

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED APRIL 30, 2018 AND 2017

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
APRIL 30, 2018 AND 2017

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT.....	1 – 2
FINANCIAL STATEMENTS:	
Combined Statements of Financial Position.....	3
Combined Statements of Activities .....	4
Combined Statements of Cash Flows .....	5
Notes to the Combined Financial Statements.....	6 – 19
SUPPLEMENTAL INFORMATION:	
Combined Statements of Functional Revenues and Expenses .....	20 – 22



Duplantier  
Hrapmann  
Hogan &  
Maher, LLP

William G. Stamm, CPA  
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

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

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)

**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

June 4, 2018

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

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, 2018 and 2017 and the related combined statements of activities and cash flows 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 combined 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.

**Auditor's Responsibility**

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

[www.dhhmcpa.com](http://www.dhhmcpa.com)

Members  
American Institute of  
Certified Public Accountants  
Society of LA CPAs

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the combined 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 Society'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 combined 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 combined 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, 2018 and 2017, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on 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.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
COMBINED STATEMENTS OF FINANCIAL POSITION  
APRIL 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,964,980	\$ 1,355,485
Accounts receivable, net of allowance	18,170	13,528
Certificate of deposit	26,154	-
Due from employees	-	10,642
Prepaid expenses	68,146	59,210
Total current assets	<u>2,077,450</u>	<u>1,438,865</u>
Investments at fair value:		
Society	1,176,629	1,126,290
Insurance Trust	117,069	105,449
Education Foundation	301,759	301,877
Total investments at fair value	<u>1,595,457</u>	<u>1,533,616</u>
Property and equipment:		
Leasehold improvements	14,755	14,755
Office furniture and equipment	609,755	587,937
Less accumulated depreciation and amortization	(510,669)	(505,292)
Property and equipment - net	<u>113,841</u>	<u>97,400</u>
 TOTAL ASSETS	 <u>\$ 3,786,748</u>	 <u>\$ 3,069,881</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 261,984	\$ 234,513
Deferred revenue	429,702	354,649
Total current liabilities	<u>691,686</u>	<u>589,162</u>
NET ASSETS:		
Unrestricted	2,311,070	2,072,607
Unrestricted - Board designated	536,910	173,650
Temporarily restricted	116,569	104,949
Permanently restricted	130,513	129,513
Total net assets	<u>3,095,062</u>	<u>2,480,719</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,786,748</u>	 <u>\$ 3,069,881</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, 2018  
WITH COMPARATIVE TOTALS FOR 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Eliminations</u>	<u>2018 Total</u>	<u>2017 Total</u>
Support and Revenues:						
Continuing professional education	\$ 2,552,607	\$ -	\$ -	\$ -	\$ 2,552,607	\$ 2,271,613
Member dues	1,296,590	-	-	-	1,296,590	1,299,155
Peer review firm fees and CART fees	341,185	-	-	-	341,185	282,845
Income from investments	92,568	12,120	-	-	104,688	147,596
In-house CPE courses	45,086	-	-	-	45,086	67,480
Royalty income	44,368	-	-	-	44,368	42,423
Chapter functions income	161,877	-	-	-	161,877	8,521
Lagniappe ad sales	46,869	-	-	-	46,869	52,849
Education contributions	-	8,789	1,000	-	9,789	6,226
Miscellaneous	23,346	-	-	-	23,346	15,222
Application and late fees	6,370	-	-	-	6,370	8,950
Sale of publications	2,083	-	-	-	2,083	3,660
Gain on disposal of assets	2,799	-	-	-	2,799	-
Commission income	-	37,347	-	(37,347)	-	-
Net assets released from restrictions	46,636	(46,636)	-	-	-	-
Total support and revenue	<u>4,662,384</u>	<u>11,620</u>	<u>1,000</u>	<u>(37,347)</u>	<u>4,637,657</u>	<u>4,206,540</u>
Expenses:						
Program services:						
Continuing professional education	2,481,670	-	-	-	2,481,670	2,341,675
Member services	1,549,072	-	-	-	1,549,072	1,408,946
Peer review costs	273,910	-	-	-	273,910	269,823
Education foundation expense	31,920	-	-	-	31,920	19,620
Insurance trust expense	37,847	-	-	(37,347)	500	500
Supporting services:						
Administrative and general	20,993	-	-	-	20,993	20,727
Total expenses	<u>4,395,412</u>	<u>-</u>	<u>-</u>	<u>(37,347)</u>	<u>4,358,065</u>	<u>4,061,291</u>
Change in net assets	266,972	11,620	1,000	-	279,592	145,249
Transfer in from local chapters	334,751	-	-	-	334,751	-
Net assets at beginning of year	<u>2,246,257</u>	<u>104,949</u>	<u>129,513</u>	<u>-</u>	<u>2,480,719</u>	<u>2,335,470</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 2,847,980</u></u>	<u><u>\$ 116,569</u></u>	<u><u>\$130,513</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,095,062</u></u>	<u><u>\$ 2,480,719</u></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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 279,592	\$ 145,249
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	46,674	50,304
Bad debt expense	1,990	1,852
Transfer of assets from local chapters	334,751	-
Realized (gain) loss on sale of investments	(71,685)	(22,202)
Unrealized (gain) loss on investments	11,545	(84,198)
Dividends reinvested	(54,384)	(30,772)
(Gain) loss on disposal of equipment	(2,799)	459
Change in assets and liabilities:		
Accounts receivable	(6,632)	15,442
Due from employees	10,642	(10,642)
Prepaid expenses	(8,936)	3,316
Accounts payable and accrued liabilities	27,471	25,444
Deferred revenue	75,053	(236,565)
Net cash provided (used) by operating activities	<u>643,282</u>	<u>(142,313)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(584,500)	(338,750)
Proceeds from redemption of investments	611,029	360,580
Purchases of equipment	<u>(60,316)</u>	<u>(24,461)</u>
Net cash used in investing activities	<u>(33,787)</u>	<u>(2,631)</u>
Net change in cash and cash equivalents	609,495	(144,944)
Cash and cash equivalents at beginning of year	<u>1,355,485</u>	<u>1,500,429</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,964,980</u></u>	<u><u>\$ 1,355,485</u></u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
<b>NONCASH INVESTING ACTIVITY:</b>		
Acquisition of equipment through trade-in allowance	<u>\$ 27,000</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, 2018 AND 2017

ORGANIZATION:

The Society of Louisiana Certified Public Accountants (the Society) was incorporated in 1911 and is located in Kenner, 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 8,114 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, 2018 and 2017 amounted to \$37,347 and \$35,689, 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.

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 will be conducted by the Society. Transfers of net assets have been shown on the statement of activities.

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. Under this method, revenue is recognized when earned and expenses are recorded when incurred.

The statements of activities present expenses of the Society and its related organizations operations functionally between program services and supporting services. Those expenses, which cannot be functionally categorized, are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

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, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for Profit Entities*. Under ASC 958-205, the Society 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.

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. These investment values fall under Level 1 of the fair value hierarchy as defined by FASB ASC 820-10-05. Other investments include securities of a non-subsiary 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 unrestricted net assets 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.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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 ten years for office equipment, five years for leasehold improvements and automobiles, and three years for computer equipment and related software. Depreciation and amortization expense totaled \$46,674 and \$50,304 in 2018 and 2017, respectively.

Deferred Revenue:

Deferred revenue consists primarily of billings and payments received from annual membership dues, 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. 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 2018 and 2017, 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 2018 and 2017, 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, 2018 and 2017, 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 five years.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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 \$5,375 and \$7,415 in 2018 and 2017, 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.

2017 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, 2017, from which the summarized information was derived.

2. ACCOUNTS RECEIVABLE:

Accounts receivable consisted of the following as of April 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
CPE, Peer Review, CART	\$ 17,410	\$ 11,230
Other	1,760	3,298
Less: allowance	(1,000)	(1,000)
Accounts receivable, net of allowance	<u>\$ 18,170</u>	<u>\$ 13,528</u>

During the years ended April 30, 2018 and 2017, the Society recorded income of \$1,852 and \$731, respectively, from the recovery of bad debts written off in prior years. Adjustments to the provision for bad debts resulted in expense of \$1,990 for the year ended April 30, 2018 and expense in the amount of \$1,852 for the year ended April 30, 2017.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

3. INVESTMENTS:

Investments consisted of the following as of April 30, 2018:

	Fair Value			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2018</u>				
Society	\$ -	\$ 1,176,529	\$ 100	\$ 1,176,629
Insurance Trust	3,269	113,800	-	117,069
Education Foundation	-	301,759	-	301,759
Total Fair Value	\$ 3,269	\$ 1,592,088	\$ 100	\$ 1,595,457

	Cost			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2018</u>				
Society	\$ -	\$ 1,120,237	\$ 20,343	\$ 1,140,580
Insurance Trust	3,269	62,875	-	66,144
Education Foundation	-	287,167	-	287,167
Total Cost	\$ 3,269	\$ 1,470,279	\$ 20,343	\$ 1,493,891

	Unrealized Appreciation (Depreciation)			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2018</u>				
Society	\$ -	\$ 56,292	\$ (20,243)	\$ 36,049
Insurance Trust	-	50,925	-	50,925
Education Foundation	-	14,592	-	14,592
Total Unrealized Appreciation (Depreciation)	\$ -	\$ 121,809	\$ (20,243)	\$ 101,566

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

3. INVESTMENTS: (Continued)

Investments consisted of the following as of April 30, 2017:

	Fair Value			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2017</u>				
Society	\$ -	\$ 1,126,190	\$ 100	\$ 1,126,290
Insurance Trust	3,233	102,216	-	105,449
Education Foundation	-	301,877	-	301,877
Total Fair Value	\$ 3,233	\$ 1,530,283	\$ 100	\$ 1,533,616

	Cost			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2017</u>				
Society	\$ -	\$ 1,049,782	\$ 20,343	\$ 1,070,125
Insurance Trust	3,233	60,031	-	63,264
Education Foundation	-	289,721	-	289,721
Total Cost	\$ 3,233	\$ 1,399,534	\$ 20,343	\$ 1,423,110

	Unrealized Appreciation (Depreciation)			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2017</u>				
Society	\$ -	\$ 76,408	\$ (20,243)	\$ 56,165
Insurance Trust	-	42,185	-	42,185
Education Foundation	-	12,156	-	12,156
Total Unrealized Appreciation (Depreciation)	\$ -	\$ 130,749	\$ (20,243)	\$ 110,506

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

3. INVESTMENTS: (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended April 30, 2018 and 2017:

	April 30, 2018			
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest and dividends	\$ 41,829	\$ 2,719	\$ -	\$ 44,548
Net realized and unrealized gain	50,739	9,401	-	60,140
Total investment return	\$ 92,568	\$ 12,120	\$ -	\$ 104,688

	April 30, 2017			
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest and dividends	\$ 38,764	\$ 2,432	\$ -	\$ 41,196
Net realized and unrealized gain	93,513	12,887	-	106,400
Total investment return	\$ 132,277	\$ 15,319	\$ -	\$ 147,596

4. CONCENTRATION OF CREDIT RISK:

The Society maintained cash accounts at local banks during 2018 and 2017. 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 2018 and 2017, the Society had funds on deposit in excess of the insured amount. As of April 30, 2018 and 2017, the Society had bank balances in excess of insurance coverage of \$1,438,947 and \$833,594, 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, 2018 AND 2017

5. LEASE COMMITMENTS:

The Society entered into a lease agreement for the Kenner, Louisiana office through April 30, 2019. During the current year, this lease was renewed with a five year lease through April 30, 2023, replacing the prior lease agreement. This lease contains a provision for the escalation of the minimum lease rentals in the final two years of the lease based on increases in operating expenses. 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. The Society also entered into a lease agreement through December 31, 2017 for an office in Baton Rouge, Louisiana. This lease was renewed for an additional year through December 31, 2018. The total rental expense associated with these leases for the fiscal years ended April 30, 2018 and 2017 was \$242,826 and \$239,814, respectively.

The Society has entered into a lease for a copy machine which expires in February 2019. The Society also entered into a lease for a postage machine that expired in April 2018. Total rent expense including maintenance for 2018 and 2017 was \$13,365 and \$14,189, respectively.

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

Year Ending <u>April 30,</u>	<u>Amount</u>
2019	\$ 223,860
2020	207,935
2021	207,935
2022	211,592
2023	<u>211,592</u>
	<u>\$ 1,062,914</u>

6. UNRESTRICTED – 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 \$171,772 and \$173,650 as of April 30, 2018 and 2017, 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 \$365,138 and \$-0-, as of April 30, 2018 and 2017, respectively.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets 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 temporarily 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.

Temporarily restricted net assets as of April 30, 2018 and 2017 were \$116,569 and \$104,949, respectively. Net assets totaling \$46,636 and \$41,384 in 2018 and 2017, respectively, were released from temporary restrictions by incurring expenses satisfying the restricted purpose.

8. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted 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 9). Permanently restricted net assets totaled \$130,513 and \$129,513 for the years ended April 30, 2018 and 2017, respectively.

9. 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 permanently restricted (see Note 8). Investment income and unrealized gains or losses are Board designated for the purpose of awarding scholarships. Dues contributions from members are temporarily restricted until funds are released for the purpose of awarding scholarships (see Note 7). Permanently restricted contributions totaled \$1,000 for each of the years ended April 30, 2018 and 2017, 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net



SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

9. ENDOWMENT ASSETS: (Continued)

Interpretation of Relevant Law: (Continued)

assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. 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 2018 and 2017:

Endowment Net Asset Composition by Type of Fund  
as of April 30, 2018

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 130,513	\$ 130,513
Board-designated endowment funds	171,771	-	-	171,771
Endowment net assets, end of year	\$ 171,771	\$ -	\$ 130,513	\$ 302,284

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

9. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

Changes in Foundation Endowment Net Assets  
for the Fiscal Year Ended April 30, 2018

	Unrestricted Board <u>Designated</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 173,650	\$ -	\$ 129,513	\$ 303,163
Investment return:				
Investment income	10,183	-	-	10,183
Net appreciation (realized and unrealized)	11,069	-	-	11,069
Total investment return	21,252	-	-	21,252
Contributions	71	8,718	1,000	9,789
Appropriation for investment fees	(3,070)	-	-	(3,070)
Appropriation of endowment assets for scholarships	(20,132)	(8,718)	-	(28,850)
Endowment net assets, end of year	<u>\$ 171,771</u>	<u>\$ -</u>	<u>\$ 130,513</u>	<u>\$ 302,284</u>

Endowment Net Asset Composition by Type of Fund  
as of April 30, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 129,513	\$ 129,513
Board-designated endowment funds	173,650	-	-	173,650
Endowment net assets, end of year	<u>\$ 173,650</u>	<u>\$ -</u>	<u>\$ 129,513</u>	<u>\$ 303,163</u>

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

9. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

Changes in Foundation Endowment Net Assets  
for the Fiscal Year Ended April 30, 2017

	Unrestricted Board <u>Designated</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 161,377	\$ -	\$ 128,513	\$ 289,890
Investment return:				
Investment income	10,389	-	-	10,389
Net depreciation (realized and unrealized)	16,278	-	-	16,278
Total investment return	26,667	-	-	26,667
Contributions	31	5,195	1,000	6,226
Appropriation for investment fees	(2,970)	-	-	(2,970)
Appropriation of endowment assets for scholarships	(11,455)	(5,195)	-	(16,650)
Endowment net assets, end of year	<u>\$ 173,650</u>	<u>\$ -</u>	<u>\$ 129,513</u>	<u>\$ 303,163</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 unrestricted net assets. 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, 2018 or 2017.

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 the

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

9. ENDOWMENT ASSETS: (Continued)

Return Objectives and Risk Parameters: (Continued)

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 a greater emphasis on fixed-based 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 the members' contribution and the investment earnings for the year. Accordingly, over the long-term, the Education Foundation expects the current spending policy to allow for preservation of the principal.

10. 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 \$105,773 and \$99,135 in 2018 and 2017, respectively.

11. MERGER OF LOCAL CHAPTERS:

Effective May 1, 2017, the Society assumed financial management of nine local chapters. The net assets of each chapter were transferred to the Society, which included \$308,626 in cash and a certificate of deposit in the amount of \$26,125. Total transfers in the amount of \$334,751 and current year chapter function income and expenses are included in the statement of activities. The net assets transferred as of May 1, 2017 and current year net income from the chapters has been designated by the Board for future chapter functions (see Note 6).

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

12. SUBSEQUENT EVENTS:

Management of the Society has evaluated subsequent events through June 4, 2018, the date which the financial statements were available to be issued. No subsequent events were noted.

**SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
 AND RELATED ORGANIZATIONS  
 SUPPLEMENTARY INFORMATION  
 COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES  
 FOR THE YEAR ENDED APRIL 30, 2018 WITH COMPARATIVE TOTALS FOR 2017**

	2018								2018 Total	2017 Total
	Society				Society Total	Insurance Trust	Education Foundation	Eliminations		
	Member Services	Continuing Professional Education	Peer Review	Administrative and General						
Support and revenues:										
Continuing professional education	\$ -	\$ 2,552,607	\$ -	\$ -	\$ 2,552,607	\$ -	\$ -	\$ -	\$ 2,552,607	\$ 2,271,613
Member dues	1,296,590	-	-	-	1,296,590	-	-	-	1,296,590	1,299,155
Peer review firm fees and CART fees	-	-	341,185	-	341,185	-	-	-	341,185	282,845
Unrealized gain (loss) on investments	(7,732)	(15,697)	-	-	(23,429)	9,401	2,483	-	(11,545)	84,198
In-house CPE courses	-	45,086	-	-	45,086	-	-	-	45,086	67,480
Royalty income	44,368	-	-	-	44,368	-	-	-	44,368	42,423
Income (expense) from investments	25,581	63,479	5,685	-	94,745	2,719	18,769	-	116,233	63,398
Chapter function income	161,877	-	-	-	161,877	-	-	-	161,877	8,521
Lagniappe ad sales	46,869	-	-	-	46,869	-	-	-	46,869	52,849
Education contributions	-	-	-	-	-	-	9,789	-	9,789	6,226
Miscellaneous	21,945	1,401	-	-	23,346	-	-	-	23,346	15,222
Application and late fees	6,370	-	-	-	6,370	-	-	-	6,370	8,950
Sale of publications	2,083	-	-	-	2,083	-	-	-	2,083	3,660
Gain on disposal of assets	2,799	-	-	-	2,799	-	-	-	2,799	-
Commission income	-	-	-	-	-	37,347	-	(37,347)	-	-
<b>Total support and revenues</b>	<b>1,600,750</b>	<b>2,646,876</b>	<b>346,870</b>	<b>-</b>	<b>4,594,496</b>	<b>49,467</b>	<b>31,041</b>	<b>(37,347)</b>	<b>4,637,657</b>	<b>4,206,540</b>

(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, 2018 WITH COMPARATIVE TOTALS FOR 2017**

	2018								2018 Total	2017 Total
	Society				Society Total	Insurance Trust	Education Foundation	Eliminations		
	Member Services	Continuing Professional Education	Peer Review	Administrative and General						
Expenses:										
Continuing professional education	\$ -	\$ 1,459,037	\$ -	\$ -	\$ 1,459,037	\$ -	\$ -	\$ -	\$ 1,459,037	\$ 1,315,660
Salaries	658,207	403,417	-	-	1,061,624	-	-	-	1,061,624	1,003,921
Rent - office space	80,132	148,124	-	14,570	242,826	-	-	-	242,826	239,814
Employee benefits	140,015	85,815	-	-	225,830	-	-	-	225,830	214,123
Travel and meeting	131,411	51,105	-	-	182,516	-	-	-	182,516	241,354
Postage and freight	32,328	29,842	-	-	62,170	-	-	-	62,170	63,374
Professional fees	47,034	43,415	-	-	90,449	500	3,070	-	94,019	92,802
Peer review CART expenses	-	-	271,576	-	271,576	-	-	-	271,576	267,308
Public information and media relations	5,375	-	-	-	5,375	-	-	-	5,375	7,415
Payroll taxes	50,596	31,011	-	-	81,607	-	-	-	81,607	79,381
Office supplies	9,969	9,202	-	-	19,171	-	-	-	19,171	24,365
Miscellaneous	23,811	21,979	-	-	45,790	-	-	-	45,790	35,744
Service charges	73,227	67,595	-	-	140,822	-	-	-	140,822	123,039
Publications expense	5,726	5,285	-	-	11,011	-	-	-	11,011	13,369
Lagniappe publication expense	37,359	-	-	-	37,359	-	-	-	37,359	43,821
Telephone	21,913	20,228	-	-	42,141	-	-	-	42,141	41,241
Rentals and maintenance of equipment	3,690	3,405	-	-	7,095	-	-	-	7,095	7,991
Chapter function expenses	138,342	-	-	-	138,342	-	-	-	138,342	16,002
In-house CPE courses	-	28,713	-	-	28,713	-	-	-	28,713	42,575
Dues - Chapters' portion	26,384	-	-	-	26,384	-	-	-	26,384	26,452
Insurance	13,337	12,312	-	-	25,649	-	-	-	25,649	22,097
Scholarships	-	-	-	-	-	-	28,850	-	28,850	16,650
Computer services	27,777	28,984	-	3,623	60,384	-	-	-	60,384	55,333
Dues to associations	5,557	5,130	-	-	10,687	-	-	-	10,687	12,452
Awards	2,413	-	-	-	2,413	-	-	-	2,413	4,245
Overhead reimbursement	-	-	-	-	-	37,347	-	(37,347)	-	-
Loss on sale of assets	-	-	-	-	-	-	-	-	-	459
Total expenses before depreciation and amortization	1,534,603	2,454,599	271,576	18,193	4,278,971	37,847	31,920	(37,347)	4,311,391	4,010,987

(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, 2018 WITH COMPARATIVE TOTALS FOR 2017

	2018								2018 Total	2017 Total
	Society				Insurance Trust	Education Foundation	Eliminations			
	Member Services	Continuing Professional Education	Peer Review	Administrative and General						
Expenses: (Continued)										
Depreciation and amortization	14,469	27,071	2,334	2,800	46,674	-	-	-	46,674	50,304
Total expenses	<u>1,549,072</u>	<u>2,481,670</u>	<u>273,910</u>	<u>20,993</u>	<u>4,325,645</u>	<u>37,847</u>	<u>31,920</u>	<u>(37,347)</u>	<u>4,358,065</u>	<u>4,061,291</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ 51,678</u>	<u>\$ 165,206</u>	<u>\$ 72,960</u>	<u>\$ (20,993)</u>	<u>\$ 268,851</u>	<u>\$ 11,620</u>	<u>\$ (879)</u>	<u>\$ -</u>	<u>\$ 279,592</u>	<u>\$ 145,249</u>