



FICPA SCHOLARSHIP FOUNDATION, INC.
Financial Statements
June 30, 2021 and 2020
With Independent Auditor's Report

FICPA Scholarship Foundation, Inc.
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June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Withum Smith & Brown, PC

January 28, 2022

FICPA Scholarship Foundation, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 180,236	\$ 185,998
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	1,631	7,649
Accounts receivable - other	-	9,282
Prepaid expenses and deposits	8,564	5,079
Current portion of pledged contributions receivable, net	<u>74,455</u>	<u>32,605</u>
Total current assets	264,886	240,613
Pledged contributions receivable, less current portion, net	23,900	48,677
Investments	<u>3,030,968</u>	<u>2,396,123</u>
Total assets	<u>\$ 3,319,754</u>	<u>\$ 2,685,413</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 4,927
Deferred revenues	9,584	32,649
Scholarships payable	<u>189,370</u>	<u>154,000</u>
Total current liabilities	<u>198,954</u>	<u>191,576</u>
Net assets		
Without donor restrictions	726,419	540,529
With donor restrictions	<u>2,394,381</u>	<u>1,953,308</u>
Total net assets	<u>3,120,800</u>	<u>2,493,837</u>
Total liabilities and net assets	<u>\$ 3,319,754</u>	<u>\$ 2,685,413</u>

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

FICPA Scholarship Foundation, Inc.
Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Fundraising activities	\$ 128,755	\$ -	\$ 128,755	\$ 89,678	\$ -	\$ 89,678
Contributions	-	79,404	79,404	-	49,466	49,466
Contributions - local chapters	-	-	-	6,000	-	6,000
Contributions - Florida Institute of Certified Public Accountants, Inc.	226,575	-	226,575	317,055	-	317,055
Contributions - CPA 1040K Run	-	13,658	13,658	-	-	-
Contributions - other	57,085	-	57,085	27,843	-	27,843
Investment income	196,467	438,378	634,845	47,849	59,172	107,021
Other revenue	624	-	624	1,016	-	1,016
Net assets released from restrictions	90,367	(90,367)	-	87,980	(87,980)	-
Total revenues	699,873	441,073	1,140,946	577,421	20,658	598,079
Expenses						
Program services	189,730	-	189,730	176,233	-	176,233
Fundraising activities	112,474	-	112,474	119,303	-	119,303
Management and general	211,779	-	211,779	294,099	-	294,099
Total expenses	513,983	-	513,983	589,635	-	589,635
Change in net assets	185,890	441,073	626,963	(12,214)	20,658	8,444
Net assets						
Beginning of year	540,529	1,953,308	2,493,837	552,743	1,932,650	2,485,393
End of year	\$ 726,419	\$ 2,394,381	\$ 3,120,800	\$ 540,529	\$ 1,953,308	\$ 2,493,837

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

FICPA Scholarship Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ 626,963	\$ 8,444
Adjustments to reconcile change in net assets to net cash used in operating activities		
Unrealized and realized gains on investments	(584,822)	(58,692)
Dividend reinvestments	(50,023)	(48,329)
Bad debt expense	-	13,250
(Increase) decrease in		
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	6,018	2,589
Accounts receivable - other	9,282	(612)
Prepaid expenses and deposits	(3,485)	7,662
Pledged contributions receivable	(17,073)	(2,535)
Increase (decrease) in		
Scholarships, accounts payable, and accrued expenses	30,443	(2,171)
Deferred revenues	(23,065)	13,179
Net cash used in operating activities	<u>(5,762)</u>	<u>(67,215)</u>
Investing activities		
Proceeds from sales and maturities of investments	-	162,040
Purchase of investments	-	(162,111)
Net cash used in investing activities	<u>-</u>	<u>(71)</u>
Net change in cash and cash equivalents	(5,762)	(67,286)
Cash and cash equivalents		
Beginning of year	<u>185,998</u>	<u>253,284</u>
End of year	<u>\$ 180,236</u>	<u>\$ 185,998</u>

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

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

	Program Services		Fundraising Activities							Subtotal	Management and General	Total
	Scholarship Program	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Golfing Fore Education	Orlando Golf Tournament	Day at the Races	Scholarship Night	Miscellaneous Fundraising			
Advertising and promotions	\$ -	\$ 2,389	\$ -	\$ -	\$ 85	\$ 280	\$ 104	\$ -	\$ 323	\$ 3,181	\$ 1,704	\$ 4,885
Consulting	-	-	-	-	-	-	-	-	-	-	7,725	7,725
Contributions and sponsorships	-	14,503	-	-	20,035	765	-	-	269	35,572	-	35,572
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	144	144
Facility & AV	-	18,438	-	1,792	12,513	3,590	50	-	-	36,383	2,574	38,957
Food and beverage	-	1,101	-	506	201	1,942	1,920	-	-	5,670	1,882	7,552
Licenses and taxes	-	-	-	-	-	-	-	-	-	-	358	358
Legal and accounting	-	-	-	-	-	-	-	-	-	-	18,738	18,738
Merchant fees	-	156	-	177	784	212	103	-	154	1,586	1,057	2,643
Miscellaneous	-	-	-	-	-	177	-	-	-	177	232	409
Office supplies	-	-	-	-	-	36	-	-	81	117	181	298
Postage	-	162	-	-	-	-	-	-	244	406	-	406
Printing	-	-	-	-	26	-	-	600	-	626	-	626
Salaries and benefits	25,330	6,523	1,533	3,980	-	4,418	-	-	1,860	18,314	174,716	218,360
Scholarships	164,400	9,000	-	-	-	-	-	-	-	9,000	-	173,400
Telephone and utilities	-	27	9	14	-	13	-	-	8	71	518	589
Travel and entertainment	-	692	-	286	-	40	353	-	-	1,371	839	2,210
Website and technology	-	-	-	-	-	-	-	-	-	-	1,111	1,111
	<u>\$ 189,730</u>	<u>\$ 52,991</u>	<u>\$ 1,542</u>	<u>\$ 6,755</u>	<u>\$ 33,644</u>	<u>\$ 11,473</u>	<u>\$ 2,530</u>	<u>\$ 600</u>	<u>\$ 2,939</u>	<u>\$ 112,474</u>	<u>\$ 211,779</u>	<u>\$ 513,983</u>

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

FICPA Scholarship Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Fundraising Activities							Total
	Scholarship Program	Accounting Scholar Leadership Symposium	Subtotal	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Scholarship Night	Miscellaneous Fundraising	Subtotal	Management and General	
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 this statement.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Basis of Accounting

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

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

Net assets with donor restrictions: Net assets that are subject to donor-imposed stipulations. These stipulations either require the Foundation to maintain the net asset permanently, generally permitting all or part of the income earned on related assets be used for general or specific purposes or be met either by the completion of a stipulated action and/or the passage of time. As of June 30, 2021 and 2020, the Foundation holds \$2,029,578 and \$1,710,527, 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

Revenue Recognition

The FASB issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the ASC. ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, *Revenue Recognition*) and most industry specific guidance. ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Foundation adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. No adjustment to net assets as of July 1, 2020 was necessary.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

The Foundation applied the new guidance using the practical expedient provided in ASC 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. Adoption of the new guidance resulted in minimal changes to the Foundation's accounting policies for revenue recognition, receivables, and deferred revenue.

Accounting Pronouncements Issued But Not Yet Adopted

Gifts In-Kind

In September 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Foundation's financial statements.

Allocation of Supporting Services Expenses

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

Cash and Cash Equivalents

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

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 0.810% to 2.960%. The Foundation determines an allowance based on specific identification, historical write-offs, and current economic conditions. As of June 30, 2021 and 2020, 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.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Deferred Revenues

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

Revenue Recognition

Fundraising Activities

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

Contributions

Contributions, including unconditional 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 represents the estimated fair value of corporate services provided to the Foundation but paid for by the Florida Institute of Certified Public Accountants, Inc. and others. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Total contributed services, which represents all of the Foundation's payroll and related expenses, included as unrestricted revenues in the statements of activities are \$226,575 and \$317,055 for the years ended June 30, 2021 and 2020, respectively. These contributions include \$18,383 and \$38,056 in support of the fundraising activities of the Foundation for the years ended June 30, 2021 and 2020, respectively. Total contributed services represent approximately 32% and 55% of revenues without donor restrictions for the years ended June 30, 2021 and 2020, respectively.

Income Taxes

The Foundation is a nonprofit organization exempt from federal taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code. The Foundation experienced no taxes as a result of unrelated business income for the years ended June 30, 2021 and 2020. 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, 2021.

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 January 28, 2022, the date which the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events occurred which require adjustment to or disclosure in the financial statements.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

3. INVESTMENTS

Investments consist of the following at June 30, 2021 and 2020:

	2021		
	Historical Cost	Cumulative Unrealized Gains	Market and Carrying Value
Vanguard Index 500 Fund	\$ 286,295	\$ 566,476	\$ 852,771
Vanguard Dividend Growth Fund	2,697	1,446	4,143
Vanguard Inter-Term Bond Index Fund	231,405	17,899	249,304
Vanguard International Stock Index Fund	95,115	29,928	125,043
Vanguard Small-Cap Index Fund	40,110	90,726	130,836
Vanguard Short-Term Bond Index Fund	194,361	6,905	201,266
Vanguard Short-Term Corporate Bond ETF	134,390	4,230	138,620
Vanguard Inter-Term Corporate Bond ETF	243,848	12,427	256,275
Vanguard Inter-Term Tax-Exempt Fund	20,649	408	21,057
Vanguard Dividend Appreciation ETF	276,322	319,635	595,957
Rydex Guggenheim S&P500	104,583	106,988	211,571
IShares S&P 500	126,847	117,278	244,125
	<u>\$ 1,756,622</u>	<u>\$ 1,274,346</u>	<u>\$ 3,030,968</u>
	2020		
	Historical Cost	Cumulative Unrealized Gains (Losses)	Market and Carrying Value
Vanguard 500 Index 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&P 500 ETF	101,793	38,856	140,649
IShares Core S&P 500 ETF	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>

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Investment income shown on the accompanying statements of activities consists of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 50,023	\$ 48,329
Realized losses	-	(3,348)
Unrealized gains	<u>584,822</u>	<u>62,040</u>
Total investment income	<u>\$ 634,845</u>	<u>\$ 107,021</u>

For the years ended June 30, 2021 and 2020, investment income is presented on the statements of activities as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 196,467	\$ 47,849
With donor restrictions	<u>438,378</u>	<u>59,172</u>
Total investment income	<u>\$ 634,845</u>	<u>\$ 107,021</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, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Bond index funds	\$ 450,570	\$ 450,529
Equity index funds	987,750	692,530
International equity index funds	125,043	91,600
Municipal bond fund	21,057	20,281
Exchange-traded funds - corporate bonds	394,895	386,017
Exchange-traded funds - equity	<u>1,051,653</u>	<u>755,166</u>
Total investments at fair value	<u>\$ 3,030,968</u>	<u>\$ 2,396,123</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 74,455	\$ 32,605
Receivable in one to five years	<u>27,306</u>	<u>52,919</u>
Total pledged contributions receivable	101,761	85,524
Less: Discounts to present value	(2,606)	(3,442)
Allowance for uncollectible pledges	<u>(800)</u>	<u>(800)</u>
Pledged contributions receivable	<u>\$ 98,355</u>	<u>\$ 81,282</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Pledged contributions receivable - net	\$ 74,455	\$ 32,605
Pledged contributions receivable, less current portion - net	<u>23,900</u>	<u>48,677</u>
Pledged contributions receivable	<u>\$ 98,355</u>	<u>\$ 81,282</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, 2021 and 2020, such designated amounts totaled \$339,833 and \$283,833, 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.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
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8. NET ASSETS WITH DONOR RESTRICTIONS

For the years ended June 30, 2021 and 2020, net assets were released from donor restrictions by the donors as follows:

	<u>2021</u>	<u>2020</u>
Net asset restrictions accomplished		
Program expenses incurred	\$ 62,600	\$ 52,248
Time restrictions expired on pledged contributions receivable	27,767	22,482
Bad debt expense – endowment pledge	-	13,250
Net assets released from restrictions	<u>\$ 90,367</u>	<u>\$ 87,980</u>

At June 30, 2021 and 2020, net assets with donor restrictions are temporarily restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
For periods subsequent to year end	\$ 48,572	\$ 16,917
Scholarships from endowment income	136,455	123,884
Accounting scholar leadership symposium	2,631	2,631
CPA 1040K run proceeds	57,104	43,446
Wallace H. Coulter Foundation Grant	60,607	55,903
	<u>\$ 305,369</u>	<u>\$ 242,781</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 pledges receivable of \$48,705, are all donor-restricted endowment funds and fully funded at June 30, 2021. 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.
Notes to Financial Statements
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At June 30, 2021 and 2020, net assets with donor restrictions that are to be maintained permanently are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Georgia Nelidsky Endowment	\$ 102,368	\$ 84,487
George E. Shierling Endowment	184,868	152,662
Beatrice Cohen Endowment	15,327	12,650
Douglas James Davis Endowment	143,350	115,623
Lloyd A. Turman Endowment	41,608	34,340
Orvis M. Kemp Endowment	44,037	36,345
Ben A. Stevens, Jr. Endowment	45,466	37,524
Martin M. Prague Endowment	57,150	47,059
Legends Endowment	32,498	26,826
Gerald J. Cavanaugh Endowment	76,922	63,485
Robert R. Harris Endowment	53,012	43,751
Dade/S Broward	111,558	92,080
Kathryn B. Anderson Endowment	48,053	39,660
John P. Thomas Endowment	43,741	36,157
Michael R. Pender, Jr. Endowment	42,770	35,299
James Wilcox Endowment	685,644	565,878
Tommye Barie Endowment	40,570	33,648
George A. Gulisano Endowment	47,177	38,909
Mia Thomas Endowment	52,391	28,569
Brigade Endowment	62,380	53,287
Gleim Endowment	17,305	13,425
Jim Lane Endowment	33,972	27,735
Rick Carrol Endowment	47,412	38,588
Jason A Chorlins Endowment	32,815	28,170
Gordon Spoor Endowment	26,618	24,370
	<u>\$ 2,089,012</u>	<u>\$ 1,710,527</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.

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

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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, 2021 and 2020, the endowments included in net assets with donor restrictions are summarized as follows:

	<u>2021</u>	<u>2020</u>
Endowments		
Income is restricted	\$ 1,742,103	\$ 1,397,525
Income is unrestricted	298,204	244,496
Pledges receivable	<u>48,705</u>	<u>68,506</u>
Total internally-controlled endowments	<u>\$ 2,089,012</u>	<u>\$ 1,710,527</u>

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

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

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

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

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

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

All endowments are considered permanently restricted. For the years ended June 30, 2021 and 2020, activity with permanently restricted endowments is as follows:

	<u>2021</u>	<u>2020</u>
Endowments at July 1	\$ 1,710,527	\$ 1,696,390
Investment income	27,023	19,475
Appreciation (realized and unrealized)	403,641	39,697
Allocation of investment income to net assets with donor restrictions and net assets without donor restrictions	(72,060)	(65,723)
Contributions	19,881	33,938
Uncollectible endowment pledges	-	(13,250)
Endowments at June 30	<u>\$ 2,089,012</u>	<u>\$ 1,710,527</u>

Endowments include pledges receivable totaling \$48,705 and \$68,506 at June 30, 2021 and 2020, 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 prior year 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, 2021 and 2020, FICPA had collected contributions payable to the Foundation of \$9,815 and \$8,511, respectively. The Foundation owes money back to the FICPA in the amounts of \$8,184 and \$862 at June 30, 2021 and 2020, respectively.

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10. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 180,236	\$ 185,998
Accounts receivable - due from Florida Institute of Certified Public Accountants, Inc.	1,631	7,649
Accounts receivable - other	-	9,282
Current portion of pledged contributions receivable, net	74,455	32,605
Investments	<u>3,030,968</u>	<u>2,396,123</u>
 Total financial assets available within one year	 3,287,290	 2,631,657
 Less: Amounts unavailable for general expenditures within one year due to Donor restrictions		
Purpose restrictions	(2,297,104)	(1,867,885)
Board restrictions		
Board designated for general scholarships	<u>(339,833)</u>	<u>(286,833)</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 650,353</u>	 <u>\$ 476,939</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, 2021

	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Scholarship Night	Golfing Fore Education	Orlando Golf Tournament	Day at the Races	Miscellaneous Fundraising	Subtotal	Management and Administrative	Total
Revenues											
Fundraising activities	\$ 46,389	\$ -	\$ 23,990	\$ -	\$ 33,444	\$ 15,675	\$ 5,760	\$ 3,497	\$ 128,755	\$ -	\$ 128,755
Contributions – FICPA	6,549	1,542	3,994	-	-	4,431	-	-	16,516	210,059	226,575
Contributions – other	-	-	-	-	-	-	-	56,649	56,649	-	56,649
Total revenues	<u>52,938</u>	<u>1,542</u>	<u>27,984</u>	<u>-</u>	<u>33,444</u>	<u>20,106</u>	<u>5,760</u>	<u>60,146</u>	<u>201,920</u>	<u>210,059</u>	<u>411,979</u>
Expenses											
FICPA in-kind support	6,523	1,533	3,980	-	-	4,418	-	1,860	18,314	210,059	228,373
Advertising and promotion	2,389	-	-	-	85	280	104	323	3,181	1,704	4,885
Consulting	-	-	-	-	-	-	-	-	-	7,725	7,725
Contributions and sponsorships	14,503	-	-	-	20,035	765	-	269	35,572	-	35,572
Dues and subscriptions	-	-	-	-	-	-	-	-	-	144	144
Facility and AV	18,438	-	1,792	-	12,513	3,590	50	-	36,383	2,574	38,957
Food and beverage	1,101	-	506	-	201	1,942	1,920	-	5,670	1,882	7,552
Merchant fees	156	-	177	-	784	212	103	154	1,586	1,057	2,643
Miscellaneous	-	-	-	-	-	177	-	-	177	232	409
Office supplies	-	-	-	-	-	36	-	81	117	181	298
Postage	162	-	-	-	-	-	-	244	406	-	406
Printing	-	-	-	600	26	-	-	-	626	-	626
Scholarships	9,000	-	-	-	-	-	-	-	9,000	-	9,000
Telephone and utilities	27	9	14	-	-	13	-	8	71	518	589
Travel and entertainment	692	-	286	-	-	40	353	-	1,371	839	2,210
Total expenses	<u>52,991</u>	<u>1,542</u>	<u>6,755</u>	<u>600</u>	<u>33,644</u>	<u>11,473</u>	<u>2,530</u>	<u>2,939</u>	<u>112,474</u>	<u>226,915</u>	<u>339,389</u>
Fundraising proceeds	(53)	-	21,229	(600)	(200)	8,633	3,230	57,207	89,446	(16,856)	72,590
Additional activity	- ⁽¹⁾	- ⁽²⁾	- ⁽³⁾	- ⁽⁴⁾	- ⁽⁴⁾	-	- ⁽⁴⁾	-	-	-	-
Change in net assets	<u>\$ (53)</u>	<u>\$ -</u>	<u>\$ 21,229</u>	<u>\$ (600)</u>	<u>\$ (200)</u>	<u>\$ 8,633</u>	<u>\$ 3,230</u>	<u>\$ 57,207</u>	<u>\$ 89,446</u>	<u>\$ (16,856)</u>	<u>\$ 72,590</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.

See Independent Auditor's Report.