

**THE CONNECTICUT SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS INCORPORATED AND
AFFILIATED ENTITY**

**INDEPENDENT AUDITOR'S REPORT,
COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

March 31, 2016 and 2015

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED AND AFFILIATED ENTITY

INDEPENDENT AUDITOR'S REPORT, COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
March 31, 2016 and March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Connecticut Society of
Certified Public Accountants Incorporated and Affiliated Entity:

We have audited the accompanying combined financial statements of The Connecticut Society of Certified Public Accountants Incorporated and Affiliated Entity (the CTCPA), which comprise the combined statement of financial position as of March 31, 2016, and the related combined statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined 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 combined 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 audit. We conducted our audit 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.

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 CTCPA'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 CTCPA'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 combined financial position of The Connecticut Society of Certified Public Accountants Incorporated and Affiliated Entity as of March 31, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

The combined financial statements of The Connecticut Society of Certified Public Accountants Incorporated and Affiliated Entity as of March 31, 2015, were audited by Saslow Lufkin & Buggy, LLP, who combined with Crowe Horwath LLP as of July 1, 2015, and whose report dated June 22, 2015 expressed an unmodified opinion on those combined financial statements.

Our audit was conducted for the purpose of forming an opinion on the 2016 combined financial statements as a whole. The 2016 combining statements of financial position, statements of activities and changes in net assets, and statements of cash flows is presented for purposes of additional analysis of the 2016 combined financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the 2016 combined 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 2016 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 combined financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 combined financial statements or to the 2016 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 2016 combined financial statements as a whole.

The CTCPA combined financial statements for the year ended March 31, 2015 were audited by other auditors whose report thereon dated June 22, 2015, expressed an unmodified opinion on the combined financial statements. The report of the other auditors dated June 22, 2015, stated that the combining statements of financial position, statements of activities and changes in net assets, and statements of cash flows for the year ended March 31, 2015 were subjected to the auditing procedures applied in the audit of the 2015 combined financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those combined financial statements or the those combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the combined financial statements as a whole for the year ended March 31, 2015.



Crowe Horwath LLP

Simsbury, Connecticut
June 24, 2016

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINED STATEMENTS OF FINANCIAL POSITION
 March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 272,077	\$ 428,007
Investments, at fair value	1,508,513	1,481,593
Accounts receivable	13,767	6,296
Prepaid expenses and other assets	<u>65,584</u>	<u>60,253</u>
Total current assets	1,859,941	1,976,149
Security deposits	18,294	18,294
Property and equipment, net	<u>147,284</u>	<u>138,588</u>
Total assets	<u>\$ 2,025,519</u>	<u>\$ 2,133,031</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 24,836	\$ 3,749
Accrued expenses	124,262	133,688
Deferred revenue	207,304	226,424
Deposits for conferences and meetings	23,558	20,075
Deferred rent, current	<u>9,969</u>	<u>5,532</u>
Total current liabilities	389,929	389,468
Deferred rent, long term	<u>41,663</u>	<u>51,632</u>
Total liabilities	431,592	441,100
Net assets		
Unrestricted		
Undesignated	1,225,094	1,340,838
Designated for the Trust	34,075	34,075
Designated for scholarships	334,758	316,518
Temporarily restricted	<u>-</u>	<u>500</u>
Total net assets	<u>1,593,927</u>	<u>1,691,931</u>
Total liabilities and net assets	<u>\$ 2,025,519</u>	<u>\$ 2,133,031</u>

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

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 For the Year Ended March 31, 2016 and 2015

	2016			<u>2015</u>
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	
Support and revenue				
CPE, programs and events	\$ 1,700,511	\$ -	\$ 1,700,511	\$ 1,827,716
Membership dues and fees	1,237,731	-	1,237,731	1,266,129
Publications	89,833	-	89,833	87,321
Contributions	22,223	-	22,223	36,889
Investment losses, net	(21,984)	-	(21,984)	78,752
Other income	6,230	-	6,230	3,359
Fundraising	51,945	-	51,945	53,005
Rental income	49,502	-	49,502	42,857
Donated services	29,495	-	29,495	24,255
Released from restriction	<u>500</u>	<u>(500)</u>	<u>-</u>	<u>-</u>
Total support and revenue	3,165,986	(500)	3,165,486	3,420,283
Expenses				
Program services				
CPE, programs and events	1,166,796	-	1,166,796	1,227,522
Membership charges	58,063	-	58,063	63,144
Publications	47,575	-	47,575	48,381
Scholarships and awards	60,025	-	60,025	61,275
Community outreach	<u>65,937</u>	<u>-</u>	<u>65,937</u>	<u>25,489</u>
Total program services	1,398,396	-	1,398,396	1,425,811
Supporting services				
Management and general	1,839,037	-	1,839,037	1,805,189
Fundraising	<u>26,057</u>	<u>-</u>	<u>26,057</u>	<u>27,254</u>
Total supporting services	<u>1,865,094</u>	<u>-</u>	<u>1,865,094</u>	<u>1,832,443</u>
Total expenses	<u>3,263,490</u>	<u>-</u>	<u>3,263,490</u>	<u>3,258,254</u>
Change in net assets	(97,504)	(500)	(98,004)	162,029
Net assets, beginning of year	<u>1,691,431</u>	<u>500</u>	<u>1,691,931</u>	<u>1,529,902</u>
Net assets, end of year	<u>\$ 1,593,927</u>	<u>\$ -</u>	<u>\$ 1,593,927</u>	<u>\$ 1,691,931</u>

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

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
 For the Year Ended March 31, 2015

	2015		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue			
CPE, programs and events	\$ 1,827,716	\$ -	\$ 1,827,716
Membership dues and fees	1,266,129	-	1,266,129
Publications	87,321	-	87,321
Contributions	36,389	500	36,889
Investment gains, net	78,752	-	78,752
Other income	3,359	-	3,359
Fundraising	53,005	-	53,005
Rental income	42,857	-	42,857
Donated services	24,255	-	24,255
Released from restriction	-	-	-
Total support and revenue	<u>3,419,783</u>	<u>500</u>	<u>3,420,283</u>
Expenses			
Program services			
CPE, programs and events	1,227,522	-	1,227,522
Membership charges	63,144	-	63,144
Publications	48,381	-	48,381
Scholarships and awards	61,275	-	61,275
Community outreach	25,489	-	25,489
Total program services	<u>1,425,811</u>	<u>-</u>	<u>1,425,811</u>
Supporting services			
Management and general	1,805,189	-	1,805,189
Fundraising	27,254	-	27,254
Total supporting services	<u>1,832,443</u>	<u>-</u>	<u>1,832,443</u>
Total expenses	<u>3,258,254</u>	<u>-</u>	<u>3,258,254</u>
Change in net assets	161,529	500	162,029
Net assets, beginning of year	<u>1,529,902</u>	<u>-</u>	<u>1,529,902</u>
Net assets, end of year	<u>\$ 1,691,431</u>	<u>\$ 500</u>	<u>\$ 1,691,931</u>

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

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINED STATEMENTS OF CASH FLOWS
 For the Year Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (98,004)	\$ 162,029
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	61,090	60,129
Unrealized and realized investment losses, net	116,428	14,371
Changes in operating assets and liabilities		
Accounts receivable	(7,471)	(2,215)
Prepaid expenses and other assets	(5,331)	(17,540)
Accounts payable	21,087	864
Accrued expenses	(9,426)	(21,521)
Deferred revenue	(19,120)	5,835
Deposits for conferences and meetings	3,483	(104)
Deferred rent	<u>(5,532)</u>	<u>(5,129)</u>
Net cash provided by operating activities	57,204	196,719
Cash flows from investing activities		
Purchases of investments	(278,053)	(194,506)
Proceeds on sales of investments	134,705	102,126
Purchases of property and equipment	<u>(69,786)</u>	<u>(35,287)</u>
Net cash used in investing activities	<u>(213,134)</u>	<u>(127,667)</u>
Net change in cash and cash equivalents	(155,930)	69,052
Cash and cash equivalents, beginning of year	<u>428,007</u>	<u>358,955</u>
Cash and cash equivalents, end of year	<u>\$ 272,077</u>	<u>\$ 428,007</u>

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

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED AND AFFILIATED ENTITY
NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 1 - ORGANIZATIONAL STRUCTURE

The Connecticut Society of Certified Public Accountants Incorporated (the Society): The Society is a nonprofit organization exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Society was established to promote, advance and help preserve professional standards and conduct within the field of public accounting in the State of Connecticut and is supported primarily by membership dues and fees.

The Connecticut Society of Certified Public Accountants Educational Trust Fund (the Trust): The Trust is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust was organized to advance accounting education in the State of Connecticut and is supported primarily by contributions from members of the Society.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The financial statements include the accounts of the Society and the Trust, collectively referred to as the CTCPA. The trustees of the Trust are appointed by the Society president. All inter-organization transactions and balances have been eliminated in the accompanying combined financial statements.

Use of Estimates: The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the combined financial statements. Actual results could differ from those estimates.

Net Asset Categories: To ensure observance of limitations and restrictions placed on the use of resources available to the CTCPA, the accounts of the CTCPA are maintained in net asset categories. Unrestricted net assets represent available resources other than donor-restricted contributions. As of March 31, 2016, there were no donor-restricted net assets. As of March 31, 2015, there were \$500 of donor-restricted net assets.

Net Assets Designated for the Trust: Amounts represent fundraising efforts of the CTCPA to establish net assets of the Trust for future activities related to its efforts to advance accounting education within the State of Connecticut. As of March 31, 2016 and 2015, \$34,075 has been designated for this purpose by the Board of Directors.

Net Assets Designated for Scholarships: Cumulative net assets attributable to the annual fundraising golf event, which traditionally provides scholarships for fifth year accounting students are recognized as net assets designated for scholarships. As of March 31, 2016 and 2015, amounts totaled \$334,758 and \$316,518, respectively, which were designated for this purpose by the Board of Directors. Activity for the years ended March 31, 2016 and 2015, included increases from the golf fundraising of \$25,888 and \$25,750, and \$(4,648) and \$14,630 for proportionate investment earnings, respectively. In addition, for both 2016 and 2015, \$3,000 in scholarships were awarded.

Temporarily Restricted: Amount represents a contribution made whose use by the CTCPA is limited to the use of granting a specific scholarship. Activity for the year ended March 31, 2016, included fulfilling this restriction. There were no temporarily restricted assets remaining as of March 31, 2016.

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THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CPE, Programs and Events: Revenue from conference and continuing education fees are recognized when conferences take place and the continuing professional education is provided. Revenue received in advance is recorded as deposits for conferences and meetings within the combined statements of financial position.

Membership Dues: Membership dues are recognized ratably over the membership period, which is from June 1 through May 31 each year. Unearned dues revenue as of March 31, 2016 and 2015 is recorded as deferred revenue within the combined statements of financial position.

Contributions: Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of such assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities and changes in net assets as net assets released from restrictions. Contributions received, whose use is contingent on the occurrence of a future event are deferred until the condition is substantially met, at which time they are recognized as support. Contributions received in and whose obligations are met in the current fiscal year are recognized and recorded to unrestricted net assets. As of March 31, 2016, no contributions received were temporarily restricted. As of March 31, 2015, \$500 of contributions received were temporarily restricted.

Donated Services: The CTCPA recognizes donated services at their estimated fair value if they create or enhance non-financial assets or require specialized skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet this criteria for recognition in the combined financial statements. However, a substantial number of volunteers have donated significant amounts of time to the CTCPA's programs. For the years ended March 31, 2016 and 2015, donated services consisted of volunteer speakers for continuing professional education courses and conferences.

Cash and Cash Equivalents: Cash and cash equivalents are comprised of interest and non-interest bearing cash accounts and money market funds. The CTCPA classifies certain securities with original maturity dates of three months or less from the date of purchase as cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 per depositor, per bank. During the normal course of business, the CTCPA maintains cash balances in excess of the FDIC insurance limit.

Investments: The CTCPA accounts for its investments in mutual funds in accordance with FASB ASC 320, "*Investments - Debt and Equity Securities*." Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determinations at each balance sheet date. All of the CTCPA's investments at March 31, 2016 and 2015 were classified as trading securities. Trading securities may be sold prior to maturity and are carried at fair value while unrealized gains and losses are recognized within the statement of activities and changes in net assets during the year in which they occur.

Allowance for Doubtful Accounts: The CTCPA establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. As of March 31, 2016 and 2015, the Company had not recorded an allowance for doubtful accounts.

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THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED AND AFFILIATED ENTITY
NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Property and equipment is recorded at cost, net of depreciation. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation is computed using the straight line method over the lesser of the lease term or the estimated useful lives. The estimated useful lives of the fixed assets, by asset classifications are as follows:

Furniture and fixtures	5-7 years
Leasehold improvements	10 years or remaining lease period
Computer equipment and software	3-5 years

Expenses by Function: The costs of providing the CTCPA's programs have been summarized on a functional basis in the accompanying combined statements of activities and changes in net assets. Accordingly, certain costs have been allocated between program services and supporting services.

Income Taxes: The CTCPA is exempt from federal and state income taxes on exempt functional income. The Society had unrelated business taxable losses of \$9,700 and \$25,872 for the years ended March 31, 2016 and 2015, respectively. There were no federal or state income taxes paid for the years ended March 31, 2016 and 2015.

Although the CTCPA is exempt from federal and state income taxes, the CTCPA accounts for income taxes in accordance with FASB ASC 740 *Income Taxes*. FASB ASC 740 is an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting bases of certain assets and liabilities.

The CTCPA also accounts for uncertain tax positions in accordance with FASB ASC 740, which addresses the accounting for any income tax uncertainties recognized in a company's combined financial statements. FASB ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an organization's tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The CTCPA does not have any uncertain tax positions as of March 31, 2016 and 2015. As of March 31, 2016 and 2015, the CTCPA did not record any penalties or interest associated with unrecognized tax benefits. The CTCPA would recognize interest and/or penalties related to income tax matters in income tax expense. All tax years from fiscal year ended March 31, 2013 and subsequent are open with the Internal Revenue Service and subject to review.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net assets or changes in net assets.

Subsequent Events: Subsequent events have been evaluated through June 24, 2016, which is the date the combined financial statements were available to be issued. Management believes there are no subsequent events having a material impact on the combined financial statements.

(Continued)

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 March 31, 2016 and 2015

NOTE 3 - INVESTMENTS

Investments, classified as trading and carried at fair value as of March 31, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Mutual funds	\$ <u>1,508,513</u>	\$ <u>1,481,593</u>

Investment gains (losses) are comprised of the following for the years ended March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Net realized losses on securities	\$ (2,837)	\$ (1,019)
Net unrealized losses on securities	(113,591)	(13,352)
Interest and dividends	<u>94,444</u>	<u>93,123</u>
Total investment gains	<u>\$ (21,984)</u>	<u>\$ 78,752</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The CTCPA reports fair values in accordance with FASB ASC 820 "*Fair Value Measurement and Disclosures*." FASB ASC 820 provides 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

(Continued)

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
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 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 March 31, 2016 and 2015

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The CTCPA reports its investments at fair value in accordance with FASB ASC 820 as of March 31, 2016 and 2015 as follows:

	Level 1	
	2016	2015
Mutual funds		
Large growth value funds	\$ 331,674	\$ 344,707
Short term bonds	285,737	223,587
Intermediate term bonds	262,120	223,484
Moderate allocation funds	202,405	198,221
Foreign funds	120,428	111,415
Small value growth funds	61,897	96,205
Mid-cap growth funds	89,326	96,116
Multi sector bonds	29,892	92,443
Market neutral funds	71,893	57,934
Global bond fund	35,867	37,481
Conservative allocation fund	17,699	-
	\$ 1,508,938	\$ 1,481,593

The CTCPA measures fair value for its investments within the fair value hierarchy 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. There were no transfers between fair value hierarchy levels for any invested assets recorded at fair value for the years ended March 31, 2016 and 2015.

Securities measured using Level 1 fair values are based on observable quoted market prices from national securities exchanges and daily sales prices.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE 5 - RETIREMENT PLAN

The CTCPA maintains a defined contribution retirement plan, which is available to all employees. Employees can make elective deferrals up to Internal Revenue Code limitations. The CTCPA contributes up to a safe harbor amount equal to 3% of participating employees' compensation, which totaled approximately \$33,101 and \$32,537 for the years ended March 31, 2016 and 2015, respectively, and is recorded within management and general expenses on the combined statements of activities and changes in net assets.

(Continued)

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 March 31, 2016 and 2015

NOTE 5 - RETIREMENT PLAN (Continued)

Employees who are employed at year end, have worked 1,000 hours and have made elective deferrals into the plan are eligible to receive a discretionary employer matching contribution determined each year by the Society's Board of Directors. A discretionary employer matching contribution of \$31,722 and \$31,647 was made for the years ended March 31, 2016 and 2015, respectively, and is recorded within management and general expenses on the combined statements of activities and changes in net assets.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of March 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 184,124	\$ 207,944
Leasehold improvements	124,184	61,885
Computer equipment and software	340,640	336,829
Less accumulated depreciation	<u>(501,664)</u>	<u>(468,070)</u>
 Total	 <u>\$ 147,284</u>	 <u>\$ 138,588</u>

NOTE 7 - OPERATING LEASES

The CTCPA leases certain office equipment as well as office and classroom space in Rocky Hill, Connecticut under terms of various non-cancelable operating leases. In 2010, the CTCPA entered into a 10-year lease agreement for office and training space. Payments related to the lease began on May 1, 2010 and extend into April 2020. In 2013, the CTCPA entered into a 63 month lease agreement for office equipment. Payments related to the lease began on August 30, 2013 and extend into October 2018.

As of March 31, 2016, future minimum lease payments under operating leases with initial or remaining non-cancelable terms in excess of one year are as follows.

Year ending March 31:	
2017	\$ 125,855
2018	126,259
2019	128,510
2020	<u>125,853</u>
 Total	 <u>\$ 506,477</u>

Rent expense under leases totaled \$155,955 and \$159,456 for each of the years ended March 31, 2016 and 2015, respectively, and is included in management and general expenses on the combined statements of activities and changes in net assets.

(Continued)

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2016 and 2015

NOTE 7 - OPERATING LEASES (Continued)

Deferred rent of \$51,632 and \$57,164 as of March 31, 2016 and 2015, respectively, represents the excess of the rent expense determined on a straight-line basis over the amounts paid to date pursuant to the office lease agreement and is included in the accompanying combined statements of financial position.

NOTE 8 - RELATED PARTY TRANSACTIONS

During the normal course of business, the Society collects contributions on behalf of the Trust and various amounts of shared expenses are paid by the Society for the Trust. As of March 31, 2016, the Trust was owed \$30 from the Society, which has been eliminated in the combined financial statements. As of March 31, 2015, the Society was owed \$640 from the Trust, which has been eliminated in the combined financial statements.

The Society donates services to the Trust based on the actual time of various employees and actual expenses incurred. The donated services from the Society to the Trust amounted to \$25,076 and \$19,780 for the years ended March 31, 2016 and 2015, respectively, and are eliminated on the combined statements of activities and changes in net assets. In 2015, the Society made an additional one-time donation to the Trust of \$8,080. This donation was eliminated on the combined statements of activities and changes in net assets.

SUPPLEMENTAL SCHEDULES

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF FINANCIAL POSITION
 March 31, 2016

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
Current assets				
Cash and cash equivalents	\$ 245,896	\$ 26,181	\$ -	\$ 272,077
Investments, at fair value	847,047	661,466	-	1,508,513
Accounts receivable	13,767	-	-	13,767
Prepaid expenses and other assets	64,084	1,500	-	65,584
Due from affiliate	-	30	(30)	-
Total current assets	<u>1,170,794</u>	<u>689,177</u>	<u>(30)</u>	<u>1,859,941</u>
Security deposits	18,294	-	-	18,294
Property and equipment, net	<u>147,284</u>	<u>-</u>	<u>-</u>	<u>147,284</u>
Total assets	<u>\$ 1,336,372</u>	<u>\$ 689,177</u>	<u>\$ (30)</u>	<u>\$ 2,025,519</u>
Current liabilities				
Accounts payable	\$ 24,836	\$ -	\$ -	\$ 24,836
Accrued expenses	124,262	-	-	124,262
Deferred revenue	207,304	-	-	207,304
Deposits for conferences and meetings	23,558	-	-	23,558
Deferred rent, current	9,969	-	-	9,969
Due to affiliate	30	-	(30)	-
Total current liabilities	<u>389,959</u>	<u>-</u>	<u>(30)</u>	<u>389,929</u>
Deferred rent, long term	<u>41,663</u>	<u>-</u>	<u>-</u>	<u>41,663</u>
Total liabilities	431,622	-	(30)	431,592
Net assets				
Unrestricted				
Undesignated	904,750	320,344	-	1,225,094
Designated for the Trust	-	34,075	-	34,075
Designated for scholarships	-	334,758	-	334,758
Total net assets	<u>904,750</u>	<u>689,177</u>	<u>-</u>	<u>1,593,927</u>
Total liabilities and net assets	<u>\$ 1,336,372</u>	<u>\$ 689,177</u>	<u>\$ (30)</u>	<u>\$ 2,025,519</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF FINANCIAL POSITION
 March 31, 2015

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
Current assets				
Cash and cash equivalents	\$ 341,482	\$ 86,525	\$ -	\$ 428,007
Investments, at fair value	860,176	621,417	-	1,481,593
Accounts receivable	6,296	-	-	6,296
Prepaid expenses and other assets	58,753	1,500	-	60,253
Due from affiliate	-	640	(640)	-
Total current assets	<u>1,266,707</u>	<u>710,082</u>	<u>(640)</u>	<u>1,976,149</u>
Security deposits	18,294	-	-	18,294
Property and equipment, net	<u>138,588</u>	<u>-</u>	<u>-</u>	<u>138,588</u>
Total assets	<u>\$ 1,423,589</u>	<u>\$ 710,082</u>	<u>\$ (640)</u>	<u>\$ 2,133,031</u>
Current liabilities				
Accounts payable	\$ 3,749	\$ -	\$ -	\$ 3,749
Accrued expenses	133,688	-	-	133,688
Deferred revenue	226,424	-	-	226,424
Deposits for conferences and meetings	20,075	-	-	20,075
Deferred rent, current	5,532	-	-	5,532
Due to affiliate	640	-	(640)	-
Total current liabilities	<u>390,108</u>	<u>-</u>	<u>(640)</u>	<u>389,468</u>
Deferred rent, long term	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>390,108</u>	<u>-</u>	<u>(640)</u>	<u>389,468</u>
Net assets				
Unrestricted:				
Undesignated	981,849	358,989	-	1,340,838
Designated for the Trust	-	34,075	-	34,075
Designated for scholarships	-	316,518	-	316,518
Temporarily restricted	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total net assets	<u>981,849</u>	<u>710,082</u>	<u>-</u>	<u>1,691,931</u>
Total liabilities and net assets	<u>\$ 1,371,957</u>	<u>\$ 710,082</u>	<u>\$ (640)</u>	<u>\$ 2,081,399</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITIES
 COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 For the Year Ended March 31, 2016

	<u>Society</u>	<u>Trust</u>		<u>Elimination Entries</u>	<u>Combined</u>
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
Support and revenue					
CPE, programs and events	\$ 1,700,511	\$ -	\$ -	\$ -	\$ 1,700,511
Membership dues and fees	1,237,731	-	-	-	1,237,731
Publications	89,833	-	-	-	89,833
Contributions	-	28,345	-	-	28,345
Investment losses, net	(11,931)	(10,053)	-	-	(21,984)
Other income	6,230	-	-	-	6,230
Fundraising	-	51,945	-	-	51,945
Rental income	49,502	-	-	-	49,502
Donated services	23,373	25,076	-	(25,076)	23,373
Released from restriction	-	500	(500)	-	-
Total support and revenue	3,095,249	95,813	(500)	(25,076)	3,165,486
Expenses					
Program services					
CPE, programs and events	1,162,042	4,754	-	-	1,166,796
Membership charges	58,063	-	-	-	58,063
Publications	47,575	-	-	-	47,575
Scholarships and awards	-	60,025	-	-	60,025
Community outreach	65,937	-	-	-	65,937
Total program services	1,333,617	64,779	-	-	1,398,396
Supporting services					
Management and general	1,838,731	25,382	-	(25,076)	1,839,037
Fundraising	-	26,057	-	-	26,057
Total supporting services	1,838,731	51,439	-	(25,076)	1,865,094
Total expenses	3,172,348	116,218	-	(25,076)	3,263,490
Change in net assets	(77,099)	(20,405)	(500)	-	(98,004)
Net assets, beginning of year	981,849	709,582	500	-	1,691,931
Net assets, end of year	\$ 904,750	\$ 689,177	\$ -	\$ -	\$ 1,593,927

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 For the Year Ended March 31, 2015

	<u>Society</u>	<u>Trust</u>		<u>Elimination Entries</u>	<u>Combined</u>
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
Support and revenue					
CPE, programs and events	\$ 1,827,716	\$ -	\$ -	\$ -	\$ 1,827,716
Membership dues and fees	1,266,129	-	-	-	1,266,129
Publications	87,321	-	-	-	87,321
Contributions	-	44,469	500	(8,080)	36,889
Investment gains, net	43,293	35,459	-	-	78,752
Other income	3,359	-	-	-	3,359
Fundraising	-	53,005	-	-	53,005
Rental income	42,857	-	-	-	42,857
Donated services	<u>24,255</u>	<u>19,780</u>	<u>-</u>	<u>(19,780)</u>	<u>24,255</u>
Total support and revenue	3,294,930	152,713	500	(27,860)	3,420,283
Expenses					
Program services					
CPE, programs and events	1,222,325	5,197	-	-	1,227,522
Membership charges	63,144	-	-	-	63,144
Publications	48,381	-	-	-	48,381
Scholarships and awards	-	61,275	-	-	61,275
Community outreach	<u>25,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,489</u>
Total program services	1,359,339	66,472	-	-	1,425,811
Supporting services					
Management and general	1,813,040	20,009	-	(27,860)	1,805,189
Fundraising	<u>-</u>	<u>27,254</u>	<u>-</u>	<u>-</u>	<u>27,254</u>
Total supporting services	<u>1,813,040</u>	<u>47,263</u>	<u>-</u>	<u>(27,860)</u>	<u>1,832,443</u>
Total expenses	<u>3,172,379</u>	<u>113,735</u>	<u>-</u>	<u>(27,860)</u>	<u>3,258,254</u>
Change in net assets	122,551	38,978	500	-	162,029
Net assets, beginning of year	<u>859,298</u>	<u>670,604</u>	<u>-</u>	<u>-</u>	<u>1,529,902</u>
Net assets, end of year	<u>\$ 981,849</u>	<u>\$ 709,582</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 1,691,931</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF CASH FLOWS
 For the Year Ended March 31, 2016

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
Cash flows from operating activities				
Change in net assets	\$ (77,099)	\$ (20,905)	\$ -	\$ (98,004)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation expense	61,090	-	-	61,090
Unrealized and realized investment losses, net	65,086	51,342	-	116,428
Changes in operating assets and liabilities				
Accounts receivable	(7,471)	-	-	(7,471)
Prepaid expenses and other assets	(5,331)	-	-	(5,331)
Accounts payable	21,087	-	-	21,087
Accrued expenses	(9,426)	-	-	(9,426)
Deferred revenue	(19,120)	-	-	(19,120)
Deposits for conferences and meetings	3,483	-	-	3,483
Deferred rent	(5,532)	-	-	(5,532)
Due from/to affiliate	<u>(610)</u>	<u>610</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	26,157	31,047	-	57,204
Cash flows from investing activities				
Purchases of investments	(125,030)	(153,023)	-	(278,053)
Proceeds from sales of investments	73,073	61,632	-	134,705
Purchases of property and equipment	<u>(69,786)</u>	<u>-</u>	<u>-</u>	<u>(69,786)</u>
Net cash used in investing activities	<u>(121,743)</u>	<u>(91,391)</u>	<u>-</u>	<u>(213,134)</u>
Net change in cash and cash equivalents	(95,586)	(60,344)	-	(155,930)
Cash and cash equivalents, beginning of year	<u>341,482</u>	<u>86,525</u>	<u>-</u>	<u>428,007</u>
Cash and cash equivalents, end of year	<u>\$ 245,896</u>	<u>\$ 26,181</u>	<u>\$ -</u>	<u>\$ 272,077</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF CASH FLOWS
 For the Year Ended March 31, 2015

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
Cash flows from operating activities				
Change in net assets	\$ 122,551	\$ 39,478	\$ -	\$ 162,029
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation expense	60,129	-	-	60,129
Unrealized and realized investment losses, net	8,672	5,699	-	14,371
Changes in operating assets and liabilities				
Accounts receivable	(2,215)	-	-	(2,215)
Prepaid expenses and other assets	(17,790)	250	-	(17,540)
Accounts payable	864	-	-	864
Accrued expenses	(21,521)	-	-	(21,521)
Deferred revenue	5,835	-	-	5,835
Deposits for conferences and meetings	(104)	-	-	(104)
Deferred rent	(5,129)	-	-	(5,129)
Due from/to affiliate	<u>10,640</u>	<u>(10,640)</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	161,932	34,787	-	196,719
Cash flows from investing activities				
Purchases of investments	(102,219)	(92,287)	-	(194,506)
Proceeds from sales of investments	51,001	51,125	-	102,126
Purchases of property and equipment	<u>(35,287)</u>	<u>-</u>	<u>-</u>	<u>(35,287)</u>
Net cash used in investing activities	<u>(86,505)</u>	<u>(41,162)</u>	<u>-</u>	<u>(127,667)</u>
Net change in cash and cash equivalents	75,427	(6,375)	-	69,052
Cash and cash equivalents, beginning of year	<u>266,055</u>	<u>92,900</u>	<u>-</u>	<u>358,955</u>
Cash and cash equivalents, end of year	<u>\$ 341,482</u>	<u>\$ 86,525</u>	<u>\$ -</u>	<u>\$ 428,007</u>