

**PENNSYLVANIA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED APRIL 30, 2022 AND 2021



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**PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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YEARS ENDED APRIL 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pennsylvania Institute of Certified Public Accountants
Philadelphia, Pennsylvania

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of the Pennsylvania Institute of Certified Public Accountants, which comprise the combined statements of financial position as of April 30, 2022 and 2021, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Pennsylvania Institute of Certified Public Accountants as of April 30, 2022 and 2021, and the changes in its combined net assets and its combined 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 Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Pennsylvania Institute of Certified Public Accountants and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors'

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 combined 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 combined 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 combined 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 Pennsylvania Institute of Certified Public Accountants' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pennsylvania Institute of Certified Public Accountants' 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 combined financial statements as a whole. The combining statements of financial position and combining statements of activities are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
July 11, 2022

**PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINED STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,500,095	\$ 2,394,880
Investments	13,501,369	15,105,871
Accounts Receivable, Net	127,202	537,719
Contributions Receivable	44,500	27,052
Prepaid Expenses	323,925	255,688
Deposits	7,411	7,411
Goodwill, Net	1,911,492	2,140,871
Property and Equipment, Net	<u>127,766</u>	<u>181,582</u>
Total Assets	<u><u>\$ 18,543,760</u></u>	<u><u>\$ 20,651,074</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 325,411	\$ 298,216
Accrued Compensation and Related Liabilities	189,056	663,210
Deferred Revenue	1,299,372	1,372,145
Deferred Rent	-	65,433
Earn-Out Liability	378,934	439,125
Promissory Note, Net of Discount	<u>937,392</u>	<u>1,384,076</u>
Total Liabilities	3,130,165	4,222,205
NET ASSETS		
Without Donor Restrictions	12,302,570	12,977,411
With Donor Restrictions	<u>3,111,025</u>	<u>3,451,458</u>
Total Net Assets	<u>15,413,595</u>	<u>16,428,869</u>
Total Liabilities and Net Assets	<u><u>\$ 18,543,760</u></u>	<u><u>\$ 20,651,074</u></u>

See accompanying Notes to Combined Financial Statements.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Membership Dues	\$ 4,449,303	\$ -	\$ 4,449,303
CPE Programs	3,598,231	-	3,598,231
CPA Crossings Webinar Distribution and Other	1,921,699	-	1,921,699
Member Program Income	50,726	-	50,726
Peer Review Income	1,350,280	-	1,350,280
Grant Revenue	403,948	-	403,948
Spending Policy Income	516,600	148,500	665,100
Partner Royalties	146,204	-	146,204
Advertising	99,398	-	99,398
Contributions and Sponsorships	358,638	43,500	402,138
Investment Return from Short-Term Investments, Net	6,369	-	6,369
Net Assets Released from Restrictions	151,500	(151,500)	-
Total Revenue and Support	<u>13,052,896</u>	<u>40,500</u>	<u>13,093,396</u>
OPERATING EXPENSES			
Personnel	6,540,090	-	6,540,090
CPE Program Direct Expense	968,554	-	968,554
Member Program Expense	142,076	-	142,076
Committee Activities	260,563	-	260,563
Occupancy	457,599	-	457,599
Office Expense	403,173	-	403,173
Professional Fees and Expenses	123,328	-	123,328
Technology	373,684	-	373,684
Depreciation and Amortization	367,839	-	367,839
Interest Expense on Note Payable	44,983	-	44,983
PA CPA Journal	65,653	-	65,653
Marketing Technology and Communications	126,375	-	126,375
CPA Crossings	2,218,554	-	2,218,554
Pennsylvania CPA Foundation	283,245	-	283,245
Travel	109,370	-	109,370
Total Operating Expenses	<u>12,485,086</u>	<u>-</u>	<u>12,485,086</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	567,810	40,500	608,310
NONOPERATING REVENUE (EXPENSE) AND SUPPORT			
Investment Loss, Net of Spending Policy Allocation	<u>(1,242,651)</u>	<u>(380,933)</u>	<u>(1,623,584)</u>
CHANGE IN NET ASSETS	(674,841)	(340,433)	(1,015,274)
Net Assets - Beginning of Year	<u>12,977,411</u>	<u>3,451,458</u>	<u>16,428,869</u>
NET ASSETS - END OF YEAR	<u><u>\$ 12,302,570</u></u>	<u><u>\$ 3,111,025</u></u>	<u><u>\$ 15,413,595</u></u>

See accompanying Notes to Combined Financial Statements.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Membership Dues	\$ 4,491,681	\$ -	\$ 4,491,681
CPE Programs	3,018,407	-	3,018,407
CPA Crossings Webinar Distribution and Other	1,217,524	-	1,217,524
Member Program Income	18,613	-	18,613
Peer Review Income	1,325,597	-	1,325,597
Grant Revenue	706,869	-	706,869
Spending Policy Income	502,400	142,700	645,100
Partner Royalties	124,465	-	124,465
Advertising	72,721	-	72,721
Contributions and Sponsorships	261,007	31,000	292,007
Investment Return from Short-Term Investments, Net	11,403	-	11,403
Net Assets Released from Restrictions	194,200	(194,200)	-
Total Revenue and Support	<u>11,944,887</u>	<u>(20,500)</u>	<u>11,924,387</u>
OPERATING EXPENSES			
Personnel	6,411,887	-	6,411,887
CPE Program Direct Expense	940,192	-	940,192
Member Program Expense	40,620	-	40,620
Committee Activities	181,332	-	181,332
Occupancy	441,963	-	441,963
Office Expense	383,583	-	383,583
Professional Fees and Expenses	242,176	-	242,176
Technology	225,362	-	225,362
Depreciation and Amortization	300,729	-	300,729
PA CPA Journal	61,421	-	61,421
Marketing Technology and Communications	61,189	-	61,189
CPA Crossings	1,254,501	-	1,254,501
Pennsylvania CPA Foundation	271,382	-	271,382
Travel	24,572	-	24,572
Total Operating Expenses	<u>10,840,909</u>	<u>-</u>	<u>10,840,909</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	1,103,978	(20,500)	1,083,478
NONOPERATING REVENUE AND SUPPORT			
Investment Return, Net of Spending Policy Allocation	<u>2,827,888</u>	<u>891,317</u>	<u>3,719,205</u>
CHANGE IN NET ASSETS	3,931,866	870,817	4,802,683
Net Assets - Beginning of Year	<u>9,045,545</u>	<u>2,580,641</u>	<u>11,626,186</u>
NET ASSETS - END OF YEAR	<u><u>\$ 12,977,411</u></u>	<u><u>\$ 3,451,458</u></u>	<u><u>\$ 16,428,869</u></u>

See accompanying Notes to Combined Financial Statements.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2022

	Program Services							Support Services					
	Membership	L&D, Including Content for CPE Credit	Content Not for CPE Credit	CPA Crossings, LLC	Peer Review, Audit Quality	Pipeline, Scholarship	Advocacy	Programs Total	General and Administrative	Fundraising	Membership Development	Support Total	Combined Total
Personnel	\$ 1,158,190	\$ 1,445,954	\$ 882,318	\$ 444,726	\$ 822,862	\$ 372,191	\$ 437,591	\$ 5,563,832	\$ 613,580	\$ 107,020	\$ 255,658	\$ 976,258	\$ 6,540,090
CPE Program Direct Expense	-	968,554	-	-	-	-	-	968,554	-	-	-	-	968,554
Member Program Expense	142,076	-	-	-	-	-	-	142,076	-	-	-	-	142,076
Committee Activities	48,946	61,108	37,288	-	34,775	15,729	18,493	216,339	28,897	4,523	10,804	44,224	260,563
Occupancy	85,960	107,317	65,485	-	61,072	27,624	32,478	379,936	50,745	7,943	18,975	77,663	457,599
Office Expense	75,717	94,529	57,682	-	53,795	24,332	28,608	334,663	44,800	6,996	16,714	68,510	403,173
Professional Fees and Expenses	23,167	28,923	17,649	-	16,460	7,445	8,753	102,397	13,676	2,141	5,114	20,931	123,328
Technology	70,196	87,637	53,476	-	49,872	22,558	26,522	310,261	41,442	6,486	15,495	63,423	373,684
Depreciation and Amortization	-	-	-	248,677	-	-	-	248,677	119,162	-	-	119,162	367,839
Interest Expense on Note Payable	-	-	-	-	-	-	-	-	44,983	-	-	44,983	44,983
PA CPA Journal	-	-	65,653	-	-	-	-	65,653	-	-	-	-	65,653
Marketing Technology and Communications	23,739	29,638	18,085	-	16,866	7,629	8,969	104,926	14,015	2,194	5,240	21,449	126,375
CPA Crossings	-	-	-	2,218,554	-	-	-	2,218,554	-	-	-	-	2,218,554
Pennsylvania CPA Foundation	-	-	-	-	-	283,245	-	283,245	-	-	-	-	283,245
Travel	20,545	25,650	15,652	-	14,897	6,602	7,763	91,109	11,828	1,898	4,535	18,261	109,370
Total Operating Expenses	<u>\$ 1,648,536</u>	<u>\$ 2,849,310</u>	<u>\$ 1,213,288</u>	<u>\$ 2,911,957</u>	<u>\$ 1,070,599</u>	<u>\$ 767,355</u>	<u>\$ 569,177</u>	<u>\$ 11,030,222</u>	<u>\$ 983,128</u>	<u>\$ 139,201</u>	<u>\$ 332,535</u>	<u>\$ 1,454,864</u>	<u>\$ 12,485,086</u>

See accompanying Notes to Combined Financial Statements.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED APRIL 30, 2021

	Program Services								Support Services				
	L&D, including	Content Not	CPA	Peer Review,	Pipeline,		Programs		General and	Fundraising	Membership	Support	Combined
	Membership	Content for	Crossings,	Audit Quality	Scholarship	Advocacy	Total		Administrative		Development	Total	Total
		CPE Credit	for CPE Credit	LLC									
Personnel	\$ 1,377,368	\$ 1,383,305	\$ 540,261	\$ 314,049	\$ 869,167	\$ 379,964	\$ 448,832	\$ 5,312,946	\$ 628,730	\$ 130,299	\$ 339,912	\$ 1,098,941	\$ 6,411,887
CPE Program Direct Expense	-	940,192	-	-	-	-	-	940,192	-	-	-	-	940,192
Member Program Expense	40,620	-	-	-	-	-	-	40,620	-	-	-	-	40,620
Committee Activities	40,607	40,782	15,928	-	25,625	11,202	13,232	147,376	19,428	4,026	10,502	33,956	181,332
Occupancy	98,973	99,399	38,821	-	62,455	27,303	32,251	359,202	47,353	9,812	25,596	82,761	441,963
Office Expense	85,900	86,270	33,693	-	54,206	23,696	27,991	311,756	41,096	8,516	22,215	71,827	383,583
Professional Fees and Expenses	54,232	54,466	21,272	-	34,223	14,961	17,672	196,826	25,948	5,376	14,026	45,350	242,176
Technology	50,467	50,684	19,795	-	31,846	13,922	16,445	183,159	24,148	5,003	13,052	42,203	225,362
Depreciation and Amortization	-	-	-	160,908	-	-	-	160,908	139,821	-	-	139,821	300,729
PA CPA Journal	-	-	61,421	-	-	-	-	61,421	-	-	-	-	61,421
Marketing Technology and Communications	13,703	13,762	5,375	-	8,647	3,780	4,465	49,732	6,555	1,358	3,544	11,457	61,189
CPA Crossings	-	-	-	1,254,501	-	-	-	1,254,501	-	-	-	-	1,254,501
Pennsylvania CPA Foundation	-	-	-	-	-	271,382	-	271,382	-	-	-	-	271,382
Travel	5,502	5,526	2,158	-	3,472	1,518	1,793	19,969	2,635	545	1,423	4,603	24,572
Total Operating Expenses	<u>\$ 1,767,372</u>	<u>\$ 2,674,386</u>	<u>\$ 738,724</u>	<u>\$ 1,729,458</u>	<u>\$ 1,089,641</u>	<u>\$ 747,728</u>	<u>\$ 562,681</u>	<u>\$ 9,309,990</u>	<u>\$ 935,714</u>	<u>\$ 164,935</u>	<u>\$ 430,270</u>	<u>\$ 1,530,919</u>	<u>\$ 10,840,909</u>

See accompanying Notes to Combined Financial Statements.

**PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,015,274)	\$ 4,802,683
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	367,839	300,729
Net Realized and Unrealized (Gain) Loss on Investments	1,260,347	(4,104,850)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	410,517	(479,414)
Contributions Receivable	(17,448)	13,853
Prepaid Expenses	(68,237)	(59,270)
Accounts Payable and Accrued Expenses	27,195	(18,601)
Accrued Compensation and Related Liabilities	(474,154)	118,504
Deferred Revenue	(72,773)	60,492
Earn-Out Liability	(60,191)	-
Deferred Rent	<u>(65,433)</u>	<u>(81,198)</u>
Net Cash Provided by Operating Activities	292,388	552,928
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(84,644)	(31,327)
Purchase of Investments	(301,863)	(259,454)
Proceeds from Sale of Investments	646,018	1,138,383
Acquisition of CPA Crossings	<u>-</u>	<u>(494,556)</u>
Net Cash Provided by Investing Activities	259,511	353,046
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Promissory Note	<u>(446,684)</u>	<u>-</u>
Net Cash Used by Financing Activities	<u>(446,684)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	105,215	905,974
Cash and Cash Equivalents - Beginning of Year	<u>2,394,880</u>	<u>1,488,906</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,500,095</u>	<u>\$ 2,394,880</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Acquired from CPA Crossings	<u>\$ -</u>	<u>\$ 23,967</u>
Note Payable to CPA Crossings	<u>\$ -</u>	<u>\$ 1,384,076</u>

See accompanying Notes to Combined Financial Statements.

**PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Pennsylvania Institute of Certified Public Accountants (the Institute) is an active professional association working to further the well-being of its members, while upholding the public interest by enhancing quality services founded on professional competence, integrity and objectivity; serving as an advocate for, and promoting the public image of its members; articulating positions on professional and public issues where the expertise of CPAs is relevant; and providing a broad spectrum of high-quality educational programs for members.

The mission of the PICPA Foundation for Education & Research (the Foundation) is to provide a broad spectrum of high-quality education programs to enhance the level of professional competence, integrity, and objectivity.

The Pennsylvania CPA Foundation (the PA CPA Foundation) was formed effective April 1, 2017. Its mission is to inspire young people to pursue careers in accounting and to provide educational, motivational, and financial support to those working to attain the certified public accountant (CPA) credential.

CPA Crossings, LLC (CPAX), was acquired on September 1, 2020 with the Foundation as the sole member. CPAX supports the mission of the Foundation by providing a platform to distribute virtual learning content nationally, primarily through state societies and other associations serving the accounting and finance professions. CPAX is considered a disregarded entity for federal tax purposes.

Principles of Combination

The accompanying combined financial statements include the accounts of the Pennsylvania Institute of Certified Public Accountants, the PICPA Foundation for Education & Research, CPA Crossings, LLC, and the Pennsylvania CPA Foundation, collectively referred to as the PICPA. The individual entities have interrelated directors and trustees and share common facilities and personnel. Inter-entity transactions and balances have been eliminated in combination.

Basis of Presentation

The combined statements of activities distinguish changes in net assets with and without donor restrictions between operating and nonoperating activities. Operating activity without donor restrictions includes revenues and other support, including investment income generated from short-term investments, and all expenses to provide program services, and support the administrative functions of the PICPA. Operating activity with donor restrictions includes contributions and sponsorships and spending policy income. Nonoperating activity with and without donor restriction includes investment return in excess of (or less than) the PICPA's designated spending policy.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States 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 combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Fair value is defined as 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, based on assumptions that market participants would use, including a consideration of nonperformance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable. Level 2 inputs include quoted market prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Cash and Cash Equivalents

Management considers all highly liquid investments without donor restriction with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The PICPA maintains cash accounts which, at times, may exceed federally insured limits. The PICPA's uninsured balance was approximately \$1,763,000 and \$1,641,000 on April 30, 2022 and 2021, respectively. However, the PICPA has not experienced any losses from maintaining cash accounts in excess of these limits. Management believes that it is not exposed to any significant credit risk on its cash accounts.

Investments

Investments are recorded at fair value based on quoted market prices in active markets. Realized gains and losses are recognized based on the average cost method.

The PICPA records investment purchases at cost, or if donated, at fair value on the date of donation. Net investment return (loss) is reported in the combined statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. In most cases, the donors have not limited the amounts that can be used for scholarships in a given year. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable and Contributions Receivable

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The PICPA provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of customers and donors to meet their obligations. It is the PICPA's policy to charge off uncollectible receivables when management determines the receivable will not be collected. There was an allowance for doubtful accounts for Peer Review Income of \$5,586 and \$10,000 as of April 30, 2022 and 2021, respectively. There was no allowance for doubtful contributions receivable as of April 30, 2022 and 2021.

Prepaid Expenses

Continuing Professional Education (CPE) program costs are expensed in the period in which the related programs are conducted. Accordingly, payments for future programs are included in prepaid expenses.

Property and Equipment

Property and equipment are carried at cost and depreciated or amortized using the straight-line method over the following estimated useful lives:

Computer Hardware and Software	3 to 10 Years
Furniture and Equipment	5 to 7 Years
Leasehold Improvements	Shorter of the Remaining Term of the Lease or Useful Life of the Asset

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized as revenue in the period when the contributions (including promises to give) are received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When the terms of a restriction are met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Advertising

The PICPA uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended April 30, 2022 and 2021 was approximately \$93,000 and \$74,000, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized by natural classification in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. The combined financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. There are a number of allocation methodologies that are used focusing on estimates of time and effort incurred prior to allocation.

Donated Services

A portion of the PICPA's functions, including member services and committee activities, is conducted by unpaid officers and volunteers. The value of this contributed time is not reflected in the accompanying combined financial statements since the volunteers' time does not meet the criteria necessary for recognition.

Income Taxes

The Foundation and the PA CPA Foundation are exempt from federal income taxes under Section 501(c)(3) and the Institute is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. CPA Crossings, LLC is a disregarded entity for federal tax purposes. The organizations are subject to tax on net income not related to the exempt purposes of the organizations. Tax filings are subject to audit by various taxing authorities.

The PICPA follows the income tax standard for uncertain tax positions. The PICPA believes there are no uncertain tax positions that need to be disclosed in the combined financial statements.

Reclassifications

Certain reclassifications have been made to the 2021 amounts to conform to the 2022 presentation.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Standard Not Yet Effective

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The ASU establishes guidance that will result in a more faithful representation of the rights and obligations arising from leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statements of financial position and to disclose qualitative and quantitative information about lease transactions. The new guidance will result in fewer opportunities for organizations to structure leasing transactions to achieve a particular accounting outcome on the statements of financial position and will improve the understanding and comparability of lessees' financial commitments regardless of the manner they choose to finance the assets used in their businesses. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), which deferred the effective date for fiscal years beginning after December 15, 2021 with early adoption permitted. The PICPA is currently evaluating the impact this standard will have on its combined financial statements.

Subsequent Events

In preparing these combined financial statements, the PICPA has evaluated events and transactions for potential recognition or disclosure through July 11, 2022, the date the combined financial statements were available to be issued.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance Obligations and Revenue Recognition

Membership dues are recognized ratably over the period of membership, which is on a fiscal-year basis. Dues revenue from members include access to a multitude of benefits. Access to these benefits is voluntary and can occur during the membership period and are treated as part of the membership itself, rather than multiple performance obligations. Unearned membership revenue is reflected as deferred revenue on the combined statements of financial position.

CPE programs income is derived from in-person events, online events, and subscription-based product revenue. Revenue from in-person events and online events is recognized when the event occurs. Revenue from subscription-based products is recognized over the term of the subscription product. Online self-study products provide access to a specific learning product and revenue is recognized when the self-study product is purchased. Revenue collected in advance of the event is reflected as deferred revenue on the combined statements of financial position. CPAX's program income is derived from online events. Revenue from online events is recognized when the event occurs. Revenue collected in advance of the event is reflected as deferred revenue on the combined statements of financial position.

The PICPA administers the American Institute of Certified Public Accountants (AICPA) Peer Review Program for Pennsylvania, Delaware, New York, and the U.S. Virgin Islands. Revenue generated from administration of the program is recognized over the period services are rendered.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance Obligations and Revenue Recognition (Continued)

The PICPA disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue. Revenue generated from membership dues and peer review programs is primarily recognized over the performance obligation period, while the revenue generated from CPE programs is recognized at a point in time.

The following table shows the PICPA's revenues disaggregated according to the timing of the transfer of goods or services and by source for the year ended April 30:

	<u>2022</u>	<u>2021</u>
Revenue Recognized at a Point in Time:		
CPE Programs	\$ 3,202,450	\$ 3,018,407
CPA Crossings Webinar Distribution and Other	1,921,699	1,217,524
Total	<u>\$ 5,124,149</u>	<u>\$ 4,235,931</u>
Revenue Recognized Over Time:		
CPE Programs	\$ 395,781	\$ -
Membership Dues	4,449,303	4,491,681
Peer Review Income	1,350,280	1,325,597
Total	<u>\$ 6,195,364</u>	<u>\$ 5,817,278</u>

The PICPA's contract assets and liabilities consist of the following at April 30:

	<u>2022</u>	<u>2021</u>
Contract Assets:		
Accounts Receivable - Peer Review Income	\$ 15,595	\$ 31,244
Accounts Receivable - CPA Crossings	110,291	122,538
Total	<u>\$ 125,886</u>	<u>\$ 153,782</u>
Contract Liabilities:		
Deferred Revenue - Membership Dues	\$ 892,200	\$ 908,670
Deferred Revenue - CPE Programs	402,144	446,272
Deferred Revenue - CPA Crossings	5,028	17,203
Total	<u>\$ 1,299,372</u>	<u>\$ 1,372,145</u>

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Memberships are reported at established rates. CPE programs are reported at a set transaction price determined by the PICPA based on course topic, delivery, and vendor. The PICPA has determined the transaction price for peer review income to be equal to the stated fees for individual levels of service or the annual program fee.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets and contract liabilities. Contract assets exist when the entity has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. The PICPA records receivables when the right to consideration becomes unconditional and are presented separately in the combined statements of financial position.

The PICPA also has revenue that is based on delivered goods and services and is generally limited to amounts that are not contingent on future events, therefore, not resulting in a contract asset being recorded. Contract liabilities include advanced dues and unearned revenue when the PICPA receives payment from customers before revenue is recognized and are presented separately in the combined statements of financial position.

NOTE 3 LIQUIDITY AND AVAILABILITY

The PICPA has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and a \$500,000 unsecured line of credit. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined statements of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 2,500,095	\$ 2,394,880
Investments	13,501,369	15,105,871
Accounts Receivable, Net	127,202	537,719
Contributions Receivable	29,500	26,052
Total Financial Assets	<u>16,158,166</u>	<u>18,064,522</u>
Less: Net Assets with Donor Restrictions	3,111,025	3,451,458
Total	<u>\$ 13,047,141</u>	<u>\$ 14,613,064</u>

NOTE 4 INVESTMENTS

Investments consisted of the following at April 30:

	<u>2022</u>	<u>2021</u>
Investments in Mutual Funds:		
Vanguard Total Stock Market Index Fund	\$ 6,959,792	\$ 7,664,529
Vanguard Total International Stock Index Fund	4,255,274	4,912,360
Vanguard Total Bond Market Index Fund	927,699	1,015,542
Vanguard Total International Bond Fund	471,955	508,432
Vanguard Intermediate-Term Investment-Grade Adm Fund	292,593	325,406
Vanguard Long-Term Investment-Grade Adm Fund	210,567	246,447
Vanguard Short-Term Investment-Grade Adm Fund	383,489	433,155
Total Investments	<u>\$ 13,501,369</u>	<u>\$ 15,105,871</u>

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 4 INVESTMENTS (CONTINUED)

The fair value of the mutual funds is based on quoted market prices in active markets for identical investments (Level 1 inputs).

The following schedules summarize the investment return (loss) and its classification in the combined statements of activities for the years ended April 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 227,822	\$ 74,041	\$ 301,863
Net Realized and Unrealized Loss on Investments	(953,873)	(306,474)	(1,260,347)
Net Loss on Investment Portfolio	(726,051)	(232,433)	(958,484)
Spending Policy Allocation	(516,600)	(148,500)	(665,100)
Investment Loss Less Than the Spending Policy Allocation	<u>\$ (1,242,651)</u>	<u>\$ (380,933)</u>	<u>\$ (1,623,584)</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 197,685	\$ 61,770	\$ 259,455
Net Realized and Unrealized Gain on Investments	3,132,603	972,247	4,104,850
Total Return on Investment Portfolio	3,330,288	1,034,017	4,364,305
Spending Policy Allocation	(502,400)	(142,700)	(645,100)
Investment Return in Excess of the Spending Policy Allocation	<u>\$ 2,827,888</u>	<u>\$ 891,317</u>	<u>\$ 3,719,205</u>

Investment management fees are netted against realized and unrealized gains (losses) in the tables above.

A portion of the returns from the PICPA's long-term reserve investment portfolio has been allocated as operating revenue per the PICPA's spending policy. According to the spending policy, 5.5% of the average balance in the long-term reserve fund over the last 20 calendar year quarters was allocated as operating revenue in fiscal years 2022 and 2021. The PICPA's spending policy is reviewed and approved on an annual basis. All other investment returns and losses from the investment portfolio are considered nonoperating.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 4 INVESTMENTS (CONTINUED)

A portion of the returns from the PA CPA Foundation's investment portfolio has been allocated annually to the funding of college scholarships, in accordance with donor restrictions. According to the spending policy, 5% of the average balance in the portfolio over the last 12 calendar year quarters was allocated for the awarding of college scholarships in fiscal years 2022 and 2021. The PA CPA Foundation's spending policy is reviewed and approved on an annual basis.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of April 30 are due as follows:

	2022	2021
Within One Year	\$ 29,500	\$ 26,052
In One to Five Years	15,000	1,000
Total	<u>\$ 44,500</u>	<u>\$ 27,052</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at April 30:

	2022	2021
Furniture and Computer Hardware and Software	\$ 1,925,215	\$ 1,840,571
Leasehold Improvements	12,500	12,500
Subtotal	1,937,715	1,853,071
Less: Accumulated Depreciation and Amortization	(1,809,949)	(1,671,489)
Total Property and Equipment, Net	<u>\$ 127,766</u>	<u>\$ 181,582</u>

Total depreciation expense was \$138,460 and \$147,810 for the years ended April 30, 2022 and 2021, respectively.

NOTE 7 COMMITMENTS

The PICPA has lease agreements for office space in Philadelphia, Michigan, and Harrisburg. Additionally, the PICPA leases various equipment under operating leases. Occupancy expense for the years ended April 30, 2022 and 2021 was \$457,599 and \$441,963, respectively. Occupancy expense for the Michigan office for the years ended April 30, 2022 and 2021 was \$28,717 and \$18,734, respectively, and is included in the CPA Crossings expenses in the combined statements of activities.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 7 COMMITMENTS (CONTINUED)

Minimum annual lease payments due under noncancelable operating leases with initial terms in excess of one year are:

<u>Year Ending April 30,</u>	<u>Amount</u>
2023	\$ 444,700
2024	34,700
2025	32,800
2026	7,000
2027	1,500
Total	<u>\$ 520,700</u>

The minimum lease commitments do not include future escalations for real estate taxes and building operating expenses.

NOTE 8 LINE OF CREDIT

The PICPA has a \$500,000 unsecured line of credit with a regional bank to support general working capital requirements. Interest is variable at the prime rate rounded up to the nearest 0.1%, which was 3.50% and 3.25% as of April 30, 2022 and 2021, respectively. There were no amounts outstanding at April 30, 2022 and 2021.

NOTE 9 RETIREMENT PLANS

The PICPA has a 401(k) defined contribution retirement plan covering substantially all employees. During fiscal years 2022 and 2021, the PICPA contributed 2% of a participant's salary and matched contributions made by each participant up to 6% of a participant's salary. All contributions are subject to limits prescribed by the Internal Revenue Code and all contributions are fully funded on a current basis. For the years ended April 30, 2022 and 2021, the PICPA contributed \$333,943 and \$356,456, respectively, to the plan.

Effective May 1, 2015, the PICPA entered into a deferred compensation plan for the benefit of a key employee. The plan accrued annual credits, as determined by the PICPA's Compensation Committee, to a deferred compensation account which remained unfunded until January 1, 2022, the date the benefits were payable. The credits earned interest at the greater of 3% or 150% of the applicable federal mid-term rate compounded annually on April 30 of each calendar year. The deferred compensation account became fully vested on December 31, 2021. The PICPA recognized \$53,118 and \$79,034 in deferred compensation expense and \$10,366 and \$13,737 in interest expense related to the plan for the service periods ended April 30, 2022 and 2021, respectively. The liability for this benefit was reduced to \$-0- as of April 30, 2022, as the benefit was paid out in December 2021. The liability at April 30, 2021 is included in accrued compensation and related liabilities on the combined statements of financial position.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 10 RELATED PARTIES

The Institute has directly supported the activities of the PA CPA Foundation with financial contributions. The Institute donated \$350,864 and \$338,387 to the PA CPA Foundation for the years ended April 30, 2022 and 2021, respectively. This inter-entity transaction was eliminated in the combined statements of activities.

The Institute directly supported the funding of the acquisition of CPA Crossings, LLC, a wholly owned subsidiary of the Foundation, by providing a contribution to the Foundation in the amount of \$1,878,631 during the year ended April 30, 2021. This inter-entity transaction was eliminated in the combined statements of activities.

The PICPA is related to organizations that are not included in the accompanying combined financial statements. These organizations are the Certified Public Accountants Political Action Committee (CPA-PAC) and the Insurance Trust of PICPA (Insurance Trust).

The resources of the CPA-PAC and Insurance Trust are restricted to accomplish their stated purposes and are therefore, not available for the direct benefit of the Institute, the Foundation, or the PA CPA Foundation. The CPA-PAC and the Insurance Trust have calendar year-ends.

CPA-PAC

The CPA-PAC is a political action committee. Staffing for the CPA-PAC is provided primarily by employees of the PICPA. The value of these contributed services for the years ended December 31, 2021 and 2020 was \$50,976 and \$48,724, respectively.

Insurance Trust

The Insurance Trust was established to provide insurance plans for the benefit of the Institute members, their employees, and the employees of the PICPA. In previous years, the PICPA provided administrative services to the Trust. There was no activity in the Trust for the years ended December 31, 2021 and 2020.

NOTE 11 NET ASSETS

Net assets without donor restrictions consist of the following as of April 30:

	2022	2021
Undesignated	<u>\$ 12,302,570</u>	<u>\$ 12,977,411</u>

Net assets with donor restrictions consist of the following as of April 30:

	2022	2021
Scholarships and Awards	\$ 3,025,014	\$ 3,396,947
Time Restricted	34,500	3,000
Held in Perpetuity	51,511	51,511
Total	<u>\$ 3,111,025</u>	<u>\$ 3,451,458</u>

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 11 NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended April 30:

	2022	2021
Purpose Restrictions Met:		
Scholarships and Awards	\$ 150,500	\$ 169,700
Time Restriction Met:		
Contributions Receivable	1,000	24,500
Total	<u>\$ 151,500</u>	<u>\$ 194,200</u>

NOTE 12 ACQUISITION OF CPA CROSSINGS, LLC

On July 9, 2020, PICPA Foundation for Education and Research formed CPA Crossings LLC, a single-member Pennsylvania nonprofit LLC. On September 1, 2020, CPA Crossings LLC purchased substantially all the assets of CPA Crossings, a Michigan LLC. The transaction is accounted for as a business combination under Accounting Standards Codification (ASC) 805, *Business Combinations*, with the Foundation being the acquirer.

The acquisition was intended to further the Foundation's tax-exempt, charitable and educational purpose, primarily to develop and offer continuing education programming for accountants.

Tangible assets acquired included office computers, furniture and fixtures. Intangible assets acquired included contracts with other CPA state societies, contracts with course developers, a library of webinars, assembled workforce, NASBA registration, interest in office and operating leases, and website URLs.

The purchase price was comprised of the following elements:

- \$2,000,000 to be paid out in four installments each year on September 1st. The first installment was paid on September 1, 2020. A secured promissory note for the remaining balance due was executed at the close of the purchase. The promissory note is reflected on the combined statements of financial position at fair value with imputed interest. The imputed interest rate is 3.25% and the remaining value of the interest is \$45,941 and \$90,924 at April 30, 2022 and 2021, respectively. Subsequent to the close of the transaction the remaining balance on the note was reduced by a small amount. The balance due on the promissory note as of April 30, 2022 and 2021 is \$937,392 and \$1,384,076, respectively.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NOTES TO COMBINED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 12 ACQUISITION OF CPA CROSSINGS, LLC (CONTINUED)

- An earn-out to be paid to the sellers over a three-year period equal to 12% of the gross margin achieved relative to webinar and on-demand services provided by CPA Crossings, LLC, up to \$500,000. The earn-out is carried at fair value on the combined statements of financial position and is measured using certain unobservable Level 3 inputs, including the present value of future payments, which include certain assumptions regarding discount rates and future gross margin. The discount rate used in the fair value determination was 3.25%. The value of the earn-out liability is \$378,934 and \$439,125 as of April 30, 2022 and 2021, respectively.

As the accounting alternative in ASU 2019-06, *Intangibles-Goodwill and Other* (Topic 350), *Business Combinations* (Topic 805), and *Not-for-Profit Entities* (Topic 958), was elected, all acquisition costs were expensed as incurred. Intangible assets other than goodwill were not separately identified. Goodwill of \$2,293,790 was recorded and consists of the purchase price elements less the fair value of tangible assets acquired. The goodwill carried on the combined statement of financial position as of April 30, 2022 is net of accumulated amortization of \$382,298.

Goodwill

Goodwill is the excess of the cost of the purchase price over the fair value of the net assets acquired. Under the provisions of ASC 350, *Intangibles-Goodwill and Other*, goodwill is amortized on a straight-line basis over 10 years. Goodwill is evaluated for impairment at the end of a reporting period when a triggering event occurs. There was no triggering event in 2022 that would require an impairment test to be performed.

Earn-Out Liability

As a result of the business acquisition, an earn-out liability was recorded due to contingent liabilities based upon expected future payouts. In accordance with ASC 805, *Business Combinations*, the earn-out liability is measured at fair value and is adjusted annually when a payment is made. The change in fair value will be reported in the change in net assets on the combined statements of activities.

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINING STATEMENT OF FINANCIAL POSITION
APRIL 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Institute	Foundation	PA CPA Foundation	CPA Crossings, LLC	Eliminations	Combined Totals
ASSETS						
Cash and Cash Equivalents	\$ 1,518,620	\$ 758,590	\$ -	\$ 222,885	\$ -	\$ 2,500,095
Investments	10,241,553	-	3,259,816	-	-	13,501,369
Investment in CPA Crossings, LLC	-	2,028,631	-	-	(2,028,631)	-
Accounts Receivable, Net	13,259	3,652	-	131,423	(21,132)	127,202
Contributions Receivable	-	-	44,500	-	-	44,500
Prepaid Expenses	220,878	44,865	-	58,182	-	323,925
Deposits	7,411	-	-	-	-	7,411
Goodwill, Net	-	-	-	1,911,492	-	1,911,492
Property and Equipment, Net	65,250	-	-	62,516	-	127,766
Total Assets	<u>\$ 12,066,971</u>	<u>\$ 2,835,738</u>	<u>\$ 3,304,316</u>	<u>\$ 2,386,498</u>	<u>\$ (2,049,763)</u>	<u>\$ 18,543,760</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 86,464	\$ 62,346	\$ 160,500	37,233	\$ (21,132)	\$ 325,411
Accrued Compensation and Related Liabilities	135,854	31,835	-	21,367	-	189,056
Deferred Revenue	892,200	402,144	-	5,028	-	1,299,372
Deferred Rent	-	-	-	-	-	-
Due to (from) Affiliate	(1,875,734)	1,336,329	32,641	506,764	-	-
Earn-Out Liability	-	-	-	378,934	-	378,934
Promissory Note, Net	937,392	-	-	-	-	937,392
Total Liabilities	<u>176,176</u>	<u>1,832,654</u>	<u>193,141</u>	<u>949,326</u>	<u>(21,132)</u>	<u>3,130,165</u>
NET ASSETS (DEFICIT)						
Unrestricted Investment in CPA Crossings, LLC	-	-	-	2,028,631	(2,028,631)	-
Without Donor Restrictions	11,890,795	1,003,084	150	(591,459)	-	12,302,570
With Donor Restrictions	-	-	3,111,025	-	-	3,111,025
Total Net Assets	<u>11,890,795</u>	<u>1,003,084</u>	<u>3,111,175</u>	<u>1,437,172</u>	<u>(2,028,631)</u>	<u>15,413,595</u>
Total Liabilities and Net Assets	<u>\$ 12,066,971</u>	<u>\$ 2,835,738</u>	<u>\$ 3,304,316</u>	<u>\$ 2,386,498</u>	<u>\$ (2,049,763)</u>	<u>\$ 18,543,760</u>

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINING STATEMENT OF FINANCIAL POSITION
APRIL 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Institute	Foundation	PA CPA Foundation	CPA Crossings, LLC	Eliminations	Combined Totals
ASSETS						
Cash and Cash Equivalents	\$ 1,036,786	\$ 1,110,067	\$ -	\$ 248,027	\$ -	\$ 2,394,880
Investments	11,465,795	-	3,640,076	-	-	15,105,871
Investment in CPA Crossings, LLC	-	2,028,631	-	-	(2,028,631)	-
Accounts Receivable, Net	414,359	822	-	140,746	(18,208)	537,719
Contributions Receivable	-	-	27,052	-	-	27,052
Prepaid Expenses	174,107	43,321	-	38,260	-	255,688
Deposits	7,411	-	-	-	-	7,411
Goodwill, Net	-	-	-	2,140,871	-	2,140,871
Property and Equipment, Net	165,605	-	-	15,977	-	181,582
Total Assets	<u>\$ 13,264,063</u>	<u>\$ 3,182,841</u>	<u>\$ 3,667,128</u>	<u>\$ 2,583,881</u>	<u>\$ (2,046,839)</u>	<u>\$ 20,651,074</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 69,300	\$ 60,597	\$ 144,700	\$ 41,827	\$ (18,208)	\$ 298,216
Accrued Compensation and Related Liabilities	610,788	37,610	-	14,812	-	663,210
Deferred Revenue	908,670	446,273	-	17,202	-	1,372,145
Deferred Rent	65,433	-	-	-	-	65,433
Due to (from) Affiliate	(1,784,742)	1,371,720	70,820	342,202	-	-
Earn-Out Liability	-	-	-	439,125	-	439,125
Promissory Note, Net	1,384,076	-	-	-	-	1,384,076
Total Liabilities	<u>1,253,525</u>	<u>1,916,200</u>	<u>215,520</u>	<u>855,168</u>	<u>(18,208)</u>	<u>4,222,205</u>
NET ASSETS (DEFICIT)						
Unrestricted Investment in CPA Crossings, LLC	-	-	-	2,028,631	(2,028,631)	-
Without Donor Restrictions	12,010,538	1,266,641	150	(299,918)	-	12,977,411
With Donor Restrictions	-	-	3,451,458	-	-	3,451,458
Total Net Assets	<u>12,010,538</u>	<u>1,266,641</u>	<u>3,451,608</u>	<u>1,728,713</u>	<u>(2,028,631)</u>	<u>16,428,869</u>
Total Liabilities and Net Assets	<u>\$ 13,264,063</u>	<u>\$ 3,182,841</u>	<u>\$ 3,667,128</u>	<u>\$ 2,583,881</u>	<u>\$ (2,046,839)</u>	<u>\$ 20,651,074</u>

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Institute	Foundation	CPA Crossings, LLC	PA CPA Foundation		Eliminations	
	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Total
REVENUE AND SUPPORT							
Operating Revenue and Support:							
Membership Dues	\$ 4,449,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,449,303
CPE Programs	-	3,641,215	-	-	-	(42,984)	3,598,231
CPA Crossings Webinar Distribution							
And Other	-	-	3,482,200	-	-	(1,560,501)	1,921,699
Member Program Income	50,726	-	-	-	-	-	50,726
Peer Review Income	1,350,280	-	-	-	-	-	1,350,280
Grant Revenue	403,948	-	-	-	-	-	403,948
Spending Policy Income	516,600	-	-	-	148,500	-	665,100
Partner Royalties	110,787	35,417	-	-	-	-	146,204
Advertising	99,398	-	-	-	-	-	99,398
Contributions and Sponsorships	-	-	-	709,322	43,500	(350,684)	402,138
Investment Return from Short-Term Investments, Net	3,440	2,415	514	-	-	-	6,369
Subtotal	6,984,482	3,679,047	3,482,714	709,322	192,000	(1,954,169)	13,093,396
Net Assets Released from Restrictions:							
Satisfaction of Program Restrictions	-	-	-	150,500	(150,500)	-	-
Satisfaction of Time Restrictions	-	-	-	1,000	(1,000)	-	-
Total Revenue and Support	6,984,482	3,679,047	3,482,714	860,822	40,500	(1,954,169)	13,093,396
OPERATING EXPENSES							
Personnel	3,930,594	1,720,044	444,726	444,726	-	-	6,540,090
CPE Program Direct Expense	-	1,709,741	-	-	-	(741,187)	968,554
Member Program Expense	142,076	-	-	-	-	-	142,076
Committee Activities	168,064	73,478	-	19,021	-	-	260,563
Occupancy	295,151	129,043	-	33,405	-	-	457,599
Office Expense	259,981	113,667	-	29,525	-	-	403,173
Professional Fees and Expenses	89,582	26,807	-	6,939	-	-	123,328
Technology	241,026	105,379	-	27,279	-	-	373,684
Depreciation and Amortization	76,860	33,603	248,677	8,699	-	-	367,839
Interest Expense on Note Payable	44,983	-	-	-	-	-	44,983
PA CPA Journal	65,653	-	-	-	-	-	65,653
Marketing Technology and Communications	126,375	-	-	-	-	-	126,375
CPA Crossings	-	-	3,080,852	-	-	(862,298)	2,218,554
Pennsylvania CPA Foundation	350,684	-	-	283,245	-	(350,684)	283,245
Travel	70,545	30,842	-	7,983	-	-	109,370
Total Operating Expenses	5,861,574	3,942,604	3,774,255	860,822	-	(1,954,169)	12,485,086
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	1,122,908	(263,557)	(291,541)	-	40,500	40,500	608,310
NONOPERATING REVENUE (EXPENSE) AND SUPPORT							
Investment Loss, Net of Spending Policy Allocation	(1,242,651)	-	-	-	(380,933)	(380,933)	(1,623,584)
CHANGE IN NET ASSETS	(119,743)	(263,557)	(291,541)	-	(340,433)	(340,433)	(1,015,274)
Net Assets (Deficit) - Beginning of Year	12,010,538	1,266,641	(299,918)	150	3,451,458	3,451,608	16,428,869
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 11,890,795</u>	<u>\$ 1,003,084</u>	<u>\$ (591,459)</u>	<u>\$ 150</u>	<u>\$ 3,111,025</u>	<u>\$ 3,111,175</u>	<u>\$ 15,413,595</u>

PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Institute	Foundation	CPA Crossings, LLC	PA CPA Foundation		Eliminations	
	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Total
REVENUE AND SUPPORT							
Operating Revenue and Support:							
Membership Dues	\$ 4,491,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,491,681
CPE Programs	-	3,030,743	-	-	-	(12,336)	3,018,407
CPA Crossings Webinar Distribution							
And Other	-	-	1,669,316	-	-	(451,792)	1,217,524
Contributions for CPA Crossings, LLC	(1,878,631)	1,878,631	-	-	-	-	-
Member Program Income	18,613	-	-	-	-	-	18,613
Peer Review Income	1,325,597	-	-	-	-	-	1,325,597
Grant Revenue	706,869	-	-	-	-	-	706,869
Spending Policy Income	502,400	-	-	-	142,700	-	645,100
Partner Royalties	89,845	34,620	-	-	-	-	124,465
Advertising	72,721	-	-	-	-	-	72,721
Contributions and Sponsorships	-	-	-	599,394	31,000	(338,387)	292,007
Investment Return from Short-Term							
Investments, Net	7,366	3,805	232	-	-	-	11,403
Subtotal	5,336,461	4,947,799	1,669,548	599,394	173,700	(802,515)	11,924,387
Net Assets Released from Restrictions:							
Satisfaction of Program Restrictions	-	-	-	142,700	(142,700)	-	-
Satisfaction of Time Restrictions	-	-	-	51,500	(51,500)	-	-
Total Revenue and Support	5,336,461	4,947,799	1,669,548	793,594	(20,500)	(802,515)	11,924,387
OPERATING EXPENSES							
Personnel	4,215,453	1,500,419	285,254	410,761	-	-	6,411,887
CPE Program Direct Expense	-	1,135,517	-	-	-	(195,325)	940,192
Member Program Expense	40,620	-	-	-	-	-	40,620
Committee Activities	117,322	50,229	-	13,781	-	-	181,332
Occupancy	285,950	122,424	-	33,589	-	-	441,963
Office Expense	248,178	106,252	-	29,153	-	-	383,583
Professional Fees and Expenses	217,530	19,340	-	5,306	-	-	242,176
Technology	145,809	62,425	-	17,128	-	-	225,362
Depreciation and Amortization	90,465	38,730	160,908	10,626	-	-	300,729
PA CPA Journal	61,421	-	-	-	-	-	61,421
Marketing Technology and							
Communications	61,189	-	-	-	-	-	61,189
CPA Crossings			1,523,304			(268,803)	1,254,501
Pennsylvania CPA Foundation	338,387	-	-	271,382	-	(338,387)	271,382
Travel	15,898	6,806	-	1,868	-	-	24,572
Total Operating Expenses	5,838,222	3,042,142	1,969,466	793,594	-	(802,515)	10,840,909
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(501,761)	1,905,657	(299,918)	-	(20,500)	(20,500)	1,083,478
NONOPERATING REVENUE AND SUPPORT							
Investment Return, Net of Spending							
Policy Allocation	2,827,888	-	-	-	891,317	-	3,719,205
CHANGE IN NET ASSETS	2,326,127	1,905,657	(299,918)	-	870,817	-	4,802,683
Net Assets - Beginning of Year	9,684,411	(639,016)	-	150	2,580,641	-	11,626,186
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 12,010,538</u>	<u>\$ 1,266,641</u>	<u>\$ (299,918)</u>	<u>\$ 150</u>	<u>\$ 3,451,458</u>	<u>\$ -</u>	<u>\$ 16,428,869</u>