

Combined Financial Statements and
Supplementary Information Together
with Report of Independent Certified
Public Accountants

**New Jersey Society of Certified Public
Accountants and Affiliates**

May 31, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of the
New Jersey Society of Certified Public Accountants

Report on the financial statements

We have audited the accompanying combined financial statements of the New Jersey Society of Certified Public Accountants and Affiliates (the "NJCPA and Affiliates") (see Note 1 to the combined financial statements), which comprise the combined statements of financial position as of May 31, 2021 and 2020, and the related combined 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 combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the NJCPA and Affiliates' preparation and fair presentation of the combined 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 NJCPA and Affiliates' 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Society of Certified Public Accountants and Affiliates as of May 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining schedules of financial position as of May 31, 2021 and 2020, and the related combining schedules of activities and cash flows for the years then ended are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.



Iselin, New Jersey
September 7, 2021

New Jersey Society of Certified Public Accountants and Affiliates

COMBINED STATEMENTS OF FINANCIAL POSITION

As of May 31,

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 5,628,190	\$ 3,789,602
Accounts receivable	108,514	22,023
Prepaid expenses	240,052	183,484
Investments	6,549,465	5,390,510
Property and equipment, net	<u>1,054,814</u>	<u>1,297,481</u>
Total assets	<u><u>\$ 13,581,035</u></u>	<u><u>\$ 10,683,100</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 531,919	\$ 622,336
Deferred revenue	1,430,190	1,043,817
Deferred rent	175,002	70,552
PPP loan (Note 12)	<u>617,950</u>	<u>-</u>
Total liabilities	<u>2,755,061</u>	<u>1,736,705</u>
Commitments (Notes 8, 10 and 12)		
Net assets		
Without donor restrictions	7,990,215	6,418,922
With donor restrictions	<u>2,835,759</u>	<u>2,527,473</u>
Total net assets	<u>10,825,974</u>	<u>8,946,395</u>
Total liabilities and net assets	<u><u>\$ 13,581,035</u></u>	<u><u>\$ 10,683,100</u></u>

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

New Jersey Society of Certified Public Accountants and Affiliates

COMBINED STATEMENTS OF ACTIVITIES

Years ended May 31,

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Revenues and other support		
Membership dues and other fees	\$ 3,558,709	\$ 3,593,728
Educational program fees	1,998,204	2,775,432
Peer review fees	352,859	348,198
Publications, directory and website advertising	208,826	116,781
Investment income, net	884,353	55,187
Royalties and commissions	306,018	255,882
Special events	-	38,208
Other	193,406	171,243
Net assets released from restrictions	<u>379,738</u>	<u>265,310</u>
Total revenues and other support	<u>7,882,113</u>	<u>7,619,969</u>
Expenses		
Salaries, payroll taxes and employee benefits	3,943,665	4,260,766
Direct costs of educational programs	332,036	1,688,796
Rent and occupancy	449,128	429,548
Printing and distribution	111,209	117,765
Scholarship awards	345,370	394,750
Office and supplies	236,355	296,087
Professional fees	317,440	391,543
Travel and meetings	15,556	92,642
Depreciation and amortization	257,716	247,429
Special events	25,776	109,504
Other	<u>276,569</u>	<u>294,562</u>
Total expenses	<u>6,310,820</u>	<u>8,323,392</u>
Increase (decrease) in net assets without donor restrictions	<u>1,571,293</u>	<u>(703,423)</u>
Changes in net assets with donor restrictions		
Contributions	137,595	170,398
Investment income (loss), net	550,429	(7,850)
Net assets released from restrictions	<u>(379,738)</u>	<u>(265,310)</u>
Increase (decrease) in net assets with donor restrictions	<u>308,286</u>	<u>(102,762)</u>
CHANGES IN NET ASSETS	<u>1,879,579</u>	<u>(806,185)</u>
Net assets at beginning of year	<u>8,946,395</u>	<u>9,752,580</u>
Net assets at end of year	<u><u>\$ 10,825,974</u></u>	<u><u>\$ 8,946,395</u></u>

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

New Jersey Society of Certified Public Accountants and Affiliates

COMBINED STATEMENTS OF CASH FLOWS

Years ended May 31,

	2021	2020
Cash flows from operating activities:		
Cash received from dues, program fees and contributions	\$ 7,055,501	\$ 6,563,474
Interest and dividends received, net of fees	87,032	189,199
Cash paid to employees, vendors and others	<u>(6,095,641)</u>	<u>(7,927,426)</u>
Net cash provided by (used in) operating activities	<u>1,046,892</u>	<u>(1,174,753)</u>
Cash flows from investing activities:		
Redemption of investments	1,261,140	2,585,196
Purchases of investments	(1,072,347)	(1,314,257)
Acquisition of property and equipment	<u>(15,047)</u>	<u>(664,854)</u>
Net cash provided by investing activities	<u>173,746</u>	<u>606,085</u>
Cash flows from financing activities:		
Proceeds from PPP loan	<u>617,950</u>	<u>-</u>
Net cash provided by financing activities	<u>617,950</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,838,588	(568,668)
Cash and cash equivalents, beginning of year	<u>3,789,602</u>	<u>4,358,270</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,628,190</u></u>	<u><u>\$ 3,789,602</u></u>
Reconciliation of changes in net assets to net cash provided by (used in) operating activities		
Changes in net assets	\$ 1,879,579	\$ (806,185)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	257,716	247,429
Realized (gains) losses on sales of investments	(115,224)	8,310
Unrealized (gains) losses on investments	(1,232,526)	133,552
Loss on disposal of equipment	-	826
Changes in cash from changes in operating assets and liabilities		
Accounts receivable	(86,491)	(1,730)
Prepaid expenses	(56,568)	121,129
Accounts payable and accrued expenses	(90,417)	(36,518)
Deferred revenue	386,373	(905,491)
Deferred rent	<u>104,450</u>	<u>63,925</u>
Net cash provided by (used in) operating activities	<u><u>\$ 1,046,892</u></u>	<u><u>\$ (1,174,753)</u></u>

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

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

NOTE 1 - NATURE OF ORGANIZATION

New Jersey Society of Certified Public Accountants (the "NJCPA") is the professional organization of Certified Public Accountants in New Jersey. It was incorporated under New Jersey law in 1898, making it one of the oldest professional bodies of certified public accountants in the United States. Governed by a Board of Trustees of 18, the mission of the NJCPA is to serve the needs of its members. The NJCPA promotes and maintains high professional and ethical standards of the certified public accountants in the State of New Jersey, develops and improves accountancy education, and protects the interests of the public and members of the NJCPA.

The NJCPA Education Foundation, Inc., formerly known as the NJSCPA Education Foundation, Inc. (the "Foundation") was established in 1991 to provide continuing education programs to members of the NJCPA and their staff. The Foundation is governed by a Board of Trustees of 6, all of whom serve as officers of the NJCPA.

The NJCPA Scholarship Fund, formerly known as the NJSCPA Scholarship Fund (the "Scholarship Fund"), a trust, was established in 1979 primarily to provide scholarships to eligible students for the study of accounting, auditing and related business subjects. The Scholarship Fund is governed by a Board of Trustees of 13, three of whom are officers of the NJCPA.

The accompanying combined financial statements include the accounts of the NJCPA, the Foundation, and the Scholarship Fund (the "NJCPA and Affiliates"). They also include the revenues, expenses, assets, liabilities and cash flows of the NJCPA's 11 chapters, which are not separately incorporated. All significant inter-entity transactions and balances are eliminated in combination.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the NJCPA and Affiliates.

Basis of Presentation

The accompanying combined financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net Assets

The NJCPA and Affiliates' net assets and revenues, expenses, gains and losses are classified, based on the existence or absence of donor-imposed stipulations. Net assets without donor restrictions represent net assets that are not subject to donor-imposed stipulations and are available for the general operations of the NJCPA and Affiliates.

Net assets with donor restrictions represent net assets which are subject to donor-imposed stipulations that will be met either by actions of the NJCPA and Affiliates or the passage of time, or both. The net assets of the Scholarship Fund are considered net assets with donor restrictions in the accompanying combined financial statements and totaled approximately \$2,836,000 and \$2,527,000 as of May 31, 2021 and 2020, respectively. Expirations of the restrictions on these net assets, that is, the donor-imposed stipulated purpose has been accomplished, or the stipulated time period has elapsed, are reported as net assets released from restrictions.

In May 2017, the NJCPA Board of Trustees ("Board") approved the following designations of net assets without donor restrictions: \$2,300,000 as an operating reserve and \$1,500,000 as a reserve for the NJCPA office relocation and build-out. In addition to the \$546,000 spent on the office relocation in 2019, \$668,000

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

was spent in 2020, leaving a remaining reserve of \$286,000. Of that amount, \$109,000 was re-designated by the Board in fiscal 2020 as funds to be used in the search for the NJCPA and Affiliates' new CEO upon the existing CEO's retirement. In fiscal 2021, this amount was increased to \$165,000 and the remaining funds in the office relocation and build-out designation were released from Board designation.

Use of Estimates

The preparation of combined financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment with a cost in excess of \$1,500 are capitalized and depreciated, using the straight-line method, over the estimated useful lives of ten years for furniture and fixtures and three to seven years for office and computer equipment, including software, both purchased and internally developed. Leasehold improvements are amortized, using the straight-line method, over the lease term or the useful lives of the betterments, whichever is shorter. Beginning in fiscal year 2021, the capitalization threshold for assets was increased from \$1,500 to \$5,000.

Concentrations of Market or Credit Risk

Financial instruments, which potentially subject the NJCPA and Affiliates to concentrations of credit risk consist principally of cash and cash equivalents, investments and accounts receivable. The policy of the NJCPA and Affiliates regarding investment of excess cash provides for the strategic placement of such cash in demand accounts or certificates of deposit with high-credit quality financial institutions, or the investment of such cash in a diversified portfolio of mutual funds.

Accounts receivable are generally spread among a large number of individuals and are reflected at their net realizable value, based on a specific review of the collectability of individual accounts.

Cash and cash equivalents are concentrated in a few financial institutions resulting in balances that exceed the Federal Deposit Insurance Corporation insurance limit. The management of the NJCPA and Affiliates monitors the creditworthiness of these financial institutions to minimize the risk of credit loss. At May 31, 2021 and 2020, such excess balances totaled approximately \$3,700,000 and \$1,900,000, respectively. The management of the NJCPA and Affiliates does not anticipate nonperformance by any of these financial institutions.

Donated Services

Certain activities of the NJCPA and Affiliates are conducted by volunteers, many of whom are members. The accompanying combined financial statements do not reflect the value of those and certain other contributed services because they do not meet the recognition criteria of the accounting guidance governing contributions received.

Allocation of Expenses

Various expenses, including occupancy costs and salaries, have been allocated among the NJCPA, the Foundation and the Scholarship Fund, based upon services rendered by common personnel and usage of common facilities.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

Income Taxes

The NJCPA is intended to be exempt from federal income tax under Internal Revenue Code Section 501(c)(6) and the Foundation and Scholarship Fund are each exempt under Section 501(c)(3). Federal income taxes apply to unrelated business income generated by the NJCPA and which is immaterial to its financial statements.

The NJCPA engages in lobbying activities and is, therefore, subject to certain requirements and a potential proxy tax. In lieu of paying such proxy tax, the NJCPA elects to disclose to its members the nondeductible portion of their dues related to lobbying expenditures.

Guidance in *Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is “more likely than not” to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The NJCPA and Affiliates have concluded that there are no uncertain tax positions within the accompanying combined financial statements. The NJCPA and Affiliates have processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Cash Equivalents

The NJCPA and Affiliates consider all debt securities with original maturities at date of purchase of three months or less to be cash equivalents. However, money market mutual funds, held as part of the NJCPA and Affiliates’ long-term investment strategy, are included in investments.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. The guidance is effective for the interim and annual periods beginning on or after December 15, 2021 (i.e., NJCPA and Affiliates’ fiscal year ending May 31, 2023). The NJCPA is currently evaluating the new guidance and has not determined the impact this standard may have on the combined financial statements.

Revenue Recognition

The NJCPA and Affiliates adopted Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), on June 1, 2020. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

- a. Step 1: Identify the contract(s) with a customer.
- b. Step 2: Identify the performance obligations in the contract.
- c. Step 3: Determine the transaction price.
- d. Step 4: Allocate the transaction price to the performance obligation(s) in the contract.
- e. Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The NJCPA and Affiliates recognize revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services. ASC 606 also requires new and expanded disclosures regarding

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The NJCPA and Affiliates have identified membership dues and other fees, educational program fees, peer review fees, publications, directory and website advertising, and royalties and commissions as revenue categories subject to the adoption of ASC 606.

The results of applying ASC 606 using the modified retrospective approach did not have a material impact on the combined financial position, changes in net assets, cash flows, business processes, controls or systems of the NJCPA and Affiliates.

Subsequent Events

The NJCPA and Affiliates evaluated subsequent events through September 7, 2021, the date the combined financial statements were available to be issued, and are not aware of any subsequent events which would require recognition or disclosure in the accompanying combined financial statements.

NOTE 3 - REVENUE RECOGNITION

Membership Dues and Other Fees

The NJCPA and Affiliates offer membership for a one-year term, where they satisfy their performance obligation and recognize revenue evenly over the membership term as their members simultaneously receive and consume the benefits over that same timeframe. Generally, membership doesn't commence until after the NJCPA and Affiliates receive payment. Membership dues revenue for the years ended May 31, 2021 and 2020 were approximately \$3,559,000 and \$3,594,000, respectively.

Payments received for membership dues in advance of the NJCPA and Affiliates satisfying their performance obligation are recorded within deferred revenue in the accompanying combined statements of financial position. The changes in deferred revenue related to memberships dues were caused by normal timing differences between the satisfaction of performance obligations and member payments.

For the fiscal year ended May 31, 2021, the NJCPA and Affiliates recognized revenue of \$848,000 from amounts that were included in deferred revenue at the beginning of the year.

At May 31, 2021, deferred revenue related to membership dues totaled approximately \$1,165,000, which will all be recognized as revenue during the fiscal year ending May 31, 2022.

Educational Program Fees

Educational program fees are comprised mainly of fees from members and non-members for continuing professional education classes. Revenue for classes, which are held either in a classroom setting or on-line, is typically collected in advance and is recognized when the instruction is provided. Educational program fees for the years ended May 31, 2021 and 2020 were approximately \$1,998,000 and \$2,775,000, respectively.

Management has elected the practical expedient permitted under ASC 606 not to disclose information about remaining performance obligations surrounding program income as the contracts either have original terms that are one year or less or variable consideration allocated entirely to a wholly unsatisfied promise to transfer a distinct good or service that is part of a series.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

Peer Review Fees

The NJCPA and Affiliates earn fees for the administration of the New Jersey peer review program. Participating firms, which are required to receive a formal peer review every three years, pay an annual fee for participation in the program for administrative services that are provided within the same fiscal year. Peer review fees for the fiscal year ended May 31, 2021 and 2020 were \$353,000 and \$348,000, respectively.

Publications, Directory and Website Advertising

The NJCPA and Affiliates sells advertising space in its print publication, the revenue from which is recognized in the applicable months of each publication's issue date. The NJCPA and Affiliates also sell advertising space on their website and in other e-channels. Digital advertising revenue is recognized in the period of digital presentation.

Disaggregated publications revenue is as follows:

	2021	2020
Print media	\$ 53,895	\$ 21,277
Digital media	154,931	95,504
	<u>\$ 208,826</u>	<u>\$ 116,781</u>

Management has elected the practical expedient permitted under ASC 606 not to disclose information about remaining performance obligations as these contracts have original terms that are one year or less.

Royalties and Commissions

Royalties are received from the NJCPA and Affiliates' third-party providers of member benefit programs, in return for the rights to use NJCPA and Affiliates intellectual property (including name, logo and membership information) in offering programs. For royalty agreements that include fixed fee consideration, revenue is recognized periodically over the term of the agreement. For royalty agreements that include variable consideration, revenue is recognized per the agreements once a member purchases a good or service from an NJCPA and Affiliates third-party provider.

Disaggregated royalty revenue is as follows:

	2021	2020
Educational products and services	\$ 159,085	\$ 105,623
Financial products and services	109,464	112,364
Other products and services	37,469	37,895
	<u>\$ 306,018</u>	<u>\$ 255,882</u>

For royalty agreements that include variable consideration, management has elected the practical expedient permitted under ASC 606 not to disclose information about remaining performance obligations.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

Contributions

The NJCPA and Affiliates recognize individual and/or entity-level contributions to the NJCPA Scholarship Fund as contributions and net assets with donor restrictions until such time that the restriction has been satisfied, at which point the restriction is removed.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date, consist of the following:

	2021	2020
Cash and cash equivalents	\$ 5,628,190	\$ 3,789,602
Accounts receivable, due within one year	108,514	22,023
Investments	6,549,465	5,390,510
	<hr/>	<hr/>
Financial assets, at year end	12,286,169	9,202,135
Less amounts unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions (pertaining to the NJCPA Scholarship Fund)	(3,059,792)	(2,630,696)
Board designations:		
Operating reserve	(2,300,000)	(2,300,000)
CEO retirement replacement fund	(165,000)	(108,637)
Office relocation/build-out	-	(177,423)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,761,377</u>	<u>\$ 3,985,379</u>

As part of its liquidity management plan, NJCPA and Affiliates invest excess cash in short-term investments, which can include money market funds and mutual funds.

NOTE 5 - INVESTMENTS

The NJCPA and Affiliates follow the accounting guidance governing *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements, based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the measurement date;

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies; and

Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The NJCPA and Affiliates held only Level 1 investments, consisting principally of open-end mutual funds and exchange-traded funds, as of May 31, 2021 and 2020. Investments at fair value consist of the following:

	2021	2020
U.S. equity funds	\$ 2,380,383	\$ 1,709,864
International equity funds	1,406,645	1,304,573
Fixed income mutual funds	2,038,084	1,864,161
Cash and cash equivalents	82,667	27,611
Mutual funds:		
Real estate	248,326	144,650
Diversifiers	177,780	175,651
Commodities	215,580	164,000
Total fair value	<u>\$ 6,549,465</u>	<u>\$ 5,390,510</u>

Investment income (loss) consists of the following:

	2021	2020
Interest and dividends	\$ 124,804	\$ 228,374
Realized gains (losses)	115,224	(8,310)
Unrealized gains (losses)	1,232,526	(133,552)
Investment fees	(37,772)	(39,175)
	<u>\$ 1,434,782</u>	<u>\$ 47,337</u>

Investment income (loss) is included in the combined financial statements as follows:

	2021	2020
Without donor restrictions	\$ 884,353	\$ 55,187
With donor restrictions	550,429	(7,850)
	<u>\$ 1,434,782</u>	<u>\$ 47,337</u>

Investment income includes earnings on cash and cash equivalents, which totaled approximately \$10,000 and \$30,000 for the years ended May 31, 2021 and 2020, respectively.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following:

	2021	2020
	<hr/>	<hr/>
Furniture and fixtures	\$ 592,039	\$ 592,039
Office equipment	294,197	294,197
Leasehold improvements	392,573	392,573
Computer equipment and software	<u>1,277,017</u>	<u>1,277,017</u>
	2,555,826	2,555,826
Less: accumulated depreciation and amortization	<u>(1,523,735)</u>	<u>(1,266,021)</u>
	1,302,091	1,289,805
Add: software development and other	<u>22,723</u>	<u>7,676</u>
	<u>\$ 1,054,814</u>	<u>\$ 1,297,481</u>

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

NOTE 7 - FUNCTIONAL EXPENSES

The combined expenses of the NJCPA, the Foundation and the Scholarship Fund are summarized below by each major functional area. The combined statements of activities contain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, technology and property insurance, which are allocated on a basis of square footage, and other expenses that are allocated, based on estimates of personnel time incurred and applicability, such as office expenses, other insurance and salaries/benefits/payroll taxes.

	2021										
	Program Services						Support Services				
	Memberships	Communications and Public Relations	Educational Activities	Peer Review	Career Development	Total	Membership Development	Fundraising	Management and General	Total	2021 Total
Salaries, payroll taxes and employee benefits	\$ 765,861	\$ 527,268	\$ 818,310	\$ 164,845	\$ 97,014	\$ 2,373,298	\$ 229,916	\$ 2,366	\$ 1,338,085	\$ 1,570,367	\$ 3,943,665
Direct costs of educational programs	-	-	329,606	-	2,430	332,036	-	-	-	-	332,036
Rent and occupancy	174,261	52,099	90,724	17,516	17,516	352,116	17,516	-	79,496	97,012	449,128
Printing and distribution	138	85,938	-	1,699	982	88,757	19,214	-	3,238	22,452	111,209
Scholarship awards	-	-	-	-	345,370	345,370	-	-	-	-	345,370
Office and supplies	74,719	30,712	35,042	7,515	6,765	154,753	6,789	-	74,813	81,602	236,355
Professional fees	122,818	23,317	9,631	51,589	283	207,638	283	-	109,519	109,802	317,440
Travel and meetings	3,638	955	-	200	-	4,793	-	-	10,763	10,763	15,556
Depreciation and amortization	79,182	23,673	89,498	7,959	7,959	208,271	7,959	-	41,486	49,445	257,716
Special events	-	-	-	-	-	-	-	-	25,776	25,776	25,776
Other	21,460	25,101	2,213	382	420	49,576	2,050	-	224,943	226,993	276,569
Total expenses	\$ 1,242,077	\$ 769,063	\$ 1,375,024	\$ 251,705	\$ 478,739	\$ 4,116,608	\$ 283,727	\$ 2,366	\$ 1,908,119	\$ 2,194,212	\$ 6,310,820

	2020										
	Program Services						Support Services				
	Memberships	Communications and Public Relations	Educational Activities	Peer Review	Career Development	Total	Membership Development	Fundraising	Management and General	Total	2020 Total
Salaries, payroll taxes and employee benefits	\$ 778,442	\$ 671,923	\$ 728,165	\$ 270,133	\$ 83,065	\$ 2,531,748	\$ 226,673	\$ 3,835	\$ 1,498,510	\$ 1,729,018	\$ 4,260,766
Direct costs of educational programs	-	-	1,688,796	-	-	1,688,796	-	-	-	-	1,688,796
Rent and occupancy	167,094	49,828	86,769	16,752	16,753	337,196	16,752	-	75,600	92,352	429,548
Printing and distribution	646	56,315	35,496	1,691	1,571	95,719	15,746	8	6,292	22,046	117,765
Scholarship awards	-	-	-	-	394,750	394,750	-	-	-	-	394,750
Office and supplies	77,296	33,128	36,638	8,550	7,969	163,581	7,073	-	125,433	132,506	296,087
Professional fees	163,507	14,026	23,444	82,839	139	283,955	139	-	107,449	107,588	391,543
Travel and meetings	15,699	2,526	1,285	2,666	2,016	24,192	518	-	67,932	68,450	92,642
Depreciation and amortization	77,617	23,146	83,413	7,782	7,781	199,739	7,782	-	39,908	47,690	247,429
Special events	40,367	-	-	-	9,051	49,418	-	-	60,086	60,086	109,504
Other	27,455	41,430	5,323	493	417	75,118	3,901	-	215,543	219,444	294,562
Total expenses	\$ 1,348,123	\$ 892,322	\$ 2,689,329	\$ 390,906	\$ 523,532	\$ 5,844,212	\$ 278,584	\$ 3,843	\$ 2,196,753	\$ 2,479,180	\$ 8,323,392

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

NOTE 8 - LEASES

On January 30, 2019, the NJCPA signed a lease for new office space consisting of approximately 17,200 square feet in Roseland, New Jersey, that began on July 1, 2019, and has an initial lease term of 11 years, eight months. The lease includes six months of rent abatement and cash payments are not equal over the term of the lease. There were no lease escalations for the first 12 months of the lease.

Since the cash payments are not equal over the term of the lease, the total rental payments are accounted for on a straight-line basis over the life of the lease. Accordingly, deferred rent of approximately \$175,000 and \$70,500 has been recorded as of May 31, 2021 and 2020, respectively.

Total rental expense for the years ended May 31, 2021 and 2020 amounted to approximately \$449,000 and \$430,000, respectively. The aforementioned rentals include utility and occupancy costs of approximately \$42,000 and \$23,000 in 2021 and 2020, respectively.

Minimum rental payments due pertaining to the new real estate lease and certain equipment leases are as follows:

Years Ending May 31,

2022	\$ 371,000
2023	419,000
2024	420,000
2025	420,000
2026	420,000
Thereafter	<u>2,092,000</u>
	<u>\$ 4,142,000</u>

NOTE 9 - RETIREMENT PLAN

The NJCPA sponsors a defined contribution plan (the "Plan") covering all employees who have attained the age of 20. The Plan permits elective deferrals pursuant to Internal Revenue Code Section 401(k) with matching contributions by the NJCPA to a maximum of 3% of compensation; Roth elective deferrals are also permitted. Effective January 1, 2015, the Plan provides for a safe harbor nonelective contribution of 3% of compensation. In addition, the Plan provides for annual discretionary contributions by the NJCPA for all participants who are employed on December 31 and complete 1,000 hours of service. The NJCPA's contributions to the Plan for the years ended May 31, 2021 and 2020 totaled approximately \$177,000 and \$198,000, respectively.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2021 and 2020

NOTE 10 - COMMITMENTS SCHOLARSHIP AWARDS

Over the last several fiscal years, scholarship awards to students entering college totaled \$7,000 per student and were paid incrementally over a period of four years. Annual installments were reviewed and payable provided that the recipient maintained certain grade averages and complied with other stipulations of the award. Payments for these awards totaled \$77,000 and \$104,000 for the years ended May 31, 2021 and 2020, respectively. At May 31, 2021, conditional awards totaled \$222,000 and, assuming all conditions are satisfied, are scheduled to be paid as follows: \$87,000 in fiscal 2022, \$82,500 in fiscal 2023 and \$52,500 in fiscal 2024. Beginning with fiscal 2021, awards to students entering college were changed to a one-time award of \$1,500, which are accrued in the year of award and paid in the subsequent fiscal year and totaled \$19,500 for fiscal 2021.

NOTE 11 - RELATED PARTY

Certain NJCPA staff members perform services on behalf of a related entity, the New Jersey CPA Political Action Committee (the "Committee"), including fundraising and administrative services. The value of services provided for each of the years ended May 31, 2021 and 2020 totaled approximately \$8,900 and \$8,200, respectively, and of these amounts, approximately \$7,000 was deemed a contribution each year, as permissible under NJ Election Law, with the balance reimbursed by the Committee.

NOTE 12 - COVID-19 PANDEMIC AND PAYCHECK PROTECTION PROGRAM

The COVID-19 pandemic, whose effects first became known in January 2020, continues to have a broad impact on commerce around the world. The ultimate extent of the impact of COVID-19 on the NJCPA and Affiliates' operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, which at present cannot be determined.

On February 23, 2021, the NJCPA received loan proceeds in the amount of \$617,950 under the Paycheck Protection Program ("PPP"). These amounts are included within PPP loan in the accompanying combined statement of financial position as of May 31, 2021. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provided for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of qualifying businesses. The loans and interest are forgivable after up to twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities, and maintains its payroll levels.

Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1% per annum, with a deferral of payments for the first six months. The NJCPA has used the loan proceeds consistent with PPP requirements and believes that such use will meet the conditions for forgiveness, but cannot assure loan forgiveness, in whole or in part.

SUPPLEMENTARY INFORMATION

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF FINANCIAL POSITION

As of May 31, 2021

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
ASSETS					
Cash and cash equivalents	\$ 4,359,673	\$ 690,430	\$ 578,087	\$ -	\$ 5,628,190
Accounts receivable	96,396	11,883	235	-	108,514
Prepaid expenses	141,066	97,986	1,000	-	240,052
Investments	2,588,315	1,479,680	2,481,470	-	6,549,465
Property and equipment, net	830,218	224,596	-	-	1,054,814
Total assets	\$ 8,015,668	\$ 2,504,575	\$ 3,060,792	\$ -	\$ 13,581,035
LIABILITIES AND NET ASSETS					
Accounts payable and accrued expenses	\$ 249,048	\$ 40,221	\$ 242,650	\$ -	\$ 531,919
Deferred revenue	1,242,625	187,565	-	-	1,430,190
Deferred rent	175,002	-	-	-	175,002
PPP loan (Note 12)	617,950	-	-	-	617,950
Due (from) to affiliated entity	(137,333)	154,950	(17,617)	-	-
Total liabilities	2,147,292	382,736	225,033	-	2,755,061
Commitments (Notes 8, 10 and 12)					
Net assets					
Without donor restrictions	5,868,376	2,121,839	-	-	7,990,215
With donor restrictions	-	-	2,835,759	-	2,835,759
Total net assets	5,868,376	2,121,839	2,835,759	-	10,825,974
Total liabilities and net assets	\$ 8,015,668	\$ 2,504,575	\$ 3,060,792	\$ -	\$ 13,581,035

This schedule should be read in conjunction with the accompanying combined financial statements and notes thereto and report of independent certified public accountants.

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF ACTIVITIES

Year ended May 31, 2021

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Changes in net assets without donor restrictions					
Revenues and other support					
Membership dues and other fees	\$ 3,558,709	\$ -	\$ -	\$ -	\$ 3,558,709
Educational program fees	-	1,998,204	-	-	1,998,204
Peer review fees	352,859	-	-	-	352,859
Publications, directory and website advertising	208,826	-	-	-	208,826
Investment income, net	575,370	308,983	-	-	884,353
Royalties and commissions	146,933	159,085	-	-	306,018
Other	193,406	-	-	-	193,406
Net assets released from restrictions	-	-	420,602	(40,864)	379,738
Total revenues and other support	5,036,103	2,466,272	420,602	(40,864)	7,882,113
Expenses					
Salaries, payroll taxes and employee benefits	2,819,965	1,067,000	56,700	-	3,943,665
Direct costs of educational programs	-	370,470	2,430	(40,864)	332,036
Rent and occupancy	341,928	101,000	6,200	-	449,128
Printing and distribution	106,551	3,611	1,047	-	111,209
Scholarship awards	-	-	345,370	-	345,370
Office and supplies	194,613	39,113	2,629	-	236,355
Professional fees	309,276	8,164	-	-	317,440
Travel and meetings	15,556	-	-	-	15,556
Depreciation and amortization	194,479	59,637	3,600	-	257,716
Special events	25,776	-	-	-	25,776
Other	208,948	64,995	2,626	-	276,569
Total expenses	4,217,092	1,713,990	420,602	(40,864)	6,310,820
Increase in net assets without donor restrictions	819,011	752,282	-	-	1,571,293
Changes in net assets with donor restrictions					
Contributions	-	-	178,459	(40,864)	137,595
Investment income, net	-	-	550,429	-	550,429
Net assets released from restrictions	-	-	(420,602)	40,864	(379,738)
Increase in net assets with donor restrictions	-	-	308,286	-	308,286
CHANGES IN NET ASSETS	819,011	752,282	308,286	-	1,879,579
Net assets at beginning of year	5,049,365	1,369,557	2,527,473	-	8,946,395
Net assets at end of year	<u>\$ 5,868,376</u>	<u>\$ 2,121,839</u>	<u>\$ 2,835,759</u>	<u>\$ -</u>	<u>\$ 10,825,974</u>

This schedule should be read in conjunction with the accompanying combined financial statements and notes thereto and report of independent certified public accountants.

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF CASH FLOWS

Year ended May 31, 2021

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Cash flows from operating activities:					
Cash received from dues, program fees and contributions	\$ 4,720,520	\$ 2,197,588	\$ 178,257	\$ (40,864)	\$ 7,055,501
Interest and dividends received, net of fees	39,631	17,519	29,882	-	87,032
Cash paid to employees, vendors and others	(3,791,199)	(2,045,513)	(299,793)	40,864	(6,095,641)
Net cash (used in) provided by operating activities	<u>968,952</u>	<u>169,594</u>	<u>(91,654)</u>	<u>-</u>	<u>1,046,892</u>
Cash flows from investing activities:					
Redemption of investments	439,346	243,451	578,343	-	1,261,140
Purchases of investments	(469,210)	(260,442)	(342,695)	-	(1,072,347)
Acquisition of property and equipment	(15,047)	-	-	-	(15,047)
Net cash provided by (used in) investing activities	<u>(44,911)</u>	<u>(16,991)</u>	<u>235,648</u>	<u>-</u>	<u>173,746</u>
Cash flows from financing activities:					
Proceeds from obligations	617,950	-	-	-	617,950
Net cash provided by financing activities	<u>617,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,950</u>
Net increase in cash and cash equivalents	1,541,991	152,603	143,994	-	1,838,588
Cash and cash equivalents, beginning of year	<u>2,817,682</u>	<u>537,827</u>	<u>434,093</u>	<u>-</u>	<u>3,789,602</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,359,673</u></u>	<u><u>\$ 690,430</u></u>	<u><u>\$ 578,087</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,628,190</u></u>
Reconciliation of changes in net assets to net cash provided by (used in) operating activities					
Changes in net assets	\$ 819,011	\$ 752,282	\$ 308,286	\$ -	\$ 1,879,579
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities					
Depreciation and amortization	194,479	59,637	3,600	-	257,716
Realized gains on sales of investments	(33,164)	(17,627)	(64,433)	-	(115,224)
Unrealized gains on investments	(502,575)	(273,837)	(456,114)	-	(1,232,526)
Increase (decrease) in cash from changes in operating assets and liabilities					
Accounts receivable	(82,469)	(3,819)	(203)	-	(86,491)
Prepaid expenses	(43,016)	(13,552)	-	-	(56,568)
Due from (to) affiliated entity, net	184,673	(349,233)	164,560	-	-
Accounts payable and accrued expenses	(14,692)	(28,375)	(47,350)	-	(90,417)
Deferred revenue	342,255	44,118	-	-	386,373
Deferred rent	104,450	-	-	-	104,450
Net cash provided by (used in) operating activities	<u><u>\$ 968,952</u></u>	<u><u>\$ 169,594</u></u>	<u><u>\$ (91,654)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,046,892</u></u>

This schedule should be read in conjunction with the accompanying combined financial statements and notes thereto and report of independent certified public accountants.

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF FINANCIAL POSITION

As of May 31, 2020

	<u>NJCPA</u>	<u>Foundation</u>	<u>Scholarship Fund</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS					
Cash and cash equivalents	\$ 2,817,682	\$ 537,827	\$ 434,093	\$ -	\$ 3,789,602
Accounts receivable	13,927	8,064	32	-	22,023
Prepaid expenses	98,050	84,434	1,000	-	183,484
Investments	2,022,713	1,171,226	2,196,571	-	5,390,510
Property and equipment, net	1,019,250	278,231	-	-	1,297,481
Total assets	<u>\$ 5,971,622</u>	<u>\$ 2,079,782</u>	<u>\$ 2,631,696</u>	<u>\$ -</u>	<u>\$ 10,683,100</u>
LIABILITIES AND NET ASSETS					
Accounts payable and accrued expenses	\$ 263,740	\$ 68,596	\$ 290,000	\$ -	\$ 622,336
Deferred revenue	900,370	143,447	-	-	1,043,817
Deferred rent	70,552	-	-	-	70,552
Due (from) to affiliated entity	(312,405)	498,182	(185,777)	-	-
Total liabilities	<u>922,257</u>	<u>710,225</u>	<u>104,223</u>	<u>-</u>	<u>1,736,705</u>
Commitments (Notes 8 and 10)					
Net assets					
Without donor restrictions	5,049,365	1,369,557	-	-	6,418,922
With donor restrictions	-	-	2,527,473	-	2,527,473
Total net assets	<u>5,049,365</u>	<u>1,369,557</u>	<u>2,527,473</u>	<u>-</u>	<u>8,946,395</u>
Total liabilities and net assets	<u>\$ 5,971,622</u>	<u>\$ 2,079,782</u>	<u>\$ 2,631,696</u>	<u>\$ -</u>	<u>\$ 10,683,100</u>

This schedule should be read in conjunction with the accompanying combined financial statements and notes thereto and report of independent certified public accountants.

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF ACTIVITIES

Year ended May 31, 2020

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Changes in net assets without donor restrictions					
Revenues and other support					
Membership dues and other fees	\$ 3,593,728	\$ -	\$ -	\$ -	\$ 3,593,728
Educational program fees	-	2,775,432	-	-	2,775,432
Peer review fees	348,198	-	-	-	348,198
Publications, directory and website advertising	116,781	-	-	-	116,781
Investment income, net	46,997	8,190	-	-	55,187
Royalties and commissions	150,259	105,623	-	-	255,882
Special events	38,208	-	-	-	38,208
Other	171,202	41	-	-	171,243
Net assets released from restrictions	-	-	471,122	(205,812)	265,310
Total revenues and other support	4,465,373	2,889,286	471,122	(205,812)	7,619,969
Expenses					
Salaries, payroll taxes and employee benefits	3,072,466	1,128,000	60,300	-	4,260,766
Direct costs of educational programs	-	1,717,108	-	(28,312)	1,688,796
Rent and occupancy	327,832	95,616	6,100	-	429,548
Printing and distribution	77,327	39,157	1,281	-	117,765
Scholarship awards	-	177,500	394,750	(177,500)	394,750
Office and supplies	240,107	53,153	2,827	-	296,087
Professional fees	368,819	22,724	-	-	391,543
Travel and meetings	89,463	2,257	922	-	92,642
Depreciation and amortization	191,131	53,198	3,100	-	247,429
Special events	109,504	-	-	-	109,504
Other	221,097	71,623	1,842	-	294,562
Total expenses	4,697,746	3,360,336	471,122	(205,812)	8,323,392
Decrease in net assets without donor restrictions	(232,373)	(471,050)	-	-	(703,423)
Changes in net assets with donor restrictions					
Contributions	-	-	376,210	(205,812)	170,398
Investment loss, net	-	-	(7,850)	-	(7,850)
Net assets released from restrictions	-	-	(471,122)	205,812	(265,310)
Decrease in net assets with donor restrictions	-	-	(102,762)	-	(102,762)
Changes in net assets	(232,373)	(471,050)	(102,762)	-	(806,185)
Net assets at beginning of year	5,281,738	1,840,607	2,630,235	-	9,752,580
Net assets at end of year	\$ 5,049,365	\$ 1,369,557	\$ 2,527,473	\$ -	\$ 8,946,395

This schedule should be read in conjunction with the accompanying combined financial statements and notes thereto and report of independent certified public accountants.

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF CASH FLOWS

Year ended May 31, 2020

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Cash flows from operating activities:					
Cash received from dues, program fees and contributions	\$ 4,088,754	\$ 2,301,741	\$ 378,791	\$ (205,812)	\$ 6,563,474
Interest and dividends received, net of fees	89,077	36,937	63,185	-	189,199
Cash paid to employees, vendors and others	<u>(4,636,311)</u>	<u>(2,881,546)</u>	<u>(615,381)</u>	<u>205,812</u>	<u>(7,927,426)</u>
Net cash used in operating activities	<u>(458,480)</u>	<u>(542,868)</u>	<u>(173,405)</u>	<u>-</u>	<u>(1,174,753)</u>
Cash flows from investing activities:					
Redemption of investments	2,004,873	341,931	238,392	-	2,585,196
Purchases of investments	(868,625)	(174,876)	(270,756)	-	(1,314,257)
Acquisition of property and equipment	<u>(459,692)</u>	<u>(205,162)</u>	<u>-</u>	<u>-</u>	<u>(664,854)</u>
Net cash provided by (used in) investing activities	<u>676,556</u>	<u>(38,107)</u>	<u>(32,364)</u>	<u>-</u>	<u>606,085</u>
Net increase (decrease) in cash and cash equivalents	218,076	(580,975)	(205,769)	-	(568,668)
Cash and cash equivalents at beginning of year	<u>2,599,606</u>	<u>1,118,802</u>	<u>639,862</u>	<u>-</u>	<u>4,358,270</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,817,682</u></u>	<u><u>\$ 537,827</u></u>	<u><u>\$ 434,093</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,789,602</u></u>
Reconciliation of changes in net assets to net cash used in operating activities					
Changes in net assets	\$ (232,373)	\$ (471,050)	\$ (102,762)	\$ -	\$ (806,185)
Adjustments to reconcile changes in net assets to net cash used in operating activities					
Depreciation and amortization	191,131	53,198	3,100	-	247,429
Realized (gains) losses on sales of investments	(13,156)	8,558	12,908	-	8,310
Unrealized losses on investments	55,236	20,188	58,128	-	133,552
Loss on disposal of equipment	826	-	-	-	826
Increase (decrease) in cash from changes in operating assets and liabilities					
Accounts receivable	(1,764)	(2,546)	2,580	-	(1,730)
Prepaid expenses	45,396	75,733	-	-	121,129
Due (to) from affiliated entity, net	(154,056)	330,915	(176,859)	-	-
Accounts payable and accrued expenses	(84,961)	18,943	29,500	-	(36,518)
Deferred revenue	(328,684)	(576,807)	-	-	(905,491)
Deferred rent	63,925	-	-	-	63,925
Net cash used in operating activities	<u><u>\$ (458,480)</u></u>	<u><u>\$ (542,868)</u></u>	<u><u>\$ (173,405)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,174,753)</u></u>

This schedule should be read in conjunction with the accompanying combined financial statements and notes thereto and report of independent certified public accountants.