

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED APRIL 30, 2024 AND 2023

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
APRIL 30, 2024 AND 2023

TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT AUDITOR’S REPORT.....                            | 1 – 3       |
| FINANCIAL STATEMENTS:  |             |
| Combined Statements of Financial Position .....              | 4           |
| Combined Statements of Activities.....                       | 5           |
| Combined Statements of Functional Expenses .....             | 6 – 7       |
| Combined Statements of Cash Flows.....                       | 8           |
| Notes to the Combined Financial Statements .....             | 9 – 26      |
| SUPPLEMENTARY INFORMATION:                                   |             |
| Combined Statements of Functional Revenues and Expenses..... | 27 – 29     |



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## INDEPENDENT AUDITOR'S REPORT

August 5, 2024

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, 2024 and 2023 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 combined 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, 2024 and 2023, and the changes in their net assets and their 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. 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 audits. 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 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 Society of Louisiana Certified Public Accountants' ability to continue as a going concern within one year after the date that the combined 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 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 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 combined 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.

### **Report on 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 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 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' 2023 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated July 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2023, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Duplantier, Hopmann, Hogan & Rotter LLP". The signature is written in a cursive style.

New Orleans, Louisiana

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
COMBINED STATEMENTS OF FINANCIAL POSITION  
APRIL 30, 2024 AND 2023

|  | <u>2024</u>  | <u>2023</u>  |
|--|--------------|--------------|
| <u>ASSETS</u>  |              |              |
| Current Assets:  |              |              |
| Cash and cash equivalents  | \$ 725,212   | \$ 1,554,367 |
| Accounts receivable, net of allowance for credit losses of \$1,000 and \$1,000, respectively | 22,044       | 31,423       |
| Prepaid expenses   | 57,654       | 47,436       |
| Total current assets   | 804,910      | 1,633,226    |
| Investments at fair value:   |              |              |
| Investments - Society  | 3,419,822    | 2,455,731    |
| Investments - Education Foundation   | 528,375      | 488,538      |
| Total investments at fair value  | 3,948,197    | 2,944,269    |
| Other Assets:  |              |              |
| Operating lease right-of-use assets, net   | 1,001,933    | 1,114,044    |
| Total other assets   | 1,001,933    | 1,114,044    |
| Property and equipment:  |              |              |
| Leasehold improvements   | 37,326       | 35,291       |
| Office furniture and equipment   | 449,289      | 427,793      |
| Finance lease right-of-use assets  | 10,670       | 13,394       |
| Less accumulated depreciation and amortization   | (326,780)    | (243,454)    |
| Property and equipment - net   | 170,505      | 233,024      |
| TOTAL ASSETS   | \$ 5,925,545 | \$ 5,924,563 |
| <u>LIABILITIES AND NET ASSETS</u>  |              |              |
| LIABILITIES:   |              |              |
| Current liabilities:   |              |              |
| Accounts payable and accrued liabilities   | \$ 322,838   | \$ 295,612   |
| Deferred revenue   | 261,666      | 248,512      |
| Operating lease liabilities  | 123,910      | 119,063      |
| Finance lease liabilities  | 2,638        | 2,551        |
| Total current liabilities  | 711,052      | 665,738      |
| Long-term liabilities:   |              |              |
| Operating lease liabilities  | 887,187      | 1,011,097    |
| Finance lease liabilities  | 8,223        | 10,861       |
| Total long-term liabilities  | 895,410      | 1,021,958    |
| Total liabilities  | 1,606,462    | 1,687,696    |
| NET ASSETS:  |              |              |
| Without donor restrictions:  |              |              |
| Undesignated   | 3,420,426    | 3,362,680    |
| Board designated   | 663,849      | 650,379      |
| With donor restrictions  | 234,808      | 223,808      |
| Total net assets   | 4,319,083    | 4,236,867    |
| TOTAL LIABILITIES AND NET ASSETS   | \$ 5,925,545 | \$ 5,924,563 |

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, 2024  
WITH COMPARATIVE TOTALS FOR 2023

|                                       | Without<br><u>Restrictions</u> | With<br><u>Restrictions</u> | <u>Eliminations</u> | 2024<br><u>Total</u> | 2023<br>Summarized<br>Financial<br><u>Information</u> |
|---------------------------------------|--------------------------------|-----------------------------|---------------------|----------------------|---|
| Support and Revenues:                 |                                |                             |                     |                      |   |
| Continuing professional education     | \$ 1,863,146                   | \$ -                        | \$ -                | \$ 1,863,146         | \$ 2,362,680  |
| Member dues                           | 1,209,951                      | -                           | -                   | 1,209,951            | 1,182,651   |
| Peer review firm fees and CART fees   | 295,895                        | -                           | -                   | 295,895              | 318,111   |
| Income (loss) from investments        | 389,399                        | -                           | -                   | 389,399              | 44,140  |
| In-house CPE courses                  | 38,791                         | -                           | -                   | 38,791               | 92,423  |
| Royalty income                        | 16,969                         | -                           | -                   | 16,969               | 20,565  |
| Chapter functions income              | 90,839                         | -                           | -                   | 90,839               | 124,920   |
| Lagniappe ad sales                    | 38,509                         | -                           | -                   | 38,509               | 57,956  |
| Education contributions               | -                              | 23,917                      | -                   | 23,917               | 25,373  |
| Miscellaneous                         | 8,640                          | -                           | -                   | 8,640                | 3,633   |
| Application and late fees             | 10,790                         | -                           | -                   | 10,790               | 10,560  |
| Net assets released from restrictions | 12,917                         | (12,917)                    | -                   | -                    | -   |
| Total support and revenue             | <u>3,975,846</u>               | <u>11,000</u>               | <u>-</u>            | <u>3,986,846</u>     | <u>4,243,012</u>                                      |
| Expenses:                             |                                |                             |                     |                      |   |
| Program services:                     |                                |                             |                     |                      |   |
| Member services                       | 1,458,169                      | -                           | -                   | 1,458,169            | 1,488,112   |
| Continuing professional education     | 2,042,779                      | -                           | -                   | 2,042,779            | 2,388,863   |
| Peer review                           | 343,198                        | -                           | -                   | 343,198              | 352,390   |
| Education foundation                  | 40,369                         | -                           | -                   | 40,369               | 33,167  |
| Supporting services:                  |                                |                             |                     |                      |   |
| Administrative and general            | 20,115                         | -                           | -                   | 20,115               | 20,809  |
| Total expenses                        | <u>3,904,630</u>               | <u>-</u>                    | <u>-</u>            | <u>3,904,630</u>     | <u>4,283,341</u>                                      |
| Change in net assets                  | 71,216                         | 11,000                      | -                   | 82,216               | (40,329)  |
| Net assets at beginning of year       | <u>4,013,059</u>               | <u>223,808</u>              | <u>-</u>            | <u>4,236,867</u>     | <u>4,277,196</u>                                      |
| NET ASSETS AT END OF YEAR             | <u>\$ 4,084,275</u>            | <u>\$ 234,808</u>           | <u>\$ -</u>         | <u>\$ 4,319,083</u>  | <u>\$ 4,236,867</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, 2024

|  | Member<br><u>Services</u> | Continuing<br>Professional<br><u>Education</u> | Peer<br><u>Review</u> | Administrative<br>and<br><u>General</u> | Education<br><u>Foundation</u> | Total<br><u>Expenses</u> |
|--|---------------------------|--|-----------------------|---|--------------------------------|--------------------------|
| Continuing professional education                      | \$ -                      | \$ 1,041,419                                   | \$ -                  | \$ -                                    | \$ -                           | \$ 1,041,419             |
| Salaries   | 558,358                   | 404,328  | -                     | -                                       | -                              | 962,686                  |
| Operating lease expense                                | 47,254                    | 87,349   | -                     | 8,592                                   | -                              | 143,195                  |
| Employee benefits                                      | 125,680                   | 91,009   | -                     | -                                       | -                              | 216,689                  |
| Travel and meeting                                     | 196,857                   | 76,555   | -                     | -                                       | -                              | 273,412                  |
| Postage and freight                                    | 17,453                    | 16,110   | -                     | -                                       | -                              | 33,563                   |
| Professional fees                                      | 48,063                    | 44,366   | -                     | -                                       | 3,719                          | 96,148                   |
| Peer review and CART expenses                          | -                         | -  | 339,032               | -                                       | -                              | 339,032                  |
| Public information and media relations                 | 14,770                    | -  | -                     | -                                       | -                              | 14,770                   |
| Payroll taxes  | 44,568                    | 32,274   | -                     | -                                       | -                              | 76,842                   |
| Office supplies  | 12,124                    | 11,191   | -                     | -                                       | -                              | 23,315                   |
| Miscellaneous  | 18,181                    | 16,782   | -                     | -                                       | -                              | 34,963                   |
| Service charges  | 49,129                    | 45,350   | -                     | -                                       | -                              | 94,479                   |
| Publications expense                                   | 1,095                     | 1,011  | -                     | -                                       | -                              | 2,106                    |
| Lagniappe publication expense                          | 21,015                    | -  | -                     | -                                       | -                              | 21,015                   |
| Telephone  | 20,567                    | 18,985   | -                     | -                                       | -                              | 39,552                   |
| Rentals and maintenance of equipment                   | 182                       | 168  | -                     | -                                       | -                              | 350                      |
| Chapter function expenses                              | 115,023                   | -  | -                     | -                                       | -                              | 115,023                  |
| In-house CPE courses                                   | -                         | 19,015   | -                     | -                                       | -                              | 19,015                   |
| Dues - Chapters' portion                               | 47,919                    | -  | -                     | -                                       | -                              | 47,919                   |
| Insurance  | 26,344                    | 24,318   | -                     | -                                       | -                              | 50,662                   |
| Property taxes   | 1,543                     | 1,424  | -                     | -                                       | -                              | 2,967                    |
| Scholarships   | -                         | -  | -                     | -                                       | 36,650                         | 36,650                   |
| Computer services                                      | 50,007                    | 52,181   | -                     | 6,523                                   | -                              | 108,711                  |
| Dues to associations                                   | 9,868                     | 9,109  | -                     | -                                       | -                              | 18,977                   |
| Awards   | 4,707                     | -  | -                     | -                                       | -                              | 4,707                    |
| Finance lease interest                                 | 215                       | 198  | -                     | -                                       | -                              | 413                      |
| Total expenses before<br>depreciation and amortization | 1,430,922                 | 1,993,142                                      | 339,032               | 15,115                                  | 40,369                         | 3,818,580                |
| Finance lease amortization                             | 1,416                     | 1,308  | -                     | -                                       | -                              | 2,724                    |
| Depreciation and amortization                          | 25,831                    | 48,329   | 4,166                 | 5,000                                   | -                              | 83,326                   |
| Total expenses   | <u>\$ 1,458,169</u>       | <u>\$ 2,042,779</u>                            | <u>\$ 343,198</u>     | <u>\$ 20,115</u>                        | <u>\$ 40,369</u>               | <u>\$ 3,904,630</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<br><u>Services</u> | Continuing<br>Professional<br><u>Education</u> | Peer<br><u>Review</u> | Administrative<br>and<br><u>General</u> | Education<br><u>Foundation</u> | Total<br><u>Expenses</u> |
|--|---------------------------|--|-----------------------|---|--------------------------------|--------------------------|
| 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<br>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   | <u>\$ 1,488,112</u>       | <u>\$ 2,388,863</u>                            | <u>\$ 352,390</u>     | <u>\$ 20,809</u>                        | <u>\$ 33,167</u>               | <u>\$ 4,283,341</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, 2024 AND 2023

|  | <u>2024</u>              | <u>2023</u>                |
|--|--------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                          |                            |
| Change in net assets   | \$ 82,216                | \$ (40,329)                |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                          |                            |
| Depreciation and amortization  | 86,050                   | 84,969                     |
| Operating lease rent abatement amortization  | (6,953)                  | -                          |
| Credit loss expense  | 858                      | 2,575                      |
| Realized (gain) loss on sale of investments  | (290,634)                | 11,977                     |
| Unrealized (gain) loss on investments  | 51,288                   | 99,853                     |
| Dividends reinvested   | (33,221)                 | (60,416)                   |
| Change in assets and liabilities:  |                          |                            |
| Accounts receivable  | 8,521                    | (9,982)                    |
| Prepaid expenses   | (10,218)                 | 14,770                     |
| Accounts payable and accrued liabilities   | 27,226                   | 11,751                     |
| Deferred revenue   | 13,154                   | (30,605)                   |
| Net cash provided (used) by operating activities   | <u>(71,713)</u>          | <u>84,563</u>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                          |                            |
| Purchases of investments   | (3,399,620)              | (688,237)                  |
| Proceeds from redemption of investments  | 2,668,259                | 659,576                    |
| Purchases of equipment   | (23,530)                 | (53,944)                   |
| Net cash used by investing activities  | <u>(754,891)</u>         | <u>(82,605)</u>            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                          |                            |
| Principal payments on finance lease liability  | (2,551)                  | (209)                      |
| Net cash used by financing activities  | <u>(2,551)</u>           | <u>(209)</u>               |
| Net change in cash and cash equivalents  | (829,155)                | 1,749                      |
| Cash and cash equivalents at beginning of year   | <u>1,554,367</u>         | <u>1,552,618</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <u><u>\$ 725,212</u></u> | <u><u>\$ 1,554,367</u></u> |
| <b>SUPPLEMENTAL DISCLOSURE:</b>  |                          |                            |
| Interest paid  | <u>\$ 413</u>            | <u>\$ 38</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, 2024 AND 2023

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 6,278 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 Executive Committee, operates 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 combined 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).

The Society, through its Insurance Committee, had maintained a trust in prior years to fund various types of group insurance and benefits for the Society's members who had elected to participate, their employees, and such employees' dependents. The Insurance Trust reimbursed the Society for administrative services provided to members. 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 was 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. There was no activity in the fiscal reporting period ended April 30, 2024.

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 combined 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. The Insurance Trust was dissolved in the fiscal year ended April 30, 2023.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

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 are limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents:

For the combined 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 is stated at cost less an allowance for credit losses. 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 to reflect any changes in credit risk since receivables were initially recorded. 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 combined 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, 2024 AND 2023

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 \$83,326 and \$84,742 in 2024 and 2023, 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 2024 and 2023, the value of contributed services meeting the requirements for recognition in the combined 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 was dissolved in fiscal year ended April 30, 2023 and did not have any income subject to taxation. Therefore, no provision for income taxes has been made in the combined 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 2024 and 2023, 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.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes: (Continued)

As of April 30, 2024 and 2023, the Society and its related organizations believe that they have no uncertain tax positions that qualify for either recognition or disclosure in the combined financial statements. Tax returns typically remain subject to examination by the taxing authorities for three years.

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 \$14,770 and \$16,001 in 2024 and 2023, 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.

2023 Financial Information:

The combined 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, 2023, 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.



SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncements:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Society adopted the standard effective May 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

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 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 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 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.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases: (Continued)

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 uses 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, 2024 and 2023:

|                                       | <u>2024</u>      | <u>2023</u>      |
|---------------------------------------|------------------|------------------|
| CPE, Peer Review, CART                | \$ 22,012        | \$ 32,423        |
| Other                                 | 1,032            | -                |
| Less: allowance for credit losses     | <u>(1,000)</u>   | <u>(1,000)</u>   |
| Accounts receivable, net of allowance | <u>\$ 22,044</u> | <u>\$ 31,423</u> |

The Society writes off receivables when there is information that indicates that there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Society's accounting policy election. During the years ended April 30, 2024 and 2023, the Society recorded income of \$2,550 and \$783, respectively, from the recovery of credit losses/bad debts written off in prior years. Adjustments to the provision for credit losses resulted in expense of \$858 and \$2,575, respectively, for the years ended April 30, 2024 and 2023.

3. INVESTMENTS AT FAIR VALUE:

Investments consisted of the following as of April 30, 2024:

|                       | Fair Value                      |                                 |               |                     |
|-----------------------|---------------------------------|---------------------------------|---------------|---------------------|
| <u>April 30, 2024</u> | Money<br>Market<br><u>Funds</u> | Marketable<br><u>Securities</u> | <u>Other</u>  | <u>Total</u>        |
| Society               | \$ -                            | \$ 3,419,722                    | \$ 100        | \$ 3,419,822        |
| Education Foundation  | 722                             | 527,653                         | -             | 528,375             |
| Total Fair Value      | <u>\$ 722</u>                   | <u>\$ 3,947,375</u>             | <u>\$ 100</u> | <u>\$ 3,948,197</u> |

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

3. INVESTMENTS AT FAIR VALUE: (Continued)

|   | Cost                                   |                          |             |              |
|---|--|--------------------------|-------------|--------------|
| <u>April 30, 2024</u>                           | Money<br>Market<br>Funds               | Marketable<br>Securities | Other       | Total        |
| Society   | \$ -                                   | \$ 3,375,444             | \$ 20,343   | \$ 3,395,787 |
| Education Foundation                            | 722                                    | 476,709                  | -           | 477,431      |
| Total Cost                                      | \$ 722                                 | \$ 3,852,153             | \$ 20,343   | \$ 3,873,218 |
|   | Unrealized Appreciation (Depreciation) |                          |             |              |
| <u>April 30, 2024</u>                           | Money<br>Market<br>Funds               | Marketable<br>Securities | Other       | Total        |
| Society   | \$ -                                   | \$ 44,278                | \$ (20,243) | \$ 24,035    |
| Education Foundation                            | -                                      | 50,944                   | -           | 50,944       |
| Total Unrealized<br>Appreciation (Depreciation) | \$ -                                   | \$ 95,222                | \$ (20,243) | \$ 74,979    |

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

|   | Fair Value                             |                          |             |              |
|---|--|--------------------------|-------------|--------------|
| <u>April 30, 2023</u>                           | Money<br>Market<br>Funds               | Marketable<br>Securities | Other       | Total        |
| Society   | \$ -                                   | \$ 2,455,631             | \$ 100      | \$ 2,455,731 |
| Education Foundation                            | 23,511                                 | 465,027                  | -           | 488,538      |
| Total Fair Value                                | \$ 23,511                              | \$ 2,920,658             | \$ 100      | \$ 2,944,269 |
|   | Cost                                   |                          |             |              |
| <u>April 30, 2023</u>                           | Money<br>Market<br>Funds               | Marketable<br>Securities | Other       | Total        |
| Society   | \$ -                                   | \$ 2,333,040             | \$ 20,343   | \$ 2,353,383 |
| Education Foundation                            | 23,511                                 | 440,700                  | -           | 464,211      |
| Total Cost                                      | \$ 23,511                              | \$ 2,773,740             | \$ 20,343   | \$ 2,817,594 |
|   | Unrealized Appreciation (Depreciation) |                          |             |              |
| <u>April 30, 2023</u>                           | Money<br>Market<br>Funds               | Marketable<br>Securities | Other       | Total        |
| Society   | \$ -                                   | \$ 122,591               | \$ (20,243) | \$ 102,348   |
| Education Foundation                            | -                                      | 24,327                   | -           | 24,327       |
| Total Unrealized<br>Appreciation (Depreciation) | \$ -                                   | \$ 146,918               | \$ (20,243) | \$ 126,675   |

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

3. INVESTMENTS AT FAIR VALUE: (Continued)

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.

The following schedule summarizes the investment return and its classification in the combined statement of activities for the years ended April 30, 2024 and 2023:

|  | April 30, 2024                |                            |            |
|--|-------------------------------|----------------------------|------------|
|  | Without donor<br>restrictions | With donor<br>restrictions | Total      |
| Interest and dividends                     | \$ 113,915                    | \$ -                       | \$ 113,915 |
| Net realized and<br>unrealized gain (loss) | 275,484                       | -                          | 275,484    |
| Total investment return                    | \$ 389,399                    | \$ -                       | \$ 389,399 |
|  | April 30, 2023                |                            |            |
|  | Without donor<br>restrictions | With donor<br>restrictions | Total      |
| Interest and dividends                     | \$ 63,424                     | \$ 1,025                   | \$ 64,449  |
| Net realized and<br>unrealized gain (loss) | (17,367)                      | (2,942)                    | (20,309)   |
| Total investment return                    | \$ 46,057                     | \$ (1,917)                 | \$ 44,140  |

4. CONCENTRATIONS AND RISKS:

The Society maintained cash accounts at local banks during 2024 and 2023. 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 2024 and 2023, the Society had funds on deposit in excess of the insured amount. As of April 30, 2024 and 2023, the Society had bank balances in excess of insurance coverage of \$102,350 and \$889,090, 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 combined statement of financial position. Future changes in the financial markets could affect the future earnings from these investments.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

5. LEASES:

During the year ended April 30, 2024, 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. 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 the 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 an annual basis, with the monthly rate increasing to \$1,600 per month beginning January 1, 2021. The lease was renewed on January 1, 2023 and January 1, 2024 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.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

5. LEASES: (Continued)

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

| <u>Leases</u>            | <u>Classification</u>                     | <u>2024</u>         | <u>2023</u>         |
|--------------------------|---|---------------------|---------------------|
| Assets:                  |   |                     |                     |
| Operating                | Right-of-use assets - office leases       | \$ 1,001,933        | \$ 1,114,044        |
| Finance                  | Right-of-use assets - equipment           | 10,670              | 13,394              |
|                          |   | <u>\$ 1,012,603</u> | <u>\$ 1,127,438</u> |
| Current Liabilities:     |   |                     |                     |
| Operating                | Operating lease liability - office leases | \$ 123,910          | \$ 119,063          |
| Finance                  | Finance lease liability - equipment       | 2,638               | 2,551               |
|                          |   | <u>\$ 126,548</u>   | <u>\$ 121,614</u>   |
| Non-current Liabilities: |   |                     |                     |
| Operating                | Operating lease liability - office leases | \$ 887,187          | \$ 1,011,097        |
| Finance                  | Finance lease liability - equipment       | 8,223               | 10,861              |
|                          |   | <u>\$ 895,410</u>   | <u>\$ 1,021,958</u> |

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

| <b>Weighted Average Remaining Lease Term</b> | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Operating leases                             | 7.40 Years  | 8.39 Years  |
| Finance leases                               | 3.92 Years  | 4.92 Years  |
| <br>   |             |             |
| <b>Weighted Average Discount Rate</b>        |             |             |
| Operating leases                             | 2.89%       | 2.89%       |
| Finance leases                               | 3.37%       | 3.37%       |

The maturities of lease liabilities as of April 30, 2024, were as follows:

| Year Ending                        |                     |                  |
|------------------------------------|---------------------|------------------|
| <u>April 30,</u>                   | <u>Operating</u>    | <u>Finance</u>   |
| 2025                               | \$ 151,494          | \$ 2,964         |
| 2026                               | 152,840             | 2,964            |
| 2027                               | 147,450             | 2,964            |
| 2028                               | 134,650             | 2,717            |
| 2029                               | 134,650             | -                |
| Thereafter                         | 409,560             | -                |
| Total Lease Payments               | <u>1,130,644</u>    | <u>11,609</u>    |
| Less: Interest                     | (119,547)           | (748)            |
| Present Value of Lease Liabilities | <u>\$ 1,011,097</u> | <u>\$ 10,861</u> |



SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

5. LEASES: (Continued)

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

| <u>Lease Cost</u>           | <u>Classification</u>                         | <u>2024</u>       | <u>2023</u>       |
|-----------------------------|---|-------------------|-------------------|
| Operating leases            | Included in member services                   | \$ 47,254         | \$ 43,255         |
|                             | Included in continuing professional education | 87,349            | 79,956            |
|                             | Included in administrative and general        | 8,592             | 7,865             |
| Total operating lease costs |   | <u>\$ 143,195</u> | <u>\$ 131,076</u> |
| Finance leases              | Amortization of lease assets:                 |                   |                   |
|                             | Included in member services                   | \$ 1,416          | \$ 118            |
|                             | Included in continuing professional education | 1,308             | 109               |
|                             | Interest on lease liabilities:                |                   |                   |
|                             | Included in member services                   | 215               | 20                |
|                             | Included in continuing professional education | 198               | 18                |
| Total finance lease costs   |   | <u>\$ 3,137</u>   | <u>\$ 265</u>     |
| Short-term leases           | Included in member services                   | \$ 182            | \$ 1,811          |
|                             | Included in continuing professional education | 168               | 1,672             |
| Total short-term leases     |   | <u>\$ 350</u>     | <u>\$ 3,483</u>   |

The following summarizes cash flow information related to leases for the years ended April 30, 2024 and 2023. Cash paid for amounts included in measurement of lease liabilities for the years ended April 30:

|  | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Operating cash flows from operating leases | \$ 143,195  | \$ 131,076  |
| Operating cash flows from finance leases   | \$ 413      | \$ 38       |
| Financing cash flows from finance leases   | \$ 2,551    | \$ 209      |

Lease assets obtained in exchange for lease liabilities at inception of leases for the years ended April 30:

|                                 | <u>2024</u> | <u>2023</u>  |
|---------------------------------|-------------|--------------|
| 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 \$321,439 and \$285,586 as of April 30, 2024 and 2023, 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 \$342,410 and \$364,793 as of April 30, 2024 and 2023, respectively.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

7. NET ASSETS WITH DONOR RESTRICTIONS:

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, 2024 and 2023 were \$-0- and \$-0-, respectively. Net assets with donor restrictions were available for the purpose of administering the Insurance Trust Fund. 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 \$234,808 and \$223,808 for the years ended April 30, 2024 and 2023, respectively.

Net assets totaling \$12,927 and \$187,102 in 2024 and 2023, 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 six 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 \$11,000 for the years ended April 30, 2024 and 2023, 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.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

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 2024 and 2023:

Endowment Net Asset Composition by Type of Fund  
as of April 30, 2024

|                                      | <u>Without<br/>donor<br/>restrictions</u> | <u>With donor<br/>restrictions</u> | <u>Total</u> |
|--------------------------------------|---|------------------------------------|--------------|
| Donor-restricted<br>endowment funds  | \$ -                                      | \$ 234,808                         | \$ 234,808   |
| Board-designated<br>endowment funds  | 321,439                                   | -                                  | 321,439      |
| Endowment net assets,<br>end of year | \$ 321,439                                | \$ 234,808                         | \$ 556,247   |

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

8. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

Changes in Foundation Endowment Net Assets  
for the Fiscal Year Ended April 30, 2024

|   | Without<br>donor<br><u>restrictions</u> | With donor<br><u>restrictions</u> | <u>Total</u>      |
|---|---|-----------------------------------|-------------------|
| Endowment net assets,<br>beginning of year            | \$ 285,586                              | \$ 223,808                        | \$ 509,394        |
| Investment return:                                    |   |                                   |                   |
| Investment income                                     | 12,330                                  | -                                 | 12,330            |
| Net appreciation<br>(realized and unrealized)         | 50,975                                  | -                                 | 50,975            |
| Total investment return                               | 63,305                                  | -                                 | 63,305            |
| Contributions   | 12,917                                  | 11,000                            | 23,917            |
| Appropriation for<br>investment fees                  | (3,719)                                 | -                                 | (3,719)           |
| Appropriation of endowment<br>assets for scholarships | (36,650)                                | -                                 | (36,650)          |
| Endowment net assets,<br>end of year                  | <u>\$ 321,439</u>                       | <u>\$ 234,808</u>                 | <u>\$ 556,247</u> |

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

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

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

8. ENDOWMENT ASSETS: (Continued)

Financial Summary: (Continued)

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

|   | <u>Without<br/>donor<br/>restrictions</u> | <u>With donor<br/>restrictions</u> | <u>Total</u>             |
|---|---|------------------------------------|--------------------------|
| Endowment net assets,<br>beginning of year            | <u>\$ 121,014</u>                         | <u>\$ 212,808</u>                  | <u>\$ 333,822</u>        |
| Investment return:                                    |   |                                    |                          |
| Investment income                                     | 8,876                                     | -                                  | 8,876                    |
| Net appreciation<br>(realized and unrealized)         | <u>1,762</u>                              | <u>-</u>                           | <u>1,762</u>             |
| 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<br>investment fees                  | (2,917)                                   | -                                  | (2,917)                  |
| Appropriation of endowment<br>assets for scholarships | <u>(30,250)</u>                           | <u>-</u>                           | <u>(30,250)</u>          |
| Endowment net assets,<br>end of year                  | <u><u>\$ 285,586</u></u>                  | <u><u>\$ 223,808</u></u>           | <u><u>\$ 509,394</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, 2024 or 2023.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

8. ENDOWMENT ASSETS: (Continued)

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 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 \$97,147 and \$97,922 in 2024 and 2023, respectively.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Society manages its liquidity by operating within a prudent range of financial stability and 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.



SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

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

The following table reflects the Society's financial assets (cash and cash equivalents, accounts receivable, investments and other assets) as April 30, 2024 and 2023, reduced by amounts not available for expenses within one year of balance sheet date:

|   | <u>2024</u>  | <u>2023</u>  |
|---|--------------|--------------|
| Financial assets:   |              |              |
| Cash and equivalents  | \$ 725,212   | \$ 1,554,367 |
| Investments   | 3,948,197    | 2,944,269    |
| Accounts receivable, net  | 22,044       | 31,423       |
| Total financial assets  | 4,695,453    | 4,530,059    |
| Less: those unavailable for expenses<br>within one year, due to:          |              |              |
| Board-designated endowment fund   | (321,439)    | (285,586)    |
| Board-designated individual chapters' activity                            | (342,410)    | (364,793)    |
| Donor-restricted endowment fund   | (234,808)    | (223,808)    |
| Financial assets available to meet cash needs for<br>expenses in one year | \$ 3,796,796 | \$ 3,655,872 |

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:

- 1) Identification of the contract with the customer;
- 2) Identification of the performance obligation(s) under the contract;
- 3) Determination of the transaction price;
- 4) Allocation of the transaction price to the identified performance obligation(s); and
- 5) 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

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
APRIL 30, 2024 AND 2023

11. REVENUE RECOGNITION: (Continued)

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 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, 2024 and 2023:

|                          | <u>2024</u>           | <u>2023</u>           |
|--------------------------|-----------------------|-----------------------|
| Membership dues          | \$ 1,209,951          | \$ 1,182,651          |
| CPE revenue              | 1,901,937             | 2,455,103             |
| Peer review fees         | 295,895               | 318,111               |
| Lagniappe ad sales       | 38,509                | 57,956                |
|                          | <u>\$ 3,446,292</u>   | <u>\$ 4,013,821</u>   |
| <br>Contract assets      | <br><u>\$ 21,012</u>  | <br><u>\$ 31,423</u>  |
| <br>Contract liabilities | <br><u>\$ 220,411</u> | <br><u>\$ 203,470</u> |

12. SUBSEQUENT EVENTS:

Management of the Society has evaluated subsequent events through August 5, 2024, the date that the financial statements were available to be issued.

13. RECLASSIFICATIONS:

Certain 2023 amounts have been reclassified to conform with the 2024 financial statement presentation.

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
SUPPLEMENTARY INFORMATION  
COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED APRIL 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

|  | 2024               |   |                |                                  |                  |                         |              | 2023<br>Summarized<br>Financial<br>Information |                  |
|--|--------------------|---|----------------|----------------------------------|------------------|-------------------------|--------------|--|------------------|
|  | Society            |   |                |                                  |                  | Education<br>Foundation | Eliminations |  | 2024<br>Total    |
|  | Member<br>Services | Continuing<br>Professional<br>Education | Peer<br>Review | Administrative<br>and<br>General | Society<br>Total |                         |              |  |                  |
| Support and revenues:                    |                    |   |                |                                  |                  |                         |              |  |                  |
| Continuing professional education        | \$ -               | \$ 1,863,146                            | \$ -           | \$ -                             | \$ 1,863,146     | \$ -                    | \$ -         | \$ 1,863,146                                   | \$ 2,362,680     |
| Member dues                              | 1,209,951          | -                                       | -              | -                                | 1,209,951        | -                       | -            | 1,209,951                                      | 1,182,651        |
| Peer review firm fees<br>and CART fees   | -                  | -                                       | 295,895        | -                                | 295,895          | -                       | -            | 295,895  | 318,111          |
| Unrealized gain (loss)<br>on investments | (25,708)           | (52,196)                                | -              | -                                | (77,904)         | 26,616                  | -            | (51,288)                                       | (99,853)         |
| In-house CPE courses                     | -                  | 38,791                                  | -              | -                                | 38,791           | -                       | -            | 38,791   | 92,423           |
| Royalty income                           | 16,969             | -                                       | -              | -                                | 16,969           | -                       | -            | 16,969   | 20,565           |
| Income (loss) from investments           | 133,319            | 270,679                                 | -              | -                                | 403,998          | 36,689                  | -            | 440,687  | 143,993          |
| Chapter function income                  | 90,839             | -                                       | -              | -                                | 90,839           | -                       | -            | 90,839   | 124,920          |
| Lagniappe ad sales                       | 38,509             | -                                       | -              | -                                | 38,509           | -                       | -            | 38,509   | 57,956           |
| Education contributions                  | -                  | -                                       | -              | -                                | -                | 23,917                  | -            | 23,917   | 25,373           |
| Miscellaneous                            | 8,122              | 518                                     | -              | -                                | 8,640            | -                       | -            | 8,640  | 3,633            |
| Application and late fees                | 10,790             | -                                       | -              | -                                | 10,790           | -                       | -            | 10,790   | 10,560           |
| Total support and revenues               | <u>1,482,791</u>   | <u>2,120,938</u>                        | <u>295,895</u> | <u>-</u>                         | <u>3,899,624</u> | <u>87,222</u>           | <u>-</u>     | <u>3,986,846</u>                               | <u>4,243,012</u> |

(Continued)

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
SUPPLEMENTARY INFORMATION  
COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED APRIL 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

|  | 2024               |   |                |                                  |                  |                         |              |               | 2023<br>Summarized<br>Financial<br>Information |
|--|--------------------|---|----------------|----------------------------------|------------------|-------------------------|--------------|---------------|--|
|  | Society            |   |                |                                  |                  |                         |              | 2024<br>Total |  |
|  | Member<br>Services | Continuing<br>Professional<br>Education | Peer<br>Review | Administrative<br>and<br>General | Society<br>Total | Education<br>Foundation | Eliminations |               |  |
| Expenses:  |                    |   |                |                                  |                  |                         |              |               |  |
| Continuing professional education                      | \$ -               | \$ 1,041,419                            | \$ -           | \$ -                             | \$ 1,041,419     | \$ -                    | \$ -         | \$ 1,041,419  | \$ 1,334,723                                   |
| Salaries   | 558,358            | 404,328                                 | -              | -                                | 962,686          | -                       | -            | 962,686       | 959,403  |
| Operating lease expense                                | 47,254             | 87,349                                  | -              | 8,592                            | 143,195          | -                       | -            | 143,195       | 131,076  |
| Employee benefits                                      | 125,680            | 91,009                                  | -              | -                                | 216,689          | -                       | -            | 216,689       | 218,578  |
| Travel and meeting                                     | 196,857            | 76,555                                  | -              | -                                | 273,412          | -                       | -            | 273,412       | 222,485  |
| Postage and freight                                    | 17,453             | 16,110                                  | -              | -                                | 33,563           | -                       | -            | 33,563        | 40,726   |
| Professional fees                                      | 48,063             | 44,366                                  | -              | -                                | 92,429           | 3,719                   | -            | 96,148        | 110,966  |
| Peer review and CART expenses                          | -                  | -                                       | 339,032        | -                                | 339,032          | -                       | -            | 339,032       | 348,152  |
| Public information and media relations                 | 14,770             | -                                       | -              | -                                | 14,770           | -                       | -            | 14,770        | 16,001   |
| Payroll taxes  | 44,568             | 32,274                                  | -              | -                                | 76,842           | -                       | -            | 76,842        | 74,626   |
| Office supplies  | 12,124             | 11,191                                  | -              | -                                | 23,315           | -                       | -            | 23,315        | 33,176   |
| Miscellaneous  | 18,181             | 16,782                                  | -              | -                                | 34,963           | -                       | -            | 34,963        | 31,503   |
| Service charges  | 49,129             | 45,350                                  | -              | -                                | 94,479           | -                       | -            | 94,479        | 105,880  |
| Publications expense                                   | 1,095              | 1,011                                   | -              | -                                | 2,106            | -                       | -            | 2,106         | 6,341  |
| Lagniappe publication expense                          | 21,015             | -                                       | -              | -                                | 21,015           | -                       | -            | 21,015        | 27,496   |
| Telephone  | 20,567             | 18,985                                  | -              | -                                | 39,552           | -                       | -            | 39,552        | 48,745   |
| Rentals and maintenance of equipment                   | 182                | 168                                     | -              | -                                | 350              | -                       | -            | 350           | 3,483  |
| Chapter function expenses                              | 115,023            | -                                       | -              | -                                | 115,023          | -                       | -            | 115,023       | 143,869  |
| In-house CPE courses                                   | -                  | 19,015                                  | -              | -                                | 19,015           | -                       | -            | 19,015        | 39,658   |
| Dues - Chapters' portion                               | 47,919             | -                                       | -              | -                                | 47,919           | -                       | -            | 47,919        | 80,850   |
| Insurance  | 26,344             | 24,318                                  | -              | -                                | 50,662           | -                       | -            | 50,662        | 36,938   |
| Property taxes   | 1,543              | 1,424                                   | -              | -                                | 2,967            | -                       | -            | 2,967         | 2,296  |
| Scholarships   | -                  | -                                       | -              | -                                | -                | 36,650                  | -            | 36,650        | 30,250   |
| Computer services                                      | 50,007             | 52,181                                  | -              | 6,523                            | 108,711          | -                       | -            | 108,711       | 130,997  |
| Dues to associations                                   | 9,868              | 9,109                                   | -              | -                                | 18,977           | -                       | -            | 18,977        | 18,133   |
| Awards   | 4,707              | -                                       | -              | -                                | 4,707            | -                       | -            | 4,707         | 1,983  |
| Finance lease interest                                 | 215                | 198                                     | -              | -                                | 413              | -                       | -            | 413           | 38   |
| Total expenses before<br>depreciation and amortization | 1,430,922          | 1,993,142                               | 339,032        | 15,115                           | 3,778,211        | 40,369                  | -            | 3,818,580     | 4,198,372                                      |

(Continued)

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS  
AND RELATED ORGANIZATIONS  
SUPPLEMENTARY INFORMATION  
COMBINED STATEMENTS OF FUNCTIONAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED APRIL 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

|                               | 2024               |   |                    |                                  |                  |                         |              | 2023<br>Summarized<br>Financial<br>Information |                    |
|-------------------------------|--------------------|---|--------------------|----------------------------------|------------------|-------------------------|--------------|--|--------------------|
|                               | Society            |   |                    |                                  |                  | Education<br>Foundation | Eliminations |  | 2024<br>Total      |
|                               | Member<br>Services | Continuing<br>Professional<br>Education | Peer<br>Review     | Administrative<br>and<br>General | Society<br>Total |                         |              |  |                    |
| Expenses: (Continued)         |                    |   |                    |                                  |                  |                         |              |  |                    |
| Finance lease amortization    | \$ 1,416           | \$ 1,308                                | \$ -               | \$ -                             | \$ 2,724         | \$ -                    | \$ -         | \$ 2,724                                       | \$ 227             |
| Depreciation and amortization | 25,831             | 48,329                                  | 4,166              | 5,000                            | 83,326           | -                       | -            | 83,326   | 84,742             |
| Total expenses                | <u>1,458,169</u>   | <u>2,042,779</u>                        | <u>343,198</u>     | <u>20,115</u>                    | <u>3,864,261</u> | <u>40,369</u>           | <u>-</u>     | <u>3,904,630</u>                               | <u>4,283,341</u>   |
| Transfers                     | -                  | -                                       | -                  | -                                | -                | -                       | -            | -  | -                  |
| TOTAL CHANGE IN NET ASSETS    | <u>\$ 24,622</u>   | <u>\$ 78,159</u>                        | <u>\$ (47,303)</u> | <u>\$ (20,115)</u>               | <u>\$ 35,363</u> | <u>\$ 46,853</u>        | <u>\$ -</u>  | <u>\$ 82,216</u>                               | <u>\$ (40,329)</u> |