictions, and the interest earnings are included as an increase in net assets without donor restrictions. These funds may only be used following approval of the Board.



**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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**8. NET ASSETS WITH DONOR RESTRICTIONS**

For the years ended June 30, 2019 and 2018, net assets were released from donor restrictions by either incurring expenses satisfying the purpose of the restriction or meeting time restrictions specified by the donors as follows:

	<b>2019</b>	<b>2018</b>
Net asset restrictions accomplished		
Program expenses incurred	\$ 79,194	\$ 74,146
Time restrictions expired on pledged contributions receivable	<u>6,350</u>	<u>12,697</u>
Net assets released from restrictions	<u><u>\$ 85,544</u></u>	<u><u>\$ 86,843</u></u>

At June 30, 2019 and 2018, net assets with donor restrictions are temporarily restricted for the following purposes:

	<b>2019</b>	<b>2018</b>
For periods subsequent to year end	\$ 23,871	\$ 19,267
Accounting Development Program	4,560	4,560
Scholarships from endowment income	73,263	72,957
Accounting Scholar Leadership Symposium	2,630	12,265
CPA 1040K Run proceeds	53,444	55,737
Wallace H. Coulter Foundation Grant	<u>78,492</u>	<u>73,832</u>
	<u><u>\$ 236,260</u></u>	<u><u>\$ 238,618</u></u>

Net assets with donor restrictions that are maintained permanently by the Foundation consist of donor-restricted assets (endowments) of which only the income can be spent by the Foundation. The income from these endowments is sometimes restricted for a specific purpose by the donor. Capital gains on endowments are recorded as income with donor restrictions or without donor restrictions, consistent with the interest and dividend income treatment, unless otherwise specified by the donor.

The Foundation's endowment consists of multiple individual funds established for a variety of purposes. The endowments, which include pledge receivables of approximately \$76,000, are all donor-restricted endowment funds and fully funded at June 30, 2019. The Foundation has no board-designated endowments. As required by United States generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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At June 30, 2019 and 2018, net assets with donor restrictions that are to be maintained permanently are restricted for the following purposes:

	<b>2019</b>	<b>2018</b>
Georgia Nelidsky Endowment	\$ 84,974	\$ 81,326
George E. Shierling Endowment	150,116	141,361
Beatrice Cohen Endowment	12,723	12,177
Douglas James Davis Endowment	115,022	109,818
Lloyd A. Turman Endowment	34,538	33,056
Orvis M. Kemp Endowment	36,555	34,985
Ben A. Stevens, Jr. Endowment	37,740	36,120
Martin M. Prague Endowment	47,330	45,038
Legends Endowment	25,897	23,792
Gerald J. Cavanaugh Endowment	63,852	61,109
Robert R. Harris Endowment	44,003	42,111
Gold Coast Chapter Endowment	92,483	88,511
Kathryn B. Anderson Endowment	39,888	38,175
John P. Thomas Endowment	36,356	34,836
Michael R. Pender, Jr. Endowment	35,503	33,977
James Wilcox Endowment	569,144	544,695
Tommye Barie Endowment	33,843	32,633
George A. Gulisano Endowment	39,128	36,977
Mia Thomas Endowment	28,876	26,842
Brigade Endowment	52,851	50,892
Gleim Endowment	26,187	25,586
Jim Lane Endowment	28,008	25,763
Rick Carrol Endowment	33,917	32,164
Jason A Chorlins Endowment	27,456	-
	<u>\$ 1,696,390</u>	<u>\$ 1,591,944</u>

The Foundation holds various endowments which are donor-restricted. The Board of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") 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.

**FICPA Scholarship Foundation, Inc.**  
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The Foundation's donor-restricted endowments consist of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not permanently restricted by the donor is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

For certain endowment funds, the donors have stipulated that additional accumulation of funds above and beyond the permanent endowment are unrestricted as to purpose and are therefore classified as net assets without donor restrictions.

At June 30, 2019 and 2018, the restrictions for permanently restricted net assets are summarized as follows:

	<b>2019</b>	<b>2018</b>
Endowments		
Income is restricted	\$ 1,376,503	\$ 1,276,915
Income is unrestricted	243,820	229,917
Pledges receivable	<u>76,067</u>	<u>85,112</u>
Total internally-controlled endowments	<u>\$ 1,696,390</u>	<u>\$ 1,591,944</u>

These endowments are considered internally-controlled as the Foundation's investment committee manages the selections of funds used in the investment portfolio in accordance with the investment policy guidelines identified below.

The Foundation's investment policy is based on providing funding for its philanthropic efforts. The objective is to preserve capital and maximize long-term returns with low levels of risk. The following is the Foundation's investment policy for endowment funds:

<u>Asset Class</u>	<u>Target Objective %</u>	<u>Minimum %</u>	<u>Maximum %</u>
Fixed income and cash and cash equivalents	35-40%	30%	45%
Equities	60-65%	55%	70%

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
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The Foundation's investment policy limits securities to the following:

- Readily marketable fixed income or equity securities from a recognized investment house;
- Debt obligations of U.S. corporations rated A or better (or similar rating) by Standard & Poor's or Moody's Investor Services;
- Money market instruments, including commercial paper with a Prime-1 rating, fully insured certificates of deposit, banker's acceptances, and repurchase agreements collateralized with approved assets;
- Common and preferred stock of U.S. corporations traded on major U.S. exchanges or in the over-the-counter market including ADRs or foreign securities which are traded on U.S. exchanges or in the over-the-counter market; and
- Index based funds and exchange-traded securities.

No minimum performance yields have been established; however, performance is reviewed quarterly by the Foundation's investment committee.

All endowments are considered permanently restricted. For the years ended June 30, 2019 and 2018, activity with permanently restricted endowments is as follows:

	<b>2019</b>	<b>2018</b>
Endowments at July 1	\$ 1,591,944	\$ 1,523,166
Investment income	37,057	27,705
Appreciation (realized and unrealized)	100,448	85,206
Allocation of investment income to net assets with donor restrictions and net assets without donor restrictions	(65,526)	(58,581)
Contributions	<u>32,467</u>	<u>14,448</u>
Endowments at June 30	<u><u>\$ 1,696,390</u></u>	<u><u>\$ 1,591,944</u></u>

Endowments include pledges receivable totaling \$76,067 and \$85,112 at June 30, 2019 and 2018, respectively.

**9. DUE TO/FROM FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, INC.**

The Florida Institute of Certified Public Accountants, Inc. (the "FICPA") collects contributions on the Foundation's behalf. At June 30, 2019 and 2018, FICPA had collected contributions payable to the Foundation of \$30,943 and \$8,491, respectively. The Foundation owes money back to the FICPA in the amount of \$20,705 and \$21,910 at June 30, 2019 and 2018, respectively.

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
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**10. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows at June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 253,284	\$ 308,158
Accounts receivable – due from Florida Institute of Certified Public Accountants, Inc.	10,238	-
Accounts receivable – other	8,670	1,716
Current portion of pledged contributions receivable, net	29,206	31,469
Investments	<u>2,289,031</u>	<u>2,092,607</u>
 Total financial assets available within one year	 2,590,429	 2,433,950
 Less: amounts unavailable for general expenditures within one year due to Donor restrictions		
Purpose restrictions	(1,932,650)	(1,830,562)
Board restrictions		
Board designated for general scholarships	<u>(283,333)</u>	<u>(280,983)</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 374,446</u>	 <u>\$ 322,405</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.



**SUPPLEMENTARY INFORMATION**

**FICPA Scholarship Foundation, Inc.**  
**Schedule of Revenues and Expenses – Fundraising Activities**  
**Year Ended June 30, 2019**

	<b>CPA 1040K Run</b>	<b>Golfing Fore Education Tournament</b>	<b>Ocean Reef Golf Tournament</b>	<b>Suncoast Scramble Golf Tournament</b>	<b>Scholarship Night</b>	<b>Miscellaneous Fundraising</b>	<b>Subtotal</b>	<b>Management and Administrative</b>	<b>Total</b>
<b>Revenues</b>									
Fundraising activities	\$ 43,578	\$ 10,258	\$ 48,798	\$ 30,990	\$ 20,520	\$ 10,117	\$ 164,261	\$ -	\$ 164,261
Contributions – local chapters	-	-	-	-	-	14,354	14,354	-	14,354
Contributions – FICPA	38,078	-	21,261	14,846	1,587	-	75,772	176,318	252,090
Contributions – other	530	-	-	-	-	22,126	22,656	23,361	46,017
Total revenues	<u>82,186</u>	<u>10,258</u>	<u>70,059</u>	<u>45,836</u>	<u>22,107</u>	<u>46,597</u>	<u>277,043</u>	<u>199,679</u>	<u>476,722</u>
<b>Expenses</b>									
FICPA in-kind support	38,078	-	21,261	14,846	1,587	-	75,772	176,318	252,090
Advertising and promotion	3,783	-	846	856	2,227	4,082	11,794	-	11,794
Consulting	-	-	-	-	-	-	-	23,361	23,361
Contributions and sponsorships	-	-	3,724	-	-	-	3,724	-	3,724
Facility and AV	31,619	2,428	16,633	3,996	1,248	-	55,924	-	55,924
Food and beverage	629	1,533	11,779	5,828	6,759	-	26,528	-	26,528
Merchant fees	264	99	857	347	150	-	1,717	-	1,717
Office supplies	-	-	62	-	-	-	62	-	62
Postage	549	-	-	-	-	-	549	-	549
Printing	123	-	-	-	-	-	123	-	123
Telephone and utilities	45	-	10	-	-	-	55	-	55
Travel and entertainment	389	-	2,136	371	74	-	2,970	-	2,970
Total expenses	<u>75,479</u>	<u>4,060</u>	<u>57,308</u>	<u>26,244</u>	<u>12,045</u>	<u>4,082</u>	<u>179,218</u>	<u>199,679</u>	<u>378,897</u>
Fundraising proceeds	6,707	6,198	12,751	19,592	10,062	42,515	97,825	-	97,825
Additional activity	<u>(6,707)</u> <sup>(1)</sup>	<u>(6,198)</u> <sup>(2)</sup>	<u>(2,500)</u> <sup>(3)</sup>	<u>(6,000)</u> <sup>(4)</sup>	<u>(6,000)</u> <sup>(5)</sup>	-	<u>(27,405)</u>	-	<u>(27,405)</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,251</u>	<u>\$ 13,592</u>	<u>\$ 4,062</u>	<u>\$ 42,515</u>	<u>\$ 70,420</u>	<u>\$ -</u>	<u>\$ 70,420</u>

(1) All net proceeds, after funding \$9,000 in scholarships, are included in temporarily restricted net assets to fund future CPA 1040k Run events.

(2) All net proceeds fund the Mia Thomas Endowment.

(3) \$2,500 of event proceeds fund the Jason Chlorins Endowment.

(4) FICPA provides a profit sharing not to exceed \$6,000 with the Suncoast Chapter. These funds remain in the Foundation and are available for general scholarships.

(5) FICPA provides a profit sharing not to exceed \$6,000 with the Westcoast and Suncoast Chapters. These funds remain in the Foundation and are available for general scholarships.