

FICPA SCHOLARSHIP FOUNDATION, INC.
Financial Statements
June 30, 2018 and 2017
With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
FICPA Scholarship Foundation, Inc.
Tallahassee, Florida

Report on 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, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the 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.

Auditors' 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 auditors' 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 auditors consider 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, 2018 and 2017, 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 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Withum Smith + Brown, PC

December 7, 2018

FICPA Scholarship Foundation, Inc.
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 308,158	\$ 276,927
Accounts receivable – due from Florida Institute of Certified Public Accountants, Inc. and chapters	-	41,998
Accounts receivable – other	1,716	4,872
Prepaid expenses and deposits	10,741	10,741
Current portion of pledged contributions receivable, net	31,469	40,981
Total current assets	<u>352,084</u>	<u>375,519</u>
Pledged contributions receivable, less current portion, net	68,969	99,562
Investments	<u>2,092,607</u>	<u>1,917,646</u>
Total assets	<u>\$ 2,513,660</u>	<u>\$ 2,392,727</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ -	\$ 9,838
Accounts payable – due to Florida Institute of Certified Public Accountants, Inc.	13,419	-
Deferred revenues	18,815	26,050
Scholarships payable	142,000	88,000
Total current liabilities	<u>174,234</u>	<u>123,888</u>
Net assets		
Unrestricted	508,864	512,361
Temporarily restricted	238,618	233,312
Permanently restricted	1,591,944	1,523,166
Total net assets	<u>2,339,426</u>	<u>2,268,839</u>
Total liabilities and net assets	<u>\$ 2,513,660</u>	<u>\$ 2,392,727</u>

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

FICPA Scholarship Foundation, Inc.
Statements of Activities
Years Ended June 30, 2018 and 2017

	2018	2017
Change in unrestricted net assets		
Revenues		
Fundraising activities	\$ 156,415	\$ 154,774
Contributions – local chapters	5,890	38,423
Contributions – Florida Institute of Certified Public Accountants, Inc.	249,795	149,074
Contributions – other	15,520	43,282
Investment income	52,193	58,844
Other revenue	2,107	382
Net assets released from restrictions	86,843	72,517
Total revenues	<u>568,763</u>	<u>517,296</u>
Expenses		
Scholarship program	153,157	76,750
Accounting Scholar Leadership Symposium	14,235	12,443
Fundraising activities	161,252	179,649
Management and general	243,616	177,771
Total expenses	<u>572,260</u>	<u>446,613</u>
Change in unrestricted net assets	<u>(3,497)</u>	<u>70,683</u>
Change in temporarily restricted net assets		
Contributions	13,553	30,728
Contributions – CPA 1040K Run	20,015	6,699
Investment income	58,581	52,494
Net assets released from restrictions	(86,843)	(72,517)
Temporarily restricted net assets released to endowment	-	(6,250)
Change in temporarily restricted net assets	<u>5,306</u>	<u>11,154</u>
Change in permanently restricted net assets		
Contributions	14,448	58,519
Investment income	54,330	75,953
Temporarily restricted net assets released to endowment	-	6,250
Change in permanently restricted net assets	<u>68,778</u>	<u>140,722</u>
Change in net assets	70,587	222,559
Net assets		
Beginning of year	<u>2,268,839</u>	<u>2,046,280</u>
End of year	<u>\$ 2,339,426</u>	<u>\$ 2,268,839</u>

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

FICPA Scholarship Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 70,587	\$ 222,559
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Unrealized and realized gains	(125,055)	(147,951)
Dividend reinvestments	(40,047)	(39,309)
Bad debt expense	-	2,733
(Increase) decrease in		
Accounts receivable – due from Florida Institute of Certified Public Accountants, Inc. and chapters	41,998	1,759
Accounts receivable – other	3,156	(2,112)
Prepaid expenses and deposits	-	2,344
Pledged contributions receivable	40,105	(20,857)
Increase (decrease) in		
Scholarships, accounts payable, and accrued expenses	44,162	(32,812)
Accounts payable – due to Florida Institute of Certified Public Accountants, Inc.	13,419	-
Deferred revenues	(7,235)	1,375
Net cash provided by (used in) operating activities	<u>41,090</u>	<u>(12,271)</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	127,669	176,015
Purchase of investments	<u>(137,528)</u>	<u>(166,841)</u>
Net cash provided by (used in) investing activities	<u>(9,859)</u>	<u>9,174</u>
Net change in cash and cash equivalents	31,231	(3,097)
Cash and cash equivalents		
Beginning of year	<u>276,927</u>	<u>280,024</u>
End of year	<u>\$ 308,158</u>	<u>\$ 276,927</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. On July 20, 2017, the Board of Trustees voted to amend the articles of incorporation and change the Foundation's name from Florida Institute of Certified Public Accountants' Educational Foundation, Inc. to FICPA Scholarship Foundation, Inc.

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:

Unrestricted – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted – Net assets subject to donor-imposed stipulations to be maintained permanently by the Foundation. The donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

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.

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 0.875% to 2.260%. The Foundation determines an allowance based on specific identification, historical write-offs, and current economic conditions. As of June 30, 2018 and 2017, 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 3 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 comprised of common stocks and U.S. Treasury agency and corporate bonds with maturities greater than three months.

Deferred Revenues

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

Revenue Recognition

Contributions

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

Contributed Services

The amount of contributed services represent the estimated fair value of corporate services provided to the Foundation but paid for by the Florida Institute of Certified Public Accountants, Inc. and others. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Total contributed services, which represents all of the Foundation's payroll and related expenses, included as unrestricted revenues in the statements of activities is \$249,795 and \$149,074 for the years ended June 30, 2018 and 2017, respectively. These contributions include \$43,759 and \$32,538 in support of the fundraising activities of the Foundation for the years ended June 30, 2018 and 2017, respectively. Total contributed services represents approximately 44% and 29% of unrestricted total revenues.

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, 2018 and 2017. The Foundation is not classified as a private foundation by the Internal Revenue Service.

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
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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, 2018.

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 December 7, 2018, the date which the financial statements were available to be issued.

2. INVESTMENTS

Investments consist of the following at June 30, 2018 and 2017:

	Historical Cost	2018 Cumulative Unrealized Gains (Losses)	Market and Carrying Value
Vanguard 500 Index Fund	\$ 252,878	\$ 257,807	\$ 510,685
Vanguard Dividend Growth Fund	2,231	353	2,584
Vanguard Inter-Term Bond Index Fund	181,880	(1,962)	179,918
Vanguard International Stock Index Fund	21,218	1,501	22,719
Vanguard Total International Index Fund	39,000	4,017	43,017
Vanguard Small Cap Index Fund	36,127	50,469	86,596
Vanguard Short-Term Bond Index Fund	183,283	(2,413)	180,870
Vanguard Short-Term Corporate Bond ETF	124,635	(3,197)	121,438
Vanguard Inter-Term Corporate Bond ETF	126,103	(5,108)	120,995
Vanguard Inter-Term Tax-Exempt Fund	19,182	(875)	18,307
Vanguard Dividend Appreciation ETF	249,211	119,014	368,225
Vanguard FTSE Emerging Markets ETF	28,838	(722)	28,116
Rydex Guggenheim S&P 500 ETF	96,215	38,936	135,151
IShares Core S&P 500 ETF	116,281	29,426	145,707
IShares Floating Rate Bond ETF	128,330	(51)	128,279
	\$ 1,605,412	\$ 487,195	\$ 2,092,607

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	Historical Cost	2017 Cumulative Unrealized Gains (Losses)	Market and Carrying Value
Vanguard 500 Index Fund	\$ 264,414	\$ 221,092	\$ 485,506
Vanguard Dividend Growth Fund	4,438	518	4,956
Vanguard Inter-Term Bond Index Fund	176,778	5,671	182,449
Vanguard International Stock Index Fund	20,569	645	21,214
Vanguard Total International Index Fund	37,771	2,396	40,167
Vanguard Small Cap Index Fund	37,033	42,035	79,068
Vanguard Short-Term Bond Index Fund	180,035	1,258	181,293
Vanguard Short-Term Corporate Bond ETF	121,745	(212)	121,533
Vanguard Inter-Term Corporate Bond ETF	122,016	641	122,657
Vanguard Inter-Term Tax-Exempt Fund	18,683	(550)	18,133
Vanguard Dividend Appreciation ETF	258,792	92,025	350,817
Vanguard FTSE Emerging Markets ETF	18,168	(794)	17,374
Rydex Guggenheim S&P 500 ETF	97,725	27,930	125,655
iShares Core S&P 500 ETF	148,826	17,998	166,824
	\$ 1,506,993	\$ 410,653	\$ 1,917,646

Investment income shown on the accompanying statements of activities consists of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 40,049	\$ 39,340
Realized gains	17,226	5,048
Unrealized gains	107,829	142,903
Total investment income	\$ 165,104	\$ 187,291

For the years ended June 30, 2018 and 2017, investment income is presented on the statements of activities as follows:

	2018	2017
Unrestricted	\$ 52,193	\$ 58,844
Temporarily restricted	58,581	52,494
Permanently restricted	54,330	75,953
Total investment income	\$ 165,104	\$ 187,291

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.

3. 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.

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, 2018 and 2017.

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.

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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, 2018 and 2017:

	2018	2017
Bond index funds	\$ 489,067	\$ 363,742
Equity index funds	599,865	569,530
International equity index funds	65,736	61,381
Municipal bond fund	18,307	18,133
Exchange-traded funds – corporate bonds	242,433	244,190
Exchange-traded funds – equity	649,083	643,296
Exchange-traded funds – emerging markets	<u>28,116</u>	<u>17,374</u>
Total investments at fair value	<u>\$ 2,092,607</u>	<u>\$ 1,917,646</u>

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

4. PLEDGED CONTRIBUTIONS RECEIVABLE

Pledged contributions receivable consist of the following unconditional promises to give at June 30, 2018 and 2017:

	2018	2017
Receivable in less than one year	\$ 31,469	\$ 40,981
Receivable in one to five years	<u>72,420</u>	<u>102,853</u>
Total pledged contributions receivable	103,889	143,834
Less discounts to present value	(2,651)	(2,491)
Allowance for uncollectible pledges	<u>(800)</u>	<u>(800)</u>
Pledged contributions receivable	<u>\$ 100,438</u>	<u>\$ 140,543</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, 2018 and 2017:

	2018	2017
Pledged contributions receivable – net	\$ 31,469	\$ 40,981
Pledged contributions receivable, less current portion – net	<u>68,969</u>	<u>99,562</u>
Pledged contributions receivable	<u>\$ 100,438</u>	<u>\$ 140,543</u>

FICPA Scholarship Foundation, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

5. TEMPORARILY RESTRICTED NET ASSETS

For the years ended June 30, 2018 and 2017, net assets were released from donor restrictions by either incurring expenses satisfying the purpose of the restriction or meeting time restrictions specified by the donors as follows:

	2018	2017
Net asset restrictions accomplished		
Program expenses incurred	\$ 74,146	\$ 61,467
Time restrictions expired on pledged contributions receivable	<u>12,697</u>	<u>11,050</u>
Net assets released from restrictions	<u>\$ 86,843</u>	<u>\$ 72,517</u>

For the year ended June 30, 2017, the temporary restrictions on \$6,250 of temporarily restricted net assets were changed to permanent restrictions and the balance was released to the James L. Wilcox endowment (see Note 6).

At June 30, 2018 and 2017, temporarily restricted net assets are temporarily restricted for the following purposes:

	2018	2017
For periods subsequent to year end	\$ 19,267	\$ 20,392
Accounting Development Program	4,560	4,560
Scholarships from endowment income	72,957	73,073
Accounting Scholar Leadership Symposium	12,265	24,430
CPA 1040K Run proceeds	55,737	44,722
Wallace H. Coulter Foundation Grant	<u>73,832</u>	<u>66,135</u>
Total temporarily restricted net assets	<u>\$ 238,618</u>	<u>\$ 233,312</u>

6. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets 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 unrestricted or temporarily restricted income, 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 are all donor-restricted endowment funds and fully funded at June 30, 2018. The Foundation has no board-designated endowments. As required by United States generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

FICPA Scholarship Foundation, Inc.
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At June 30, 2018 and 2017, permanently restricted net assets are restricted for the following purposes:

	2018	2017
Georgia Nelidsky Endowment	\$ 81,326	\$ 78,479
George E. Shierling Endowment	141,361	133,537
Beatrice Cohen Endowment	12,177	11,751
Douglas James Davis Endowment	109,818	105,275
Lloyd A. Turman Endowment	33,056	31,898
Orvis M. Kemp Endowment	34,985	33,760
Ben A. Stevens, Jr. Endowment	36,120	34,855
Martin M. Prague Endowment	45,038	43,210
General Educational Foundation Endowment	23,792	22,069
Gerald J. Cavanaugh Endowment	61,109	58,969
Robert R. Harris Endowment	42,111	40,646
Gold Coast Chapter Endowment	88,511	85,412
Kathryn B. Anderson Endowment	38,175	36,838
John P. Thomas Endowment	34,836	33,651
Michael R. Pender, Jr. Endowment	33,977	32,787
James L. Wilcox Endowment	544,695	525,621
Tommye E. Barie Endowment	32,633	30,812
George A. Gulisano Endowment	36,977	33,149
Mia A. Thomas Endowment	26,842	25,476
Brigade Bookkeeping Endowment	50,892	49,765
Irvin N. Gleim Endowment	25,586	25,206
Jim Lane Endowment	25,763	25,000
Rick Carrol Endowment	32,164	25,000
	<u>32,164</u>	<u>25,000</u>
Total permanently restricted net assets	<u>\$ 1,591,944</u>	<u>\$ 1,523,166</u>

The Foundation holds various endowments which are donor-restricted. The Board of Trustees 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.

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The Foundation classifies as permanently restricted net assets (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 classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

For certain endowment funds, the donors have stipulated that additional accumulation of funds above and beyond the permanent endowment are unrestricted as to purpose and are therefore classified as unrestricted.

At June 30, 2018 and 2017, the restrictions for permanently restricted net assets are summarized as follows:

	2018	2017
Endowments		
Income is restricted	\$ 1,276,915	\$ 1,173,113
Income is unrestricted	229,917	219,147
Pledges receivable	<u>85,112</u>	<u>130,906</u>
Total internally-controlled endowments	<u>\$ 1,591,944</u>	<u>\$ 1,523,166</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 return 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, 2018 and 2017, activity with permanently restricted endowments is as follows:

	2018	2017
Endowments at July 1	\$ 1,523,166	\$ 1,382,444
Investment income	27,705	27,559
Appreciation (realized and unrealized)	85,206	100,888
Allocation of investment income to temporarily restricted net assets and unrestricted net assets	(58,581)	(52,494)
Contributions	14,448	58,519
Temporarily restricted net assets released to James L. Wilcox endowment	<u>-</u>	<u>6,250</u>
Endowments at June 30	<u>\$ 1,591,944</u>	<u>\$ 1,523,166</u>

Endowments include pledges receivable totaling \$85,112 and \$130,906 at June 30, 2018 and 2017, respectively.

7. DESIGNATIONS OF UNRESTRICTED NET ASSETS

The Board of Trustees 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, 2018 and 2017, such designated amounts totaled \$280,983 and \$278,943, respectively. These amounts are included in unrestricted net assets and the interest earnings are included as an increase in unrestricted net assets.

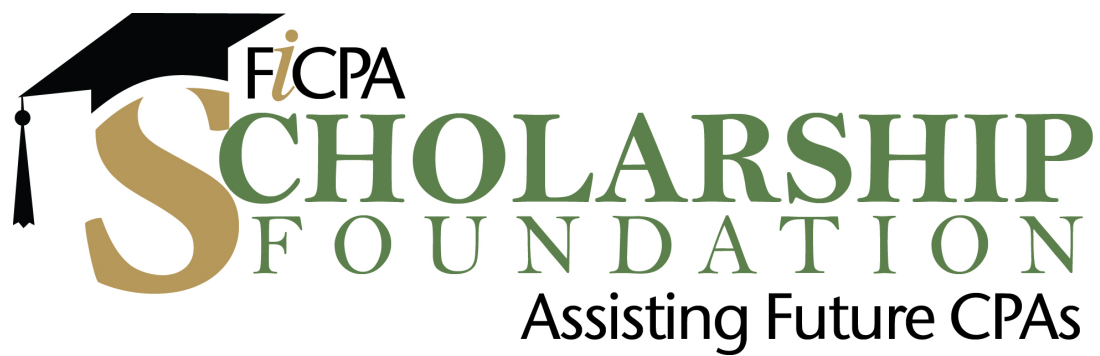
8. DUE TO/FROM FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, INC. AND CHAPTERS

The Florida Institute of Certified Public Accountants, Inc. (the "FICPA") collects contributions on the Foundation's behalf. At June 30, 2018 and 2017, FICPA had collected contributions payable to the Foundation of \$8,491 and \$29,018, respectively. Additionally, regional chapters of the FICPA provide sponsorships and designate annual funds in excess of expenses as contributions to the Foundation. At June 30, 2017, funds due to the Foundation from designated excess annual funds totaled \$32,638. The Foundation owes money back to the FICPA in the amount of \$21,910 and \$19,658 at June 30, 2018 and 2017, respectively.

9. COMMITMENTS AND CONTINGENCIES

Coulter Foundation Grant

During the year ended June 30, 2009, the Foundation received a grant totaling \$1,000,000 from the Wallace H. Coulter Foundation in honor of James L. Wilcox, CPA. All contributions from the Wallace H. Coulter Foundation must be committed for the programs set forth in the grant agreement within five years of receipt. Use of the grant funds is restricted to the James L. Wilcox Minority Summer Residency Program, James L. Wilcox African American Undergraduate Scholarship Program, and African American Fifth Year Scholarship Program. In 2011, the Coulter Foundation amended the grant agreement to create a permanent endowment. At June 30, 2018, the endowment balance totaled \$544,695.



SUPPLEMENTARY INFORMATION

FICPA Scholarship Foundation, Inc.
Schedule of Revenues and Expenses – Fundraising
Year Ended June 30, 2018

	CPA 1040K Run	Ocean Reef Golf Tournament	Suncoast Scramble Golf Tournament	Golfing Fore Education Tournament	Miscellaneous Fundraising	Subtotal	Management and Administrative	Total
Revenues								
Fundraising activities	\$ 41,099	\$ 53,766	\$ 43,659	\$ 11,407	\$ 6,484	\$ 156,415	\$ -	\$ 156,415
Contributions – local chapters	-	-	-	-	-	-	5,890	5,890
Contributions – FICPA	21,303	13,986	8,470	-	-	43,759	206,036	249,795
Contributions – other	-	-	-	-	-	-	15,520	15,520
Total revenues	<u>62,402</u>	<u>67,752</u>	<u>52,129</u>	<u>11,407</u>	<u>6,484</u>	<u>200,174</u>	<u>227,446</u>	<u>427,620</u>
Expenses								
FICPA in-kind support	21,304	13,986	8,469	-	-	43,759	206,036	249,795
Salaries	2,001	-	-	-	-	2,001	-	2,001
Consulting	-	-	-	-	-	-	175	175
Facility and administrative services	13,988	18,667	5,033	2,268	-	39,956	-	39,956
Meetings and travel	1,157	14,068	6,847	2,344	-	24,416	-	24,416
Raffle prizes and auctions	1,823	2,548	99	46	1,153	5,669	-	5,669
Office expense	1,392	169	939	-	-	2,500	-	2,500
Awards	626	185	2,591	-	-	3,402	-	3,402
Miscellaneous	97	779	410	102	-	1,388	-	1,388
Total expenses	<u>42,388</u>	<u>50,402</u>	<u>24,388</u>	<u>4,760</u>	<u>1,153</u>	<u>123,091</u>	<u>206,211</u>	<u>329,302</u>
Fundraising proceeds	20,014	17,350	27,741	6,647	5,331	77,083	21,235	98,318
Additional activity	<u>(20,014)</u> ⁽¹⁾	<u>(2,500)</u> ⁽²⁾	<u>-</u> ⁽³⁾	<u>(6,647)</u> ⁽⁴⁾	<u>-</u>	<u>(29,161)</u>	<u>-</u>	<u>(29,161)</u>
Change in net assets	<u>\$ -</u> ⁽⁵⁾	<u>\$ 14,850</u>	<u>\$ 27,741</u>	<u>\$ -</u>	<u>\$ 5,331</u>	<u>\$ 47,922</u>	<u>\$ 21,235</u>	<u>\$ 69,157</u>

(1) Event proceeds transferred to temporarily restricted net assets.

(2) Event contributions to George A. Gulisano Endowment.

(3) Suncoast Chapter of FICPA profit share split. All profit sharing is donated back to the Foundation for general scholarships.

(4) Event contributions to Mia Thomas Endowment.

(5) Activity does not include \$9,000 in scholarship awards issued from previously collected proceeds.