

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
APRIL 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

July 18, 2023

To the Board of Directors and
Members of the Society of Louisiana Certified
Public Accountants and Related Organizations
Metairie, Louisiana

Opinion

We have audited the accompanying combined financial statements of the Society of Louisiana Certified Public Accountants and Related Organizations (a nonprofit organization), which comprise the combined statements of financial position as of April 30, 2023 and 2022 and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society of Louisiana Certified Public Accountants and Related Organizations as of April 30, 2023 and 2022, and the changes in their net assets and 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society of Louisiana Certified Public Accountants and Related Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Society of Louisiana 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society of Louisiana 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 matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined statements of functional revenues and expenses are presented for the purpose of additional analysis and are 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 combined financial statements and certain additional procedures, including comparing and reconciling such information directly to 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 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 combined financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited the Society of Louisiana Certified Public Accountants' 2022 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated July 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Duplantier, Hopmann, Hogan & Baker LLP
New Orleans, Louisiana

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,554,367	\$ 1,552,618
Accounts receivable, net of allowance	31,423	24,016
Prepaid expenses	47,436	62,206
Total current assets	1,633,226	1,638,840
Investments at fair value:		
Investments - Society	2,455,731	2,449,772
Investments - Insurance Trust	-	175,146
Investments - Education Foundation	488,538	325,989
Total investments at fair value	2,944,269	2,950,907
Other Assets:		
Operating lease right-of-use assets, net	1,114,044	-
Total other assets	1,114,044	-
Property and equipment:		
Leasehold improvements	35,291	35,291
Office furniture and equipment	427,793	373,849
Finance lease right-of-use assets	13,394	-
Less accumulated depreciation and amortization	(243,454)	(158,713)
Property and equipment - net	233,024	250,427
 TOTAL ASSETS	 \$ 5,924,563	 \$ 4,840,174
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 295,612	\$ 283,861
Deferred revenue	248,512	279,117
Operating lease liabilities	119,063	-
Finance lease liabilities	2,551	-
Total current liabilities	665,738	562,978
Long-term liabilities:		
Operating lease liabilities	1,011,097	-
Finance lease liabilities	10,861	-
Total long-term liabilities	1,021,958	-
Total liabilities	1,687,696	562,978
NET ASSETS:		
Without donor restrictions:		
Undesignated	3,362,680	3,389,068
Board designated	650,379	500,674
With donor restrictions	223,808	387,454
Total net assets	4,236,867	4,277,196
 TOTAL LIABILITIES AND NET ASSETS	 \$ 5,924,563	 \$ 4,840,174

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2023
WITH COMPARATIVE TOTALS FOR 2022

	<u>Without</u>	<u>With</u>		2023	2022
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Eliminations</u>	<u>Total</u>	<u>Summarized</u>
					<u>Financial</u>
					<u>Information</u>
Support and Revenues:					
Continuing professional education	\$ 2,362,680	\$ -	\$ -	\$ 2,362,680	\$ 1,980,705
Member dues	1,182,651	-	-	1,182,651	1,216,770
Peer review firm fees and CART fees	318,111	-	-	318,111	402,523
Income (loss) from investments	46,057	(1,917)	-	44,140	(252,048)
In-house CPE courses	92,423	-	-	92,423	65,919
Royalty income	20,565	-	-	20,565	18,706
Chapter functions income	124,920	-	-	124,920	94,426
Lagniappe ad sales	57,956	-	-	57,956	55,745
Education contributions	-	25,373	-	25,373	19,945
Miscellaneous	3,633	-	-	3,633	1,011
Application and late fees	10,560	-	-	10,560	3,260
Gain on disposal of assets	-	-	-	-	15,267
Net assets released from restrictions	187,102	(187,102)	-	-	-
Total support and revenue	<u>4,406,658</u>	<u>(163,646)</u>	<u>-</u>	<u>4,243,012</u>	<u>3,622,229</u>
Expenses:					
Program services:					
Member services	1,488,112	-	-	1,488,112	1,321,826
Continuing professional education	2,388,863	-	-	2,388,863	1,939,999
Peer review	352,390	-	-	352,390	400,040
Insurance trust	-	-	-	-	500
Education foundation	33,167	-	-	33,167	33,784
Supporting services:					
Administrative and general	20,809	-	-	20,809	13,868
Total expenses	<u>4,283,341</u>	<u>-</u>	<u>-</u>	<u>4,283,341</u>	<u>3,710,017</u>
Change in net assets	123,317	(163,646)	-	(40,329)	(87,788)
Net assets at beginning of year	<u>3,889,742</u>	<u>387,454</u>	<u>-</u>	<u>4,277,196</u>	<u>4,364,984</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 4,013,059</u></u>	<u><u>\$ 223,808</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,236,867</u></u>	<u><u>\$ 4,277,196</u></u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED APRIL 30, 2023

	Member Services	Continuing Professional Education	Peer Review	Administrative and General	Insurance Trust	Education Foundation	Total Expenses
Continuing professional education	\$ -	\$ 1,334,723	\$ -	\$ -	\$ -	\$ -	\$ 1,334,723
Salaries	537,266	422,137	-	-	-	-	959,403
Operating lease expense	43,255	79,956	-	7,865	-	-	131,076
Employee benefits	122,404	96,174	-	-	-	-	218,578
Travel and meeting	160,189	62,296	-	-	-	-	222,485
Postage and freight	21,178	19,548	-	-	-	-	40,726
Professional fees	56,185	51,864	-	-	-	2,917	110,966
Peer review and CART expenses	-	-	348,152	-	-	-	348,152
Public information and media relations	16,001	-	-	-	-	-	16,001
Payroll taxes	41,791	32,835	-	-	-	-	74,626
Office supplies	17,252	15,924	-	-	-	-	33,176
Miscellaneous	16,382	15,121	-	-	-	-	31,503
Service charges	55,058	50,822	-	-	-	-	105,880
Publications expense	3,297	3,044	-	-	-	-	6,341
Lagniappe publication expense	27,496	-	-	-	-	-	27,496
Telephone	25,347	23,398	-	-	-	-	48,745
Rentals and maintenance of equipment	1,811	1,672	-	-	-	-	3,483
Chapter function expenses	143,869	-	-	-	-	-	143,869
In-house CPE courses	-	39,658	-	-	-	-	39,658
Dues - Chapters' portion	80,850	-	-	-	-	-	80,850
Insurance	19,208	17,730	-	-	-	-	36,938
Property taxes	1,194	1,102	-	-	-	-	2,296
Scholarships	-	-	-	-	-	30,250	30,250
Computer services	60,259	62,878	-	7,860	-	-	130,997
Dues to associations	9,429	8,704	-	-	-	-	18,133
Awards	1,983	-	-	-	-	-	1,983
Finance lease interest	20	18	-	-	-	-	38
Total expenses before depreciation and amortization	1,461,724	2,339,604	348,152	15,725	-	33,167	4,198,372
Finance lease amortization	118	109	-	-	-	-	227
Depreciation and amortization	26,270	49,150	4,238	5,084	-	-	84,742
Total expenses	\$ 1,488,112	\$ 2,388,863	\$ 352,390	\$ 20,809	\$ -	\$ 33,167	\$ 4,283,341

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED APRIL 30, 2022

	Member <u>Services</u>	Continuing Professional <u>Education</u>	Peer <u>Review</u>	Administrative and <u>General</u>	Insurance <u>Trust</u>	Education <u>Foundation</u>	Total <u>Expenses</u>
Continuing professional education	\$ -	\$ 977,913	\$ -	\$ -	\$ -	\$ -	\$ 977,913
Salaries	544,698	427,978	-	-	-	-	972,676
Rent - office space	22,732	42,019	-	4,133	-	-	68,884
Employee benefits	120,990	95,064	-	-	-	-	216,054
Travel and meeting	114,528	44,539	-	-	-	-	159,067
Postage and freight	19,541	18,038	-	-	-	-	37,579
Professional fees	59,814	55,214	-	-	500	2,559	118,087
Peer review and CART expenses	-	-	397,749	-	-	-	397,749
Public information and media relations	11,913	-	-	-	-	-	11,913
Payroll taxes	42,205	33,161	-	-	-	-	75,366
Office supplies	21,266	19,630	-	-	-	-	40,896
Miscellaneous	16,717	15,431	-	-	-	-	32,148
Service charges	49,401	45,600	-	-	-	-	95,001
Publications expense	3,206	2,960	-	-	-	-	6,166
Lagniappe publication expense	29,145	-	-	-	-	-	29,145
Telephone	24,905	22,989	-	-	-	-	47,894
Rentals and maintenance of equipment	3,870	3,573	-	-	-	-	7,443
Chapter function expenses	95,300	-	-	-	-	-	95,300
In-house CPE courses	-	36,508	-	-	-	-	36,508
Dues - Chapters' portion	53,276	-	-	-	-	-	53,276
Insurance	10,879	10,042	-	-	-	-	20,921
Scholarships	-	-	-	-	-	31,225	31,225
Computer services	53,571	55,900	-	6,987	-	-	116,458
Dues to associations	7,445	6,873	-	-	-	-	14,318
Awards	2,224	-	-	-	-	-	2,224
Total expenses before depreciation and amortization	1,307,626	1,913,432	397,749	11,120	500	33,784	3,664,211
Depreciation and amortization	14,200	26,567	2,291	2,748	-	-	45,806
Total expenses	<u>\$ 1,321,826</u>	<u>\$ 1,939,999</u>	<u>\$ 400,040</u>	<u>\$ 13,868</u>	<u>\$ 500</u>	<u>\$ 33,784</u>	<u>\$ 3,710,017</u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (40,329)	\$ (87,788)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	84,969	45,806
Bad debt expense	2,575	3,246
Realized (gain) loss on sale of investments	11,977	(93,870)
Unrealized (gain) loss on investments	99,853	396,580
Dividends reinvested	(60,416)	(52,793)
(Gain) loss on disposal of equipment	-	(15,267)
Change in assets and liabilities:		
Accounts receivable	(9,982)	8,453
Prepaid expenses	14,770	(27,213)
Accounts payable and accrued liabilities	11,751	50,877
Deferred revenue	(30,605)	66,862
Net cash provided by operating activities	<u>84,563</u>	<u>294,893</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(688,237)	(109,373)
Proceeds from redemption of investments	659,367	215,067
Purchases of equipment	(53,944)	(227,215)
Net cash used by investing activities	<u>(82,814)</u>	<u>(121,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on finance lease liability	(227)	-
Net cash used by financing activities	<u>(227)</u>	<u>-</u>
Net change in cash and cash equivalents	1,749	173,372
Cash and cash equivalents at beginning of year	<u>1,552,618</u>	<u>1,379,246</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,554,367</u></u>	<u><u>\$ 1,552,618</u></u>
SUPPLEMENTAL DISCLOSURE:		
Interest paid	<u>\$ 38</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2023 AND 2022

ORGANIZATION:

The Society of Louisiana Certified Public Accountants (the Society) was incorporated in 1911 and is located in Metairie, Louisiana. The mission of the organization is to serve the common needs of its members and to enhance the professional environment in which they work. The membership includes approximately 5,850 Certified Public Accountants (CPAs), CPA licensee candidates, and students. The CPAs and CPA licensee candidates are primarily in Louisiana working in public practice, industry, government, and education. The primary sources of revenue to accomplish the purpose of the Society are membership dues and continuing professional education revenue.

The Society, through its Insurance Committee, maintains a trust to fund various types of group insurance and benefits for the Society's members who elect to participate, their employees, and such employees' dependents. The Insurance Trust reimburses the Society for administrative services provided to members. The total amount reimbursed to the Society during the years ended April 30, 2023 and 2022 amounted to \$-0- and \$30,776, respectively. The Insurance Trust has a December 31 fiscal year-end; however, the activity of the Insurance Trust has been combined using a reporting period of April 30. In April of 2022, management voted to dissolve the trust. As of April 30, 2022, the trust assets remained with its investment custodian, and the activity is reflected in the combined financial statements. In August 2022, the trust fund assets were transferred out to the Education Foundation, and the Insurance Trust was fully dissolved.

The Society also operates, through its Executive Committee, an Education Foundation. The Education Foundation has a fiscal reporting period of April 30. The objective of the Education Foundation is to promote accounting education and accounting careers to prospective CPAs, the public, and university faculty. The Education Foundation funds college scholarships for accounting students.

Effective May 1, 2017, the accounts of nine local chapters merged with the Society. Subsequent to the date of this merger, all operations of these nine local chapters are conducted by the Society. Current and prior year chapter function income and expenses are included in the statements of activities. The net assets transferred as of May 1, 2017, and the accumulated net income from the chapters since the date of transfer, have been designated by the Board for future chapter functions (see Note 6).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The Society and its related organizations recognize revenue and record expenses on the accrual basis of accounting.

Principles of Combination:

The financial statements include the accounts of the Society of Louisiana Certified Public Accountants Insurance Trust (Insurance Trust) and the Louisiana Certified Public Accountants Education Foundation, Inc. (Education Foundation) in accordance with FASB ASC 958-810-50.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation:

The Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets – with donor restrictions and net assets – without donor restrictions. Net assets – without donor restrictions are not subject to or are no longer subject to donor-imposed stipulations. Net assets – with donor restrictions is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents:

For the statement of cash flows, the Society considers cash on deposit, cash on hand, and money market funds with original maturities less than three months to be cash equivalents.

Accounts Receivable:

Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due (based on days since last payment). The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management’s evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past member history, any adverse situations that might affect the member’s ability to repay and current economic conditions. The need for an adjustment to the allowance is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values (based on quoted market prices) in the statement of financial position. Other investments include securities of a non-subsiary corporation for which there is no readily determinable fair market value. This investment has been carried at cost written down to \$100 based on management’s estimate of it having minimal or no value. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statements of activities and in the combined statements of functional expenses. Certain expenses have been allocated among various programs based on time allocation of Society staff. Facility and depreciation expenses are allocated to each function based on square footage utilized by the function.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment are recorded at cost. The policy of the Society is to capitalize assets with a value greater than \$500 and an economic life greater than one year. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, generally five years for office equipment, leasehold improvements and automobiles, and three years for computer equipment and related software. Depreciation and amortization expense totaled \$84,742 and \$45,806 in 2023 and 2022, respectively.

Deferred Revenue:

Deferred revenue consists primarily of billings and payments received from the peer review program, and registrants for continuing education seminars. The peer review program is billed on a calendar year basis with income recognized systematically over the same period as peer review services are performed. The deferred revenues and any related expenses from continuing education seminars are recognized as the seminars are held. Annual membership dues are recognized systematically over a twelve-month period.

Contributed Services:

During 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization.

Income Taxes:

The Society and Education Foundation are exempt from income taxes as entities described in Section 501(c)(6) and Section 501(c)(3), respectively, of the Internal Revenue Code. The Insurance Trust has no income subject to taxation. Therefore, no provision for income taxes has been made in the financial statements.

Unrelated business taxable income (UBTI) is derived from any activity that constitutes a trade or business that is regularly carried on and is not substantially related to the organization's tax-exempt purposes. During 2023 and 2022, the Society and the Education Foundation did not incur any income tax from UBTI.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of April 30, 2023 and 2022, the Society and its related organizations believe that they have no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax returns typically remain subject to examination by the taxing authorities for three years.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Advertising, Public Information Expense, and Media Relations Expense:

The Society records the costs of all advertising, public information expense, and media relations expense in the periods in which the advertising, public information, or media relations occurs. Such costs amounted to \$16,001 and \$11,912 in 2023 and 2022, respectively.

Use of Estimates:

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

2022 Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended April 30, 2022, from which the summarized information was derived.

Revenue Recognition:

As of May 1, 2020, the Society and its related organizations adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 was a comprehensive new revenue recognition standard that superseded most existing revenue recognition guidance under generally accepted accounting principles. Analysis of various provisions of this standard resulted in no significant changes in the way the Society and its related organizations recognized revenue, and therefore no changes to the previously issued audited financial statements were required. See additional information in note 11.

New Accounting Pronouncement:

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Most prominent among the changes in the standard is the recognition of right-of-use assets and lease

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement: (Continued)

liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Society adopted the requirements of ASU 2016-02 effective May 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Leases with a total contract value of \$10,000 or more are evaluated for the standard. The Society has elected to adopt the package of practical expedients available in the year of adoption. See below and Note 5 to the financial statements for additional information related to the Society's leases.

Leases:

The Society leases office space and equipment and determines if an agreement is a lease or contains a lease at inception. Under ASU 2016-02, an agreement is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. The Society only reassesses its determination if the terms and conditions of the contract are changed.

The lease term for accounting purposes may include options to extend or terminate the lease when it is reasonably certain that the Society will exercise the option. Right-of-use assets and the corresponding lease liabilities are recorded at the commencement date based on the present value of lease payments over the expected lease term. The Society used the risk-free borrowing rate to calculate the present value of the lease payments for its operating and finance leases unless the lease has a rate implicit in the lease agreement. Leases with a term of twelve months or less or month-to-month are excluded from this standard. Leases with a contract value of less than \$10,000 are recorded in the same manner as a short-term lease.

2. ACCOUNTS RECEIVABLE:

Accounts receivable consisted of the following as of April 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
CPE, Peer Review, CART	\$ 32,423	\$ 20,661
Other	-	4,355
Less: allowance	<u>(1,000)</u>	<u>(1,000)</u>
Accounts receivable, net of allowance	<u>\$ 31,423</u>	<u>\$ 24,016</u>

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2. ACCOUNTS RECEIVABLE: (Continued)

During the years ended April 30, 2023 and 2022, the Society recorded income of \$783 and \$811, respectively, from the recovery of bad debts written off in prior years. Adjustments to the provision for bad debts resulted in expense of \$2,575 and \$3,246, respectively, for the years ended April 30, 2023 and 2022.

3. INVESTMENTS AT FAIR VALUE:

Investments consisted of the following as of April 30, 2023:

	Fair Value			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2023</u>				
Society	\$ -	\$ 2,455,631	\$ 100	\$ 2,455,731
Insurance Trust	-	-	-	-
Education Foundation	23,511	465,027	-	488,538
Total Fair Value	\$ 23,511	\$ 2,920,658	\$ 100	\$ 2,944,269

	Cost			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2023</u>				
Society	\$ -	\$ 2,333,040	\$ 20,343	\$ 2,353,383
Insurance Trust	-	-	-	-
Education Foundation	23,511	440,700	-	464,211
Total Cost	\$ 23,511	\$ 2,773,740	\$ 20,343	\$ 2,817,594

	Unrealized Appreciation (Depreciation)			
	Money	Marketable	Other	Total
	Market Funds	Securities		
<u>April 30, 2023</u>				
Society	\$ -	\$ 122,591	\$ (20,243)	\$ 102,348
Insurance Trust	-	-	-	-
Education Foundation	-	24,327	-	24,327
Total Unrealized Depreciation	\$ -	\$ 146,918	\$ (20,243)	\$ 126,675

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3. INVESTMENTS AT FAIR VALUE: (Continued)

Investments consisted of the following as of April 30, 2022:

<u>April 30, 2022</u>	<u>Market Funds</u>	<u>Marketable Securities</u>	<u>Other</u>	<u>Total</u>
Society	\$ -	\$ 2,449,672	\$ 100	\$ 2,449,772
Insurance Trust	3,401	171,745	-	175,146
Education Foundation	3,212	322,777	-	325,989
Total Fair Value	<u>\$ 6,613</u>	<u>\$ 2,944,194</u>	<u>\$ 100</u>	<u>\$ 2,950,907</u>

Cost				
<u>April 30, 2022</u>	<u>Money Market Funds</u>	<u>Marketable Securities</u>	<u>Other</u>	<u>Total</u>
Society	\$ -	\$ 2,320,714	\$ 20,343	\$ 2,341,057
Insurance Trust	3,401	76,781	-	80,182
Education Foundation	3,212	299,369	-	302,581
Total Cost	<u>\$ 6,613</u>	<u>\$ 2,696,864</u>	<u>\$ 20,343</u>	<u>\$ 2,723,820</u>

Unrealized Appreciation (Depreciation)				
<u>April 30, 2022</u>	<u>Money Market Funds</u>	<u>Marketable Securities</u>	<u>Other</u>	<u>Total</u>
Society	\$ -	\$ 128,958	\$ (20,243)	\$ 108,715
Insurance Trust	-	94,964	-	94,964
Education Foundation	-	23,408	-	23,408
Total Unrealized Appreciation (Depreciation)	<u>\$ -</u>	<u>\$ 247,330</u>	<u>\$ (20,243)</u>	<u>\$ 227,087</u>

Fair value is determined using a hierarchy which has three levels based on the reliability of the inputs. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability; and Level 3, unobservable inputs for use when little or no market data exists. All investments of the Society recorded at fair value are within Level 1 of the fair value hierarchy. Although the Society 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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3. INVESTMENTS AT FAIR VALUE: (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended April 30, 2023 and 2022:

	April 30, 2023		
	Without donor restrictions	With donor restrictions	Total
Interest and dividends	\$ 63,424	\$ 1,025	\$ 64,449
Net realized and unrealized gain (loss)	(17,367)	(2,942)	(20,309)
Total investment return	\$ 46,057	\$ (1,917)	\$ 44,140
	April 30, 2022		
	Without donor restrictions	With donor restrictions	Total
Interest and dividends	\$ 46,776	\$ 3,886	\$ 50,662
Net realized and unrealized gain	(308,901)	6,191	(302,710)
Total investment return	\$ (262,125)	\$ 10,077	\$ (252,048)

4. CONCENTRATIONS AND RISKS:

The Society maintained cash accounts at local banks during 2023 and 2022. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 in the aggregate, per financial institution. In the event of a failure of the bank, the FDIC is not obligated to pay uninsured deposits. At various times during 2023 and 2022, the Society had funds on deposit in excess of the insured amount. As of April 30, 2023 and 2022, the Society had bank balances in excess of insurance coverage of \$889,090 and \$930,697, respectively.

Investments represent a significant portion of total assets. Such investments are subject to interest rate and other risks including the possible loss of principal as reflected in the statement of financial position. Future changes in the financial markets could affect the future earnings from these investments.

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5. LEASE COMMITMENTS:

During the year ended April 30, 2023, the Society maintained two lease agreements for the rental of office space for its operations which are classified as operating leases. The Society also maintained a lease for the use of a copy machine that is classified as a finance lease.

During the year ended April 30, 2022, the Society entered into a 64 month lease agreement for an office in Metairie, Louisiana through May 31, 2027. This lease included abatement of four months of rent from February through May of 2022. This abatement resulted in deferred revenue of \$35,340 as of April 30, 2022. The lease includes a security deposit equal to the first month's rent payment. There are no variable lease payments under this lease. The lease includes a renewal option for five years upon expiration of the initial 64 month lease agreement. The Society anticipates to exercise this renewal option; therefore, the additional five year renewal period is included in the calculation of the right-of-use asset and operating lease liability. The lease agreement did not specify an explicit interest rate; therefore, the Society used its ten year risk-free rate of 2.89% in calculating the right-of-use asset and liability. Upon commencement of the lease, the Society recognized a right-of-use lease asset and right-of-use lease liability of \$1,125,433 and \$1,150,001, respectively.

The Society also entered into a lease agreement on December 31, 2015 for the use of office space in Baton Rouge at a monthly rate of \$1,500 per month. The lease is subject to automatic renewal. If lessee, or lessor, desires that the lease terminate at the expiration of its term, he must give to the other written notice of at least 30 days prior to that date. The lease has been continually renewed on annual basis, with the monthly rate increasing to \$1,600 per month beginning January 1, 2021. The lease was renewed on January 1, 2021 and January 1, 2022 for one-year increments. The Society expects to maintain this lease through at least December 31, 2026 at the monthly rate of \$1,600. The lease agreement did not specify an explicit interest rate; therefore, the Society used the three year risk-free rate of 2.87% in calculating the right-of-use asset and operating lease liability. Upon commencement of the lease, the Society recognized a right-of-use lease asset and a right-of-use lease liability of \$107,211 and \$105,711, respectively.

During the year ended April 30, 2023, the Society entered into a five year lease agreement for a copy machine. The agreement is considered to be a finance lease agreement applicable under ASU 2016-02, *Leases* (Topic 842). The lease commenced on April 17, 2023, with monthly payments of \$247. There are no variable payments under lease, and the Society does not have any right to extend or terminate the lease. The lease agreement did not specify an explicit interest rate; therefore, the Society used the five year risk-free rate of 3.37% in calculating the right-of-use asset and finance lease liability. Upon commencement of the lease, the right-of-use lease asset and right-of-use lease liability were \$13,621 and \$13,621, respectively.

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5. LEASE COMMITMENTS: (Continued)

The following summarizes the line items in the combined statements of financial position for operating and finance leases as of April 30, 2023:

<u>Leases</u>	<u>Classification</u>	<u>Amount</u>
Assets:		
Operating	Right-of-use assets - office leases	\$ 1,114,044
Finance	Right-of-use assets - equipment	13,394
		<u>\$ 1,127,438</u>
Current Liabilities:		
Operating	Operating lease liability - office leases	\$ 119,063
Finance	Finance lease liability - equipment	2,551
		<u>\$ 121,614</u>
Non-current Liabilities:		
Operating	Operating lease liability - office leases	\$ 1,011,097
Finance	Finance lease liability - equipment	10,861
		<u>\$ 1,021,958</u>

The following summarizes the weighted average remaining lease term and discount rate as of April 30, 2023:

Weighted Average Remaining Lease Term	<u>Amount</u>
Operating leases	8.39 Years
Finance leases	4.92 Years
Weighted Average Discount Rate	
Operating leases	2.89%
Finance leases	3.37%

The maturities of lease liabilities as of April 30, 2023 were as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Operating</u>	<u>Finance</u>
2024	\$ 150,147	\$ 2,964
2025	151,494	2,964
2026	152,840	2,964
2027	147,450	2,964
2028	134,650	2,717
Thereafter	544,210	-
Total Lease Payments	<u>1,280,791</u>	<u>14,573</u>
Less: Interest	<u>(150,631)</u>	<u>(1,161)</u>
Present Value of Lease Liabilities	<u>\$ 1,130,160</u>	<u>\$ 13,412</u>

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5. LEASE COMMITMENTS: (Continued)

The following summarizes the line items in the combined statements of activities which include the components of lease expense for the year ended April 30, 2023:

<u>Lease Cost</u>	<u>Classification</u>	<u>Amount</u>
Operating leases	Included in member services	\$ 43,255
	Included in continuing professional education	79,956
	Included in administrative and general	7,865
Total operating lease costs		<u>\$ 131,076</u>
Finance leases	Amortization of lease assets:	
	Included in member services	\$ 118
	Included in continuing professional education	109
	Interest on lease liabilities:	
	Included in member services	20
	Included in continuing professional education	18
Total finance lease costs		<u>\$ 265</u>
Short-term leases	Included in member services	\$ 1,811
	Included in continuing professional education	1,672
Total short-term leases		<u>\$ 3,483</u>

The following summarizes cash flow information related to leases for the year ended April 30, 2023:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 131,076
Operating cash flows from finance leases	\$ 38
Financing cash flows from finance leases	\$ 209

Lease assets obtained in exchange for lease liabilities:

Operating lease – office leases	\$ 1,232,644
Finance lease – equipment	\$ 13,621

6. BOARD DESIGNATED NET ASSETS:

The Education Foundation has designated investment income and unrealized gains (losses) on endowment assets for the purpose of awarding scholarships. Designated net assets for this purpose totaled \$285,586 and \$121,014 as of April 30, 2023 and 2022, respectively.

The Society has designated net assets for the purpose of conducting the activities of the individual chapters. Designated net assets for this purpose totaled \$364,793 and \$379,660 as of April 30, 2023 and 2022, respectively.

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7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the purpose of administering the Insurance Trust fund. Additionally, donations with donor imposed restrictions for the purpose of awarding scholarships are considered restricted until the scholarships are awarded. Students are selected to be given scholarships based on academic merit and achievement and an essay. They must be at least a fifth semester student enrolled in an accounting program in a Louisiana four-year college or university.

Net assets with donor restrictions for the Insurance Trust fund as of April 30, 2023 and 2022 were \$-0- and \$174,646 respectively. The Insurance Trust fund was dissolved during the year ended April 30, 2023, and the assets remaining of \$172,729 were transferred into the Education Foundation. Donor-restricted endowment fund net assets are restricted to the principal of endowment fund investments in perpetuity. The income is expendable to support the purpose of scholarship awards (see Note 8). These net assets with donor restrictions totaled \$223,808 and \$212,808 for the years ended April 30, 2023 and 2022, respectively.

Net assets totaling \$187,102 and \$45,221 in 2023 and 2022, respectively, were released from restrictions by incurring expenses satisfying the restricted purpose.

8. ENDOWMENT ASSETS:

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment fund assets consist of four separate funds. The principal investment is restricted in perpetuity (see Note 7). Investment income and unrealized gains or losses are Board designated for the purpose of awarding scholarships. Dues contributions from members are restricted until funds are released for the purpose of awarding scholarships (see Note 6). Contributions with restrictions totaled \$11,000 and \$6,000 for the years ended April 30, 2023 and 2022, respectively.

Interpretation of Relevant Law:

The Board of Trustees of the Education Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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. As a result of this interpretation, the Education Foundation classifies as net assets with restrictions (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 is classified as net assets with restrictions until those amounts are appropriated for expenditures by the organization in a manner consistent with the standard for prudence prescribed by SPMIFA.

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8. ENDOWMENT ASSETS: (Continued)

Interpretation of Relevant Law: (Continued)

In accordance with SPMIFA, the Education Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the organization
- 7) The investment policies of the Education Foundation

Financial Summary:

The following summarizes the financial activity for the Education Foundation for 2023 and 2022:

Endowment Net Asset Composition by Type of Fund
as of April 30, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 223,808	\$ 223,808
Board-designated endowment funds	285,586	-	285,586
Endowment net assets, end of year	\$ 285,586	\$ 223,808	\$ 509,394

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8. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

Changes in Foundation Endowment Net Assets
for the Fiscal Year Ended April 30, 2023

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 121,014	\$ 212,808	\$ 333,822
Investment return:			
Investment income	8,876	-	8,876
Net appreciation (realized and unrealized)	1,762	-	1,762
Total investment return	10,638	-	10,638
Transfer in from Insurance Trust	172,728	-	172,728
Contributions	14,373	11,000	25,373
Appropriation for investment fees	(2,917)	-	(2,917)
Appropriation of endowment assets for scholarships	(30,250)	-	(30,250)
Endowment net assets, end of year	<u>\$ 285,586</u>	<u>\$ 223,808</u>	<u>\$ 509,394</u>

Endowment Net Asset Composition by Type of Fund
as of April 30, 2022

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 212,808	\$ 212,808
Board-designated endowment funds	121,014	-	121,014
Endowment net assets, end of year	<u>\$ 121,014</u>	<u>\$ 212,808</u>	<u>\$ 333,822</u>

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8. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

Changes in Foundation Endowment Net Assets
for the Fiscal Year Ended April 30, 2022

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 168,109</u>	<u>\$ 206,808</u>	<u>\$ 374,917</u>
Investment return:			
Investment income	4,947	-	4,947
Net appreciation (realized and unrealized)	<u>(32,203)</u>	-	<u>(32,203)</u>
Total investment return	<u>(27,256)</u>	-	<u>(27,256)</u>
Contributions	13,945	6,000	19,945
Appropriation for investment fees	(2,559)	-	(2,559)
Appropriation of endowment assets for scholarships	<u>(31,225)</u>	-	<u>(31,225)</u>
Endowment net assets, end of year	<u><u>\$ 121,014</u></u>	<u><u>\$ 212,808</u></u>	<u><u>\$ 333,822</u></u>

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Education Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without restrictions. These deficiencies may result from unfavorable market fluctuations occurring after the investment of new permanently restricted contributions and continued appropriation for scholarships that was deemed prudent by the Board of Trustees. There were no such deficiencies as of April 30, 2023 or 2022.

Return Objectives and Risk Parameters:

The Education Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to scholarships supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets may include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the

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8. ENDOWMENT ASSETS: (Continued)

Return Objectives and Risk Parameters: (Continued)

Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the principal of the endowment assets.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Education Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Education Foundation targets a diversified asset allocation that places an emphasis on equities and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The Education Foundation has a policy of appropriating for distribution each year a target of 2% - 5% of the value of the total portfolio's preceding 3-year average market value. Accordingly, over the long-term, the Education Foundation expects the current spending policy to allow for preservation of the principal.

9. PENSION PLAN:

Substantially all Society employees meeting certain minimum service and age requirements are covered by a defined contribution plan and are 100% vested upon entrance into the plan after these eligibility requirements are met. The Society's contribution to the plan is calculated as 10% of the eligible employee's compensation. The eligible employees are also allowed to make contributions to the plan up to a maximum of 15% of their compensation. Plan funding is made in accordance with the provisions of the plan. The Society contributed \$97,922 and \$96,376 in 2023 and 2022, respectively.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Society manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations. The primary sources of revenue are members' dues and continuing professional education. The Society utilizes operating cash and reserves for any annual cash requirements, if any. The following table reflects the Society's financial assets (cash and cash equivalents, accounts receivable, investments and other assets) as April 30, 2023 and 2022, reduced by amounts not available for expenses within one year of balance sheet date:

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10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and equivalents	\$ 1,554,367	\$ 1,552,618
Investments	2,944,269	2,950,907
Accounts receivable, net	<u>31,423</u>	<u>24,016</u>
 Total financial assets	 <u>4,530,059</u>	 <u>4,527,541</u>
Less: those unavailable for expenses within one year, due to:		
Board-designated endowment fund	(285,586)	(121,014)
Board-designated Individual chapters activity	(364,793)	(379,660)
Donor-restricted Insurance Trust fund	-	(174,646)
Donor-restricted endowment fund	<u>(223,808)</u>	<u>(212,808)</u>
 Financial assets available to meet cash needs for expenses in one year	 <u>\$ 3,655,872</u>	 <u>\$ 3,639,413</u>

11. REVENUE RECOGNITION:

ASC 606 was a comprehensive new revenue recognition standard that superseded most existing revenue recognition guidance under generally accepted accounting principles. The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASC 606 prescribes a five-step process to accomplish this core principle, including:

- Identification of the contract with the customer;
- Identification of the performance obligation(s) under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligation(s); and
- Recognition of revenue as (or when) an entity satisfies the identified performance obligation(s).

Membership dues are charged to members and recognized over time on a monthly basis as the performance obligation is satisfied. Any amounts not earned are recorded as a contract liability. CPE revenue consists of fees for events and classes that are recognized when the event occurs and the performance obligation is satisfied. Any amounts received for these classes that have not yet been earned are recorded as a contract liability. Peer Review fees consist of fees for the performance

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
APRIL 30, 2023 AND 2022

11. REVENUE RECOGNITION: (Continued)

of peer reviews for participating accounting firms and are recognized monthly when the peer review is performed. Any amounts received for peer reviews that have not yet been earned are recorded as a contract liability. Lagniappe Ad Sales revenue is recorded over time as the Lagniappe is published and distributed and the performance obligation is satisfied. The above sources of revenue are considered exchange transactions.

Contract assets consist of accounts receivable for CPE and Peer Review revenue. Contract liabilities consist of deferred revenue for member dues, CPE revenue, and Peer Review revenue.

Revenue from contracts with customers included the following for the years ended April 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Membership dues	\$ 1,182,651	\$ 1,216,770
CPE revenue	2,455,103	2,046,624
Peer review fees	318,111	402,523
Lagniappe ad sales	57,956	55,745
	<u>\$ 4,013,821</u>	<u>\$ 3,721,662</u>
 Contract assets	 <u>\$ 31,423</u>	 <u>\$ 19,661</u>
 Contract liabilities	 <u>\$ 203,470</u>	 <u>\$ 205,619</u>

12. SUBSEQUENT EVENTS:

Management of the Society has evaluated subsequent events through July 18, 2023, the date that the financial statements were available to be issued.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
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SUPPLEMENTARY INFORMATION
COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023								2022 Summarized Financial Information	
	Society				Society Total	Insurance Trust	Education Foundation	Eliminations		2023 Total
	Member Services	Continuing Professional Education	Peer Review	Administrative and General						
Support and revenues:										
Continuing professional education	\$ -	\$ 2,362,680	\$ -	\$ -	\$ 2,362,680	\$ -	\$ -	\$ -	\$ 2,362,680	\$ 1,980,705
Member dues	1,182,651	-	-	-	1,182,651	-	-	-	1,182,651	1,216,770
Peer review firm fees and CART fees	-	-	318,111	-	318,111	-	-	-	318,111	402,523
Unrealized gain (loss) on investments	(2,208)	(4,483)	-	-	(6,691)	(94,463)	1,301	-	(99,853)	(396,580)
In-house CPE courses	-	92,423	-	-	92,423	-	-	-	92,423	65,919
Royalty income	20,565	-	-	-	20,565	-	-	-	20,565	18,706
Income (loss) from investments	13,896	28,214	-	-	42,110	92,546	9,337	-	143,993	144,532
Chapter function income	124,920	-	-	-	124,920	-	-	-	124,920	94,426
Lagniappe ad sales	57,956	-	-	-	57,956	-	-	-	57,956	55,745
Education contributions	-	-	-	-	-	-	25,373	-	25,373	19,945
Miscellaneous	3,415	218	-	-	3,633	-	-	-	3,633	1,011
Application and late fees	10,560	-	-	-	10,560	-	-	-	10,560	3,260
Gain on disposal of assets	-	-	-	-	-	-	-	-	-	15,267
Total support and revenues	<u>1,411,755</u>	<u>2,479,052</u>	<u>318,111</u>	<u>-</u>	<u>4,208,918</u>	<u>(1,917)</u>	<u>36,011</u>	<u>-</u>	<u>4,243,012</u>	<u>3,622,229</u>

(Continued)

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
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COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023								2022 Summarized Financial Information	
	Society				Society Total	Insurance Trust	Education Foundation	Eliminations		2023 Total
	Member Services	Continuing Professional Education	Peer Review	Administrative and General						
Expenses:										
Continuing professional education	\$ -	\$ 1,334,723	\$ -	\$ -	\$ 1,334,723	\$ -	\$ -	\$ -	\$ 1,334,723	\$ 977,913
Salaries	537,266	422,137	-	-	959,403	-	-	-	959,403	972,676
Operating lease expense	43,255	79,956	-	7,865	131,076	-	-	-	131,076	68,884
Employee benefits	122,404	96,174	-	-	218,578	-	-	-	218,578	216,054
Travel and meeting	160,189	62,296	-	-	222,485	-	-	-	222,485	159,067
Postage and freight	21,178	19,548	-	-	40,726	-	-	-	40,726	37,579
Professional fees	56,185	51,864	-	-	108,049	-	2,917	-	110,966	118,087
Peer review and CART expenses	-	-	348,152	-	348,152	-	-	-	348,152	397,749
Public information and media relations	16,001	-	-	-	16,001	-	-	-	16,001	11,913
Payroll taxes	41,791	32,835	-	-	74,626	-	-	-	74,626	75,366
Office supplies	17,252	15,924	-	-	33,176	-	-	-	33,176	40,896
Miscellaneous	16,382	15,121	-	-	31,503	-	-	-	31,503	32,148
Service charges	55,058	50,822	-	-	105,880	-	-	-	105,880	95,001
Publications expense	3,297	3,044	-	-	6,341	-	-	-	6,341	6,166
Lagniappe publication expense	27,496	-	-	-	27,496	-	-	-	27,496	29,145
Telephone	25,347	23,398	-	-	48,745	-	-	-	48,745	47,894
Rentals and maintenance of equipment	1,811	1,672	-	-	3,483	-	-	-	3,483	7,443
Chapter function expenses	143,869	-	-	-	143,869	-	-	-	143,869	95,300
In-house CPE courses	-	39,658	-	-	39,658	-	-	-	39,658	36,508
Dues - Chapters' portion	80,850	-	-	-	80,850	-	-	-	80,850	53,276
Insurance	19,208	17,730	-	-	36,938	-	-	-	36,938	20,921
Property taxes	1,194	1,102	-	-	2,296	-	-	-	2,296	-
Scholarships	-	-	-	-	-	-	30,250	-	30,250	31,225
Computer services	60,259	62,878	-	7,860	130,997	-	-	-	130,997	116,458
Dues to associations	9,429	8,704	-	-	18,133	-	-	-	18,133	14,318
Awards	1,983	-	-	-	1,983	-	-	-	1,983	2,224
Finance lease interest	20	18	-	-	38	-	-	-	38	-
Total expenses before depreciation and amortization	1,461,724	2,339,604	348,152	15,725	4,165,205	-	33,167	-	4,198,372	3,664,211

(Continued)

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
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COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED APRIL 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023								2022	
	Society					Insurance	Education	2023		Summarized
	Member	Continuing	Peer	Administrative	Society					
Services	Professional	Review	General	Total	Trust	Foundation	-	Total	Information	
Expenses: (Continued)										
Finance lease amortization	118	109	-	-	227	-	-	-	227	-
Depreciation and amortization	26,270	49,150	4,238	5,084	84,742	-	-	-	84,742	45,806
Total expenses	<u>1,488,112</u>	<u>2,388,863</u>	<u>352,390</u>	<u>20,809</u>	<u>4,250,174</u>	<u>-</u>	<u>33,167</u>	<u>-</u>	<u>4,283,341</u>	<u>3,710,017</u>
Transfers	-	-	-	-	-	(172,729)	172,729	-	-	-
TOTAL CHANGE IN NET ASSETS	<u>\$ (76,357)</u>	<u>\$ 90,189</u>	<u>\$ (34,279)</u>	<u>\$ (20,809)</u>	<u>\$ (41,256)</u>	<u>\$ (174,646)</u>	<u>\$ 175,573</u>	<u>\$ -</u>	<u>\$ (40,329)</u>	<u>\$ (87,788)</u>