



**FICPA SCHOLARSHIP FOUNDATION, INC.**  
**Financial Statements**  
**June 30, 2020 and 2019**  
**With Independent Auditor's Report**

**FICPA Scholarship Foundation, Inc.**  
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**June 30, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of FICPA Scholarship Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FICPA Scholarship Foundation, Inc. as of June 30, 2020 and 2019, 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.

### 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.

*WithumSmith+Brown, PC*

April 12, 2021

**FICPA Scholarship Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 185,998	\$ 253,284
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	7,649	10,238
Accounts receivable - other	9,282	8,670
Prepaid expenses and deposits	5,079	12,741
Current portion of pledged contributions receivable, net	<u>32,605</u>	<u>29,206</u>
Total current assets	240,613	314,139
Pledged contributions receivable, less current portion, net	48,677	62,791
Investments	<u>2,396,123</u>	<u>2,289,031</u>
Total assets	<u>\$ 2,685,413</u>	<u>\$ 2,665,961</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 4,927	\$ 1,098
Deferred revenues	32,649	19,470
Scholarships payable	<u>154,000</u>	<u>160,000</u>
Total current liabilities	<u>191,576</u>	<u>180,568</u>
Net assets		
Without donor restrictions	540,529	552,743
With donor restrictions	<u>1,953,308</u>	<u>1,932,650</u>
Total net assets	<u>2,493,837</u>	<u>2,485,393</u>
Total liabilities and net assets	<u>\$ 2,685,413</u>	<u>\$ 2,665,961</u>

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

**FICPA Scholarship Foundation, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Fundraising activities	\$ 89,678	\$ -	\$ 89,678	\$ 164,261	\$ -	\$ 164,261
Contributions	-	49,466	49,466	-	43,420	43,420
Contributions - local chapters	6,000	-	6,000	14,354	-	14,354
Contributions - Florida Institute of Certified Public Accountants, Inc.	317,055	-	317,055	252,090	-	252,090
Contributions - CPA 1040K Run	-	-	-	-	6,707	6,707
Contributions - other	27,843	-	27,843	45,836	-	45,836
Investment income	47,849	59,172	107,021	58,925	137,505	196,430
Other revenue	1,016	-	1,016	-	-	-
Net assets released from restrictions	87,980	(87,980)	-	85,544	(85,544)	-
Total revenues	<u>577,421</u>	<u>20,658</u>	<u>598,079</u>	<u>621,010</u>	<u>102,088</u>	<u>723,098</u>
<b>Expenses</b>						
Program services	176,233	-	176,233	183,222	-	183,222
Fundraising activities	119,303	-	119,303	215,623	-	215,623
Management and general	294,099	-	294,099	178,286	-	178,286
Total expenses	<u>589,635</u>	<u>-</u>	<u>589,635</u>	<u>577,131</u>	<u>-</u>	<u>577,131</u>
<b>Change in net assets</b>	(12,214)	20,658	8,444	43,879	102,088	145,967
<b>Net assets</b>						
Beginning of year	<u>552,743</u>	<u>1,932,650</u>	<u>2,485,393</u>	<u>508,864</u>	<u>1,830,562</u>	<u>2,339,426</u>
End of year	<u>\$ 540,529</u>	<u>\$ 1,953,308</u>	<u>\$ 2,493,837</u>	<u>\$ 552,743</u>	<u>\$ 1,932,650</u>	<u>\$ 2,485,393</u>

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

**FICPA Scholarship Foundation, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Change in net assets	\$ 8,444	\$ 145,967
Adjustments to reconcile change in net assets to net cash used in operating activities		
Unrealized and realized gains	(58,692)	(143,501)
Dividend reinvestments	(48,329)	(52,923)
Bad debt expense	13,250	-
(Increase) decrease in		
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	2,589	(10,238)
Accounts receivable - other	(612)	(6,954)
Prepaid expenses and deposits	7,662	(2,000)
Pledged contributions receivable	(2,535)	8,441
Increase (decrease) in		
Scholarships, accounts payable, and accrued expenses	(2,171)	19,098
Accounts payable - due to Florida Institute of Certified Public Accountants, Inc.	-	(13,419)
Deferred revenues	13,179	655
Net cash used in operating activities	<u>(67,215)</u>	<u>(54,874)</u>
<b>Investing activities</b>		
Proceeds from sales and maturities of investments	162,040	-
Purchase of investments	<u>(162,111)</u>	<u>-</u>
Net cash used in investing activities	<u>(71)</u>	<u>-</u>
Net change in cash and cash equivalents	(67,286)	(54,874)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>253,284</u>	<u>308,158</u>
End of year	<u>\$ 185,998</u>	<u>\$ 253,284</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, 2020**

	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	Scholarship Night	Miscellaneous Fundraising	Subtotal		
Advertising and promotions	\$ -	\$ -	\$ -	\$ 47	\$ 450	\$ -	\$ 3,624	\$ -	\$ 4,121	\$ 6,688	\$ 10,809
Bad debt expense	-	-	-	-	-	-	-	-	-	13,250	13,250
Consulting	-	-	-	-	-	-	-	-	-	51,500	51,500
Contributions and sponsorships	-	-	-	-	6,198	-	6,165	3,086	15,449	-	15,449
Dues and subscriptions	-	-	-	-	-	-	-	-	-	416	416
Facility and AV	-	-	-	3,175	16,715	-	7,106	-	26,996	456	27,452
Food and beverage	-	-	-	-	9,809	-	10,558	-	20,367	1,478	21,845
Licenses and taxes	-	-	-	-	-	-	-	-	-	260	260
Legal and accounting	-	-	-	-	-	-	-	-	-	20,291	20,291
Merchant fees	-	14	14	555	709	-	279	-	1,543	855	2,412
Miscellaneous	-	-	-	-	-	-	-	-	-	1,268	1,268
Office supplies	-	-	-	-	390	-	-	-	390	467	857
Postage	-	-	-	14	-	-	-	-	14	227	241
Salaries and benefits	31,969	-	31,969	22,766	11,394	1,109	2,541	-	37,810	194,434	264,213
Scholarships	144,250	-	144,250	9,000	-	-	-	-	9,000	-	153,250
Telephone and utilities	-	-	-	22	11	1	2	-	36	163	199
Travel and entertainment	-	-	-	126	2,526	5	920	-	3,577	1,828	5,405
Website and technology	-	-	-	-	-	-	-	-	-	518	518
	<u>\$ 176,219</u>	<u>\$ 14</u>	<u>\$ 176,233</u>	<u>\$ 35,705</u>	<u>\$ 48,202</u>	<u>\$ 1,115</u>	<u>\$ 31,195</u>	<u>\$ 3,086</u>	<u>\$ 119,303</u>	<u>\$ 294,099</u>	<u>\$ 589,635</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, 2019**

	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	Scholarship Night	Miscellaneous Fundraising	Subtotal		
Advertising and promotions	\$ -	\$ -	\$ -	\$ 3,783	\$ 846	\$ 856	\$ 2,227	\$ 4,271	\$ 11,983	\$ 464	\$ 12,447
Consulting	2,361	-	2,361	-	-	-	-	-	-	21,000	23,361
Contributions and sponsorships	-	-	-	6,707	6,224	6,000	6,000	6,009	30,940	-	30,940
Dues and subscriptions	-	-	-	-	-	-	-	-	-	191	191
Education	-	-	-	-	-	-	-	-	-	125	125
Facility and AV	-	391	391	31,619	16,633	3,996	1,248	2,428	55,924	804	57,119
Food and beverage	-	6,939	6,939	629	11,779	5,828	6,759	1,533	26,528	4,662	38,129
Licenses and taxes	-	-	-	-	-	-	-	-	-	586	586
Legal and accounting	-	-	-	-	-	-	-	-	-	17,690	17,690
Merchant fees	-	11	11	264	857	347	150	99	1,717	1,453	3,181
Office supplies	-	47	47	-	62	-	-	-	62	93	202
Postage	-	-	-	549	-	-	-	-	549	275	824
Printing	-	-	-	123	-	-	-	-	123	25	148
Repairs and maintenance	-	-	-	-	-	-	-	-	-	430	430
Salaries and benefits	26,870	-	26,870	38,078	21,261	14,846	1,587	-	75,772	124,705	227,347
Speaker expenses	-	36	36	-	-	-	-	-	-	-	36
Scholarships	138,700	-	138,700	9,000	-	-	-	-	9,000	-	147,700
Telephone and utilities	-	-	-	45	10	-	-	-	55	80	135
Travel and entertainment	-	7,867	7,867	389	2,136	371	74	-	2,970	5,155	15,992
Website and technology	-	-	-	-	-	-	-	-	-	548	548
	<u>\$ 167,931</u>	<u>\$ 15,291</u>	<u>\$ 183,222</u>	<u>\$ 91,186</u>	<u>\$ 59,808</u>	<u>\$ 32,244</u>	<u>\$ 18,045</u>	<u>\$ 14,340</u>	<u>\$ 215,623</u>	<u>\$ 178,286</u>	<u>\$ 577,131</u>

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

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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**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 statements under the guidance of Financial Accounting Standards Board (“FASB”) 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. As of June 30, 2020 and 2019, the Foundation holds \$1,710,527 and \$1,696,390, respectively, in assets that are required to be maintained permanently.

**Use of Estimates**

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

**Accounting Pronouncements Adopted in Current Year**

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional or unconditional. The Foundation adopted the requirements of the new guidance as of July 1, 2019, utilizing the modified prospective method of transition with no effect on net assets.

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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**Accounting Pronouncements Issued But Not Yet Adopted**

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard, as amended, was effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Foundation has elected the provision of ASU 2020-05 that allows the Foundation to defer the adoption of ASU 2014-09 for an additional year. As such, ASU 2014-09 will be effective for annual periods beginning after December 15, 2020. The Foundation is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements.

**Cash and Cash Equivalents**

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

**Pledged Contributions Receivable**

All unconditional pledges that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis using rates ranging from 0.625% to 2.960%. The Foundation determines an allowance based on specific identification, historical write-offs, and current economic conditions. As of June 30, 2020 and 2019, the allowance for uncollectible pledges was \$800.

**Investments**

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

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

**Deferred Revenues**

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

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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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.

*Contributions*

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

*Contributed Services*

The amount of contributed services represent the estimated fair value of corporate services provided to the Foundation but paid for by the Florida Institute of Certified Public Accountants, Inc. and others. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Total contributed services, which represents all of the Foundation's payroll and related expenses, included as unrestricted revenues in the statements of activities are \$317,055 and \$252,090 for the years ended June 30, 2020 and 2019, respectively. These contributions include \$38,056 and \$76,302 in support of the fundraising activities of the Foundation for the years ended June 30, 2020 and 2019, respectively. Total contributed services represent approximately 55% and 41% of revenues without donor restrictions.

**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, 2020 and 2019. 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, 2020.

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 April 12, 2021, the date which the financial statements were available to be issued.

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**3. INVESTMENTS**

Investments consist of the following at June 30, 2020 and 2019:

	<b>2020</b>		
	<b>Historical Cost</b>	<b>Cumulative Unrealized Gains (Losses)</b>	<b>Market and Carrying Value</b>
Vanguard Index 500 Fund	\$ 275,024	\$ 330,793	\$ 605,817
Vanguard Dividend Growth Fund	2,571	544	3,115
Vanguard Inter-Term Bond Index Fund	223,785	25,961	249,746
Vanguard International Stock Index Fund	92,153	(553)	91,600
Vanguard Small-Cap Index Fund	38,637	44,961	83,598
Vanguard Short-Term Bond Index Fund	191,509	9,136	200,645
Vanguard Short-Term Corporate Bond ETF	131,801	4,153	135,954
Vanguard Inter-Term Corporate Bond ETF	237,412	12,651	250,063
Vanguard Inter-Term Tax-Exempt Fund	20,194	87	20,281
Vanguard Dividend Appreciation ETF	264,878	176,398	441,276
Rydex Guggenheim S&P500	101,793	38,856	140,649
IShares S&P 500	123,666	49,575	173,241
IShares Floating Rate Bond ETF	1,410	(1,272)	138
	<u>\$ 1,704,833</u>	<u>\$ 691,290</u>	<u>\$ 2,396,123</u>
	<b>2019</b>		
	<b>Historical Cost</b>	<b>Cumulative Unrealized Gains (Losses)</b>	<b>Market and Carrying Value</b>
Vanguard 500 Index Fund	\$ 263,831	\$ 299,875	\$ 563,706
Vanguard Dividend Growth Fund	2,417	659	3,076
Vanguard Inter-Term Bond Index Fund	187,264	10,632	197,896
Vanguard International Stock Index Fund	21,867	980	22,847
Vanguard Total International Index Fund	40,230	3,032	43,262
Vanguard Small Cap Index Fund	37,427	51,127	88,554
Vanguard Short-Term Bond Index Fund	187,355	2,964	190,319
Vanguard Short-Term Corporate Bond ETF	128,135	910	129,045
Vanguard Inter-Term Corporate Bond ETF	130,614	4,361	134,975
Vanguard Inter-Term Tax-Exempt Fund	19,702	(228)	19,474
Vanguard Dividend Appreciation ETF	258,815	168,871	427,686
Vanguard FTSE Emerging Markets ETF	29,574	(472)	29,102
Rydex Guggenheim S&P 500 ETF	98,870	46,938	145,808
IShares Core S&P 500 ETF	120,180	41,259	161,439
IShares Floating Rate Bond ETF	132,057	(215)	131,842
	<u>\$ 1,658,338</u>	<u>\$ 630,693</u>	<u>\$ 2,289,031</u>

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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Investment income shown on the accompanying statements of activities consists of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 48,329	\$ 52,929
Realized gains	(3,348)	-
Unrealized gains	<u>62,040</u>	<u>143,501</u>
Total investment income	<u>\$ 107,021</u>	<u>\$ 196,430</u>

For the years ended June 30, 2020 and 2019, investment income is presented on the statements of activities as follows:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ 47,849	\$ 58,925
With donor restrictions	<u>59,172</u>	<u>137,505</u>
Total investment income	<u>\$ 107,021</u>	<u>\$ 196,430</u>

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

**4. FAIR VALUE MEASUREMENTS**

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

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

*Level 2* - Inputs to the valuation methodology include:

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

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

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

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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

The following are descriptions of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bond index funds	\$ 450,529	\$ 520,057
Equity index funds	692,530	655,336
International equity index funds	91,600	66,109
Municipal bond fund	20,281	19,474
Exchange-traded funds - corporate bonds	386,017	264,020
Exchange-traded funds - equity	755,166	734,933
Exchange-traded funds - emerging markets	-	29,102
Total investments at fair value	<u>\$ 2,396,123</u>	<u>\$ 2,289,031</u>

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

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
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**5. PLEDGED CONTRIBUTIONS RECEIVABLE**

Pledged contributions receivable consist of the following unconditional promises to give at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 32,605	\$ 29,206
Receivable in one to five years	<u>52,919</u>	<u>67,033</u>
Total pledged contributions receivable	85,524	96,239
Less: Discounts to present value	(3,442)	(3,442)
Allowance for uncollectible pledges	<u>(800)</u>	<u>(800)</u>
Pledged contributions receivable	<u>\$ 81,282</u>	<u>\$ 91,997</u>

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

Pledged contributions receivable are presented on the statements of financial position as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pledged contributions receivable - net	\$ 32,605	\$ 29,206
Pledged contributions receivable, less current portion - net	<u>48,677</u>	<u>62,791</u>
Pledged contributions receivable	<u>\$ 81,282</u>	<u>\$ 91,997</u>

**6. FUNCTIONAL ALLOCATION OF EXPENSES**

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

**7. BOARD DESIGNATED NET ASSETS**

The Board designates collections from half of the Platinum, all of the Fellow, Diamond, and Life members' pledges, and the related interest earnings thereon to provide scholarships. As of June 30, 2020 and 2019, such designated amounts totaled \$286,333 and \$283,983, respectively. These amounts are included in net assets without donor restrictions, and the interest earnings are included as an increase in net assets without donor restrictions. These funds may only be used following approval of the Board.



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**Notes to Financial Statements**  
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**8. NET ASSETS WITH DONOR RESTRICTIONS**

For the years ended June 30, 2020 and 2019, net assets were released from donor restrictions by the donors as follows:

	<u>2020</u>	<u>2019</u>
Net asset restrictions accomplished		
Program expenses incurred	\$ 52,248	\$ 79,194
Time restrictions expired on pledged contributions receivable	22,482	6,350
Bad debt expense – endowment pledge	<u>13,250</u>	<u>-</u>
Net assets released from restrictions	<u>\$ 87,980</u>	<u>\$ 85,544</u>

At June 30, 2020 and 2019, net assets with donor restrictions are temporarily restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
For periods subsequent to year end	\$ 16,917	\$ 23,871
Accounting development program	-	4,560
Scholarships from endowment income	123,884	73,263
Accounting scholar leadership symposium	2,631	2,630
CPA 1040K run proceeds	43,446	53,444
Wallace H. Coulter Foundation Grant	<u>55,903</u>	<u>78,492</u>
	<u>\$ 242,781</u>	<u>\$ 236,260</u>

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

The Foundation's endowment consists of multiple individual funds established for a variety of purposes. The endowments, which include pledge receivables of \$68,506, are all donor-restricted endowment funds and fully funded at June 30, 2020. The Foundation has no board-designated endowments. As required by United States generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**FICPA Scholarship Foundation, Inc.**  
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**June 30, 2020 and 2019**

At June 30, 2020 and 2019, net assets with donor restrictions that are to be maintained permanently are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Georgia Nelidsky Endowment	\$ 84,487	\$ 84,974
George E. Shierling Endowment	152,662	150,116
Beatrice Cohen Endowment	12,650	12,723
Douglas James Davis Endowment	115,623	115,022
Lloyd A. Turman Endowment	34,340	34,538
Orvis M. Kemp Endowment	36,345	36,555
Ben A. Stevens, Jr. Endowment	37,524	37,740
Martin M. Prague Endowment	47,059	47,330
Legends Endowment	26,826	25,897
Gerald J. Cavanaugh Endowment	63,485	63,852
Robert R. Harris Endowment	43,751	44,003
Dade/S Broward	92,080	92,483
Kathryn B. Anderson Endowment	39,660	39,888
John P. Thomas Endowment	36,157	36,356
Michael R. Pender, Jr. Endowment	35,299	35,503
James Wilcox Endowment	565,878	569,144
Tommye Barie Endowment	33,648	33,843
George A. Gulisano Endowment	38,909	39,128
Mia Thomas Endowment	28,569	28,876
Brigade Endowment	53,287	52,851
Gleim Endowment	13,425	26,187
Jim Lane Endowment	27,735	28,008
Rick Carrol Endowment	38,588	33,917
Jason A Chorlins Endowment	28,170	27,456
Gordon Spoor Endowment	24,370	-
	<u>\$ 1,710,527</u>	<u>\$ 1,696,390</u>

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

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.

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
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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, 2020 and 2019, the endowments included in net assets with donor restrictions are summarized as follows:

	<u>2020</u>	<u>2019</u>
Endowments		
Income is restricted	\$ 1,397,525	\$ 1,376,503
Income is unrestricted	244,496	243,820
Pledges receivable	<u>68,506</u>	<u>76,067</u>
Total internally-controlled endowments	<u>\$ 1,710,527</u>	<u>\$ 1,696,390</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:

Fixed income and cash and cash equivalents	35-40%	30%	45%
Equities	60-65%	55%	70%

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

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

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

All endowments are considered permanently restricted. For the years ended June 30, 2020 and 2019, activity with permanently restricted endowments is as follows:

	<u>2020</u>	<u>2019</u>
Endowments at July 1	\$ 1,696,390	\$ 1,591,944
Investment income	19,475	37,057
Appreciation (realized and unrealized)	39,697	100,448
Allocation of investment income to net assets with donor restrictions and net assets without donor restrictions	(65,723)	(65,526)
Contributions	33,938	32,467
Uncollectible endowment pledges	(13,250)	-
Endowments at June 30	<u>\$ 1,710,527</u>	<u>\$ 1,696,390</u>

Endowments include pledges receivable totaling \$68,506 and \$76,067 at June 30, 2020 and 2019, respectively.

During 2020, it was determined that \$13,250 of the original pledge to establish the Gleim endowment was uncollectible. As a result, this amount was recorded as bad debt expense in the accompanying statement of functional expenses for the year ended June 30, 2020.

**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, 2020 and 2019, FICPA had collected contributions payable to the Foundation of \$8,511 and \$30,943, respectively. The Foundation owes money back to the FICPA in the amount of \$862 and \$20,705 at June 30, 2020 and 2019, respectively.

**FICPA Scholarship Foundation, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 185,998	\$ 253,284
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	7,649	10,238
Accounts receivable - other	9,282	8,670
Current portion of pledged contributions receivable, net	32,605	29,206
Investments	<u>2,396,123</u>	<u>2,289,031</u>
 Total financial assets available within one year	 2,631,657	 2,590,429
 Less: Amounts unavailable for general expenditures within one year due to Donor restrictions		
Purpose restrictions	(1,867,885)	(1,832,712)
Board restrictions		
Board designated for general scholarships	<u>(286,833)</u>	<u>(283,333)</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 476,939</u>	 <u>\$ 474,384</u>

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



**SUPPLEMENTARY INFORMATION**

**FICPA Scholarship Foundation, Inc.**  
**Schedule of Revenues and Expenses – Fundraising Activities**  
**Year Ended June 30, 2020**

	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Scholarship Night	Miscellaneous Fundraising	Subtotal	Management and Administrative	Total
<b>Revenues</b>								
Fundraising activities	\$ 2,792	\$ 51,525	\$ -	\$ 29,525	\$ 5,836	\$ 89,678	\$ -	\$ 89,678
Contributions – local chapters	-	-	-	-	6,000	6,000	-	6,000
Contributions – FICPA	22,914	11,468	1,115	2,558	-	38,055	279,000	317,055
Contributions – other	-	-	-	-	27,843	27,843	-	27,843
Total revenues	<u>25,706</u>	<u>62,993</u>	<u>1,115</u>	<u>32,083</u>	<u>39,679</u>	<u>161,576</u>	<u>279,000</u>	<u>440,576</u>
<b>Expenses</b>								
FICPA in-kind support	22,766	11,394	1,109	2,541	-	37,810	279,000	316,810
Advertising and promotion	47	450	-	3,624	-	4,121	-	4,121
Consulting	-	-	-	-	-	-	53,375	53,375
Contributions and sponsorships	-	3,698	-	165	3,086	6,949	-	6,949
Facility and AV	3,175	16,715	-	7,106	-	26,996	-	26,996
Food and beverage	-	9,809	-	10,558	-	20,367	-	20,367
Merchant fees	555	709	-	279	-	1,543	-	1,543
Office supplies	-	390	-	-	-	390	-	390
Postage	14	-	-	-	-	14	-	14
Printing	-	-	-	-	-	-	-	-
Telephone and utilities	22	11	1	2	-	36	-	36
Travel and entertainment	126	2,526	5	920	-	3,577	-	3,577
Miscellaneous	-	-	-	-	-	-	-	-
Total expenses	<u>26,705</u>	<u>45,702</u>	<u>1,115</u>	<u>25,195</u>	<u>3,086</u>	<u>101,803</u>	<u>332,375</u>	<u>434,178</u>
Fundraising proceeds	(999)	17,291	-	6,888	36,593	59,773	(53,375)	6,398
Additional activity	-	(2,500) <sup>(2)</sup>	-	(6,000) <sup>(4)</sup>	-	(8,500)	-	(8,500)
Change in net assets	<u>\$ (999)</u>	<u>\$ 14,791</u>	<u>\$ -</u>	<u>\$ 888</u>	<u>\$ 36,593</u>	<u>\$ 51,273</u>	<u>\$ (53,375)</u>	<u>\$ (2,102)</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.

See Independent Auditor's Report.