



FICPA SCHOLARSHIP FOUNDATION, INC.
Financial Statements
June 30, 2022 and 2021
With Independent Auditor's Report

FICPA Scholarship Foundation, Inc.
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June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
FICPA Scholarship Foundation, Inc.:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of FICPA Scholarship Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FICPA Scholarship Foundation, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FICPA Scholarship Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenses - fundraising activities is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Withum Smith & Brown, PC

February 9, 2023

FICPA Scholarship Foundation, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 296,463	\$ 180,236
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	2,402	1,631
Accounts receivable - other	5,000	-
Prepaid expenses and deposits	15,618	8,564
Current portion of unconditional promises to give receivable, net	<u>62,616</u>	<u>74,455</u>
Total current assets	382,099	264,886
Unconditional promises to give receivable, less current portion, net	15,775	23,900
Investments	<u>2,626,219</u>	<u>3,030,968</u>
Total assets	<u>\$ 3,024,093</u>	<u>\$ 3,319,754</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 13,059	\$ -
Deferred revenues	42,636	9,584
Scholarships payable	<u>212,000</u>	<u>189,370</u>
Total current liabilities	<u>267,695</u>	<u>198,954</u>
Net assets		
Without donor restrictions	629,096	726,419
With donor restrictions	<u>2,127,302</u>	<u>2,394,381</u>
Total net assets	<u>2,756,398</u>	<u>3,120,800</u>
Total liabilities and net assets	<u>\$ 3,024,093</u>	<u>\$ 3,319,754</u>

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

FICPA Scholarship Foundation, Inc.
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Fundraising activities	\$ 140,210	\$ -	\$ 140,210	\$ 128,755	\$ -	\$ 128,755
Contributions	-	36,097	36,097	-	59,779	59,779
In-kind contributions - Florida Institute of Certified Public Accountants, Inc.	210,739	-	210,739	226,575	-	226,575
Contributions - other	72,032	-	72,032	57,085	-	57,085
Investment income (loss)	(71,800)	(207,663)	(279,463)	196,467	438,378	634,845
Other revenue	6,323	-	6,323	624	-	624
Net assets released from restrictions	95,513	(95,513)	-	57,084	(57,084)	-
Total revenues	453,017	(267,079)	185,938	666,590	441,073	1,107,663
Expenses						
Program services	216,588	-	216,588	189,730	-	189,730
Fundraising activities	118,467	-	118,467	79,191	-	79,191
Management and general	215,285	-	215,285	211,779	-	211,779
Total expenses	550,340	-	550,340	480,700	-	480,700
Change in net assets	(97,323)	(267,079)	(364,402)	185,890	441,073	626,963
Net assets						
Beginning of year	726,419	2,394,381	3,120,800	540,529	1,953,308	2,493,837
End of year	\$ 629,096	\$ 2,127,302	\$ 2,756,398	\$ 726,419	\$ 2,394,381	\$ 3,120,800

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

FICPA Scholarship Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ (364,402)	\$ 626,963
Adjustments to reconcile change in net assets to net cash used in operating activities		
Unrealized and realized losses (gains) on investments	334,506	(584,822)
Dividend reinvestments	(54,757)	(50,023)
Bad debt expense	1,550	-
(Increase) decrease in		
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	(771)	6,018
Accounts receivable - other	(5,000)	9,282
Prepaid expenses and deposits	(7,054)	(3,485)
Unconditional promises to give receivable	18,414	(17,073)
Increase (decrease) in		
Scholarships, accounts payable, and accrued expenses	35,689	30,443
Deferred revenues	<u>33,052</u>	<u>(23,065)</u>
Net cash used in operating activities	<u>(8,773)</u>	<u>(5,762)</u>
Investing activities		
Proceeds from sales and maturities of investments	<u>125,000</u>	<u>-</u>
Net cash provided by investing activities	<u>125,000</u>	<u>-</u>
Net change in cash and cash equivalents	116,227	(5,762)
Cash and cash equivalents		
Beginning of year	<u>180,236</u>	<u>185,998</u>
End of year	<u>\$ 296,463</u>	<u>\$ 180,236</u>

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

FICPA Scholarship Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			Fundraising Activities									Management and General	Total
	Scholarship Program	Accounting Scholar Leadership Symposium	Subtotal	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Golfing Fore Education	Orlando Golf Tournament	Day at the Races	Scholarship Night	Miscellaneous Fundraising	Subtotal		
Advertising and promotions	\$ -	\$ -	\$ -	\$ -	\$ 223	\$ -	\$ -	\$ 562	\$ 167	\$ 1,999	\$ 130	\$ 3,081	\$ 3,270	\$ 6,351
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	1,550	1,550
Consulting	-	-	-	-	-	-	-	-	-	-	-	-	4,047	4,047
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	828	828
Facility and A/V rentals	-	567	567	-	-	600	5,958	5,304	750	8,466	-	21,078	1,359	23,004
Food and beverage	-	-	-	-	7,211	5,012	-	1,850	3,053	18,480	-	35,606	4,817	40,423
Licenses and taxes	-	-	-	-	-	-	-	-	-	-	-	-	266	266
Legal and accounting	-	-	-	-	-	-	-	-	-	-	-	-	19,585	19,585
Merchant fees	-	15	15	128	227	306	269	262	111	1,122	307	2,732	1,551	4,298
Miscellaneous	-	-	-	-	430	-	-	689	103	-	127	1,349	3,727	5,076
Office supplies	-	-	-	-	-	-	-	-	-	161	-	161	277	438
Salaries and benefits	22,857	-	22,857	1,669	6,257	2,415	272	3,048	3,929	16,457	1,087	35,134	165,493	223,484
Scholarships	190,575	-	190,575	9,000	-	-	-	-	-	-	-	9,000	-	199,575
Telephone and utilities	-	-	-	5	20	4	-	10	7	51	6	103	497	600
Travel and entertainment	-	2,574	2,574	-	1,643	137	43	409	260	7,731	-	10,223	5,897	18,694
Website and technology	-	-	-	-	-	-	-	-	-	-	-	-	2,121	2,121
	<u>\$ 213,432</u>	<u>\$ 3,156</u>	<u>\$ 216,588</u>	<u>\$ 10,802</u>	<u>\$ 16,011</u>	<u>\$ 8,474</u>	<u>\$ 6,542</u>	<u>\$ 12,134</u>	<u>\$ 8,380</u>	<u>\$ 54,467</u>	<u>\$ 1,657</u>	<u>\$ 118,467</u>	<u>\$ 215,285</u>	<u>\$ 550,340</u>

The Notes to Financial Statements are an integral part of this statement.

FICPA Scholarship Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Fundraising Activities									Management and General	Total
	Scholarship Program	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Golfing Fore Education	Orlando Golf Tournament	Day at the Races	Scholarship Night	Miscellaneous Fundraising	Subtotal		
Advertising and promotions	\$ -	\$ 2,389	\$ -	\$ -	\$ 85	\$ 280	\$ 104	\$ -	\$ 323	\$ 3,181	\$ 1,704	\$ 4,885
Consulting	-	-	-	-	-	-	-	-	-	-	7,725	7,725
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	144	144
Facility and A/V rentals	-	18,438	-	1,792	12,513	3,590	50	-	-	36,383	2,574	38,957
Food and beverage	-	1,101	-	506	201	1,942	1,920	-	-	5,670	1,882	7,552
Licenses and taxes	-	-	-	-	-	-	-	-	-	-	358	358
Legal and accounting	-	-	-	-	-	-	-	-	-	-	18,738	18,738
Merchant fees	-	156	-	177	784	212	103	-	154	1,586	1,057	2,643
Miscellaneous	-	845	-	-	409	942	-	-	270	2,466	232	2,698
Office supplies	-	-	-	-	-	36	-	-	81	117	181	298
Postage	-	162	-	-	-	-	-	-	244	406	-	406
Printing	-	-	-	-	26	-	-	600	-	626	-	626
Salaries and benefits	25,330	6,523	1,533	3,980	-	4,418	-	-	1,860	18,314	174,716	218,360
Scholarships	164,400	9,000	-	-	-	-	-	-	-	9,000	-	173,400
Telephone and utilities	-	27	9	14	-	13	-	-	8	71	518	589
Travel and entertainment	-	692	-	286	-	40	353	-	-	1,371	839	2,210
Website and technology	-	-	-	-	-	-	-	-	-	-	1,111	1,111
	<u>\$ 189,730</u>	<u>\$ 39,333</u>	<u>\$ 1,542</u>	<u>\$ 6,755</u>	<u>\$ 14,018</u>	<u>\$ 11,473</u>	<u>\$ 2,530</u>	<u>\$ 600</u>	<u>\$ 2,940</u>	<u>\$ 79,191</u>	<u>\$ 211,779</u>	<u>\$ 480,700</u>

The Notes to Financial Statements are an integral part of this statement.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Foundation prepares its financial statements under the guidance of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Basis of Accounting

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

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

Net assets with donor restrictions: Net assets that are subject to donor-imposed stipulations. These stipulations either require the Foundation to maintain the net asset permanently, generally permitting all or part of the income earned on related assets be used for general or specific purposes or be met either by the completion of a stipulated action and/or the passage of time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current year financial statements.

Accounting Pronouncements Adopted

Gifts In-Kind

During the fiscal year 2022, the Foundation elected to adopt FASB issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets.

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The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

Accounting Pronouncements Issued, But Not Yet Adopted

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing lease accounting standards. Together with subsequent amendments, this created ASC Topic 842 (“ASC 842”). ASC 842 requires that a lessee recognizes a right-of-use asset and a corresponding liability for its obligation under virtually all operating leases, as well as expands disclosure requirements. ASC 842 is effective for annual reporting periods beginning after December 15, 2021. The Foundation is currently evaluating the effect of the adoption of ASC 842 on its results of operations, financial position, and cash flows.

Allocation of Supporting Services Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across program and supporting services based on estimated costs involved with those areas. Other general and administrative expenses, including depreciation and rent, are allocated based on the amount of estimated time the Foundation spends utilizing leased property for each program and supporting service.

Cash and Cash Equivalents

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

Unconditional Promises to Give Receivable

All unconditional promises to give that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis using rates ranging from 0.810% to 2.960%. The Foundation determines an allowance based on specific identification, historical write-offs, and current economic conditions. As of June 30, 2022 and 2021, the allowance for uncollectible unconditional promises to give was \$2,350.

Investments

The Foundation accounts for investments in accordance with FASB ASC 958, *Not-for-Profit Entities*. Therefore, investments in debt and equity securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses and interest and dividends are included in investment income in the statements of activities. The Foundation’s investments consist of exchange-traded funds and mutual funds with readily determinable market values.

Deferred Revenues

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

FICPA Scholarship Foundation, Inc.
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Revenue Recognition

Fundraising Activities

Fundraising activities revenue consists of event registrations, event sponsorships, and raffle proceeds. Event registrations and event sponsorships are generally paid in advance of the scheduled event. Revenue is recognized at a point in time when the fundraising event occurs.

Contributions

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

Contributed Services

The amount of contributed services represents the estimated fair value of corporate services provided to the Foundation but paid for by the Florida Institute of Certified Public Accountants, Inc. and others. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Total contributed services, which represents all of the Foundation's payroll and related expenses, included as unrestricted revenues in the statements of activities are \$210,739 and \$226,575 for the years ended June 30, 2022 and 2021, respectively. These contributions include \$15,297 and \$18,383 in support of the fundraising activities of the Foundation for the years ended June 30, 2022 and 2021, respectively. Total contributed services represent approximately 44% and 32% of revenues without donor restrictions for the years ended June 30, 2022 and 2021, respectively.

Income Taxes

The Foundation is a nonprofit organization exempt from federal taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Foundation experienced no taxes as a result of unrelated business income for the years ended June 30, 2022 and 2021. The Foundation is not classified as a private foundation by the Internal Revenue Service.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Foundation in its tax returns. The Foundation's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Foundation in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Foundation has any material uncertain tax positions at June 30, 2022.

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

Subsequent Events

Management has evaluated subsequent events through February 9, 2023, the date which the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events occurred which require adjustment to or disclosure in the financial statements.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
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3. INVESTMENTS

Investments consist of the following at June 30, 2022 and 2021:

	2022		
	Historical Cost	Cumulative Unrealized Gains (Losses)	Market and Carrying Value
Vanguard Index 500 Fund	\$ 268,871	\$ 413,141	\$ 682,012
Vanguard Dividend Growth Fund	3,033	1,110	4,143
Vanguard Inter-Term Bond Index Fund	238,794	(16,978)	221,816
Vanguard International Stock Index Fund	88,408	2,333	90,741
Vanguard Small-Cap Index Fund	37,632	55,330	92,962
Vanguard Short-Term Bond Index Fund	197,147	(6,476)	190,671
Vanguard Short-Term Corporate Bond ETF	136,801	(6,706)	130,095
Vanguard Inter-Term Corporate Bond ETF	251,215	(29,006)	222,209
Vanguard Inter-Term Tax-Exempt Fund	21,108	(1,635)	19,473
Vanguard Dividend Appreciation ETF	287,409	275,025	562,434
Rydex Guggenheim S&P500	107,923	83,480	191,403
iShares S&P 500	130,244	88,016	218,260
	<u>\$ 1,768,585</u>	<u>\$ 857,634</u>	<u>\$ 2,626,219</u>
	2021		
	Historical Cost	Cumulative Unrealized Gains (Losses)	Market and Carrying Value
Vanguard Index 500 Fund	\$ 286,295	\$ 566,476	\$ 852,771
Vanguard Dividend Growth Fund	2,697	1,446	4,143
Vanguard Inter-Term Bond Index Fund	231,405	17,899	249,304
Vanguard International Stock Index Fund	95,115	29,928	125,043
Vanguard Small-Cap Index Fund	40,110	90,726	130,836
Vanguard Short-Term Bond Index Fund	194,361	6,905	201,266
Vanguard Short-Term Corporate Bond ETF	134,390	4,230	138,620
Vanguard Inter-Term Corporate Bond ETF	243,848	12,427	256,275
Vanguard Inter-Term Tax-Exempt Fund	20,649	408	21,057
Vanguard Dividend Appreciation ETF	276,322	319,635	595,957
Rydex Guggenheim S&P500	104,583	106,988	211,571
iShares S&P 500	126,847	117,278	244,125
	<u>\$ 1,756,622</u>	<u>\$ 1,274,346</u>	<u>\$ 3,030,968</u>

FICPA Scholarship Foundation, Inc.
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Investment income (loss) shown on the accompanying statements of activities consists of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 55,043	\$ 50,023
Realized gains	82,212	-
Unrealized gains (losses)	<u>(416,718)</u>	<u>584,822</u>
Total investment income (loss)	<u>\$ (279,463)</u>	<u>\$ 634,845</u>

For the years ended June 30, 2022 and 2021, investment income (loss) is presented on the statements of activities as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions	\$ (71,800)	\$ 196,467
With donor restrictions	<u>(207,663)</u>	<u>438,378</u>
Total investment income (loss)	<u>\$ (279,463)</u>	<u>\$ 634,845</u>

The Foundation invests in exchange-traded funds and mutual funds comprised of debt and equity securities. The value and related income of these securities are sensitive to changes in economic conditions. Accordingly, investment values may be subject to risks by shifts in the market's perception of the issuers and changes in interest rates.

4. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

The following are descriptions of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Exchange-Traded Funds: Measured at the value of the quoted market prices.

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's Level 1 investments measured at fair value at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Bond index funds	\$ 412,487	\$ 450,570
Equity index funds	779,117	987,750
International equity index funds	90,741	125,043
Municipal bond fund	19,473	21,057
Exchange-traded funds - corporate bonds	352,304	394,895
Exchange-traded funds - equity	<u>972,097</u>	<u>1,051,653</u>
Total investments at fair value	<u>\$ 2,626,219</u>	<u>\$ 3,030,968</u>

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

5. UNCONDITIONAL PROMISES TO GIVE RECEIVABLE

Unconditional promises to give receivable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 62,616	\$ 74,455
Receivable in one to five years	<u>19,934</u>	<u>27,306</u>
Total unconditional promises to give receivable	82,550	101,761
Less: Discounts to present value	(1,809)	(2,606)
Allowance for uncollectible unconditional promises to give	<u>(2,350)</u>	<u>(800)</u>
Unconditional promises to give receivable	<u>\$ 78,391</u>	<u>\$ 98,355</u>

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

Unconditional promises to give receivable are presented on the statements of financial position as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Unconditional promises to give receivable - net	\$ 62,616	\$ 74,455
Unconditional promises to give receivable, less current portion - net	<u>15,775</u>	<u>23,900</u>
Unconditional promises to give receivable	<u>\$ 78,391</u>	<u>\$ 98,355</u>

6. FUNCTIONAL ALLOCATION OF EXPENSES

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

7. BOARD DESIGNATED NET ASSETS

The Board designates collections from half of the Platinum, all of the Fellow, Diamond, and Life members' unconditional promises to give, and the related interest earnings thereon to provide scholarships. As of June 30, 2022 and 2021, such designated amounts totaled \$339,833. These amounts are included in net assets without donor restrictions, and the interest earnings are included as an increase in net assets without donor restrictions. These funds may only be used following approval of the Board.

8. NET ASSETS WITH DONOR RESTRICTIONS

For the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by the donors as follows:

	<u>2022</u>	<u>2021</u>
Net asset restrictions accomplished		
Program expenses incurred	\$ 93,303	\$ 29,317
Time restrictions expired	<u>2,210</u>	<u>27,767</u>
Net assets released from restrictions	<u>\$ 95,513</u>	<u>\$ 57,084</u>

At June 30, 2022 and 2021, net assets with donor restrictions are temporarily restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
For periods subsequent to year end	\$ 49,417	\$ 48,572
Scholarships from endowment income	86,647	136,455
Accounting scholar leadership symposium	-	2,631
CPA 1040K Run proceeds	64,200	57,104
Wallace H. Coulter Foundation Grant	<u>97,130</u>	<u>60,607</u>
	<u>\$ 297,394</u>	<u>\$ 305,369</u>

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

The Foundation's endowment consists of multiple individual funds established for a variety of purposes. The endowments, which include unconditional promises to give receivable of \$32,316, are all donor-restricted endowment funds and fully funded at June 30, 2022. The Foundation has no board-designated endowments. As required by United States generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

At June 30, 2022 and 2021, net assets with donor restrictions that are to be maintained permanently are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Georgia Nelidsky Endowment	\$ 87,675	\$ 102,368
George E. Shierling Endowment	158,894	184,868
Beatrice Cohen Endowment	13,681	15,327
Douglas James Davis Endowment	120,195	143,350
Lloyd A. Turman Endowment	35,636	41,608
Orvis M. Kemp Endowment	37,716	44,037
Ben A. Stevens, Jr. Endowment	38,940	45,466
Martin M. Prague Endowment	48,948	57,150
Legends Endowment	27,834	32,498
Gerald J. Cavanaugh Endowment	65,881	76,922
Robert R. Harris Endowment	45,403	53,012
Dade/S Broward	95,639	111,558
Kathryn B. Anderson Endowment	41,156	48,053
John P. Thomas Endowment	37,533	43,741
Michael R. Pender, Jr. Endowment	36,631	42,770
James Wilcox Endowment	587,230	685,644
Tommye Barie Endowment	34,784	40,570
George A. Gulisano Endowment	40,419	47,177
Mia Thomas Endowment	55,745	52,391
Brigade Endowment	55,415	62,380
Gleim Endowment	15,861	17,305
Jim Lane Endowment	29,093	33,972
Rick Carrol Endowment	40,717	47,412
Jason A Chorlins Endowment	29,987	32,815
Gordon Spoor Endowment	25,472	26,618
Azalea Grace Endowment	23,423	-
	<u>\$ 1,829,908</u>	<u>\$ 2,089,012</u>

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The Foundation holds various endowments which are donor restricted. The Board of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

The Foundation’s donor-restricted endowments consist of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not permanently restricted by the donor is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

At June 30, 2022 and 2021, the endowments included in net assets with donor restrictions are summarized as follows:

	<u>2022</u>	<u>2021</u>
Endowments		
Income is restricted	\$ 1,569,656	\$ 1,786,448
Income is unrestricted	<u>260,252</u>	<u>302,564</u>
Total internally-controlled endowments	<u>\$ 1,829,908</u>	<u>\$ 2,089,012</u>

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

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

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

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The Foundation's investment policy limits securities to the following:

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

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

All endowments are considered permanently restricted. For the years ended June 30, 2022 and 2021, activity with permanently restricted endowments is as follows:

	<u>2022</u>	<u>2021</u>
Endowments at July 1	\$ 2,089,012	\$ 1,710,527
Investment income	39,136	27,023
Appreciation (depreciation) - realized and unrealized	(262,948)	403,641
Allocation of investment income to net assets with donor restrictions and net assets without donor restrictions	(73,209)	(72,060)
Contributions	<u>37,917</u>	<u>19,881</u>
Endowments at June 30	<u>\$ 1,829,908</u>	<u>\$ 2,089,012</u>

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

The Florida Institute of Certified Public Accountants, Inc. (the "FICPA") collects contributions on the Foundation's behalf. At June 30, 2022 and 2021, FICPA had collected contributions payable to the Foundation of \$12,248 and \$9,815, respectively. The Foundation owes money back to the FICPA in the amounts of \$9,846 and \$8,184 at June 30, 2022 and 2021, respectively.

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10. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 296,463	\$ 180,236
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	2,402	1,631
Accounts receivable - other	5,000	-
Current portion of unconditional promises to give receivable, net Investments	62,616	74,455
	<u>2,626,219</u>	<u>3,030,968</u>
Total financial assets available within one year	2,992,700	3,287,290
Less: Amounts unavailable for general expenditures within one year due to Donor restrictions		
Purpose restrictions	(2,077,885)	(2,345,809)
Board restrictions		
Board designated for general scholarships	<u>(339,833)</u>	<u>(339,833)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 574,982</u>	<u>\$ 601,648</u>

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

11. RISK AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Foundation's investment balances and the amounts reported in the statements of financial position.



SUPPLEMENTARY INFORMATION

FICPA Scholarship Foundation, Inc.
Schedule of Revenues and Expenses – Fundraising Activities
Year Ended June 30, 2022

	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Scholarship Night	Golfing Fore Education	Orlando Golf Tournament	Day at the Races	Miscellaneous Fundraising	Subtotal	Management and Administrative	Total
Revenues											
Fundraising activities	\$ 16,435	\$ 11,875	\$ 15,330	\$ 59,150	\$ 13,480	\$ 12,665	\$ 10,750	\$ 525	\$ 140,210	\$ -	\$ 140,210
Contributions – FICPA	1,463	5,152	1,671	13,100	182	1,992	2,782	1,093	27,435	183,304	210,739
Contributions – other	-	-	-	2,013	4,042	250	376	65,351	72,032	-	72,032
Total revenues	<u>17,898</u>	<u>17,027</u>	<u>17,001</u>	<u>74,263</u>	<u>17,704</u>	<u>14,907</u>	<u>13,908</u>	<u>66,969</u>	<u>239,677</u>	<u>183,304</u>	<u>422,981</u>
Expenses											
FICPA in-kind support	1,669	6,257	2,415	16,457	272	3,048	3,929	1,087	35,134	183,304	218,438
Advertising and promotion	-	223	-	1,999	-	562	167	130	3,081	3,270	6,351
Consulting	-	-	-	-	-	-	-	-	-	4,047	4,047
Dues and subscriptions	-	-	-	-	-	-	-	-	-	828	828
Facility and A/V rentals	-	-	600	8,466	5,958	5,304	750	-	21,078	1,359	22,437
Food and beverage	-	7,211	5,012	18,480	-	1,850	3,053	-	35,606	4,817	40,423
Merchant fees	128	227	306	1,122	269	262	111	307	2,732	1,551	4,283
Miscellaneous	-	430	-	-	-	689	103	127	1,349	3,727	5,076
Office supplies	-	-	-	161	-	-	-	-	161	-	161
Scholarships	9,000	-	-	-	-	-	-	-	9,000	-	9,000
Telephone and utilities	5	20	4	51	-	10	7	6	103	497	600
Travel and entertainment	-	1,643	137	7,731	43	409	260	-	10,223	5,897	16,120
Total expenses	<u>10,802</u>	<u>16,011</u>	<u>8,474</u>	<u>54,467</u>	<u>6,542</u>	<u>12,134</u>	<u>8,380</u>	<u>1,657</u>	<u>118,467</u>	<u>209,297</u>	<u>327,764</u>
Fundraising proceeds	7,096	1,016	8,527	19,796	11,162	2,773	5,528	65,312	121,210	(25,993)	95,217
Additional activity	- (1)	- (2)	- (3)	- (4)	- (5)	-	- (4)	-	-	-	-
Change in net assets	<u>\$ 7,096</u>	<u>\$ 1,016</u>	<u>\$ 8,527</u>	<u>\$ 19,796</u>	<u>\$ 11,162</u>	<u>\$ 2,773</u>	<u>\$ 5,528</u>	<u>\$ 65,312</u>	<u>\$ 121,210</u>	<u>\$ (25,993)</u>	<u>\$ 95,217</u>

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

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

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

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

(5) All net proceeds, if any, are included in temporarily restricted net assets to fund the Mia Thomas Endowment.

See Independent Auditor's Report.