Florida Institute of Certified Public Accountants

FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND
FLORIDA INSTITUTE OF ACCOUNTANTS, INC. AND SUBSIDIARY
Consolidated Financial Statements
June 30, 2023 and 2022
With Independent Auditor's Report

ADVISORY TAX AUDIT

Florida Institute of Certified Public Accountants and
Florida Institute of Accountants, Inc. and Subsidiary
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Florida Institute of Certified Public Accountants and
Florida Institute of Accountants, Inc.:

Opinion

We have audited the consolidated financial statements of the Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary (the "Institute"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary as of June 30, 2023 and 2022, 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 Consolidated Financial Statements section of our report. We are required to be independent of the Institute 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.

Emphasis of Matter

As described in Note 2, the Institute adopted Accounting Standards Codification ("ASC") Topic 842, *Leases*, as of July 1, 2022. Prior-period amounts have not been adjusted and continue to be reported in accordance with the Institute's historic accounting under ASC Topic 840, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Institute'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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 consolidated financial statements as a whole. The accompanying consolidating schedules of financial position and activities as of and for the years ended June 30, 2023 and 2022 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated financial statements as a whole.

WithumSmith+Brown, PC

November 15, 2023

Florida Institute of Certified Public Accountants and
Florida Institute of Accountants, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 2,295,340	$ 1,816,736
Accounts receivable and accrued income	144,572	216,575
Prepaid expenses	250,466	286,741
Total current assets	2,690,378	2,320,052
Investments	16,029,931	14,866,614
Property and equipment, net	1,214,790	990,331
Right-of-use assets - operating, net	2,860,714	-
Right-of-use assets - financing, net	17,387	-
Deposits and other assets	25,444	169,523
Total assets	$ 22,838,644	$ 18,346,520
Liabilities and Net Assets		
Current liabilities		
Current portion of right-of-use liabilities - operating	$ 182,766	$ -
Current portion of right-of-use liabilities - financing	4,546	-
Accounts payable and accrued expenses	901,717	695,214
Deferred revenues		
Membership dues	1,885,053	1,862,012
Continuing professional education fees	99,501	86,837
Other	134,180	29,434
Total current liabilities	3,207,763	2,673,497
Lease liabilities		
Right-of-use liabilities - operating, net of current portion	2,849,602	-
Right-of-use liabilities - financing, net of current portion	12,893	-
Total liabilities	6,070,258	2,673,497
Net assets		
Without donor restrictions	16,710,765	15,615,402
With donor restrictions	57,621	57,621
Total net assets	16,768,386	15,673,023
Total liabilities and net assets	$ 22,838,644	$ 18,346,520

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

Florida Institute of Certified Public Accountants and
Florida Institute of Accountants, Inc. and Subsidiary
Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

	2023	2022
Change in net assets without donor restrictions		
Revenues		
Membership dues	$ 4,107,314	$ 3,804,937
Continuing professional education programs	2,389,359	2,575,445
Peer review fees	450,227	426,835
Publications	92,316	102,455
Institute endorsed programs	195,114	273,733
Other revenue (expense)	17,433	(18,855)
Total revenues	7,251,763	7,164,550
Expenses		
Program services		
Membership services	2,949,057	3,020,460
Continuing professional education	2,198,776	2,438,463
Chapter operations	238,976	152,574
Peer review services	437,728	405,306
Government affairs	675,586	640,794
Supporting services		
Management and administrative	1,182,243	1,087,630
Total expenses	7,682,366	7,745,227
Non-operating revenues (expenses)		
Interest and dividends	339,922	325,169
Net gains (losses) on investments	1,186,044	(1,706,555)
Total non-operating revenues (expenses)	1,525,966	(1,381,386)
Change in net assets without donor restrictions	1,095,363	(1,962,063)
Net assets		
Beginning of year	15,673,023	17,635,086
End of year	$ 16,768,386	$ 15,673,023

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

Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating activities		
Change in net assets	$ 1,095,363	$ (1,962,063)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	245,844	232,980
Loss on sale of property and equipment	20,700	65,256
Dividend reinvestments	(337,273)	(325,003)
Realized and unrealized (gains) losses on investments	(1,186,044)	1,706,555
Amortization of right-of-use assets - operating	229,404	-
Amortization of right-of-use assets - financing	756	-
Changes in		
Accounts receivable and accrued income	72,003	(70,665)
Prepaid expenses	36,275	(17,687)
Deposits and other assets	13,243	(148,469)
Lease liabilities - operating	(57,750)	-
Accounts payable and accrued expenses	206,503	175,577
Deferred revenues	140,451	272,313
Net cash provided by (used in) operating activities	479,475	(71,206)
Investing activities		
Purchases of property and equipment	(361,007)	(118,295)
Proceeds from sale of property and equipment	840	22,648
Proceeds from sales and maturities of investments	360,000	-
Net cash used in investing activities	(167)	(95,647)
Financing activities		
Principal payments on financing lease obligations	(704)	-
Net cash used in financing activities	(704)	-
Net change in cash and cash equivalents	478,604	(166,853)
Cash and cash equivalents		
Beginning of year	1,816,736	1,983,589
End of year	$ 2,295,340	$ 1,816,736
Noncash investing and financing activities		
Right-of-use assets obtained in exchange for new operating right-of-use lease liabilities, including $24,244 of prepaid expenses reclassified as right-of-use assets.	$ 2,994,899	$ -
Right-of-use assets obtained in exchange for new financing right-of-use lease liabilities	$ 18,143	$ -
Deposits used for purchases of property and equipment	$ 130,836	$ -

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

Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Membership Services	Continuing Professional Education	Chapter Operations	Peer Review Services	Government Affairs	Management and Administrative	Total
Advertising and promotions	$ 36,015	$ 58,815	$ -	$ -	$ -	$ -	$ 94,830
Consulting	41,048	23,338	-	8,179	179,005	23,423	274,993
Contributions and sponsorships	234,129	-	-	-	500	-	234,629
Copier and fax lease	2,469	1,372	-	384	384	878	5,487
Depreciation and amortization	110,629	61,461	-	17,209	17,209	40,090	246,598
Dues and subscriptions	6,450	2,881	-	1,455	33,813	7,069	51,668
Education	10,842	6,595	-	1,934	5,565	14,162	39,098
Facility and A/V rentals	169,508	233,296	4,675	27,003	27,204	55,543	517,229
Food and beverage	61,219	414,719	43,327	3,294	-	1,974	524,533
Honorariums	34,000	38,300	2,000	-	-	-	74,300
Insurance	19,520	10,101	-	2,233	3,002	20,161	55,017
Legal and accounting	-	-	-	-	-	48,354	48,354
Materials and royalties	5,915	61,344	4,775	-	-	-	72,034
Merchant fees	89,989	60,709	2,032	4,880	-	10,975	168,585
Miscellaneous	64,511	21,726	125	1,890	2,257	15,444	105,953
Office supplies	5,968	3,095	70	112	247	437	9,929
Postage	39,550	603	-	419	619	4,101	45,292
Printing	41,502	1,039	-	191	1,292	1,009	45,033
Repairs and maintenance	18,471	11,039	-	3,319	2,844	6,567	42,240
Salaries and benefits	1,603,645	891,281	165,528	331,043	339,240	865,939	4,196,676
Speaker expenses	7,672	60,162	3,869	-	-	-	71,703
Special events	258	-	12,575	-	13,205	-	26,038
Telephone and utilities	16,867	7,138	-	1,935	3,171	4,911	34,022
Travel and entertainment	107,787	16,021	-	14,928	21,226	11,788	171,750
Website and technology	221,093	213,741	-	17,320	24,803	49,418	526,375
	$ 2,949,057	$ 2,198,776	$ 238,976	$ 437,728	$ 675,586	$ 1,182,243	$ 7,682,366

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

Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Membership Services	Continuing Professional Education	Chapter Operations	Peer Review Services	Government Affairs	Management and Administrative	Total
Advertising and promotions	$ 37,794	$ 84,851	$ -	$ -	$ 129	$ -	$ 122,774
Consulting	60,805	23,780	-	12,562	106,586	45,686	249,419
Contributions and sponsorships	212,400	-	-	-	-	-	212,400
Copier and fax lease	6,070	2,910	-	910	1,565	1,078	12,533
Depreciation and amortization	79,908	63,755	-	9,280	32,007	48,030	232,980
Dues and subscriptions	10,067	3,433	-	1,790	21,523	7,661	44,474
Education	7,733	5,045	-	3,415	7,307	9,825	33,325
Facility and A/V rentals	222,719	329,682	3,670	30,042	7,463	43,200	636,776
Food and beverage	80,546	464,336	31,931	-	-	4,396	581,209
Honorariums	33,485	67,750	4,675	-	-	-	105,910
Insurance	25,085	7,062	-	2,592	6,276	14,243	55,258
Legal and accounting	-	-	-	-	-	66,142	66,142
Materials and royalties	4,020	84,534	11,726	-	-	-	100,280
Merchant fees	74,991	56,200	2,011	3,772	-	14,162	151,136
Miscellaneous	54,289	20,310	95	2,237	4,295	16,742	97,968
Office supplies	2,459	8,233	-	217	317	638	11,864
Postage	43,336	6,919	-	663	241	3,211	54,370
Printing	29,805	218	-	9	1,753	276	32,061
Repairs and maintenance	10,133	7,651	-	2,451	10,736	8,628	39,599
Salaries and benefits	1,642,061	945,597	91,883	298,052	377,104	718,120	4,072,817
Speaker expenses	18,155	55,128	1,581	-	-	-	74,864
Special events	-	-	5,002	-	8,482	-	13,484
Telephone and utilities	12,019	5,961	-	1,768	6,233	6,395	32,376
Travel and entertainment	148,486	35,675	-	9,367	27,164	42,627	263,319
Website and technology	204,094	159,433	-	26,179	21,613	36,570	447,889
	$ 3,020,460	$ 2,438,463	$ 152,574	$ 405,306	$ 640,794	$ 1,087,630	$ 7,745,227

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

1. NATURE OF OPERATIONS

The Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. (the "Institute") is a tax-exempt entity organized in the state of Florida to maintain higher standards of accountancy, to promote the exchange of ideas within the accounting profession, and to advance understanding among its members and the general public. The primary sources of revenue are membership dues and continuing professional education programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Institute prepares its statements under the guidance of Financial Accounting Standards Board ("FASB") ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Institute 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 consolidated 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 Institute and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to Board of Directors ("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 Institute 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, 2023 and 2022, the Institute does not have any assets that are required to be maintained permanently.

Basis of Consolidation

The consolidated financial statements include the accounts of the Institute, including its local chapters and its wholly-owned subsidiary, CPA Service Corporation, a for-profit corporation. FICPA Insurance Services, LLC, a for-profit limited liability company, is a wholly-owned subsidiary of CPA Service Corporation. All significant intercompany transactions and balances have been eliminated in consolidation.

The Institute provides support to its affiliates:

- FICPA Scholarship Foundation, Inc.
- Florida CPA Political Action Committee, Inc.
- Florida CPA Political Action Committee – North, Inc.
- Florida CPA Political Action Committee – South, Inc.
- Florida CPA Political Action Committee – Central, Inc.

These organizations are not considered financially interrelated organizations, as defined in FASB ASC 958, *Not-for-Profit Entities*, and, accordingly, are not included in the accompanying consolidated financial statements.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts and money market funds similar to demand deposits. The Institute considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

At times, the Institute had a concentration of credit risk arising from cash deposits at a financial institution in excess of federally insured limits. At June 30, 2023, approximately $1,865,000 of cash and cash equivalents was uninsured. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Institute's financial condition, results of operations, and cash flows.

Accounts Receivable and Accrued Income

The Institute is a professional association which grants credit to members who use the continuing professional education and peer review services offered by the Institute. The Institute also grants credit to customers for advertisements in the *Florida CPA Today* magazine. Accounts receivable are stated at estimated net realizable value. For certain trade receivables over 30 days past due, an interest rate of 1.5% is applied against the outstanding balance. After 120 days past due, accounts are generally turned over to a third-party collection agency and a valuation allowance is set up. The allowance, if necessary, is based on the Institute's historic write-offs, the present economic conditions, and the perceived financial stability of its members. Specific accounts, generally no more than one year past due, are written off once determined uncollectible by the collection agency and management. At June 30, 2023 and 2022, no allowance for doubtful accounts was recorded.

Investments

The Institute invests in debt and equity securities for long-term preservation of capital and growth through consistent returns. The Institute accounts for investments in accordance with FASB ASC 958, *Not-for-Profit Entities*. Therefore, investments in debt and equity securities are reported at fair market 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.

Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. The Institute's investments consist of mutual funds with readily determinable market values.

Leases

The Institute categorizes leases with contractual terms longer than 12 months as either operating or financing. Financing leases are generally those leases that allow the Institute to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual term of 12 months or less are not recorded on the consolidated statements of financial position.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Institute accounts for these other services as a component of the lease. For all other leases, the services are accounted for separately and the Institute allocates payments to the lease and other service components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, reduced by any incentives, using a discount rate based on the risk-free rate at time of lease execution or adoption. Right-of-use assets are recognized based on the initial present value of the fixed lease payments, reduced by any incentives and any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-loved assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term.

Property and Equipment
Property and equipment greater than $1,000 is recorded at cost. Material purchases of property and equipment, and significant repairs and additions, which extend the useful life of existing assets, are capitalized in accordance with the Institute's adopted policy. The building is depreciated over its estimated useful life of 40 years using the straight-line method. Furniture, fixtures, and equipment are depreciated over estimated useful lives ranging from 3 to 15 years using the straight-line method. Leasehold improvements are amortized over the life of the related lease.

Revenue Recognition
Revenues are recognized when the earnings process is substantially complete and goods have been delivered or services performed at an amount expected to be collected. Revenues from membership dues are recognized over the 12-month period to which they relate based on benefits transferred to members. Continuing education revenues are recognized at a point in time when the educational course has been held or the educational materials have been delivered. Peer review fees are recognized at a point in time when the Institute has substantially completed the review process. Payments received for membership dues, continuing education events and courses, and other services, in advance of the delivery of goods or performance of services, are recorded as deferred revenues in the accompanying consolidated statements of financial position. At July 1, 2022, the balance of accounts receivable and accrued income and deferred revenues totaled $145,910, and $1,705,970, respectively.

The Institute has considered the economic factors affecting the nature, timing, and uncertainty of revenue and cash flows, and concluded that there is no significant uncertainty with respect to its revenue streams.

Advertising
The Institute expenses the costs of advertising the first time the advertising takes place, except for direct-response advertising which is expensed over its expected period of future benefits. Direct-response advertising consists of CPE program advertisements placed in the *Florida CPA Today* magazine, directories, and other direct-mail brochures. The capitalized costs of the advertising are expensed over the annual CPE program term and as advertised classes are held. For the years ended June 30, 2023 and 2022, advertising expense was approximately $95,000 and $123,000, respectively.

Income Taxes

The Institute is generally exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. However, the Institute is subject to tax on unrelated business income arising from advertising and certain commissions.

The wholly-owned for-profit subsidiary uses the asset and liability method of accounting for income taxes as required by FASB ASC 740, *Income Taxes*. Therefore, federal and state income taxes are provided on income reported for financial statement purposes and include both current and deferred income tax expense. Current income tax expense is recorded to reflect income taxes based upon the tax returns filed with the appropriate taxing agencies. Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at year end. The change in deferred income taxes is recognized as deferred income tax expense or benefit. The tax benefit related to operating loss carryforwards, if any, is recognized if management believes, based on available evidence, that it is more likely than not that they will be realized.

Significant Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) amending the accounting for leases. The Institute adopted the new standard effective July 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Institute utilized the practical expedient available under the guidance. Further, the Institute elected to implement the package of practical expedients, whereby the Institute did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact on the consolidated statements of activities or cash flows for the year ended June 30, 2023.

Upon adoption, the Institute recognized $95,219 of right-of-use assets related to its leased office space. Corresponding lease liabilities of $95,219 were also recognized. Leases previously classified as capital leases under ASC 840 are now presented as financing leases on the statements of financial position. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

Subsequent Events

Subsequent events have been evaluated through November 15, 2023, the date the consolidated financial statements were available to be issued. Based upon this evaluation, the Institute has determined that no subsequent events have occurred which require adjustment to or disclosure in the consolidated financial statements.

3. INVESTMENTS

Investments consist of the following at June 30, 2023 and 2022:

	2023		
	Historical Cost	**Unrealized Gains (Losses)**	**Market and Carrying Value**
Mutual funds invested in debt securities	$ 2,036,206	$ (173,907)	$ 1,862,299
Mutual funds invested in equity securities	3,207,081	2,671,069	5,878,150
Exchange-traded funds invested in debt securities	3,214,980	(212,056)	3,002,924
Exchange-traded funds invested in equity securities	2,543,933	2,742,625	5,286,558
Total investments	$ 11,002,200	$ 5,027,731	$ 16,029,931

	2022		
	Historical Cost	**Unrealized Gains (Losses)**	**Market and Carrying Value**
Mutual funds invested in debt securities	$ 1,993,034	$ (124,966)	$ 1,868,068
Mutual funds invested in equity securities	3,267,196	2,246,774	5,513,970
Exchange-traded funds invested in debt securities	3,133,717	(185,073)	2,948,644
Exchange-traded funds invested in equity securities	2,464,523	2,071,409	4,535,932
Total investments	$ 10,858,470	$ 4,008,144	$ 14,866,614

For the year ended June 30, 2023, management considers unrealized losses on investments to be temporary impairments due to market volatility at year end.

Net gains (losses) on investments shown on the accompanying consolidated statements of activities consist of the following for the years ended June 30, 2023 and 2022:

	2023	**2022**
Unrealized gains (losses)	$ 1,019,586	$ (1,706,555)
Realized gains	166,458	-
Net gains (losses) on investments	$ 1,186,044	$ (1,706,555)

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 as follows:

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

The asset 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, 2023 and 2022.

Mutual Funds: Valued at the daily closing price as reported by the funds. Mutual funds held by the Institute 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 Institute are deemed to be actively traded.

Exchange-Traded Funds: Measured at the value of the quoted market prices. 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 Institute 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 the Institute's Level 1 investments measured at fair value at June 30, 2023 and 2022:

	2023	2022
Mutual funds invested in debt securities		
Vanguard Short-Term Bond Index Fund	$ 825,450	$ 823,911
Vanguard Inter-Term Bond Index Fund	1,036,849	1,044,157
	1,862,299	1,868,068
Mutual funds invested in equity securities		
Vanguard 500 Index Fund	2,364,691	2,146,873
Vanguard Small Cap Index Fund	531,391	462,523
Vanguard Total International Stock Index Fund Admiral Shares	391,933	348,961
Vanguard High Dividend Yield Index	2,237,248	2,245,276
Vanguard Mid Cap Index Fund	352,887	310,337
	5,878,150	5,513,970
Exchange-traded funds invested in debt securities		
IShares Floating Rate Bond	57	53
Vanguard Inter-Term Corporate Bond	863,400	845,492
Vanguard Short-Term Corporate Bond	2,139,467	2,103,099
	3,002,924	2,948,644
Exchange-traded funds invested in equity securities		
Vanguard FTSE Emerging Markets	157,648	155,660
Vanguard Dividend Appreciation	2,730,161	2,373,846
Ishares Core S&P 500	2,398,749	2,006,426
	5,286,558	4,535,932
Total investments	$ 16,029,931	$ 14,866,614

The value and related income of the Institute's investments 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.

5. PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2023 and 2022 are presented below:

	2023	2022
Land	$ 85,000	$ 85,000
Building	526,973	526,973
Leasehold improvements	143,924	14,123
Furniture, fixtures, and equipment	1,081,545	895,227
Less: Accumulated depreciation	(622,652)	(530,992)
Total property and equipment	$ 1,214,790	$ 990,331

Depreciation and amortization expense totaled $245,844 and $232,980 for the years ended June 30, 2023 and 2022, respectively.

6. LINE OF CREDIT

Pursuant to an agreement with Hancock Whitney Bank, the Institute has available a $500,000 unsecured line of credit, which expires in February 2024. The line of credit bears interest at *The Wall Street Journal* prime rate (8.25% at June 30, 2023). At June 30, 2023 and 2022, there was no outstanding balance.

7. DEFINED-CONTRIBUTION PLAN

The Institute sponsors a defined-contribution pension plan for salaried employees who have completed six months of service and have attained age 20½ years. The plan provides for matching and discretionary profit-sharing contributions by the Institute on behalf of eligible employees. Employees may optionally contribute to the plan via salary deferrals and are limited by certain provisions of the Internal Revenue Code. Due to the nature of the plan, there is no liability for past service costs or unfunded vested benefits. For the fiscal years ended June 30, 2023 and 2022, the Institute's contributions to the plan totaled approximately $89,000 and $83,000, respectively. For the years ended June 30, 2023 and 2022, there were no discretionary profit sharing contributions.

8. INCOME TAXES

The wholly-owned for-profit subsidiary (CPA Service Corporation and its wholly-owned for-profit subsidiary, FICPA Insurance Services, LLC) uses the asset and liability method of accounting for income taxes as required by FASB ASC 740, Income Taxes. Under this statement, CPA Service Corporation and its subsidiary have an estimated gross deferred tax asset of approximately $11,000 and $13,000 at June 30, 2023 and 2022, respectively, resulting from approximately $51,000 and $63,000 of income tax net operating loss carryforwards unused at June 30, 2023 and 2022, respectively. Of these carryforwards, approximately $13,000, $6,000 and $4,000 expire in 2024, 2025, and 2026, respectively. The remaining amounts expire at various times between 2027 and 2034. However, due to uncertainty regarding realizability, a valuation allowance has been recorded in the full amount of the estimated deferred tax assets as of June 30, 2023 and 2022. Therefore, there was no net deferred income tax benefit recognized by CPA Service Corporation for the years ended June 30, 2023 and 2022. The unused net operating loss is available to offset future taxable income of CPA Service Corporation and its subsidiary.

The Institute implemented the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of June 30, 2023, the Institute has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. The Institute is generally no longer subject to examination by the Internal Revenue Service for years prior to 2020.

9. FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated 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 and supporting services based on estimated time spent by employees involved with those areas. Other general and administrative expenses, including depreciation and amortization and rent, are allocated based on employee head count and estimated square footage prorated compared to total space used.

10. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Institute's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes at June 30, 2023 and 2022:

	2023	2022
Undesignated	$ 13,172,223	$ 12,098,423
Board designated for operating reserves	3,437,452	3,435,735
Board designated for Chapter operations	101,090	81,244
	$ 16,710,765	$ 15,615,402

Operating Reserves

During 2020, the Board, the Finance and Office Advisory Subcommittee ("FOA"), and the FICPA Council (the "Council") approved an operating reserve policy to be funded from net assets without donor restrictions excluding the carrying value of property and equipment totaling $1,214,790 and $990,331 at June 30, 2023 and 2022, respectively. The policy designates funding of 50% of the prior three-year rolling average of annual operating and program expenses with a minimum of not less than 25% and was established to infuse funds for maintaining operations during times of financial distress, given a solid plan. These reserve funds may only be used following a recommendation from the FOA or Board and ratification from the Council.

Chapter Operations

The Institute has designated funds related to Chapter net assets previously accumulated through Chapter initiatives. Annually, Chapter operations are reviewed in total and any monetary shortfalls in a given year are funded using these funds at management's discretion. Although it is not the intent of the Institute or its management to utilize these Chapter designated funds for Institute operations, it can do so with the approval of the Board.

11. NET ASSETS WITH DONOR RESTRICTIONS

The Institute reports contributions of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. For each of the years ended June 30, 2023 and 2022, the Institute held $57,621 of contributions from members to support the Anti-Tax Initiative.

12. RELATED PARTIES

At June 30, 2023 and 2022, the Institute held amounts collected on behalf of or designated to certain affiliates. These amounts are included in accounts payable and accrued expenses, and accounts receivable and accrued income as follows at June 30, 2023 and 2022:

	2023	2022
Due to FICPA Scholarship Foundation, Inc.	$ 15,965	$ 2,402
Due to Florida CPA Political Action Committees	26,295	19,018
	$ 42,260	$ 21,420

At times, the Institute provides services to the FICPA Scholarship Foundation, Inc. which are recorded as in-kind contributions under the related service expense. For the years ended June 30, 2023 and 2022, the Institute contributed approximately $230,000 and $212,000, respectively, of services related to administrative support which has been included in membership services in the consolidated statements of activities.

13. LEASES

Operating Leases

The Institute leases office space in Orlando, Florida under a noncancellable operating lease through November 2033. Under the terms of the agreement, escalating monthly base rental payments ranging from approximately $24,000 to $32,000 will commence eight months after commencement of the lease as defined in the agreement and terminates eleven years after commencement.

Commencing January 1, 2021, the Institute entered a noncancelable operating lease for temporary office space in Orlando, Florida. The lease expired in January 2023 and required escalating monthly lease payments ranging from approximately $13,000 to $14,000 through the duration of the lease.

Weighted average discount rate related to the operating lease is 3.53%. At June 30, 2023, the weighted average remaining life of the Institute's operating lease is 10.42 years.

Financing Leases

The Institute is obligated under a financing lease agreement for certain office equipment through April 2027, for which payments of $407 are due monthly throughout the duration of the lease. At June 30, 2023, equipment under the financing lease in the consolidated statement of financial position consists of the following:

Right-of-use assets for equipment under financing leases	$ 18,143
Accumulated amortization	(756)
	$ 17,387

Total amortization expense of right-of-use assets for equipment under financing leases for the year ended June 30, 2023 was $756 and is included in depreciation and amortization expense in the accompanying consolidated statement of functional expenses. Interest expense related to financing leases totaled $107 and is included in facility and A/V rentals on the statement of functional expenses for the year ended June 30, 2023.

Weighted average discount rate related to financing leases is 3.66%. At June 30, the weighted average remaining life of the Institute's equipment leases is 3.83 years.

The following represents the future lease payments due under the Institute's financing and operating leases as of June 30, 2023:

	Operating Leases	Financing Leases
2024	$ 287,648	$ 4,883
2025	321,977	4,883
2026	330,821	4,883
2027	339,940	4,016
2028	349,315	-
Thereafter	2,031,288	-
	3,660,989	18,665
Less: Imputed interest	(628,621)	(1,226)
Total lease liabilities at June 30, 2023	3,032,368	17,439
Less: current portion	(182,766)	(4,546)
Lease liabilities, less current portion	$ 2,849,602	$ 12,893

For the year ended June 30, 2023, lease expense incurred under all leases consisted of approximately $292,000 for operating leases and $232,000 for short-term and other occupancy costs. For the year ended June 30, 2022, lease expense was approximately $385,000.

Cash paid for operating lease liabilities and financing lease liabilities totaled approximately $96,000 and $800, respectively.

14. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Institute's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 2,295,340	$ 1,816,736
Accounts receivable and accrued income	144,572	216,575
Investments	16,029,931	14,866,614
Total financial assets available within one year	18,469,843	16,899,925
Less: Amounts unavailable for general expenditures within one year due to		
Donor restrictions		
Purpose restrictions	(57,621)	(57,621)
Board restrictions		
Board designated for operating reserves	(3,437,452)	(3,435,735)
Board designated for Chapter operations	(101,090)	(81,244)
Contractual obligations		
Noncancelable leases	(292,531)	(195,647)
Total financial assets available to management for general expenditures within one year	$ 14,581,149	$ 13,129,678

As part of the Institute'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.

Florida Institute of Certified Public Accountants

SUPPLEMENTARY INFORMATION

Florida Institute of Certified Public Accountants and Florida Institute of Accountants, Inc. and Subsidiary
Consolidating Schedules of Financial Position
June 30, 2023 With Comparative Totals for 2022

	FICPA & Chapters	CPA Service Corporation	FICPA Insurance Services, LLC	Eliminating Entries	2023 Total	2022 Total
Assets						
Current assets						
Cash and cash equivalents	$ 2,255,610	$ 85	$ 39,645	$ -	$ 2,295,340	$ 1,816,736
Accounts receivable and accrued income	144,572	-	-	-	144,572	216,575
Prepaid expenses	250,466	-	-	-	250,466	286,741
Total current assets	2,650,648	85	39,645	-	2,690,378	2,320,052
Investments	16,069,661	41,771	-	(81,501)	16,029,931	14,866,614
Property and equipment, net	1,214,790	-	-	-	1,214,790	990,331
Right-of-use assets - operating, net	2,860,714	-	-	-	2,860,714	-
Right-of-use assets - financing, net	17,387	-	-	-	17,387	-
Deposits and other assets, net	25,444	-	2,126	(2,126)	25,444	169,523
Total assets	$ 22,838,644	$ 41,856	$ 41,771	$ (83,627)	$ 22,838,644	$ 18,346,520
Liabilities and Net Assets						
Current liabilities						
Current portion of right-of-use liabilities - operating	$ 182,766	$ -	$ -	$ -	$ 182,766	$ -
Current portion of right-of-use liabilities - financing	4,546	-	-	-	4,546	-
Accounts payable and accrued expenses	901,717	2,126	-	(2,126)	901,717	695,214
Deferred revenues						
Membership dues	1,885,053	-	-	-	1,885,053	1,862,012
Continuing professional education fees	99,501	-	-	-	99,501	86,837
Other	134,180	-	-	-	134,180	29,434
Total current liabilities	3,207,763	2,126	-	(2,126)	3,207,763	2,673,497
Right-of-use liabilities - operating, net of current portion	2,849,602	-	-	-	2,849,602	-
Right-of-use liabilities - financing, net of current portion	12,893	-	-	-	12,893	-
Total liabilities	6,070,258	2,126	-	(2,126)	6,070,258	2,673,497
Net assets						
Common stock	-	10	10	(20)	-	-
Additional paid-in capital	-	654,262	24,226	(678,488)	-	-
Retained earnings	-	(614,542)	17,535	597,007	-	-
Without donor restrictions	16,710,765	-	-	-	16,710,765	15,615,402
With donor restrictions	57,621	-	-	-	57,621	57,621
Total net assets	16,768,386	39,730	41,771	(81,501)	16,768,386	15,673,023
Total liabilities and net assets	$ 22,838,644	$ 41,856	$ 41,771	$ (83,627)	$ 22,838,644	$ 18,346,520

See Independent Auditor's Report.

Florida Institute of Certified Public Accountants and
Florida Institute of Accountants, Inc. and Subsidiary
Consolidating Schedules of Activities
Years Ended June 30, 2023 With Comparative Totals for 2022

	FICPA	Chapters of FICPA	CPA Service Corporation	FICPA Insurance Services, LLC	Eliminating Entries	2023 Total	2022 Total
Change in net assets without donor restrictions							
Revenues							
Membership dues	$ 4,107,314	$ -	$ -	$ -	$ -	$ 4,107,314	$ 3,804,937
Continuing professional education programs	2,304,762	84,597	-	-	-	2,389,359	2,575,445
Peer review fees	450,227	-	-	-	-	450,227	426,835
Publications	92,316	-	-	-	-	92,316	102,455
Institute endorsed programs	195,114	-	-	-	-	195,114	273,733
Other revenue (expense)	(14,344)	27,965	(823)	2,989	1,646	17,433	(18,855)
Total revenues	7,135,389	112,562	(823)	2,989	1,646	7,251,763	7,164,550
Expenses							
Program services							
Membership services	2,949,057	-	-	-	-	2,949,057	3,020,460
Continuing professional education	2,198,776	-	-	-	-	2,198,776	2,438,463
Chapter operations	-	238,976	-	-	-	238,976	152,574
Peer review services	437,728	-	-	-	-	437,728	405,306
Government affairs	675,586	-	-	-	-	675,586	640,794
Supporting services							
Management and administrative	1,178,431	-	-	3,812	-	1,182,243	1,087,630
Total expenses	7,439,578	238,976	-	3,812	-	7,682,366	7,745,227
Non-operating revenues (expenses)							
Interest and dividends	339,922	-	-	-	-	339,922	325,169
Net gains (losses) on investments	1,186,044	-	-	-	-	1,186,044	(1,706,555)
Total non-operating revenues (expenses)	1,525,966	-	-	-	-	1,525,966	(1,381,386)
Change in net assets without donor restrictions	1,221,777	(126,414)	(823)	(823)	1,646	1,095,363	(1,962,063)
Net assets							
Beginning of year	15,894,176	(221,153)	40,553	42,594	(83,147)	15,673,023	17,635,086
End of year	$ 17,115,953	$ (347,567)	$ 39,730	$ 41,771	$ (81,501)	$ 16,768,386	$ 15,673,023

See Independent Auditor's Report.