

ARKANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

MARCH 31, 2018 AND 2017

(With independent auditor's report thereon)

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Independent Auditor's Report

To the Board of Directors
Arkansas Society of Certified Public Accountants

We have audited the accompanying financial statements of the Arkansas Society of Certified Public Accountants (the "Society"), which comprise the statements of financial position as of March 31, 2018 and 2017, 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 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.

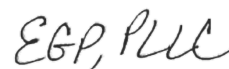
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arkansas Society of Certified Public Accountants as of March 31, 2018 and 2017, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 15 through 18 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



September 6, 2018

Certified Public Accountants & Consultants
North Little Rock, Arkansas

Arkansas Society of Certified Public Accountants
Statement of Financial Position
March 31, 2018 and 2017
(See independent auditor's report.)

	2018	2017
<u>Assets</u>		
Cash and cash equivalents	\$ 611,441	\$ 803,169
Accounts receivable	20,880	15,405
Investments	873,833	793,059
Prepaid expenses	27,995	33,342
Property and equipment, net of accumulated depreciation	1,189,172	1,105,271
Total Assets	\$ 2,723,321	\$ 2,750,246
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 9,336	\$ 6,918
Accrued vacation	5,833	3,218
Due to related parties	-	15,807
Deferred revenue - dues and fees collected in advance	42,864	319,426
Total Liabilities	58,033	345,369
Net Assets		
Unrestricted	1,890,288	1,629,877
Board Designations		
Unrestricted - buildings	350,000	350,000
Unrestricted - operating	350,000	350,000
Unrestricted - rent	75,000	75,000
Total Net Assets	2,665,288	2,404,877
Total Liabilities and Net Assets	\$ 2,723,321	\$ 2,750,246

The accompanying notes are an integral part of these financial statements.

Arkansas Society of Certified Public Accountants
Statement of Activities
For the Years Ended March 31, 2018 and 2017
(See Independent auditor's report.)

	<u>2018</u>	<u>2017</u>
Unrestricted Net Assets:		
Revenues and Gains		
Membership dues and initiation fees	\$ 549,181	\$ 548,361
CPE and conference registration fees	662,484	712,058
Exhibit fees and sponsorships	6,750	10,600
Sale of CPE materials	30,520	13,321
Peer review dues and review fees	95,505	100,302
Newsletter, directory and website advertising	21,047	17,215
Investment income (loss), net	88,281	79,794
Rental income	52,050	76,909
Chapter revenues	31,629	34,715
Other income	-	350
Total Revenue and Gains	<u>1,537,447</u>	<u>1,593,625</u>
Expenses		
Administrative and general	769,643	715,604
Program services:		
CPE and conference expenses	455,964	472,118
Peer review expense	22,348	36,673
Chapter expenses	30,501	25,708
Gain on disposal of property and equipment	(1,420)	-
Total Expenses	<u>1,277,036</u>	<u>1,250,103</u>
Increase in Net Assets	260,411	343,522
Net Assets, Beginning of Year	<u>2,404,877</u>	<u>2,061,355</u>
Net Assets, End of Year	<u>\$ 2,665,288</u>	<u>\$ 2,404,877</u>

The accompanying notes are an integral part of these financial statements.

Arkansas Society of Certified Public Accountants
Statement of Cash Flows
For the Years Ended March 31, 2018 and 2017
(See independent auditor's report.)

	2018	2017
Cash Flows from Operating Activities:		
Dues collected	\$ 241,081	\$ 573,994
CPE and conference fees	689,922	671,163
Other income	236,126	257,338
Investment income (loss), net	39,099	44,609
Cash payments to suppliers and employees	(1,208,003)	(1,215,295)
Net Cash Provided (Required) by Operating Activities	(1,775)	331,809
Cash Flows from Investing Activities:		
Purchase of investments	(138,919)	(811,816)
Proceeds from sale of investments	107,327	752,399
Proceeds on disposal of property and equipment	1,420	-
Purchase of property and equipment	(143,974)	(8,188)
Net Cash Required by Investing Activities	(174,146)	(67,605)
Cash Flows from Financing Activities:		
Net payments from related party	(15,807)	(2,056)
Net Cash Provided (Required) by Financing Activities	(15,807)	(2,056)
Increase (Decrease) in Cash and Cash Equivalents	(191,728)	262,148
Cash and cash equivalents, beginning of year	803,169	541,021
Cash and Cash Equivalents - End of Year	\$ 611,441	\$ 803,169
Reconciliation of Changes in Net Assets to Net		
Cash Provided (Required) by Operating Activities		
Increase in net assets	\$ 260,411	\$ 343,522
Items not requiring operating cash flows		
Depreciation and amortization	60,073	55,760
Gain on disposition and sale of assets	(1,420)	-
Unrealized (gain) loss	(49,182)	(35,185)
(Increase) decrease in assets:		
Accounts receivable	(5,475)	(1,174)
Prepaid expenses	5,347	(6,966)
Increase (decrease) in liabilities:		
Accounts payable	2,418	(17,204)
Deferred revenues	(276,562)	(10,162)
Accrued vacation	2,615	3,218
Net Cash Provided (Required) by Operating Activities	\$ (1,775)	\$ 331,809

The accompanying notes are an integral part of these financial statements.

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

1. Summary of Significant Accounting Policies

Organization

The Arkansas Society of Certified Public Accountants (the “Society” or “ASCPA”) is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The organization provides services to the benefit of its members including continuing education programs, peer review services, annual conferences, catalogs, newsletters and other benefits.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-210, Not-for-Profit Entities. Under ASC 958-210, the Society 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 Society does not have any temporarily or permanently restricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, the Society considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost for purchases and fair market value for donated equipment. Repairs are expensed as incurred. Depreciation is provided on the straight-line method and accelerated methods over the estimated useful lives of the assets, which range from five to forty years. Depreciation expense was \$60,073 and \$55,760 for the years ended March 31, 2018 and 2017, respectively.

A summary of property and equipment is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 331,000	\$ 331,000
Society building and improvements	1,324,539	1,321,664
Office furniture and equipment	467,806	401,076
Website development in process	48,376	-
	<u>2,171,721</u>	<u>2,053,740</u>
Less accumulated depreciation	<u>(982,549)</u>	<u>(948,469)</u>
	<u>\$ 1,189,172</u>	<u>\$ 1,105,271</u>

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Management and the Board of Directors closely monitor outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. At March 31, 2018 and 2017, the Society considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts. For the years ended March 31, 2018 and 2017, there were no bad debt expenses.

Revenue Recognition and Deferred Revenue

Revenue and expenses are recorded on the accrual basis. Revenue received for future dues, subscriptions and conferences and related expenses are deferred to the applicable year.

Investments

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

Donated Services

A portion of the Society's functions, including educational activities and various publications, are conducted by unpaid volunteer officers and committees. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Functional Expenses

Expenses are classified according to the categories for which they were incurred and are summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Society is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and applicable state law except as it relates to tax on unrelated business income for advertising sales. ASC 740, *Income Taxes* requires certain disclosures about uncertain income tax positions. When tax returns are filed, it is probable that most tax positions would be sustained upon examination by taxing authorities. However, it is also possible that some positions might be subject to uncertainty and result in a loss contingency if the amount can be reasonably estimated. The amount recognized is subject to estimation and the amount ultimately sustained for an individual uncertain tax positions or for all uncertain tax positions in the aggregate could differ from the amount recognized. Currently, management does not believe that any uncertain tax positions exist under the provisions of ASC 740 or ASC 450, *Contingencies*. No penalties or interest by the Internal Revenue Service or a state taxing authority were incurred and recorded in these financial statements.

The Society has filed or will file all applicable Federal income tax returns. Federal income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. This includes the tax returns filed for the years ending March 31, 2018, 2017, 2016, and 2015. Currently, the Society has no open examination with the Internal Revenue Service.

Recent Accounting Pronouncements

In August of 2016, FASB issued ASU “Not-for-Profit Entities (Topic 958)”. The FASB issued this update to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. To meet that objective, the FASB amended the FASB Accounting Standards Codification. ASU 2016-14 is effective for all not-for-profit entities and the users of their general-purpose financial statements. This amendment is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Society is evaluating the application of ASU 2016-14 and the effect it will have on the Society’s financial statements.

Subsequent Events

Management has evaluated subsequent events through September 6, 2018, the date the financial statements were available to be issued.

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

2. Concentration of Cash Deposits

As of March 31, 2018 and 2017, cash and cash equivalents consisted of the following:

	<u>2018</u>	<u>2017</u>
Cash in bank- checking	\$ 81,301	\$ 180,969
Cash in bank- chapters	55,912	54,784
Money market investment in brokerage account	<u>474,228</u>	<u>567,416</u>
Total	<u>\$ 611,441</u>	<u>\$ 803,169</u>

The Society maintains cash balances in one financial institution located in central Arkansas. Additionally, balances are maintained by the various Chapters of the Society in financial institutions located throughout Arkansas. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of March 31, 2018 and 2017, the uninsured balance was at \$208,700 and \$304,214, respectively.

The money market account held in the brokerage account is insured by the Securities Investor Protection Corporation (SIPC, a nonprofit organization funded by its broker-dealer members) up to \$250,000. The money market investment may include the following underlying instruments:

- Commercial paper.
- Corporate obligations.
- Debt obligations of U.S.-regulated banks and instruments secured by those obligations. These investments include certificates of deposit.
- Certificates of deposit at savings banks and savings and loan associations.
- Debt obligations issued or guaranteed as to principal and interest by the U.S. government, its agencies or its instrumentalities.
- Repurchase agreements, which may be viewed as a type of secured lending by the fund.

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

3. Investments and Investment Income (Loss)

Investments consist of mutual funds, are stated at fair value based on quoted prices in active markets (all Level 1 measurements), and are summarized as follows:

	March 31, 2018		March 31, 2017	
	Cost	Fair Value	Cost	Fair Value
Equity Funds:				
Large capitalization value equities	\$ 75,472	\$ 98,411	\$ 80,116	\$ 91,453
Foreign equities	38,395	47,452	39,579	43,728
Small capitalization value equities	36,242	47,675	39,935	47,568
Diversified emerging market	33,793	49,246	39,657	47,150
Growth stock	31,216	46,117	39,887	48,716
Fixed Income Funds:				
Treasury bond 7-10 year	64,252	60,263	48,916	46,248
Treasury bond 20+ year	62,650	61,560	-	-
Treasury bond 3-7 year	62,305	59,828	48,967	47,620
Treasury bond 1-3 year	57,704	56,737	48,933	48,599
Mutual Funds:				
Foreign equities	97,135	105,975	91,406	94,748
Large capitalization value equities	85,313	96,879	84,169	91,570
Medium capitalization value equities	42,444	46,986	42,120	48,191
Growth stock	38,952	47,119	42,822	46,900
Diversified emerging market	37,096	49,585	40,517	45,842
Bond funds	-	-	44,348	44,726
	\$ 762,969	\$ 873,833	\$ 731,372	\$ 793,059

Investment income for the years ended March 31 is composed of:

	2018	2017
Interest and dividends	\$ 19,843	\$ 13,249
Capital gain distributions	10,740	5,727
Realized loss	15,297	32,072
Unrealized loss	49,182	35,185
Fees	(6,781)	(6,439)
	\$ 88,281	\$ 79,794

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

3. Investments and Investment Income (Loss) (continued)

Investment management fees in the accompanying statements of activities reflect only the fees paid directly to the Society's contracted investment manager. In addition, other management fees are charged by managers directly to the mutual funds in which the Society's assets are invested. The effects of those fees are reflected in reduced investment returns rather than direct expenses. The amount of those fees has not been determined.

4. Fair Values of Financial Instruments

Financial accounting standards for fair value measurements define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Current accounting standards establish a framework for measuring fair value.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

4. Fair Values of Financial Instruments (continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values of assets measured on a recurring basis are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
March 31, 2018				
Equity funds	\$ 288,901	\$ 288,901	\$ -	\$ -
Fixed income funds	116,565	116,565	-	-
Mutual funds	346,544	346,544	-	-
	<u>\$ 752,010</u>	<u>\$ 752,010</u>	<u>\$ -</u>	<u>\$ -</u>
March 31, 2017				
Equity funds	\$ 278,615	\$ 278,615	\$ -	\$ -
Fixed income funds	96,219	96,219	-	-
Mutual funds	371,977	371,977	-	-
	<u>\$ 746,811</u>	<u>\$ 746,811</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of the mutual funds is determined by the published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

5. Retirement Plan

The Society sponsors a 401(k) plan, which covers substantially all of its employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation, in accordance with section 401(k) of the Internal Revenue Code. Effective for the year ended March 31, 2011, the Society adopted a safe-harbor provision to the 401(k) plan. The safe-harbor provision provides that the Society will make matching contributions to eligible participants in an amount equal to 100% of the participants' first 3% of compensation deferred and 50% of the participants' next 2% of compensation deferred. The Society's contributions for the years ended March 31, 2018 and 2017, were \$36,156 and \$9,405, respectively. Additional contributions by the Society may be made to the plan at the discretion of the Society's Board of Directors. The Board made an additional contribution of \$17,000, which is included in the total contributions above, for the year ending March 31, 2018. No additional contributions were made for the year ending March 31, 2017.

Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017

6. Related Party Information

In conjunction with the Society's members' dues remittances, the Society collects contributions to the ASCPA Student Education Fund and the ASCPA PAC. These funds are then remitted to the Student Education Fund and PAC. Additionally, the Society prepares and pays the scholarships awarded and is reimbursed by the Student Education Fund. As of year ending March 31, 2018, no amounts are due to the Student Education Fund or the PAC. The net amounts due to the Student Education Fund and PAC as of March 31, 2017, was \$9,007 and \$6,800, respectively.

7. Rental Income

During the year ended March 31, 2016, the Society leased 4,300 square feet of office space in its facility to an outside party. The original lease was for a period of three years beginning April 1, 2007 with monthly rental of \$5,803. The lease has been renewed for various periods subsequent to the original lease under essentially the same terms. In July, 2014, the lease was renewed for a period of three years effective May 1, 2014 with a monthly rental rate of \$6,300. During the year ending March 31, 2018, the lease was modified to include only 3,000 square feet of office space and the lease was extended through May 31, 2020. The monthly rent will be \$4,300 per month and will increase in \$100 increments each year.

8. Operating Lease

During the year ended March 31, 2018, the Company entered into an operating lease arrangement for certain office equipment. The following is a schedule of future minimum lease payments for the year ending March 31:

2019	3,582
2020	3,582
2021	3,284
	\$ 10,448

9. Deferred Revenue

Deferred revenue consisted of the following as of March 31, 2018 and 2017:

	2018	2017
Membership dues	\$ 11,526	\$ 315,526
Continuing professional education fees	31,338	3,900
	\$ 42,864	\$ 319,426

**Arkansas Society of Certified Public Accountants
Notes to Financial Statements
March 31, 2018 and 2017**

10. Chapter Operations

During the year ended March 31, 2014, the Board of Directors voted to include the operations of the individual chapters of the Arkansas Society of Certified Public Accountants. The chapters are:

Central Chapter	South Chapter
DeGray Chapter	Southeast Chapter
Northeast Chapter	Texarkana Chapter
Northwest Chapter	Valley Chapter
Ozark Chapter	Western Chapter

This information is included in the accompanying statement of activities for the years ended March 31, 2018 and 2017, as well as the supplemental schedule of Chapter Expenses.

As of March 31, 2018 and 2017, the combined cash balances of the chapters totaled \$55,912 and \$54,784, respectively, and are included in the accompanying statements of financial position.

Arkansas Society of Certified Public Accountants
Administrative and General Expenses
For the Years Ended March 31, 2018 and 2017
(See independent auditor's report.)

	<u>2018</u>	<u>2017</u>
Salaries	\$ 320,967	\$ 293,529
Computer supplies and other expenses	68,322	66,720
Depreciation and amortization	60,073	55,760
Repairs and maintenance	50,191	29,753
Employee insurance	46,236	47,180
Retirement plan expense	36,156	9,405
Legal and accounting	32,092	20,039
Payroll taxes	25,276	23,658
Licenses, taxes and permits	17,972	16,427
Public relations	16,858	13,426
Utilities	12,962	19,801
Executive director's expense	11,997	13,562
Postage	10,302	11,745
Insurance	9,090	8,700
Copy machine	7,065	6,684
Office supplies and printing	6,966	10,727
Telephone	6,724	8,354
Vacation expense	5,833	3,218
Publications	4,763	14,788
Leadership expense	3,843	5,567
Credit card expense	3,803	7,221
Legislative expenses	3,750	15,275
Membership recruitment	3,427	1,548
Other expenses	2,139	113
AICPA annual conferences	979	4,125
Memorial - student education fund	900	900
Staff training and education	683	1,570
President's expense	274	809
President-elect's expense	-	3,161
Committee expense	-	1,373
IRS liaison meeting	-	466
	<u>\$ 769,643</u>	<u>\$ 715,604</u>

Arkansas Society of Certified Public Accountants
CPE and Conference Expenses
For the Years Ended March 31, 2018 and 2017
(See independent auditor's report.)

	<u>2018</u>	<u>2017</u>
Moderator fees and expenses	\$ 138,117	\$ 152,261
Course materials	138,095	157,946
Facilities, meals and breaks	119,496	117,803
Credit card service charges	25,737	23,065
Supplies and printing	12,047	6,639
Postage	7,616	1,379
CPE Directory	4,882	4,881
Miscellaneous	4,158	3,746
AICPA planning meeting	2,281	1,935
Administrative expenses	1,912	948
Central states CPE meeting	1,623	1,515
	<u>\$ 455,964</u>	<u>\$ 472,118</u>

The above expenses represent direct amounts only and do not include any allocated expenses.

Arkansas Society of Certified Public Accountants
Peer Review Expenses
For the Years Ended March 31, 2018 and 2017
(See independent auditor's report.)

	<u>2018</u>	<u>2017</u>
Technical reviewer expense	\$ 16,169	\$ 27,177
Other peer review expenses	<u>6,179</u>	<u>9,496</u>
	<u>\$ 22,348</u>	<u>\$ 36,673</u>

The above expenses represent direct amounts only and do not include any allocated expenses.

Arkansas Society of Certified Public Accountants
Chapter Expenses
For the Years Ended March 31, 2018 and 2017
(See independent auditor's report.)

	<u>2018</u>	<u>2017</u>
Meetings and special events	\$ 22,372	\$ 15,045
Scholarship donations to the Student Education Fund	2,550	3,575
Administrative expenses	370	581
Other expenses	<u>5,209</u>	<u>6,507</u>
	<u>\$ 30,501</u>	<u>\$ 25,708</u>

The above expenses represent direct amounts only and do not include any allocated expenses.

September 6, 2018

We have audited the financial statements of Arkansas Society of Certified Public Accountants (the “Society”) as of and for the year ended March 31, 2018, and have issued our report thereon dated September 6, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 15, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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 entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Society solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Society is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of depreciation expense is based on the estimated useful lives of the respective assets and the methods utilized to calculate the depreciation expense. We evaluated the key factors and assumptions used to develop the useful lives and methods determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of financial instruments, specifically investments, is calculated using the current net asset value per unit at the end of the last trading day of the fiscal year. We reviewed the fair values and determined that they were reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Society's financial statements relate to the disclosure of the fair value of financial instruments in Note 4.

The Financial Statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Society's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 6, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

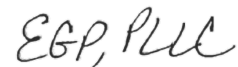
In the normal course of our professional association with the Society, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Society's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Society's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors charged with governance and management of the Arkansas Society of Certified Public Accountants and is not intended to be, and should not be, used by anyone other than these specified parties.



September 6, 2018

Certified Public Accountants & Consultants
North Little Rock, Arkansas