

**Fort Worth Chapter of the Texas Society of Certified Public
Accountants and
Fort Worth Chapter, Texas Society of
Certified Public Accountants Continuing Education Corporation**

Combining Financial Statements

For the Year Ended May 31, 2017

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

7408 Continental Trail
N. Richland Hills, TX 76182
(817) 498-0884
Fax (817) 605-0074

P.O. Box 820402
Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Worth Chapter of the Texas Society of Certified Public
Accountants and Fort Worth Chapter, Texas Society of
Certified Public Accountants Continuing Education Corporation

We have audited the accompanying combining financial statements of The Fort Worth Chapter of the Texas Society of Certified Public Accountants (the Chapter) and Fort Worth Chapter, Texas Society of Certified Public Accountants Continuing Education Corporation (the Corporation), which comprise the statement of financial position as of May 31, 2017 and the related combining statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the combined financial position of The Chapter and The Corporation as of May 31, 2017, and the combined changes in its net assets and its combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Charles O. Paul, CPA
August 31, 2017
North Richland Hills, Texas

**FORT WORTH CHAPTER OF THE TEXAS SOCIETY OF CERTIFIED
 PUBLIC ACCOUNTANTS AND FORT WORTH CHAPTER,
 TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 CONTINUING EDUCATION CORPORATION**
 Combining Statement of Financial Position
 May 31, 2017

<u>ASSETS</u>	Fort Worth Chapter	Continuing Education Corporation	Elim- inations	Combined Total
Cash and cash equivalents	\$ 466,777	\$ 3,296	\$ -	\$ 470,073
Accounts receivable	3,701	-	-	3,701
Prepaid expenses	12,632	-	-	12,632
Total current assets	483,110	3,296	-	486,406
Property and equipment				
Furniture and equipment	95,292	-	-	95,292
Accumulated depreciation	(73,753)	-	-	(73,753)
Net property and equipment	21,539	-	-	21,539
Total assets	\$ 504,649	\$ 3,296	\$ -	\$ 507,945
 <u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 36,573	\$ -	\$ -	\$ 36,573
Unearned revenue	130,482	-	-	130,482
Total current liabilities	167,055	-	-	167,055
Commitments and contingencies				
Net assets:				
Unrestricted				
Undesignated	213,594	3,296	-	216,890
Designated for technology	50,000	-	-	50,000
Total unrestricted	263,594	3,296	-	266,890
Temporarily restricted	74,000	-	-	74,000
Total net assets	337,594	3,296	-	340,890
Total liabilities and net assets	\$ 504,649	\$ 3,296	\$ -	\$ 507,945

The accompanying notes are an integral part of the combining financial statements
 (2)

FORT WORTH CHAPTER OF THE TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS AND FORT WORTH CHAPTER,
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
CONTINUING EDUCATION CORPORATION
Combining Statement of Activities
For the Year Ended May 31, 2017

	Fort Worth Chapter			Continuing Education Corporation			Combined			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Eliminations	Combined Total
SUPPORT AND REVENUE:										
Membership dues	\$ 227,640	\$ -	\$ 227,640	\$ -	\$ -	\$ -	\$ 227,640	\$ -		\$ 227,640
Seminars and continuing education courses	254,544	-	254,544	-	-	-	254,544	-		254,544
Corporate sponsorship	12,300	14,000	26,300	-	-	-	12,300	14,000		26,300
Media Advertising	8,870	-	8,870	-	-	-	8,870	-		8,870
Referral service	2,600	-	2,600	-	-	-	2,600	-		2,600
Meeting revenue	24,086	-	24,086	-	-	-	24,086	-		24,086
Interest	246	-	246	23	-	23	269	-		269
Grant revenue	-	65,000	65,000	-	-	-	-	65,000	(65,000)	-
Contributions	-	-	-	-	2,327	2,327	-	2,327		2,327
Royalties	6,338	-	6,338	-	-	-	6,338	-		6,338
Other income	937	-	937	-	-	-	937	-		937
Assets released from restriction	31,023	(31,023)	-	2,327	(2,327)	-	33,350	(33,350)		-
	568,584	47,977	616,561	2,350	-	2,350	570,934	47,977	(65,000)	553,911
Expenses:										
Program services	430,389	-	430,389	67,827	-	67,827	498,216	-	(65,000)	433,216
Supporting services: Administration	111,509	-	111,509	1,625	-	1,625	113,134	-		113,134
	541,898	-	541,898	69,452	-	69,452	611,350	-	(65,000)	546,350
Change in net assets	26,686	47,977	74,663	(67,102)	-	(67,102)	(40,416)	47,977	-	7,561
Net assets, beginning of year	236,908	26,023	262,931	70,398	-	70,398	307,306	26,023	-	333,329
Net assets, end of year	\$ 263,594	\$ 74,000	\$ 337,594	\$ 3,296	\$ -	\$ 3,296	\$ 266,890	\$ 74,000	\$ -	\$ 340,890

The accompanying notes are an integral part of the financial statements

**FORT WORTH CHAPTER OF THE TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS AND FORT WORTH CHAPTER,
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
CONTINUING EDUCATION CORPORATION
Combining Statement of Cash Flows
For the Year Ended May 31, 2017**

	<u>Fort Worth Chapter</u>	<u>Continuing Education Corporation</u>	<u>Combined Total</u>
Cash flows from operating activities:			
Change in net assets	\$ 74,663	\$ (67,102)	\$ 7,561
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:			
Depreciation	8,540	-	8,540
Amortization	6,652	-	6,652
Decrease (Increase) in accounts receivable	(632)	-	(632)
Decrease (Increase) in prepaid expenses	(2,933)	-	(2,933)
Increase (decrease) in accounts payable and accrued expenses	25,396	-	25,396
Decrease (Increase) in unearned revenue	21,195	-	21,195
Net cash used in operating activities	<u>132,881</u>	<u>(67,102)</u>	<u>65,779</u>
Cash flows from investing activities:			
Capital expenditures	<u>(11,254)</u>	<u>-</u>	<u>(11,254)</u>
Net cash provided by investing activities:	<u>(11,254)</u>	<u>-</u>	<u>(11,254)</u>
Cash flows from financing activities:	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	121,627	(67,102)	54,525
Cash and cash equivalents, beginning of year	<u>345,150</u>	<u>70,398</u>	<u>415,548</u>
Cash and cash equivalents, end of year	<u>\$ 466,777</u>	<u>\$ 3,296</u>	<u>\$ 470,073</u>
Schedule of non-cash investing and financing activities:			
None			
Supplemental cash flow information:			
Interest earned	\$ 246	\$ 23	\$ 269
Interest paid	-	-	-
Income taxes paid	-	-	-

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**FORT WORTH CHAPTER OF THE TEXAS SOCIETY OF CERTIFIED
 PUBLIC ACCOUNTANTS AND FORT WORTH CHAPTER,
 TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 CONTINUING EDUCATION CORPORATION**
 Combining Statement of Functional Expenses
 For the Year Ended May 31, 2017

	<u>Program Services</u>			<u>Administration</u>			<u>Total</u>
	<u>Fort Worth Chapter</u>	<u>Continuing Education Corporation</u>	<u>Total</u>	<u>Fort Worth Chapter</u>	<u>Continuing Education Corporation</u>	<u>Total</u>	
Audit	\$ -	\$ -	\$ -	\$ 1,625	\$ 1,625	\$ 3,250	\$ 3,250
Awards	491	-	491	-	-	-	491
Grants	-	65,500	65,500	-	-	-	65,500
Seminars and conferences	92,264	-	92,264	-	-	-	92,264
Santa Accountants	-	2,327	2,327	-	-	-	2,327
Chapter meeting	20,133	-	20,133	-	-	-	20,133
Committee Expense	11,840	-	11,840	-	-	-	11,840
Depreciation expense	6,405	-	6,405	2,135	-	2,135	8,540
Amortization expense	4,989	-	4,989	1,663	-	1,663	6,652
Insurance	-	-	-	905	-	905	905
Internet connection	1,230	-	1,230	410	-	410	1,640
Merchant fees	-	-	-	10,400	-	10,400	10,400
Office expense	8,150	-	8,150	2,717	-	2,717	10,867
Office personnel costs	199,908	-	199,908	66,636	-	66,636	266,544
Postage and delivery	613	-	613	205	-	205	818
Printing	100	-	100	34	-	34	134
Public relations	1,273	-	1,273	-	-	-	1,273
Occupancy	54,319	-	54,319	18,107	-	18,107	72,426
Taxes - other	823	-	823	275	-	275	1,098
Travel	2,773	-	2,773	-	-	-	2,773
Telephone and Communications	2,060	-	2,060	687	-	687	2,747
TSCPA co-op advertising	5,889	-	5,889	-	-	-	5,889
Website expenses	17,129	-	17,129	5,710	-	5,710	22,839
Total	<u>\$ 430,389</u>	<u>\$ 67,827</u>	<u>\$ 498,216</u>	<u>\$ 111,509</u>	<u>\$ 1,625</u>	<u>\$ 113,134</u>	<u>\$ 611,350</u>

The accompanying notes are an integral part of the financial statements

**FORT WORTH CHAPTER OF THE TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS AND FORT WORTH CHAPTER,
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
CONTINUING EDUCATION CORPORATION**

Notes to Combining Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization and Principles of Combination

The Fort Worth Chapter of the Texas Society of Certified Public Accountants (the Chapter) and Fort Worth Chapter, Texas Society of Certified Public Accountants Continuing Education Corporation (the Corporation) are non-profit professional organizations incorporated under the laws of the State of Texas. The purpose of the Chapter is to advance the profession of public accountancy. The purpose of the Corporation is to aid, promote, and develop education and research relating to the study, teaching and practice of public accountancy. The accompanying combining financial statements reflect the combining and combined financial statements of the Corporation and the Chapter.

In 2009, the board of directors that governs both organizations adopted a plan to transfer seminar and conference activities from the Continuing Education Corporation to the Chapter. The plan does not call for any change in the Corporation's purposes and does not call for distribution of the Corporation's assets otherwise than in fulfillment of its current tax exempt purposes.

(b) Basis of Accounting

The combining financial statements of the Chapter and the Corporation have been prepared on the accrual basis of accounting.

(c) Financial Statement Presentation

The Chapter and the Corporation report information regarding their combined financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

(d) Furniture and Equipment

The Chapter and the Corporation capitalize acquisitions with cost greater than \$500 and estimated useful life greater than one year at cost. Depreciation is computed using the straight-line method with an estimated useful life of five years.

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Notes to Combining Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Unearned Revenue

Membership dues received prior to the beginning of the applicable fiscal year are deferred until the due date and then recognized ratably over a twelve month period. Dues received during the fiscal year are deferred and recognized as revenue on a straight-line basis over the remaining months of the current fiscal year. The Chapter recognized revenues when earned rather than received for continuing education programs.

(f) Contributions

The Chapter and the Corporation record contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. Contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. If the restrictions are met in the year the contribution of the temporarily restricted gift is made, it is listed as an unrestricted contribution.

(g) Income Taxes

The Chapter and the Corporation are exempt from Federal income taxes under provisions of Section 501(c) 6 and 501(c) 3, respectively, of the Internal Revenue Code.

(h) Cash and Cash Equivalents

For purposes of the statement of cash flows, management considers cash on hand and in banks as well as investments where the initial maturity is less than ninety days, including cash restricted for specific use, to be cash and cash equivalents.

Temporary investments consist of certificates of deposit with an original maturity of more than 90 days. The certificates of deposit are valued at costs, which approximates fair value.

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Notes to Combining Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, public support and revenue, and functional expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(j) Concentrations of Credit Risk

Concentrations of credit risk consist of cash and accounts receivable. Cash is held in quality financial institutions. Additionally, the Chapter and the Corporation, by policy, limit amounts of exposure to any one financial institution. Accounts receivable is due from members in the normal course of business.

(k) Uncollectible Accounts

An allowance for uncollectible accounts has not been provided for in the financial statements. Management believes that there are no material uncollectible accounts receivable.

(l) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the combining statement of activities and in the combining statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(m) Website Amortization

The Chapter's website is being amortized over its expected remaining life which is through May 2017.

(n) Subsequent Events

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

**FORT WORTH CHAPTER OF THE TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS AND FORT WORTH CHAPTER,
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
CONTINUING EDUCATION CORPORATION**

Notes to Combining Financial Statements

(o) Accounting Pronouncement

In January 2016, the Financial Accounting Standards Board issued a pronouncement related to accounting for leases. The effect of this change will require that Organizations who enter into leases of more than twelve months record those leases as assets and liabilities. The standard is effective for the Chapter's year that ends May 31, 2021. The Chapter has not yet assessed the impact of this new accounting standard.

2. LEASES AND COMMITMENTS

The Chapter and the Corporation share leased office space. Total rent expense relating to this office space was \$65,784 for the year ending May 31, 2017.

Effective January 1, 2017, the Chapter extended its lease for facilities. The term of the lease is sixty-five months. Rents range under this lease from \$0 to \$6,803 per month. Rental expense under this lease is being accrued on the straight-line basis. Included in accounts payable and accrued expense on the Statement of Financial Position is \$30,315 for rental expense incurred but not yet due under the lease. The lease extension abated base rent and electrical costs from January 2017 through May 2017.

The future minimum lease payments under this lease are as follows:

2018	76,005
2019	77,417
2020	78,820
2021	80,228
2022	81,635

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets in the Chapter represent \$14,000 in Corporate Sponsorships which were received before May 31, 2017 but are restricted for events occurring in the year ended May 31, 2017 and thus are time restricted, plus \$60,000 which was granted by the Corporation to the Chapter to pay for a portion of the increased occupancy costs related to the new leased facilities.