

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, 2022 and 2021

Contents

Page

Report of Independent Certified Public Accountants	3
Combined Financial Statements	
Combined statements of financial position	6
Combined statements of activities	7
Combined statements of cash flows	8
Notes to combined financial statements	9
Supplementary Information	
May 31, 2022	
Combining schedule of financial position	21
Combining schedule of activities	22
Combining schedule of cash flows	23
May 31, 2021	
Combining schedule of financial position	24
Combining schedule of activities	25
Combining schedule of cash flows	26

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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**Opinion**

We have audited the combined financial statements of the New Jersey Society of Certified Public Accountants and Affiliates (the "Entity") (see Note 1 to the combined financial statements), which comprise the combined statements of financial position as of May 31, 2022 and 2021, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Entity as of May 31, 2022 and 2021, 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.

Basis for opinion

We conducted our audits of the combined financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedules of financial position as of May 31, 2022 and 2021, 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 such 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 US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.



Iselin, New Jersey
September 12, 2022

New Jersey Society of Certified Public Accountants and Affiliates

COMBINED STATEMENTS OF FINANCIAL POSITION

As of May 31,

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 6,432,344	\$ 5,628,190
Accounts receivable	99,785	108,514
Prepaid expenses	269,620	240,052
Investments	6,112,005	6,549,465
Property and equipment, net	804,276	1,054,814
	<u>13,718,030</u>	<u>13,581,035</u>
Total assets	<u>\$ 13,718,030</u>	<u>\$ 13,581,035</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 580,001	\$ 531,919
Deferred revenue	1,664,681	1,430,190
Deferred rent	212,269	175,002
PPP loan (Note 12)	-	617,950
	<u>2,456,951</u>	<u>2,755,061</u>
Total liabilities	<u>2,456,951</u>	<u>2,755,061</u>
 Commitments (Notes 8, 10 and 12)		
 Net assets		
Without donor restrictions	8,757,336	7,990,215
With donor restrictions	2,503,743	2,835,759
	<u>11,261,079</u>	<u>10,825,974</u>
Total net assets	<u>11,261,079</u>	<u>10,825,974</u>
 Total liabilities and net assets	<u>\$ 13,718,030</u>	<u>\$ 13,581,035</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,

	2022	2021
Changes in net assets without donor restrictions		
Revenues and other support		
Membership dues and other fees	\$ 3,612,239	\$ 3,558,709
Educational program fees	1,504,748	1,998,204
Peer review fees	327,475	352,859
Publications, directory and website advertising	200,302	208,826
Investment income, net	(173,676)	884,353
Royalties and commissions	284,386	306,018
Special events	4,300	-
PPP loan	617,950	-
Other	160,351	193,406
Net assets released from restrictions	<u>412,006</u>	<u>379,738</u>
 Total revenues and other support	 <u>6,950,081</u>	 <u>7,882,113</u>
 Expenses		
Salaries, payroll taxes and employee benefits	3,855,409	3,943,665
Direct costs of educational programs	331,745	332,036
Rent and occupancy	452,262	449,128
Printing and distribution	53,729	111,209
Scholarship awards	327,900	345,370
Office and supplies	279,977	236,355
Professional fees	342,319	317,440
Travel and meetings	47,592	15,556
Depreciation and amortization	230,796	257,716
Special events	1,939	25,776
Other	<u>259,292</u>	<u>276,569</u>
 Total expenses	 <u>6,182,960</u>	 <u>6,310,820</u>
 Increase in net assets without donor restrictions	 <u>767,121</u>	 <u>1,571,293</u>
 Changes in net assets with donor restrictions		
Contributions	185,407	137,595
Investment (loss) income, net	(105,417)	550,429
Net assets released from restrictions	<u>(412,006)</u>	<u>(379,738)</u>
 (Decrease) increase in net assets with donor restrictions	 <u>(332,016)</u>	 <u>308,286</u>
 CHANGES IN NET ASSETS	 435,105	 1,879,579
 Net assets at beginning of year	 <u>10,825,974</u>	 <u>8,946,395</u>
 Net assets at end of year	 <u><u>\$ 11,261,079</u></u>	 <u><u>\$ 10,825,974</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,

	2022	2021
Cash flows from operating activities:		
Cash received from dues, program fees and contributions	\$ 6,542,172	\$ 7,055,501
Interest and dividends received, net of fees	233,273	87,032
Cash paid to employees, vendors and others	<u>(5,896,385)</u>	<u>(6,095,641)</u>
Net cash provided by operating activities	<u>879,060</u>	<u>1,046,892</u>
Cash flows from investing activities:		
Redemption of investments	2,713,554	1,261,140
Purchases of investments	(2,788,460)	(1,072,347)
Acquisition of property and equipment	<u>-</u>	<u>(15,047)</u>
Net cash (used in) provided by investing activities	<u>(74,906)</u>	<u>173,746</u>
Cash flows from financing activities:		
Proceeds from PPP loan	<u>-</u>	<u>617,950</u>
Net cash (used in) provided by financing activities	<u>-</u>	<u>617,950</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	804,154	1,838,588
Cash and cash equivalents, beginning of year	<u>5,628,190</u>	<u>3,789,602</u>
Cash and cash equivalents, end of year	<u>\$ 6,432,344</u>	<u>\$ 5,628,190</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ 435,105	\$ 1,879,579
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	230,796	257,716
Realized losses (gains) on sales of investments	139,258	(115,224)
Unrealized losses (gains) on investments	373,108	(1,232,526)
Loss on disposal of equipment	19,742	-
PPP loan forgiveness	(617,950)	-
Changes in cash from changes in operating assets and liabilities:		
Accounts receivable	8,729	(86,491)
Prepaid expenses	(29,568)	(56,568)
Accounts payable and accrued expenses	48,082	(90,417)
Deferred revenue	234,491	386,373
Deferred rent	<u>37,267</u>	<u>104,450</u>
Net cash provided by operating activities	<u><u>\$ 879,060</u></u>	<u><u>\$ 1,046,892</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

May 31, 2022 and 2021

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 \$2,504,000 and \$2,836,000 as of May 31, 2022 and 2021, 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 was spent in 2020, leaving a remaining reserve of \$286,000. Of that amount, \$109,000 was re-designated

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2022 and 2021

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 \$5,000 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.

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, 2022 and 2021, such excess balances totaled approximately \$4,800,000 and \$3,700,000, 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, 2022 and 2021

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 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.

Subsequent Events

The NJCPA and Affiliates evaluated subsequent events through September 12, 2022, 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.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2022 and 2021

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.

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, 2022, the NJCPA and Affiliates recognized membership dues revenue of approximately \$1,165,000 from amounts that were included in deferred revenue at the beginning of the year.

At May 31, 2022, deferred revenue related to membership dues totaled approximately \$1,024,000, which will all be recognized as revenue during the fiscal year ending May 31, 2023.

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.

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.

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.

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:

	2022	2021
Print media	\$ 54,458	\$ 53,895
Digital media	145,844	154,931
	<u>\$ 200,302</u>	<u>\$ 208,826</u>

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2022 and 2021

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:

	2022	2021
Educational products and services	\$ 128,315	\$ 159,085
Financial products and services	109,544	109,464
Other products and services	46,527	37,469
	<u>\$ 284,386</u>	<u>\$ 306,018</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.

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.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2022 and 2021

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:

	2022	2021
Cash and cash equivalents	\$ 6,432,344	\$ 5,628,190
Accounts receivable, due within one year	99,785	108,514
Investments	<u>6,112,005</u>	<u>6,549,465</u>
Financial assets, at year end	12,644,134	12,286,169
Less amounts unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions (pertaining to the NJCPA Scholarship Fund)	(2,746,307)	(3,059,792)
Board designations:		
Operating reserve	(2,300,000)	(2,300,000)
CEO retirement replacement fund	<u>(165,000)</u>	<u>(165,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,432,827</u>	<u>\$ 6,761,377</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;
- 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.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2022 and 2021

The NJCPA and Affiliates held only Level 1 investments, consisting principally of open-end mutual funds and exchange-traded funds, as of May 31, 2022 and 2021. Investments at fair value consist of the following:

	<u>2022</u>	<u>2021</u>
U.S. equity funds	\$ 2,132,773	\$ 2,380,383
International equity funds	1,193,527	1,406,645
Fixed income mutual funds	2,065,149	2,038,084
Cash and cash equivalents	77,536	82,667
 Mutual funds:		
Real estate	303,435	248,326
Diversifiers	161,068	177,780
Commodities	<u>178,517</u>	<u>215,580</u>
 Total fair value	<u>\$ 6,112,005</u>	<u>\$ 6,549,465</u>

Investment income (loss) consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 275,773	\$ 124,804
Realized (losses) gains	(139,258)	115,224
Unrealized (losses) gains	(373,108)	1,232,526
Investment fees	<u>(42,500)</u>	<u>(37,772)</u>
	<u>\$ (279,093)</u>	<u>\$ 1,434,782</u>

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

	<u>2022</u>	<u>2021</u>
Without donor restrictions	\$ (173,676)	\$ 884,353
With donor restrictions	<u>(105,417)</u>	<u>550,429</u>
	<u>\$ (279,093)</u>	<u>\$ 1,434,782</u>

Investment income includes earnings on cash and cash equivalents, which totaled approximately \$8,000 and \$10,000 for the years ended May 31, 2022 and 2021, respectively.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2022 and 2021

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following:

	2022	2021
	<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	1,277,017	1,277,017
	<hr/>	<hr/>
	2,555,826	2,555,826
Less: accumulated depreciation and amortization	(1,754,533)	(1,523,735)
	<hr/>	<hr/>
	801,293	1,032,091
Add: software development and other	2,983	22,723
	<hr/>	<hr/>
	\$ 804,276	\$ 1,054,814
	<hr/>	<hr/>

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 2022 and 2021

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.

	2022										
	Program Services						Support Services				
	Memberships	Communications and Public Relations	Educational Activities	Peer Review	Career Development	Total	Membership Development	Fundraising	Management and General	Total	2022 Total
Salaries, payroll taxes and employee benefits	\$ 753,732	\$ 515,854	\$ 785,347	\$ 261,012	\$ 94,843	\$ 2,410,788	\$ 224,770	\$ 2,313	\$ 1,217,538	\$ 1,444,621	\$ 3,855,409
Direct costs of educational programs	-	-	323,092	-	8,653	331,745	-	-	-	-	331,745
Rent and occupancy	175,478	52,462	91,358	17,638	17,638	354,574	17,638	-	80,050	97,688	452,262
Printing and distribution	185	40,162	-	1,641	370	42,358	7,960	529	2,882	11,371	53,729
Scholarship awards	-	-	-	-	327,900	327,900	-	-	-	-	327,900
Office and supplies	89,745	36,756	41,660	9,044	8,306	185,511	8,043	3,352	83,071	94,466	279,977
Professional fees	123,059	20,775	18,797	77,900	232	240,763	232	-	101,324	101,556	342,319
Travel and meetings	17,190	637	-	401	199	18,427	163	-	29,002	29,165	47,592
Depreciation and amortization	68,738	20,551	84,060	6,908	6,909	187,166	6,909	-	36,721	43,630	230,796
Special events	452	-	-	-	-	452	-	-	1,487	1,487	1,939
Other	22,543	26,454	2,248	384	426	52,055	686	-	206,551	207,237	259,292
Total expenses	\$ 1,251,122	\$ 713,651	\$ 1,346,562	\$ 374,928	\$ 465,476	\$ 4,151,739	\$ 266,401	\$ 6,194	\$ 1,758,626	\$ 2,031,221	\$ 6,182,960

	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

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS

May 31, 2022 and 2021

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 totaled approximately \$212,000 and \$175,000 as of May 31, 2022 and 2021, respectively.

Total rental expense for the years ended May 31, 2022 and 2021 amounted to approximately \$452,000 and \$449,000, respectively. The aforementioned rentals include utility and occupancy costs of approximately \$44,000 and \$42,000 in 2022 and 2021, respectively.

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

Years Ending May 31,

2023	\$ 419,000
2024	420,000
2025	420,000
2026	420,000
2027	420,000
Thereafter	<u>1,675,000</u>
	<u><u>\$ 3,774,000</u></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, 2022 and 2021 totaled approximately \$178,000 and \$177,000, respectively.

NOTE 10 - COMMITMENTS SCHOLARSHIP AWARDS

Historically, 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 \$86,000 and \$77,000 for the years ended May 31, 2022 and 2021, respectively. At May 31, 2022, conditional awards totaled \$126,000 and, assuming all conditions are satisfied, are scheduled to be paid as follows: \$77,000 in fiscal 2023 and \$49,000 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 \$211,000 and \$19,500 as of and for the years ended May 31, 2022 and 2021, respectively.

New Jersey Society of Certified Public Accountants and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

May 31, 2022 and 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, 2022 and 2021 totaled approximately \$12,900 and \$8,900, 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 - PAYCHECK PROTECTION PROGRAM

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. The NJCPA used the entire PPP loan for qualifying expenses during the years ended May 31, 2022 and 2021. The entire loan balance was forgiven during fiscal 2022, and the related revenue is reflected as PPP loan on the accompanying combined statement of activities for the year ended May 31, 2022.

SUPPLEMENTARY INFORMATION

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF FINANCIAL POSITION

As of May 31, 2022

	<u>NJCPA</u>	<u>Foundation</u>	<u>Scholarship Fund</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS					
Cash and cash equivalents	\$ 4,880,261	\$ 1,031,607	\$ 520,476	\$ -	\$ 6,432,344
Accounts receivable	61,278	38,507	-	-	99,785
Prepaid expenses	142,909	126,711	-	-	269,620
Investments	2,476,272	1,409,902	2,225,831	-	6,112,005
Property and equipment, net	633,318	170,958	-	-	804,276
Total assets	<u>\$ 8,194,038</u>	<u>\$ 2,777,685</u>	<u>\$ 2,746,307</u>	<u>\$ -</u>	<u>\$ 13,718,030</u>
LIABILITIES AND NET ASSETS					
Accounts payable and accrued expenses	\$ 292,848	\$ 52,118	\$ 235,035	\$ -	\$ 580,001
Deferred revenue	1,097,303	567,378	-	-	1,664,681
Deferred rent	212,269	-	-	-	212,269
Due (from) to affiliated entity	(145,304)	137,775	7,529	-	-
Total liabilities	<u>1,457,116</u>	<u>757,271</u>	<u>242,564</u>	<u>-</u>	<u>2,456,951</u>
Commitments (Notes 8, 10 and 12)					
Net assets					
Without donor restrictions	6,736,922	2,020,414	-	-	8,757,336
With donor restrictions	-	-	2,503,743	-	2,503,743
Total net assets	<u>6,736,922</u>	<u>2,020,414</u>	<u>2,503,743</u>	<u>-</u>	<u>11,261,079</u>
Total liabilities and net assets	<u>\$ 8,194,038</u>	<u>\$ 2,777,685</u>	<u>\$ 2,746,307</u>	<u>\$ -</u>	<u>\$ 13,718,030</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, 2022

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Changes in net assets without donor restrictions					
Revenues and other support					
Membership dues and other fees	\$ 3,612,239	\$ -	\$ -	\$ -	\$ 3,612,239
Educational program fees	-	1,504,748	-	-	1,504,748
Peer review fees	327,475	-	-	-	327,475
Publications, directory and website advertising	200,302	-	-	-	200,302
Investment income, net	(104,178)	(69,498)	-	-	(173,676)
Royalties and commissions	156,071	128,315	-	-	284,386
Special events	4,300	-	-	-	4,300
PPP loan	617,950	-	-	-	617,950
Other	160,351	-	-	-	160,351
Net assets released from restrictions	-	-	431,102	(19,096)	412,006
Total revenues and other support	4,974,510	1,563,565	431,102	(19,096)	6,950,081
Expenses					
Salaries, payroll taxes and employee benefits	2,768,609	1,013,000	73,800	-	3,855,409
Direct costs of educational programs	-	342,188	8,653	(19,096)	331,745
Rent and occupancy	345,162	100,900	6,200	-	452,262
Printing and distribution	48,129	3,741	1,859	-	53,729
Scholarship awards	-	-	327,900	-	327,900
Office and supplies	209,656	63,056	7,265	-	279,977
Professional fees	324,724	17,595	-	-	342,319
Travel and meetings	47,049	543	-	-	47,592
Depreciation and amortization	168,860	58,836	3,100	-	230,796
Special events	1,939	-	-	-	1,939
Other	191,836	65,131	2,325	-	259,292
Total expenses	4,105,964	1,664,990	431,102	(19,096)	6,182,960
Increase (decrease) in net assets without donor restrictions	868,546	(101,425)	-	-	767,121
Changes in net assets with donor restrictions					
Contributions	-	-	204,503	(19,096)	185,407
Investment income, net	-	-	(105,417)	-	(105,417)
Net assets released from restrictions	-	-	(431,102)	19,096	(412,006)
Decrease in net assets with donor restrictions	-	-	(332,016)	-	(332,016)
CHANGES IN NET ASSETS	868,546	(101,425)	(332,016)	-	435,105
Net assets at beginning of year	5,868,376	2,121,839	2,835,759	-	10,825,974
Net assets at end of year	<u>\$ 6,736,922</u>	<u>\$ 2,020,414</u>	<u>\$ 2,503,743</u>	<u>\$ -</u>	<u>\$ 11,261,079</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, 2022

	<u>NJCPA</u>	<u>Foundation</u>	<u>Scholarship Fund</u>	<u>Eliminations</u>	<u>Combined</u>
Cash flows from operating activities:					
Cash received from dues, program fees and contributions	\$ 4,370,279	\$ 1,986,251	\$ 204,738	\$ (19,096)	\$ 6,542,172
Interest and dividends received, net of fees	96,483	49,423	87,367	-	233,273
Cash paid to employees, vendors and others	<u>(3,857,551)</u>	<u>(1,645,355)</u>	<u>(412,575)</u>	<u>19,096</u>	<u>(5,896,385)</u>
Net cash provided by (used in) operating activities	<u>609,211</u>	<u>390,319</u>	<u>(120,470)</u>	<u>-</u>	<u>879,060</u>
Cash flows from investing activities:					
Redemption of investments	1,281,081	684,943	747,530	-	2,713,554
Purchases of investments	<u>(1,369,704)</u>	<u>(734,085)</u>	<u>(684,671)</u>	<u>-</u>	<u>(2,788,460)</u>
Net cash (used in) provided by investing activities	<u>(88,623)</u>	<u>(49,142)</u>	<u>62,859</u>	<u>-</u>	<u>(74,906)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	520,588	341,177	(57,611)	-	804,154
Cash and cash equivalents, beginning of year	<u>4,359,673</u>	<u>690,430</u>	<u>578,087</u>	<u>-</u>	<u>5,628,190</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,880,261</u></u>	<u><u>\$ 1,031,607</u></u>	<u><u>\$ 520,476</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,432,344</u></u>
Reconciliation of changes in net assets to net cash provided by (used in) operating activities:					
Changes in net assets	\$ 868,546	\$ (101,425)	\$ (332,016)	\$ -	\$ 435,105
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	168,860	58,836	3,100	-	230,796
Realized losses (gains) on sales of investments	112,834	60,172	(33,748)	-	139,258
Unrealized losses (gains) on investments	87,827	58,749	226,532	-	373,108
Loss on disposal of equipment	19,742	-	-	-	19,742
PPP loan forgiveness	(617,950)	-	-	-	(617,950)
Changes in cash from changes in operating assets and liabilities:					
Accounts receivable	35,118	(26,624)	235	-	8,729
Prepaid expenses	(1,844)	(28,724)	1,000	-	(29,568)
Due from (to) affiliated entity, net	329	(22,374)	22,045	-	-
Accounts payable and accrued expenses	43,803	11,897	(7,618)	-	48,082
Deferred revenue	(145,321)	379,812	-	-	234,491
Deferred rent	<u>37,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,267</u>
Net cash provided by (used in) operating activities	<u><u>\$ 609,211</u></u>	<u><u>\$ 390,319</u></u>	<u><u>\$ (120,470)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 879,060</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, 2021

	<u>NJCPA</u>	<u>Foundation</u>	<u>Scholarship Fund</u>	<u>Eliminations</u>	<u>Combined</u>
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	<u>\$ 8,015,668</u>	<u>\$ 2,504,575</u>	<u>\$ 3,060,792</u>	<u>\$ -</u>	<u>\$ 13,581,035</u>
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	<u>2,147,292</u>	<u>382,736</u>	<u>225,033</u>	<u>-</u>	<u>2,755,061</u>
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	<u>5,868,376</u>	<u>2,121,839</u>	<u>2,835,759</u>	<u>-</u>	<u>10,825,974</u>
Total liabilities and net assets	<u>\$ 8,015,668</u>	<u>\$ 2,504,575</u>	<u>\$ 3,060,792</u>	<u>\$ -</u>	<u>\$ 13,581,035</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, 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

	<u>NJCPA</u>	<u>Foundation</u>	<u>Scholarship Fund</u>	<u>Eliminations</u>	<u>Combined</u>
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	<u>1,541,991</u>	<u>152,603</u>	<u>143,994</u>	<u>-</u>	<u>1,838,588</u>
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.