Financial Statements
April 30, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 2015, 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 20, 2016

	2016	2015
Assets		
Cash and cash equivalents	$ 892,870	$ 913,043
Accounts receivable	63,891	29,054
Prepaid expenses	64,902	103,875
Inventory	11,715	11,974
Investments	2,074,829	2,115,506
Property and equipment, net	175,692	248,013
Total Assets	$ 3,283,899	$ 3,421,465
Liabilities and Net Assets		
Accounts payable	$ 112,303	$ 78,398
Accrued liabilities	170,376	252,575
Deferred revenue	827,240	926,399
Total Liabilities	1,109,919	1,257,372
Net Assets, Unrestricted	2,173,980	2,164,093
Total Liabilities and Net Assets	$ 3,283,899	$ 3,421,465

	2016	2015
Revenue		
Membership dues	$ 1,943,362	$ 1,861,063
Member activities, events, and services	139,693	145,971
Advertising	36,737	48,477
Royalties and promotion	61,045	47,801
Continuing professional education	1,720,585	1,318,040
Peer review dues and fees	259,105	166,545
Net operating investment return	102,469	97,666
Other income	615	887
Total Revenue	4,263,611	3,686,450
Expenses		
Program Services		
Member services	1,511,007	1,405,565
Continuing professional education	1,548,435	1,333,864
Peer review services	171,066	157,388
Total Program Services	3,230,508	2,896,817
Supporting Services		
General administrative	836,983	779,697
Total Expenses	4,067,491	3,676,514
Change in Net Assets before Net Non-operating Investment (Loss)	196,120	9,936
Net non-operating investment (loss)	(186,233)	(5,352)
Change in Net Assets	9,887	4,584
Net Assets, Beginning of Year	2,164,093	2,159,509
Net Assets, End of Year	$ 2,173,980	$ 2,164,093

	2016	2015
Cash flows from operating activities:		
Membership dues receipts	$ 1,875,041	$ 1,962,342
Member activities, events, and services receipts	141,501	143,849
Advertising receipts	44,407	48,477
Royalty and promotion receipts	61,045	47,801
Continuing professional education receipts	1,698,020	1,317,551
Peer review receipts	206,505	169,090
Interest and dividends received	2,981	127,843
Miscellaneous receipts	614	581
Payments for salaries, benefits, and taxes	(1,732,353)	(1,687,835)
Payments to vendors	(2,117,174)	(1,902,915)
Net cash from operating activities	180,587	226,784
Cash flows from investing activities:		
Purchases of operating investments	(538,613)	(124,894)
Proceeds from sale of operating investments	390,869	-
Purchases of property and equipment	(53,386)	(66,542)
Proceeds from sale of property and equipment	370	305
Net cash (used for) investing activities	(200,760)	(191,131)
Net Change in Cash and Cash Equivalents	(20,173)	35,653
Cash and Cash Equivalents, Beginning of Year	913,043	877,390
Cash and Cash Equivalents, End of Year	$ 892,870	$ 913,043
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in Net Assets	$ 9,887	$ 4,584
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	125,705	119,893
Realized and unrealized loss on investments	188,422	35,546
(Gain) loss on disposal of property and equipment	(370)	1,073
Changes in operating assets and liabilities		
Accounts receivable	(34,837)	(15,270)
Prepaid expenses	38,973	(856)
Inventory	260	(2,640)
Accounts payable	33,905	(11,154)
Accrued liabilities	(82,199)	(20,858)
Deferred revenue	(99,159)	116,466
Net cash provided by operating activities	$ 180,587	$ 226,784

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:

Member 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, 2016 and 2015, 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 net realizable value. No allowance for inventory obsolescence is deemed necessary as of April 30, 2016 and 2015.

Investments

Investment purchases are initially recorded at cost. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return (loss) 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.

The COCPA reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended April 30, 2016 and 2015.

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, 2016 and 2015.

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, 2016 and 2015, 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. No significant contributed services were received during the years ended April 30, 2016 and 2015. 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 $90,357 and $78,946 for the years ended April 30, 2016 and 2015, 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.

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, 2016 and 2015.

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. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. 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 20, 2016, the date at which the financial statements were available to be issued.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset 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, 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 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 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 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, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. 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 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. 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.

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, 2016 and 2015:

	2016	2015
Level 1 Investments:		
Mutual funds:		
Intermediate-term corporate bonds	$ 646,993	$ 619,081
Large capitalization value equities	548,302	620,807
Foreign equities	383,338	375,853
Tangibles	211,222	193,820
Medium capitalization value equities	142,458	159,868
Small capitalization value equities	142,516	146,077
	$ 2,074,829	$ 2,115,506

Note 4 - Investment Return (Loss)

The COCPA has a policy of distributing for operations 5% of the 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 (loss) for the years ended April 30, 2016 and 2015:

	2016	2015
Interest and dividends	$ 104,658	$ 127,859
Realized gains (losses)	(2,532)	-
Unrealized gains (losses)	(185,890)	(35,546)
	$ (83,764)	$ 92,314
Net operating investment return	$ 102,469	$ 97,666
Net non-operating investment (loss)	(186,233)	(5,352)
	$ (83,764)	$ 92,314

Note 5 - Property and Equipment

Property and equipment consisted of the following as of April 30, 2016 and 2015:

	2016	2015
Furniture and equipment	$ 314,840	$ 320,882
Computer hardware and software	720,822	672,576
Leasehold improvements	26,573	26,573
Automobile	31,968	31,968
	1,094,203	1,051,999
Less: accumulated depreciation	(918,511)	(803,986)
	$ 175,692	$ 248,013

Note 6 - Deferred Revenue

Deferred revenue consisted of the following as of April 30, 2016 and 2015:

	2016	2015
Membership dues	$ 802,182	$ 870,503
Continuing professional education fees	14,630	54,182
Other	10,428	1,714
	$ 827,240	$ 926,399

Note 7 - 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. Both full-time and part-time employees of at least age 21 are eligible immediately upon commencing employment. Traditional and Roth 401(k) options are available. Under the Roth 401(k) option, participants may make post-tax elective deferrals in addition to, or instead of, pre-tax elective deferrals under the traditional 401(k) option. A participant's combined elective deferrals cannot exceed the IRS limits for traditional 401(k) deferrals. The COCPA has adopted Safe Harbor 401(k) provisions under which it matches participant contributions up to 5% of compensation. The COCPA's contribution expense for the years ended April 30, 2016 and 2015 was $78,841 and $63,665, respectively. Neither the assets nor the liabilities of the profit sharing /401(k) plan and trust are reflected in these financial statements.

Note 8 - Commitments

The COCPA has entered into a long-term lease for use of its office facilities which expires December 2017. The lease includes rent abatement which is amortized as a reduction to rent expense over the term of the lease. Rent expense was $245,202 and $239,582, respectively, for the years ended April 30, 2016 and 2015, 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, 2016, are as follows:

Year Ending April 30,	
2017	$ 257,093
2018	174,557
2019	636
	$ 432,286

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 9 - 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 it donates office space and general overhead for the Foundation's use. The value of donated goods and services totaled $39,696 and $16,086, respectively, for the years ended April 30, 2016 and 2015. 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, 2016 and 2015, were $3,237 and $2,780, 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, 2016 and 2015, the COCPA paid $33,922 and $1,700, respectively, to Board members and Board members' firms for services to the COCPA in the customary course of business.