

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

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

March 31, 2018 and 2017

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED AND AFFILIATED ENTITY

COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
March 31, 2018 and 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
COMBINED FINANCIAL STATEMENTS	
COMBINED STATEMENTS OF FINANCIAL POSITION.....	3
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
COMBINED STATEMENTS OF CASH FLOWS	6
NOTES TO THE COMBINED FINANCIAL STATEMENTS	7
SUPPLEMENTAL SCHEDULES	
COMBINING STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2018.....	14
COMBINING STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2017	15
COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2018.....	16
COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2017	17
COMBINING STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018.....	18
COMBINING STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017.....	19

INDEPENDENT AUDITOR'S REPORT

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

Report on the Combined Financial Statements

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 statements of financial position as of March 31, 2018 and 2017, and the related combined statements of activities and changes in net assets and cash flows for the years 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 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 from 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 entity'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 entity'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.

(Continued)

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, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position as of March 31, 2018 and 2017, the combining statements of activities and changes in net assets and the combining statements of cash flows for the years ended March 31, 2018 and 2017 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities, and are not a required part of the 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 combined financial statements. The combined information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Crowe LLP

Crowe LLP

Simsbury, Connecticut
September 21, 2018

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINED STATEMENTS OF FINANCIAL POSITION
 March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 345,045	\$ 263,259
Investments, at fair value	1,754,298	1,657,428
Accounts receivable	12,828	16,595
Prepaid expenses and other assets	<u>55,429</u>	<u>46,231</u>
Total current assets	2,167,600	1,983,513
Security deposits	18,294	18,294
Property and equipment, net	<u>60,319</u>	<u>96,144</u>
Total assets	<u>\$ 2,246,213</u>	<u>\$ 2,097,951</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 33,968	\$ 8,600
Accrued expenses	111,800	126,013
Deferred revenue	196,907	203,351
Deposits for conferences and meetings	36,233	33,343
Deferred rent, current	<u>10,373</u>	<u>10,373</u>
Total current liabilities	389,281	381,680
Deferred rent, long term	<u>20,918</u>	<u>31,290</u>
Total liabilities	410,199	412,970
Net assets		
Unrestricted		
Undesignated	1,834,414	1,359,628
Designated for scholarships	-	322,853
Temporarily restricted	<u>1,600</u>	<u>2,500</u>
Total net assets	<u>1,836,014</u>	<u>1,684,981</u>
Total liabilities and net assets	<u>\$ 2,246,213</u>	<u>\$ 2,097,951</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
 Years Ended March 31, 2018 and 2017

	2018			<u>2017</u>
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	
Support and revenue				
CPE, programs and events	\$ 1,628,375	\$ -	\$ 1,628,375	\$ 1,623,938
Membership dues and fees	1,181,201	-	1,181,201	1,218,049
Publications	106,789	-	106,789	109,632
Contributions	26,087	1,600	27,687	31,804
Investment income, net	135,027	-	135,027	159,210
Other income	18,727	-	18,727	6,294
Fundraising	51,364	-	51,364	47,165
Rental income	62,436	-	62,436	58,546
Donated services	24,013	-	24,013	25,782
Released from restriction	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>
Total support and revenue	3,236,519	(900)	3,235,619	3,280,420
Expenses				
Program services				
CPE, programs and events	1,004,864	-	1,004,864	1,006,218
Membership charges	63,358	-	63,358	60,572
Publications	47,674	-	47,674	47,928
Scholarships and awards	46,500	-	46,500	50,025
Community outreach	<u>22,853</u>	<u>-</u>	<u>22,853</u>	<u>23,856</u>
Total program services	1,185,249	-	1,185,249	1,188,599
Supporting services				
Management and general	1,877,103	-	1,877,103	1,977,338
Fundraising	<u>22,234</u>	<u>-</u>	<u>22,234</u>	<u>23,429</u>
Total supporting services	<u>1,899,337</u>	<u>-</u>	<u>1,899,337</u>	<u>2,000,767</u>
Total expenses	<u>3,084,586</u>	<u>-</u>	<u>3,084,586</u>	<u>3,189,366</u>
Change in net assets	151,933	(900)	151,033	91,054
Net assets, beginning of year	<u>1,682,481</u>	<u>2,500</u>	<u>1,684,981</u>	<u>1,593,927</u>
Net assets, end of year	<u>\$ 1,834,414</u>	<u>\$ 1,600</u>	<u>\$ 1,836,014</u>	<u>\$ 1,684,981</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)
 Year Ended March 31, 2017

	2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
CPE, programs and events	\$ 1,623,938	\$ -	\$ 1,623,938
Membership dues and fees	1,218,049	-	1,218,049
Publications	109,632	-	109,632
Contributions	29,304	2,500	31,804
Investment income, net	159,210	-	159,210
Other income	6,294	-	6,294
Fundraising	47,165	-	47,165
Rental income	58,546	-	58,546
Donated services	<u>25,782</u>	<u>-</u>	<u>25,782</u>
Total support and revenue	3,277,920	2,500	3,280,420
Expenses			
Program services			
CPE, programs and events	1,006,218	-	1,006,218
Membership charges	60,572	-	60,572
Publications	47,928	-	47,928
Scholarships and awards	50,025	-	50,025
Community outreach	<u>23,856</u>	<u>-</u>	<u>23,856</u>
Total program services	1,188,599	-	1,188,599
Supporting services			
Management and general	1,977,338	-	1,977,338
Fundraising	<u>23,429</u>	<u>-</u>	<u>23,429</u>
Total supporting services	<u>2,000,767</u>	<u>-</u>	<u>2,000,767</u>
Total expenses	<u>3,189,366</u>	<u>-</u>	<u>3,189,366</u>
Change in net assets	88,554	2,500	91,054
Net assets, beginning of year	<u>1,593,927</u>	<u>-</u>	<u>1,593,927</u>
Net assets, end of year	<u>\$ 1,682,481</u>	<u>\$ 2,500</u>	<u>\$ 1,684,981</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
 Years Ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 151,033	\$ 91,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	41,372	62,025
Unrealized and realized investment gains, net	(45,417)	(91,724)
Changes in operating assets and liabilities		
Accounts receivable	3,767	(2,828)
Prepaid expenses and other assets	(9,198)	19,353
Accounts payable	25,368	(16,236)
Accrued expenses	(14,213)	1,751
Deferred revenue	(6,444)	(3,953)
Deposits for conferences and meetings	2,890	9,785
Deferred rent	<u>(10,372)</u>	<u>(9,969)</u>
Net cash provided by operating activities	138,786	59,258
Cash flows from investing activities		
Purchases of investments	(89,077)	(65,830)
Proceeds from sales of investments	37,624	8,639
Purchases of property and equipment	<u>(5,547)</u>	<u>(10,885)</u>
Net cash used in investing activities	<u>(57,000)</u>	<u>(68,076)</u>
Net change in cash and cash equivalents	81,786	(8,818)
Cash and cash equivalents, beginning of year	<u>263,259</u>	<u>272,077</u>
Cash and cash equivalents, end of year	<u>\$ 345,045</u>	<u>\$ 263,259</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, 2018 and 2017

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.

During the Annual Meeting held on May 14, 2018, it was voted to amend the Declaration of the Trust to reflect the name change of "The Connecticut Society of Certified Public Accountants Educational Trust Fund" to "The Connecticut Society of Certified Public Accountants Accounting Scholarship Foundation." The name change was effective May 16, 2018.

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.

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, 2017, amounts totaled \$322,853, which were designated for this purpose by the Board of Directors. During fiscal year 2018, the Board released this designation and reappointed these amounts to undesignated with the same purpose for use in mind.

Temporarily Restricted: Amounts represent contributions made whose use by the CTCPA is limited to the use of granting a specific scholarship. There were \$1,600 and \$2,500 of temporarily restricted net assets as of March 31, 2018 and 2017, respectively.

(Continued)

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED AND AFFILIATED ENTITY
NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CPE, Programs and Events: Revenue from conference and continuing education fees is 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, 2018 and 2017 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 restriction. 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, 2018 and 2017, \$1,600 and \$2,500 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, 2018 and 2017, donated services consisted of volunteer speakers for continuing professional education courses and membership meetings.

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, 2018 and 2017 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 statements 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, 2018 and 2017, the Company had not recorded an allowance for doubtful accounts as management believes all amounts are fully collectible.

(Continued)

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED AND AFFILIATED ENTITY
NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2018 and 2017

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 recognized by the Internal Revenue Service as tax exempt under 501(c)(6) of the Internal Revenue Code. Accordingly, the entities will not incur any liability for federal income taxes except for tax on unrelated business income. The CTCPA has a federal and state income net operating loss and "NOL" carryforward related to its advertising business. For the year ended March 31, 2018, federal and state NOL carryforwards were \$87,731. Such NOL carryforwards expire from 2032 to 2037. It is more likely than not that the income tax benefits will not be realized. The CTCPA does not believe that it has any uncertain tax positions.

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, 2018 and 2017. As of March 31, 2018 and 2017, 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, 2015 and subsequent are open with the Internal Revenue Service and subject to review.

Subsequent Events: Subsequent events have been evaluated through September 21, 2018, which is the date the combined financial statements were available to be issued.

(Continued)

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
INCORPORATED AND AFFILIATED ENTITY
NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 3 - INVESTMENTS

Investments, classified as trading and carried at fair value as of March 31, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Mutual funds	\$ <u>1,754,298</u>	\$ <u>1,657,428</u>

Investment income is comprised of the following for the years ended March 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Net realized gains on securities	\$ 19,863	\$ 1,865
Net unrealized gains on securities	25,554	89,859
Interest and dividends	<u>89,610</u>	<u>67,486</u>
Total investment income	\$ <u>135,027</u>	\$ <u>159,210</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
 INCORPORATED AND AFFILIATED ENTITY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 March 31, 2018 and 2017

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The CTCPA reports its investments at fair value in accordance with FASB ASC 820 as of March 31, 2018 and 2017 as follows:

	Level 1	
	2018	2017
Mutual funds		
Large growth value funds	\$ 497,937	\$ 386,942
Short term bonds	375,184	290,476
Moderate allocation funds	249,230	227,460
Intermediate term bonds	208,626	281,555
Mid-cap growth funds	109,153	101,186
Foreign funds	87,631	125,564
Market neutral funds	79,595	76,462
Small value growth funds	52,971	74,905
Multi sector bonds	39,521	33,192
Global bond fund	32,937	39,828
Conservative allocation fund	21,513	19,858
	\$ 1,754,298	\$ 1,657,428

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, 2018 and 2017.

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 \$34,235 and \$36,161 for the years ended March 31, 2018 and 2017, 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, 2018 and 2017

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 \$31,978 and \$36,132 was made for the years ended March 31, 2018 and 2017, 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 177,429	\$ 177,429
Leasehold improvements	124,184	124,184
Computer equipment and software	212,692	207,145
Less: accumulated depreciation	<u>(453,986)</u>	<u>(412,614)</u>
Total	<u>\$ 60,319</u>	<u>\$ 96,144</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, 2018, 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:	
2019	\$ 128,510
2020	<u>125,853</u>
Total	<u>\$ 254,363</u>

Rent expense under leases totaled \$155,351 and \$153,551 for each of the years ended March 31, 2018 and 2017, 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
INCORPORATED AND AFFILIATED ENTITY
NOTES TO THE COMBINED FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 7 - OPERATING LEASES (Continued)

Deferred rent of \$31,291 and \$41,663 as of March 31, 2018 and 2017, 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, 2018, the Trust was owed \$3,127 from the Society, which has been eliminated in the combined financial statements. As of March 31, 2017, there were no intercompany receivables or payables.

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 \$36,703 and \$29,772 for the years ended March 31, 2018 and 2017, respectively, and are eliminated on the combined statements of activities and changes in net assets.

NOTE 9 - LINE OF CREDIT

As of November 30, 2017, the CTCPA entered into a revolving line of credit agreement with Farmington Bank in the amount of \$100,000. There were no draws or outstanding balances as of March 31, 2018.

SUPPLEMENTAL SCHEDULES

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF FINANCIAL POSITION
 March 31, 2018

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 264,018	\$ 81,027	\$ -	\$ 345,045
Investments, at fair value	1,000,100	754,198	-	1,754,298
Accounts receivable	12,828	-	-	12,828
Prepaid expenses and other assets	55,429	-	-	55,429
Due from affiliate	-	3,127	(3,127)	-
Total current assets	<u>1,332,375</u>	<u>838,352</u>	<u>(3,127)</u>	<u>2,167,600</u>
Security deposits	18,294	-	-	18,294
Property and equipment, net	<u>60,319</u>	<u>-</u>	<u>-</u>	<u>60,319</u>
Total assets	<u>\$ 1,410,988</u>	<u>\$ 838,352</u>	<u>\$ (3,127)</u>	<u>\$ 2,246,213</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 33,956	\$ 12	\$ -	\$ 33,968
Accrued expenses	111,800	-	-	111,800
Deferred revenue	196,657	250	-	196,907
Deposits for conferences and meetings	36,233	-	-	36,233
Deferred rent, current	10,373	-	-	10,373
Due to affiliate	3,127	-	(3,127)	-
Total current liabilities	<u>392,146</u>	<u>262</u>	<u>(3,127)</u>	<u>389,281</u>
Deferred rent, long term	<u>20,918</u>	<u>-</u>	<u>-</u>	<u>20,918</u>
Total liabilities	413,064	262	(3,127)	410,199
Net assets				
Unrestricted	997,924	836,490	-	1,834,414
Temporarily restricted	-	1,600	-	1,600
Total net assets	<u>997,924</u>	<u>838,090</u>	<u>-</u>	<u>1,836,014</u>
Total liabilities and net assets	<u>\$ 1,410,988</u>	<u>\$ 838,352</u>	<u>\$ (3,127)</u>	<u>\$ 2,246,213</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF FINANCIAL POSITION
 March 31, 2017

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 225,633	\$ 37,626	\$ -	\$ 263,259
Investments, at fair value	932,793	724,635	-	1,657,428
Accounts receivable	16,595	-	-	16,595
Prepaid expenses and other assets	<u>46,231</u>	<u>-</u>	<u>-</u>	<u>46,231</u>
Total current assets	1,221,252	762,261	-	1,983,513
Security deposits	18,294	-	-	18,294
Property and equipment, net	<u>96,144</u>	<u>-</u>	<u>-</u>	<u>96,144</u>
Total assets	<u>\$ 1,335,690</u>	<u>\$ 762,261</u>	<u>\$ -</u>	<u>\$ 2,097,951</u>
 LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 8,600	\$ -	\$ -	\$ 8,600
Accrued expenses	126,013	-	-	126,013
Deferred revenue	203,351	-	-	203,351
Deposits for conferences and meetings	33,343	-	-	33,343
Deferred rent, current	<u>10,373</u>	<u>-</u>	<u>-</u>	<u>10,373</u>
Total current liabilities	381,680	-	-	381,680
Deferred rent, long term	<u>31,290</u>	<u>-</u>	<u>-</u>	<u>31,290</u>
Total liabilities	412,970	-	-	412,970
Net assets				
Unrestricted				
Undesignated	922,720	436,908	-	1,359,628
Designated for scholarships	-	322,853	-	322,853
Temporarily restricted	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total net assets	<u>922,720</u>	<u>762,261</u>	<u>-</u>	<u>1,684,981</u>
Total liabilities and net assets	<u>\$ 1,335,690</u>	<u>\$ 762,261</u>	<u>\$ -</u>	<u>\$ 2,097,951</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 Year Ended March 31, 2018

	<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	\$ 1,628,375	\$ -	\$ -	\$ -	\$ 1,628,375
Membership dues and fees	1,181,201	-	-	-	1,181,201
Publications	106,789	-	-	-	106,789
Contributions	-	26,087	1,600	-	27,687
Investment income, net	67,765	67,262	-	-	135,027
Other income	18,077	650	-	-	18,727
Fundraising	-	51,364	-	-	51,364
Rental income	62,436	-	-	-	62,436
Donated services	24,013	36,703	-	(36,703)	24,013
Released from restriction	-	2,500	(2,500)	-	-
Total support and revenue	3,088,656	184,566	(900)	(36,703)	3,235,619
Expenses					
Program services					
CPE, programs and events	1,002,831	2,033	-	-	1,004,864
Membership charges	63,358	-	-	-	63,358
Publications	47,674	-	-	-	47,674
Scholarships and awards	-	46,500	-	-	46,500
Community outreach	22,853	-	-	-	22,853
Total program services	1,136,716	48,533	-	-	1,185,249
Supporting services					
Management and general	1,876,736	37,070	-	(36,703)	1,877,103
Fundraising	-	22,234	-	-	22,234
Total supporting services	1,876,736	59,304	-	(36,703)	1,899,337
Total expenses	3,013,452	107,837	-	(36,703)	3,084,586
Change in net assets	75,204	76,729	(900)	-	151,033
Net assets, beginning of year	922,720	759,761	2,500	-	1,684,981
Net assets, end of year	\$ 997,924	\$ 836,490	\$ 1,600	\$ -	\$ 1,836,014

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 Year Ended March 31, 2017

	Society	Trust		Elimination Entries	Combined
		Unrestricted	Temporarily Restricted		
Support and revenue					
CPE, programs and events	\$ 1,623,938	\$ -	\$ -	\$ -	\$ 1,623,938
Membership dues and fees	1,218,049	-	-	-	1,218,049
Publications	109,632	-	-	-	109,632
Contributions	-	29,304	2,500	-	31,804
Investment income, net	87,401	71,809	-	-	159,210
Other income	6,294	-	-	-	6,294
Fundraising	-	47,165	-	-	47,165
Rental income	58,546	-	-	-	58,546
Donated services	<u>25,782</u>	<u>29,772</u>	<u>-</u>	<u>(29,772)</u>	<u>25,782</u>
Total support and revenue	3,129,642	178,050	2,500	(29,772)	3,280,420
Expenses					
Program services					
CPE, programs and events	1,002,103	4,115	-	-	1,006,218
Membership charges	60,572	-	-	-	60,572
Publications	47,928	-	-	-	47,928
Scholarships and awards	-	50,025	-	-	50,025
Community outreach	<u>23,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,856</u>
Total program services	1,134,459	54,140	-	-	1,188,599
Supporting services					
Management and general	1,977,213	29,897	-	(29,772)	1,977,338
Fundraising	<u>-</u>	<u>23,429</u>	<u>-</u>	<u>-</u>	<u>23,429</u>
Total supporting services	<u>1,977,213</u>	<u>53,326</u>	<u>-</u>	<u>(29,772)</u>	<u>2,000,767</u>
Total expenses	<u>3,111,672</u>	<u>107,466</u>	<u>-</u>	<u>(29,772)</u>	<u>3,189,366</u>
Change in net assets	17,970	70,584	2,500	-	91,054
Net assets, beginning of year	<u>904,750</u>	<u>689,177</u>	<u>-</u>	<u>-</u>	<u>1,593,927</u>
Net assets, end of year	<u>\$ 922,720</u>	<u>\$ 759,761</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 1,684,981</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF CASH FLOWS
 Year Ended March 31, 2018

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
Cash flows from operating activities				
Change in net assets	\$ 75,204	\$ 75,829	\$ -	\$ 151,033
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation expense	41,372	-	-	41,372
Unrealized and realized investment gains, net	(17,005)	(28,412)	-	(45,417)
Changes in operating assets and liabilities				
Accounts receivable	3,767	-	-	3,767
Prepaid expenses and other assets	(9,198)	-	-	(9,198)
Accounts payable	25,356	12	-	25,368
Accrued expenses	(14,213)	-	-	(14,213)
Deferred revenue	(6,694)	250	-	(6,444)
Deposits for conferences and meetings	2,890	-	-	2,890
Deferred rent	(10,372)	-	-	(10,372)
Due from/to affiliate	3,127	(3,127)	-	-
Net cash provided by operating activities	<u>94,234</u>	<u>44,552</u>	-	<u>138,786</u>
Cash flows from investing activities				
Purchases of investments	(50,348)	(38,729)	-	(89,077)
Proceeds from sales of investments	46	37,578	-	37,624
Purchases of property and equipment	(5,547)	-	-	(5,547)
Net cash used in investing activities	<u>(55,849)</u>	<u>(1,151)</u>	-	<u>(57,000)</u>
Net change in cash and cash equivalents	38,385	43,401	-	81,786
Cash and cash equivalents, beginning of year	<u>225,633</u>	<u>37,626</u>	-	<u>263,259</u>
Cash and cash equivalents, end of year	<u>\$ 264,018</u>	<u>\$ 81,027</u>	<u>\$ -</u>	<u>\$ 345,045</u>

THE CONNECTICUT SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 INCORPORATED AND AFFILIATED ENTITY
 COMBINING STATEMENTS OF CASH FLOWS
 Year Ended March 31, 2017

	<u>Society</u>	<u>Trust</u>	<u>Elimination Entries</u>	<u>Combined</u>
Cash flows from operating activities				
Change in net assets	\$ 17,970	\$ 73,084	\$ -	\$ 91,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation expense	62,025	-	-	62,025
Unrealized and realized investment gains, net	(48,217)	(43,507)	-	(91,724)
Changes in operating assets and liabilities				
Accounts receivable	(2,828)	-	-	(2,828)
Prepaid expenses and other assets	17,853	1,500	-	19,353
Accounts payable	(16,236)	-	-	(16,236)
Accrued expenses	1,751	-	-	1,751
Deferred revenue	(3,953)	-	-	(3,953)
Deposits for conferences and meetings	9,785	-	-	9,785
Deferred rent	(9,969)	-	-	(9,969)
Due from/to affiliate	(30)	30	-	-
Net cash provided by operating activities	<u>28,151</u>	<u>31,107</u>	-	<u>59,258</u>
Cash flows from investing activities				
Purchases of investments	(37,529)	(28,301)	-	(65,830)
Proceeds from sales of investments	-	8,639	-	8,639
Purchases of property and equipment	(10,885)	-	-	(10,885)
Net cash used in investing activities	<u>(48,414)</u>	<u>(19,662)</u>	-	<u>(68,076)</u>
Net change in cash and cash equivalents	(20,263)	11,445	-	(8,818)
Cash and cash equivalents, beginning of year	<u>245,896</u>	<u>26,181</u>	-	<u>272,077</u>
Cash and cash equivalents, end of year	<u>\$ 225,633</u>	<u>\$ 37,626</u>	<u>\$ -</u>	<u>\$ 263,259</u>