Financial Statements
April 30, 2014 and 2013

Colorado Society of Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Colorado Society of Certified Public Accountants
Englewood, Colorado

Report on the Financial Statements
We have audited the accompanying financial statements of the Colorado Society of Certified Public Accountants which comprise the statements of financial position as of April 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Colorado Society of Certified Public Accountants as of April 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Greenwood Village, Colorado
July 16, 2014

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	2014	2013
Assets		
Cash and cash equivalents	$ 877,390	$ 555,204
Accounts receivable	13,784	69,429
Prepaid expenses	103,019	97,396
Inventory	9,334	2,164
Investments	2,026,158	1,888,836
Property and Equipment, net	302,742	331,581
Total Assets	$ 3,332,427	$ 2,944,610
Liabilities and Net Assets		
Accounts payable	$ 89,552	$ 127,459
Accrued liabilities	273,433	277,593
Deferred revenue	809,933	555,437
Total Liabilities	1,172,918	960,489
Commitments (Note 9)		
Net Assets, Unrestricted	2,159,509	1,984,121
Total Liabilities and Net Assets	$ 3,332,427	$ 2,944,610

	2014	2013
Revenue:		
Membership dues	$ 1,799,917	$ 1,817,196
Continuing professional education		
Group study programs	1,189,387	1,146,651
Webcast programs	319,738	199,896
On-site programs	87,775	62,855
Self-study programs	177,140	148,940
Total continuing professional education	1,774,040	1,558,342
Peer review dues and fees	166,420	184,910
Net operating investment return	92,749	91,842
NewsAccount advertising	30,589	35,358
Royalty income	42,727	48,963
Member activities and events income	98,306	103,683
Other income	51,320	44,409
Total Revenue	4,056,068	3,884,703
Expenses:		
Program Services		
Membership services	1,366,919	1,313,815
Continuing professional education	1,659,957	1,546,816
Peer review services	151,699	148,484
Total Program Services	3,178,575	3,009,115
Supporting Services		
General administrative	832,013	935,204
Total Program and Supporting Services Expenses	4,010,588	3,944,319
Change in Net Assets before Moving Expenses and Net Non-operating Investment Return	45,480	(59,616)
Moving expenses	-	(70,851)
Net non-operating investment return	129,908	145,316
Change in Net Assets	175,388	14,849
Net Assets, Beginning of Year	1,984,121	1,969,272
Net Assets, End of Year	$ 2,159,509	$ 1,984,121

See Notes to Financial Statements

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 175,388	$ 14,849
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	114,586	129,421
Realized and unrealized (gain) loss on investments	(149,218)	(153,401)
(Gain) loss on sale of property and equipment	(25)	(1,771)
Changes in operating assets and liabilities		
Accounts receivable	55,645	(36,901)
Prepaid expenses	(5,623)	103,056
Inventory	(7,170)	10,880
Accounts payable	(1,107)	(4,025)
Accrued liabilities	(40,960)	76,082
Grants payable	-	(10,000)
Deferred revenue	254,496	(130,567)
Deferred lease incentive	-	(11,041)
Net cash provided by (used in) operating activities	396,012	(13,418)
Cash flows from investing activities:		
Redemption of investments	522,664	364,327
Purchases of investments	(510,768)	(242,356)
Proceeds from sale of property and equipment	25	3,220
Purchases of property and equipment	(85,747)	(114,067)
Net cash provided by (used in) investing activities	(73,826)	11,124
Net Change in Cash and Cash Equivalents	322,186	(2,294)
Cash and Cash Equivalents, Beginning of Year	555,204	557,498
Cash and Cash Equivalents, End of Year	$ 877,390	$ 555,204

See Notes to Financial Statements

Note 1 - Nature of the Organization

The Colorado Society of Certified Public Accountants (the "COCPA") is a nonprofit organization whose mission is to support its members in providing quality professional services to serve the public interest. The COCPA's revenues are derived primarily from dues that it charges its membership, which is primarily located in the State of Colorado, and continuing professional education fees.

Description of Activities

The COCPA's activities include the following:

Membership Services

Develops and provides services and benefits to members. Offers activities to assist members in understanding and adjusting to changes in the economic, political, social, and technological environment. Provides opportunities for members to participate in community, business, legislative, educational, and other activities where their expertise is needed. Includes networking, technical support, and legislative and regulatory representation and advocacy. Also includes programs and activities to recruit students into the profession and promote the profession to the public.

Continuing Professional Education

Provides educational instruction and materials on accounting, auditing, taxation, and other topics important to accounting professionals to assist in the continuing development of their professional expertise.

Peer Review Services

Provides services to members and nonmembers who are engaged in the practice of public accounting and are enrolled in an approved practice monitoring program, which monitors professional performance to enforce professional standards.

General Administrative

Provides overall direction, general record keeping, business management, general public relations, board of directors' activities, and other.

Note 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The COCPA considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectible accounts receivable based on historical experience and a review of subsequent collections. Balances that are outstanding after management has used reasonable collection efforts are written off. At April 30, 2014 and 2013, management believes the amount of uncollectible balances to be insignificant and no allowance is reflected in the financial statements.

Inventory

Inventory consists of course material and is reported at the lower of cost (using the first-in, first-out method) or market value.

Investments

Investment purchases are initially recorded at cost. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 10 years.

Capitalized leases, if any, are recorded at the present value of future minimum lease payments. Amortization relating to capitalized leases is calculated over the estimated useful life of the asset using the straight-line method and is included in depreciation. Leasehold improvements are depreciated over the shorter of the estimated useful life of the asset or the remaining lease term.

Expenditures for maintenance, repairs and minor replacements that do not improve or extend the useful lives of the respective assets are expensed currently.

Grants Payable

Grants payable, if any, are recorded as a liability and an expense in the year in which authorized by the COCPA's Board of Directors.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the COCPA and/or the passage of time.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the COCPA.

The COCPA had only unrestricted net assets at April 30, 2014 and 2013.

Revenue Recognition

Revenue is recognized when earned. Membership dues are recognized ratably over the term of the membership period. Continuing professional education fees are recognized in the period in which the course is given. Peer review administrative fees are billed and recognized as revenue during the administrative year for which they apply. Other revenue is recognized when earned. As of April 30, 2014 and 2013, the COCPA recorded deferred revenue, which represents the portion of revenue collected during the fiscal year that applies to the subsequent year's activity.

Contributed Services

Contributed services are recorded if they create or enhance nonfinancial assets or require specialized skills that are provided by an individual possessing those skills and would typically need to be purchased if not provided by donation. A significant portion of the COCPA's functions, which are conducted by unpaid volunteers, is not reflected in the accompanying financial statements because it does not meet the criteria for recognition by generally accepted accounting principles.

Advertising Costs

The COCPA uses advertising to promote its programs. Advertising costs are expensed as incurred and totaled $137,592 and $118,391 for the years ended April 30, 2014 and 2013, respectively, for continuing professional education marketing.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Note 7 presents total expenses by function.

Income Taxes

The COCPA is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. However, income from activities not directly related to the COCPA's tax-exempt purpose is subject to taxation as unrelated business income. The COCPA's unrelated business income primarily represents advertising revenue associated with the COCPA's NewsAccount publication and website. The COCPA did not incur any material income tax expense from these unrelated activities for the years ended April 30, 2014 and 2013.

Management performs an annual analysis of the COCPA's various tax positions, assessing the likelihood of those positions being upheld upon examination by relevant tax authorities. Management believes the COCPA has conducted its operations in accordance with, and has properly maintained its tax-exempt status, and has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. The COCPA is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Financial Instruments and Credit Risk

The COCPA manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. The COCPA monitors the accounts to ensure that amounts on deposit do not exceed insured limits. To date, the COCPA has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from members. Investments are managed by diversified investment managers who are selected by the Investment Committee of the Board of Directors and whose performance is monitored by COCPA management and the Investment Committee. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the COCPA.

Subsequent Events

The COCPA has evaluated subsequent events through July 16, 2014, the date which the financial statements were available to be issued.

Note 3 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the COCPA can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the COCPA's assessment of the quality, risk or liquidity profile of the asset or liability.

All of the COCPA's investment assets are classified within Level 1 because they are comprised of mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at April 30, 2014 and 2013:

	2014	2013
Level 1 Investments:		
Mutual funds:		
Intermediate-term bond	$ 603,926	$ 556,312
Large capitalization value equities	570,771	500,556
Foreign equities	364,212	340,022
Tangibles	209,719	192,603
Medium capitalization value equities	134,798	150,420
Small capitalization value equities	142,732	148,923
	$ 2,026,158	$ 1,888,836

Note 4 - Investment Return

The COCPA has a policy of distributing for operations 5% of the estimated average of the fair values of the investment assets at the end of the previous three calendar years. The following table presents net investment return for the years ended April 30, 2014 and 2013:

	2014	2013
Interest and dividends	$ 73,439	$ 83,757
Realized gains/(losses)	36,432	(1,832)
Unrealized gains/(losses)	112,786	155,233
	$ 222,657	$ 237,158
Net operating investment return	$ 92,749	$ 91,842
Net non-operating investment return	129,908	145,316
	$ 222,657	$ 237,158

Note 5 - Property and Equipment

Property and equipment consisted of the following as of April 30, 2014 and 2013:

	2014	2013
Furniture and equipment	$ 320,882	$ 320,882
Computer hardware and software	696,144	646,875
Leasehold improvements	26,573	24,544
Automobile	31,968	-
	1,075,567	992,301
Less: accumulated depreciation	(772,825)	(660,720)
	$ 302,742	$ 331,581

Note 6 - Deferred Revenue

Deferred revenue consisted of the following as of April 30, 2014 and 2013:

	2014	2013
Membership dues	$ 769,224	$ 517,385
Continuing professional education fees	37,942	28,955
Other	2,767	9,097
	$ 809,933	$ 555,437

Note 7 - Functionalized Expenses

Total expenses by function were as follows for the years ended April 30, 2014 and 2013:

	2014	2013
Membership services	$ 1,366,919	$ 1,313,815
Continuing professional education	1,659,957	1,546,816
Peer review services	151,699	148,484
Total program services	$ 3,178,575	$ 3,009,115
General administrative (includes moving expenses of $70,851 in 2013)	832,013	1,006,055
	$ 4,010,588	$ 4,015,170

Note 8 - Profit Sharing/401(k) Plan and Trust

Effective May 1, 1985, the COCPA established, as a separate accounting entity, the Colorado Society of CPAs Profit Sharing/401(k) Plan and Trust for the benefit of eligible COCPA employees. No more than 25% of a participant's compensation can be allocated to a participant's account during any plan year. The COCPA is required to match participant contributions up to 5% of compensation. The residual up to the 25% limitation would result from a combination of participant contributions and annual discretionary contributions made by the COCPA of up to 5% of each participant's compensation. In addition to the maximum deferred contribution of 25%, participants may also make after-tax contributions of up to 10% of compensation. The COCPA's contributions for the years ended April 30, 2014 and 2013 were $62,961 and $64,337, respectively. Neither the assets nor the liabilities of the profit sharing /401(k) plan and trust are reflected in these financial statements.

Note 9 - Commitments

The COCPA has entered into a long-term lease for use of its office facilities. A lease commencing August 1, 2012 for new office premises includes rent abatement which is amortized as a reduction to rent expense over the term of the lease. Rent expense was $237,022 and $260,372, respectively, for the years ended April 30, 2014 and 2013, which includes the COCPA's share of annual operating costs. The COCPA also has entered into a lease agreement for postage equipment.

Future minimum lease commitments as of April 30, 2014, are as follows:

Year Ending April 30,	
2015	$ 245,731
2016	251,412
2017	257,093
2018	174,556
2019	636
	$ 929,428

The COCPA, at various times throughout the year, is committed to various contracts for payments to authors and instructors of its continuing education programs and technical reviewers for its peer review program. Terms and conditions vary on a contract-by-contract basis.

Note 10 - Related Party Transactions

The COCPA is affiliated with The Educational Foundation of the Colorado Society of Certified Public Accountants (the "Foundation"), the primary purpose of which is to promote accounting education in Colorado and support individuals and institutions engaged in its study and teaching. The Foundation is a separately incorporated organization under Internal Revenue Code Section 501(c)(3) and is not controlled by the COCPA. The COCPA performs certain administrative, program support, and fundraising services for the benefit of the Foundation and also contributes certain amounts to the Foundation to cover additional expenses. The value of donated services and other contributions totaled $23,216 and $20,734, respectively, for the years ended April 30, 2014 and 2013. The COCPA remits to the Foundation contributions collected on its behalf. Amounts owed to the Foundation, which are included in accounts payable as of April 30, 2014 and 2013, were $3,056 and $3,875, respectively.

Under the guidance of the Board of Directors, the COCPA also administers the Colorado Society of CPAs Profit Sharing/401(k) Plan and Trust, which was established for the benefit of the COCPA's employees.

Additionally, during the years ended April 30, 2014 and 2013, the COCPA paid $33,230 and $30,835, respectively, to Board members and Board members' firms for services to the COCPA in the customary course of business.