Financial Statements
April 30, 2012 and 2011

Colorado Society of Certified Public Accountants

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Financial Statements

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Independent Auditor's Report

The Board of Directors
Colorado Society of Certified Public Accountants

We have audited the accompanying statements of financial position of the Colorado Society of Certified Public Accountants (the "COCPA") as of April 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the COCPA's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the COCPA's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Greenwood Village, Colorado
July 13, 2012

Assets	2012	2011
Current Assets:		
Cash and cash equivalents	$ 557,498	$ 479,465
Trade receivables, less allowance of $3,840 and $4,160, respectively	32,528	43,121
Prepayments	200,452	254,300
Inventory	13,044	1,155
Total Current Assets	803,522	778,041
Long-Term Investments	1,857,406	1,948,756
Property and Equipment	1,166,544	1,371,830
Less: accumulated depreciation	(818,160)	(1,002,550)
Net Property and Equipment	348,384	369,280
Cash and investments held for deferred compensation plan	88,255	174,350
Total Assets	$ 3,097,567	$ 3,270,427
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 131,484	$ 146,451
Accrued liabilities	201,511	190,761
Grants payable	10,000	10,000
Deferred revenue	686,004	685,060
Deferred lease incentive	11,041	44,160
Total Current Liabilities	1,040,040	1,076,432
Long-Term Liabilities:		
Deferred lease incentive	-	11,046
Grants payable	-	10,000
Accrued liabilities	-	6,211
Deferred compensation plans	88,255	174,350
Total Long-Term Liabilities	88,255	201,607
Total Liabilities	1,128,295	1,278,039
Commitments (Note 10)	-	-
Net Assets, Unrestricted	1,969,272	1,992,388
Total Liabilities and Net Assets	$ 3,097,567	$ 3,270,427

	2012	2011
Revenue:		
Continuing professional education		
Group study programs	$ 1,658,644	$ 1,637,837
Webcast programs	230,203	21,449
On-site programs	153,543	135,601
Self-study programs	172,553	187,188
Total continuing professional education	2,214,943	1,982,075
Membership dues	1,845,065	1,800,112
Peer review dues and fees	170,990	165,415
Investment income	62,806	106,930
NewsAccount advertising	36,183	50,197
Royalty income	48,195	51,883
Member activities and events income	103,437	95,639
Other income	65,076	39,317
Total Revenue	4,546,695	4,291,568
Expenses:		
Program Services		
Continuing professional education	2,098,726	2,079,615
Membership services	1,262,636	1,220,152
Peer review services	153,966	143,831
Total Program Services	3,515,328	3,443,598
Supporting Services		
General administrative	987,663	848,540
Total Expenses	4,502,991	4,292,138
Change in Net Assets before Unrealized Gain (Loss) on Investments	43,704	(570)
Unrealized gain (loss) on investments	(66,820)	192,842
Change in Net Assets	(23,116)	192,272
Net Assets, Beginning of Year	1,992,388	1,800,116
Net Assets, End of Year	$ 1,969,272	$ 1,992,388

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ (23,116)	$ 192,272
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	117,500	124,659
Allowance for doubtful accounts	-	105
Realized and unrealized (gain) loss on investments	77,736	(235,220)
(Gain) loss on sale of property and equipment	32,225	(225)
Changes in operating assets and liabilities		
Decrease (increase) in trade receivables	10,593	(9,180)
Decrease (increase) in prepayments	53,848	(133,235)
Decrease (increase) in inventory	(11,889)	981
(Decrease) increase in accounts payable	(14,967)	20,715
(Decrease) increase in accrued liabilities	4,539	(24,480)
(Decrease) in grants payable	(10,000)	(10,000)
(Decrease) increase in deferred revenue	944	(85,080)
(Decrease) in deferred lease incentive	(44,165)	(44,167)
Net cash provided by (used in) operating activities	193,248	(202,855)
Cash flows from investing activities:		
Redemption of investments	248,420	686,766
Purchases of investments	(234,806)	(550,016)
Proceeds from sale of property and equipment	16,367	225
Acquisitions of property and equipment	(145,196)	(242,320)
Net cash (used in) investing activities	(115,215)	(105,345)
Cash flows from financing activities:		
Principal payments on long-term obligations	-	(100)
Net cash (used in) financing activities	-	(100)
Net Increase (Decrease) in Cash and Cash Equivalents	78,033	(308,300)
Cash and Cash Equivalents, Beginning of Year	479,465	787,765
Cash and Cash Equivalents, End of Year	$ 557,498	$ 479,465

Note 1 - Nature of the Organization

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

Description of Activities

The COCPA's activities include the following:

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.

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.

Peer Review Services

Provides services to members 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 director's activities, and other.

Note 2 - Summary of Significant Accounting Policies

Method of Accounting

The COCPA's financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") Topic 958-205. Under ASC 958-205, the COCPA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The COCPA had only unrestricted net assets in 2012 and 2011.

Use of 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.

Fair Value Measurements

The carrying amounts reported in the statement of financial position for cash and cash equivalents, trade receivables, prepayments, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

The COCPA has adopted FASB Accounting Standards Codification Topic ASC 820-10, which among other things requires enhanced disclosures about investments that are measured and reported at fair value. ASC 820-10 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

ASC 820-10 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The COCPA accounts for its investments at fair value. All securities are valued using Level 1 inputs as they are traded on an active exchange. In accordance with ASC 820-10, the COCPA has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), driving inputs other than quoted prices in active markets (Level 2), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities. Level 3 investments include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt. The COCPA does not have any securities that are valued using Level 2 or 3 inputs.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

Trade Receivables

Trade receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off. Changes in the allowance for doubtful accounts have not been material to 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. Investments are reported at their fair values in the statement of financial position, and unrealized gains and losses are included in the statement of activities. Investment income consists of interest and dividend income, and realized capital gains and losses generated from the investments, less investment management and custodial fees.

Property and Equipment

All property and equipment is stated at cost, or fair value if donated, and depreciated over the following estimated useful lives using the straight-line method:

	Estimated Useful Lives
Furniture and equipment	5-10 years
Computer hardware and software	2-5 years
Automobile	5 years

Capitalized leases 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 are charged to operations, and expenditures for major replacements and betterments of $1,000 and greater are capitalized.

Capitalized software development costs include costs related to internally developed software. Direct internal and external costs subsequent to the preliminary stage are being capitalized as property and equipment. Capitalized costs will be amortized over the estimated useful life when the software is ready for its intended use.

Grants Payable

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

Revenue Recognition

Continuing professional education fees are recognized in the period in which the course is given. Membership dues are recognized ratably over the term of the membership period. 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, 2012 and 2011, 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

Under FASB ASC 958-605, 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 since a significant portion of volunteers' time does not meet the criteria for recognition under ASC 958-605.

Advertising Costs

The COCPA uses advertising to promote its programs. The production costs of advertising are expensed as incurred. During the years ended April 30, 2012 and 2011, advertising costs totaled $149,329 and $170,502, respectively, for continuing professional education marketing.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, and money market accounts. The COCPA considers cash equivalents to be all highly liquid investments which are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Functional Allocation of Expenses

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

Subsequent Events

The COCPA has evaluated subsequent events through July 13, 2012, the date which the financial statements were available to be issued.

Note 3 - Accounting for Uncertain Tax Positions

The COCPA is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code, qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been classified as an organization other than a private foundation under Section 509(a)(1). 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 Web site. The COCPA did not incur any material income tax expense from these unrelated activities for the years ended April 30, 2012 and 2011.

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 2009.

Note 4 - Investments and Concentration of Credit Risk

Investments

As of April 30, 2012 and 2011, investments consisted of the following:

		2012		2011
Level 1 Investments:				
Common Stock	$	5,509	$	5,771
Mutual funds:				
Intermediate-term bond		529,103		574,880
Large capitalization value equities		499,865		512,781
Foreign equities		335,466		352,427
Tangibles		192,910		198,237
Medium capitalization value equities		151,593		152,913
Small capitalization value equities		142,960		151,747
	$	1,857,406	$	1,948,756

Interest and dividends from investments for the years ended April 30, 2012 and 2011 totaled $73,721 and $64,552, respectively. Unrealized gains (losses) from these investments for the years ended April 30, 2012 and 2011 of ($66,820) and $192,842, respectively, and realized gains (losses) of ($10,916) and $42,378, respectively, were recognized.

		2012		2011
Level 1 Investments held for deferred compensation plan:				
Bond funds	$	41,378	$	66,683
Foreign equities		23,597		43,562
Equity mutual funds		6,631		12,519
Real estate and tangibles		6,150		12,776
Other		1,914		2,734
		79,670		138,274
Cash and cash equivalents		8,585		36,076
Total cash and investments held for deferred compensation plan	$	88,255	$	174,350

Concentration of Credit Risk

The COCPA's interest bearing cash demand deposits are held at financial institutions at which deposits are insured up to $250,000 per institution by the Federal Deposit Insurance Corporation ("FDIC"). As of April 30, 2012 and 2011, the balance at financial institutions exceeded the FDIC limit by approximately $-0- and $135,705, respectively.

Note 5 - Property and Equipment

Property and equipment consisted of the following as of April 30, 2012 and 2011:

	2012	2011
Furniture and equipment	$ 458,760	$ 467,282
Computer hardware and software	639,767	836,531
Leasehold improvements	68,017	68,017
	1,166,544	1,371,830
Less: accumulated depreciation	(818,160)	(1,002,550)
Net Property and Equipment	$ 348,384	$ 369,280

Depreciation expense was $117,500 and $124,659 for the years ended April 30, 2012 and 2011, respectively.

Note 6 - Investments Held for Deferred Compensation Plan

The COCPA maintains a nonqualified deferred compensation plan (the "Plan") for its previous Executive Director. Contributions are no longer made to the Plan. Under terms of the Plan, the obligation is equal to the fair market value of the designated investments. Gains or losses on the Plan's investments are recognized as increases or decreases in the Plan's obligations. Investments designated for retirement of the Plan's obligations are stated at fair value. These funds are managed by an outside investment advisor. As of April 30, 2012 and 2011 the investments under this plan consisted of only Level 1 investments according to FASB ASC 820-10.

Note 7 - Deferred Revenue

Deferred revenue consisted of the following as of April 30, 2012 and 2011:

	2012	2011
Membership dues	$ 665,914	$ 645,830
Continuing professional education fees	18,763	37,958
Other	1,327	1,272
	$ 686,004	$ 685,060

Note 8 - Other Income

Other income consisted of the following as of April 30, 2012 and 2011:

	2012	2011
Web site advertising	$ 14,055	$ 10,283
Room rentals	33,617	18,534
Referral service	7,700	8,900
Miscellaneous	9,704	1,600
	$ 65,076	$ 39,317

Note 9 - 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, 2012 and 2011 were $70,020 and $69,448, respectively. Neither the assets nor the liabilities of the profit sharing /401(k) plan and trust is reflected in these financial statements.

Note 10 - Commitments

The COCPA has entered into long-term leases for use of its office facilities. A lease agreement terminating July 31, 2012 includes various tenant allowances which are included in deferred lease incentives. These lease incentives are amortized as a reduction to rent expense over the term of the lease. Rent expense was $367,284 and $384,438, respectively, for the years ended April 30, 2012 and 2011, which includes the COCPA's share of annual operating costs. The COCPA entered into a new lease agreement on April 6, 2012 for new office premises commencing August 1, 2012. The COCPA also has entered into a lease agreement for postage equipment.

Future minimum lease commitments as of April 30, 2012, are as follows:

Year Ended April 30,	
2013	$ 179,214
2014	233,882
2015	238,768
2016	243,336
2017	249,017
	$ 1,144,217

The COCPA has made an unconditional pledge to the American Institute of CPAs Foundation's Accounting Doctoral Students Program. Amounts payable as of April 30, 2012 are included in grants payable on the statement of activities and are payable as follows:

Year Ended April 30,	
2013	$ 10,000
	$ 10,000

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 11 - Related Parties and Affiliate

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 grant scholarships and make awards to accounting students in the State of Colorado. 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 $17,698 and $21,990, respectively, for the years ended April 30, 2012 and 2011. 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, 2012 and 2011, were $3,401 and $2,481, 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, 2012 and 2011, the COCPA paid $34,413 and $-0-, respectively, to Board members and Board members' firms for services to the COCPA in the customary course of business.