

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, 2023 and 2022

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

**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, 2023 and 2022, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**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.

**Emphasis of matter**

As discussed in Note 2 and 8 to the combined financial statements, as of June 1, 2022, the Entity has adopted Accounting Standard Update 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

**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 combined 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 combined 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.

**Supplemental 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, 2023 and 2022, 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.

*Grant Thornton LLP*

Iselin, New Jersey  
September 14, 2023

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

**COMBINED STATEMENTS OF FINANCIAL POSITION**

**May 31,**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,491,392	\$ 6,432,344
Accounts receivable	136,851	99,785
Prepaid expenses	464,068	269,620
Investments	5,997,228	6,112,005
Property and equipment, net	589,293	804,276
Right-of-use asset	2,792,930	-
	<hr/>	<hr/>
Total assets	<u>\$ 16,471,762</u>	<u>\$ 13,718,030</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 636,923	\$ 580,001
Deferred revenue	1,577,297	1,664,681
Deferred rent	-	212,269
Lease liability	2,993,150	-
	<hr/>	<hr/>
Total liabilities	<u>5,207,370</u>	<u>2,456,951</u>
Commitments		
Net assets		
Without donor restrictions	8,963,583	8,757,336
With donor restrictions	2,300,809	2,503,743
	<hr/>	<hr/>
Total net assets	<u>11,264,392</u>	<u>11,261,079</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 16,471,762</u>	<u>\$ 13,718,030</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,**

	<b>2023</b>	<b>2022</b>
Changes in net assets without donor restrictions		
Revenues and other support		
Membership dues and other fees	\$ 3,565,015	\$ 3,612,239
Educational program fees	2,050,697	1,504,748
Peer review fees	327,517	327,475
Publication, directory and website advertising	210,218	200,302
Investment loss	(55,192)	(173,676)
Royalties and commissions	284,214	284,386
Special events	70,035	4,300
PPP loan	-	617,950
Employee retention credit	436,500	-
Other	155,748	160,351
Net assets released from restrictions	376,191	412,006
	<u>7,420,943</u>	<u>6,950,081</u>
Total revenues and other support		
Expenses		
Salaries, payroll taxes and employee benefits	3,940,566	3,855,409
Direct costs of educational programs	948,643	331,745
Rent and occupancy	460,909	452,262
Printing and distribution	111,070	53,729
Scholarship awards	308,860	327,900
Office and supplies	296,486	279,977
Professional fees	362,819	342,319
Meetings and travel	94,278	47,592
Depreciation and amortization	214,982	230,796
Special events	48,856	1,939
Other general	427,227	259,292
	<u>7,214,696</u>	<u>6,182,960</u>
Total expenses		
Increase in net assets without donor restrictions	<u>206,247</u>	<u>767,121</u>
Changes in net assets with donor restrictions		
Contributions	209,150	185,407
Investment loss	(35,893)	(105,417)
Net assets released from restrictions	(376,191)	(412,006)
	<u>(202,934)</u>	<u>(332,016)</u>
Decrease in net assets with donor restrictions		
<b>CHANGES IN NET ASSETS</b>	<b>3,313</b>	<b>435,105</b>
<b>Net assets at beginning of year</b>	<u>11,261,079</u>	<u>10,825,974</u>
<b>Net assets at end of year</b>	<u><u>\$ 11,264,392</u></u>	<u><u>\$ 11,261,079</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,**

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Cash received from dues, program fees and contributions	\$ 7,184,644	\$ 6,542,172
Interest and dividends received	166,709	233,273
Cash paid to employees, vendors and others	<u>(7,149,286)</u>	<u>(5,896,385)</u>
Net cash provided by operating activities	<u>202,067</u>	<u>879,060</u>
Cash flows from investing activities:		
Redemption of investments	1,759,246	2,713,554
Purchases of investments	<u>(1,902,265)</u>	<u>(2,788,460)</u>
Net cash used in investing activities	<u>(143,019)</u>	<u>(74,906)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	59,048	804,154
<b>Cash and cash equivalents at beginning of year</b>	<u>6,432,344</u>	<u>5,628,190</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 6,491,392</u></u>	<u><u>\$ 6,432,344</u></u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ 3,313	\$ 435,105
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	214,982	230,796
Realized losses on sales of investments	95,089	139,258
Unrealized losses on investments	162,707	373,108
Loss on sale of equipment	-	19,742
PPP loan forgiveness	-	(617,950)
Changes in cash from changes in operating assets and liabilities:		
Accounts receivable	(85,032)	8,729
Prepaid expenses	(194,446)	(29,568)
Accounts payable and accrued expenses	257,142	48,082
Deferred revenue	(39,419)	234,491
Deferred rent	<u>(212,269)</u>	<u>37,267</u>
Net cash provided by operating activities	<u><u>\$ 202,067</u></u>	<u><u>\$ 879,060</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, 2023 and 2022**

**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 \$2,301,000 and \$2,504,000 as of May 31, 2023 and 2022, 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 and designated \$2,300,000 as an operating reserve from net assets without donor restrictions.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

***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, 2023 and 2022, such excess balances totaled approximately \$4,800,000 and \$4,800,000, 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.

***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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

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.

**Leases**

The NJCPA and Affiliates adopted ASU 2016-02, *Leases (Topic 842)*, as of June 1, 2022. After the adoption of this standard, the NJCPA and Affiliates determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether the NJCPA and Affiliates controls the use of the identified asset throughout the period of use. The NJCPA and Affiliates classifies leases as either financing or operating. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent the NJCPA and Affiliates' right to use an underlying asset for the lease term and lease liabilities represent the NJCPA and Affiliates' obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based a risk-free rate. Lease expense for leases determined to be operating leases are recognized on a straight-line basis, while those determined to be finance leases are recognized following a front-loaded expense pattern in which interest and amortization are presented separately in the statement of activities.

The NJCPA and Affiliates assesses whether a lease is classified as an operating lease or a finance lease at lease commencement.

The NJCPA and Affiliates' ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of their ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairment consistent with long-lived asset guidance.

The NJCPA and Affiliates does not allocate consideration between lease and non-lease components, such as operating costs, as the NJCPA and Affiliates has elected to not separate lease and non-lease components for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for usage-based fees are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

For existing leases, the NJCPA and Affiliates did not elect the use of hindsight and did not reassess the lease term upon adoption.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

Operating leases are presented separately as right-of-use assets and lease liabilities in the accompanying combined statements of financial position.

Prior to the adoption of ASC 842, the NJCPA and Affiliates recognized rent expense on a straight-line basis over the term of the lease. The difference between cash rent payments and the recognition of rent expense was recorded as a deferred rent liability on the combined statements of financial position.

***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 14, 2023, 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.

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, 2023, the NJCPA and Affiliates recognized membership dues revenue of approximately \$1,024,000 from amounts that were included in deferred revenue at the beginning of the year.

At May 31, 2023, deferred revenue related to membership dues totaled approximately \$858,000, which will all be recognized as revenue during the fiscal year ending May 31, 2024.

***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 online, is typically collected in advance and is recognized when the instruction is provided.

For the fiscal year ended May 31, 2023, the NJCPA and Affiliates recognized educational program fees revenue of approximately \$567,400 from amounts that were included in deferred revenue at the beginning of the year.

At May 31, 2023, deferred revenue related to educational program fees totaled approximately \$644,100, which will all be recognized as revenue during the fiscal year ending May 31, 2024.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

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:

	2023	2022
Print media	\$ 93,250	\$ 54,458
Digital media	116,968	145,844
	<u>\$ 210,218</u>	<u>\$ 200,302</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:

	2023	2022
Educational products and services	\$ 115,193	\$ 128,315
Financial products and services	111,102	109,544
Other products and services	57,919	46,527
	<u>\$ 284,214</u>	<u>\$ 284,386</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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

**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:

	2023	2022
Cash and cash equivalents	\$ 6,491,392	\$ 6,432,344
Accounts receivable	136,851	99,785
Investments	5,997,228	6,112,005
Financial assets, at year end	12,625,471	12,644,134
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	(2,473,745)	(2,746,307)
Board designations:		
Amounts set aside for operating reserve	(2,300,000)	(2,300,000)
Amount set aside for office relocation and or renovation	(8,677)	(165,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,843,049	\$ 7,432,827

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

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

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, 2023 and 2022. Investments at fair value consist of the following:

	2023	2022
U.S. equity funds	\$ 2,200,319	\$ 2,132,773
International equity funds	1,357,749	1,193,527
Fixed income mutual funds	1,998,399	2,065,149
Money market funds	150,000	-
Mutual funds:		
Real estate	212,969	303,435
Diversifiers (formerly hedged strategies)	-	161,068
Commodities	-	178,517
Cash and cash equivalents	77,792	77,536
Total fair value	<u>\$ 5,997,228</u>	<u>\$ 6,112,005</u>

Investment loss consists of the following:

	2023	2022
Interest and dividends	\$ 203,591	\$ 275,773
Realized gains (losses)	(95,089)	(139,258)
Unrealized gains (losses)	(162,707)	(373,108)
Investment fees	(36,880)	(42,500)
	<u>\$ (91,085)</u>	<u>\$ (279,093)</u>

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

	2023	2022
Without donor restrictions	\$ (55,192)	\$ (173,676)
With donor restrictions	(35,893)	(105,417)
	<u>\$ (91,085)</u>	<u>\$ (279,093)</u>

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

**NOTE 6 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 592,039	\$ 592,039
Office equipment	294,197	294,197
Leasehold improvements	392,573	392,573
Computer equipment	<u>1,277,017</u>	<u>1,277,017</u>
	2,555,826	2,555,826
Less: accumulated depreciation	<u>(1,969,516)</u>	<u>(1,754,533)</u>
	586,310	801,293
Software development	<u>2,983</u>	<u>2,983</u>
	<u>\$ 589,293</u>	<u>\$ 804,276</u>



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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

**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.

	2023										
	Program Services						Support Services				
	Memberships	Communications and Public Relations	Educational Activities	Peer Review	Career Development	Total	Membership Development	Fundraising	Management and General	Total	2023 Total
Salaries, payroll taxes and employee benefits	\$ 770,381	\$ 527,248	\$ 802,693	\$ 266,776	\$ 96,938	\$ 2,464,036	\$ 229,735	\$ 2,364	\$ 1,244,431	\$ 1,476,530	\$ 3,940,566
Direct program cost	-	-	940,373	-	8,270	948,643	-	-	-	-	948,643
Rent and occupancy	178,834	53,465	93,104	17,975	17,975	361,353	17,975	-	81,581	99,556	460,909
Printing and distribution	315	92,912	-	1,551	638	95,416	15,014	640	-	15,654	111,070
Scholarship awards	-	-	-	-	308,860	308,860	-	-	-	-	308,860
Office and supplies	94,643	41,227	44,383	9,963	9,297	199,513	8,692	-	88,281	96,973	296,486
Professional fees	121,314	24,534	8,025	59,381	132	213,386	132	-	149,301	149,433	362,819
Meetings and travel	26,627	2,165	61	126	-	28,979	588	-	64,711	65,299	94,278
Depreciation and amortization	63,394	18,953	79,440	6,372	6,372	174,531	6,372	-	34,079	40,451	214,982
Special events	9,298	-	-	-	-	9,298	-	-	39,558	39,558	48,856
Other general	22,477	34,544	2,264	390	429	60,104	1,167	-	365,956	367,123	427,227
Total functional expenses	\$ 1,287,283	\$ 795,048	\$ 1,970,343	\$ 362,534	\$ 448,911	\$ 4,864,119	\$ 279,675	\$ 3,004	\$ 2,067,898	\$ 2,350,577	\$ 7,214,696
	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

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

**NOTE 8 - LEASES**

On January 30, 2019, the NJCPA and Affiliates signed a lease for new office space consisting of approximately 17,200 square feet in Roseland, New Jersey, that began on July 1, 2019. The NJCPA and Affiliates lease office space under this non-cancelable lease agreement, for which an ROU asset and lease liability are recorded in the accompanying 2023 combined statement of financial position. The lease agreement expires in fiscal 2031 and is subject to escalation for real estate taxes and other building operating expenses, as defined in the related lease agreement. The NJCPA and Affiliates' lease payments are based on fixed payments. The lease contains no termination options or residual value guarantee.

The NJCPA and Affiliates adjusted the opening operating ROU asset balance based on its remaining deferred rent liabilities. On June 1, 2022, the NJCPA and Affiliates recorded \$3,106,249 in operating lease ROU assets and \$3,318,518 in operating lease liabilities.

The components of lease cost for the year ended May 31, 2023 are as follows:

Operating lease cost	\$ 406,771
Total lease cost	<u>\$ 406,771</u>

Supplemental cash flow information related to operating leases for the year ended May 31, 2023 is as follows:

Operating cash flows from operating leases	<u>\$ 418,819</u>
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The following table represents the weighted-average remaining lease term and discount rate as of May 31, 2023:

Weighted-average remaining lease term	7.75 years
Weighted-average discount rate	2.98%

Future undiscounted lease payments for the NJCPA and Affiliates' operating lease liabilities are as follows as of May 31, 2023:

2024	\$ 420,249
2025	420,249
2026	420,249
2027	435,972
2028	437,402
Thereafter	<u>1,218,578</u>
Total lease obligation, gross	<u>3,352,699</u>
Less: imputed interest	<u>(359,549)</u>
Total lease liability	<u>\$ 2,993,150</u>

The NJCPA and Affiliates elected the following practical expedients:

- Package of practical expedients which eliminates the need to reassess (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) the initial direct costs for any existing leases.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

- The practical expedient whereby the lease and non-lease components will not be separated for all classes of assets.
- Not to recognize ROU assets and corresponding lease liabilities with a lease term of 12 months or less from the lease commencement date.

**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, 2023 and 2022 totaled approximately \$172,500 and \$178,000, respectively.

**NOTE 10 - SCHOLARSHIP AWARDS**

Scholarships awards are reviewed annually and recorded as a scholarship award expense in the year of approval. At May 31, 2023, conditional awards totaled \$49,000 and, assuming all conditions are satisfied, are scheduled to be paid in fiscal 2024.

**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, 2023 and 2022 totaled approximately \$9,600 and \$12,900, 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 24 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.

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

**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

**May 31, 2023 and 2022**

**NOTE 13 - EMPLOYEE RETENTION CREDIT**

The CARES Act provides an employee retention credit, a refundable tax credit against employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and expanded the wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit was increased to 70% of qualified wages paid to employees per quarter. The NJCPA submitted an application for tax credits related to wages incurred during the second and third quarters of 2021. Management asserts that their application sufficiently met the criteria to receive the credit from the Internal Revenue Service and payment was received in May 2023, therefore, the full amount of the credit totaling \$436,500 has been reported as employee retention credit in the accompanying combined statement of activities for the year ended May 31, 2023.

## SUPPLEMENTARY INFORMATION

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

**COMBINING SCHEDULE OF FINANCIAL POSITION**

**May 31, 2023**

	<b>NJCPA</b>	<b>Foundation</b>	<b>Scholarship Fund</b>	<b>Eliminations</b>	<b>Combined</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,501,840	\$ 705,718	\$ 283,834	\$ -	\$ 6,491,392
Accounts receivable	119,126	17,725	-	-	136,851
Prepaid expenses	155,946	307,122	1,000	-	464,068
Investments	2,425,233	1,382,084	2,189,911	-	5,997,228
Property and equipment, net	469,928	119,365	-	-	589,293
Right-of-use asset	2,792,930	-	-	-	2,792,930
Total assets	<u>\$ 11,465,003</u>	<u>\$ 2,532,014</u>	<u>\$ 2,474,745</u>	<u>\$ -</u>	<u>\$ 16,471,762</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accounts payable and accrued expenses	\$ 384,306	\$ 26,868	\$ 225,749	\$ -	\$ 636,923
Deferred revenue	933,224	644,073	-	-	1,577,297
Deferred rent	-	-	-	-	-
Lease liability	2,993,150	-	-	-	2,993,150
Due (from) to affiliated entity	69,280	(17,467)	(51,813)	-	-
Total liabilities	<u>4,379,960</u>	<u>653,474</u>	<u>173,936</u>	<u>-</u>	<u>5,207,370</u>
Commitments					
Net assets					
Without donor restrictions	7,085,043	1,878,540	-	-	8,963,583
With donor restrictions	-	-	2,300,809	-	2,300,809
Total net assets	<u>7,085,043</u>	<u>1,878,540</u>	<u>2,300,809</u>	<u>-</u>	<u>11,264,392</u>
Total liabilities and net assets	<u>\$ 11,465,003</u>	<u>\$ 2,532,014</u>	<u>\$ 2,474,745</u>	<u>\$ -</u>	<u>\$ 16,471,762</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, 2023**

	<b>NJCPA</b>	<b>Foundation</b>	<b>Scholarship Fund</b>	<b>Eliminations</b>	<b>Combined</b>
Changes net assets without donor restrictions					
Revenues and other support					
Membership dues and other fees	\$ 3,565,015	\$ -	\$ -	\$ -	\$ 3,565,015
Educational program fees	-	2,050,697	-	-	2,050,697
Peer review fees	327,517	-	-	-	327,517
Publication, directory and website advertising	210,218	-	-	-	210,218
Investment income	(27,640)	(27,552)	-	-	(55,192)
Royalties and commissions	169,021	115,193	-	-	284,214
Special events	70,035	-	-	-	70,035
Employee retention credit	436,500	-	-	-	436,500
Other	155,748	-	-	-	155,748
Net assets released from restrictions	-	-	393,831	(17,640)	376,191
Total revenues and other support	<u>4,906,414</u>	<u>2,138,338</u>	<u>393,831</u>	<u>(17,640)</u>	<u>7,420,943</u>
Expenses					
Salaries, payroll taxes and employee benefits	2,868,566	1,012,000	60,000	-	3,940,566
Direct costs of educational programs	-	958,013	8,270	(17,640)	948,643
Rent and occupancy	354,909	100,000	6,000	-	460,909
Printing and distribution	105,029	4,053	1,988	-	111,070
Scholarship awards	(400)	-	309,260	-	308,860
Office and supplies	225,362	67,124	4,000	-	296,486
Professional fees	355,479	7,340	-	-	362,819
Meetings and travel	92,471	1,807	-	-	94,278
Depreciation and amortization	155,388	56,594	3,000	-	214,982
Special events	48,856	-	-	-	48,856
Other general	352,633	73,281	1,313	-	427,227
Total expenses	<u>4,558,293</u>	<u>2,280,212</u>	<u>393,831</u>	<u>(17,640)</u>	<u>7,214,696</u>
Increase (decrease) in net assets without donor restrictions	<u>348,121</u>	<u>(141,874)</u>	<u>-</u>	<u>-</u>	<u>206,247</u>
Changes in net assets with donor restrictions					
Contributions	-	-	226,790	(17,640)	209,150
Investment loss	-	-	(35,893)	-	(35,893)
Net assets released from restrictions	-	-	(393,831)	17,640	(376,191)
Decrease in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>(202,934)</u>	<u>-</u>	<u>(202,934)</u>
<b>CHANGES IN NET ASSETS</b>	<u>348,121</u>	<u>(141,874)</u>	<u>(202,934)</u>	<u>-</u>	<u>3,313</u>
<b>Net assets at beginning of year</b>	<u>6,736,922</u>	<u>2,020,414</u>	<u>2,503,743</u>	<u>-</u>	<u>11,261,079</u>
<b>Net assets at end of year</b>	<u><u>\$ 7,085,043</u></u>	<u><u>\$ 1,878,540</u></u>	<u><u>\$ 2,300,809</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,264,392</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 CASH FLOWS**

**Year ended May 31, 2023**

	<b>NJCPA</b>	<b>Foundation</b>	<b>Scholarship Fund</b>	<b>Eliminations</b>	<b>Combined</b>
Cash flows from operating activities:					
Cash received from dues, program fees and contributions	\$ 4,712,128	\$ 2,263,368	\$ 226,788	\$ (17,640)	\$ 7,184,644
Interest and dividends received	81,059	32,892	52,758	-	166,709
Cash paid to employees, vendors and others	(4,113,948)	(2,589,523)	(463,455)	17,640	(7,149,286)
Net cash provided by (used in) operating activities	679,239	(293,263)	(183,909)	-	202,067
Cash flows from investing activities:					
Redemption of investments	398,331	257,481	1,103,434	-	1,759,246
Purchases of investments	(455,991)	(290,107)	(1,156,167)	-	(1,902,265)
Net cash used in investing activities	(57,660)	(32,626)	(52,733)	-	(143,019)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	621,579	(325,889)	(236,642)	-	59,048
<b>Cash and cash equivalents at beginning of year</b>	4,880,261	1,031,607	520,476	-	6,432,344
<b>Cash and cash equivalents at end of year</b>	<u>\$ 5,501,840</u>	<u>\$ 705,718</u>	<u>\$ 283,834</u>	<u>\$ -</u>	<u>\$ 6,491,392</u>
Reconciliation of changes in net assets to net cash provided by (used in) operating activities:					
Changes in net assets	\$ 348,121	\$ (141,874)	\$ (202,934)	\$ -	\$ 3,313
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	155,388	56,594	3,000	-	214,982
Realized losses on sales of investments	16,520	10,731	67,838	-	95,089
Unrealized losses on investments	92,179	49,714	20,814	-	162,707
Changes in cash from changes in operating assets and liabilities:					
Accounts receivable	(105,814)	20,782	-	-	(85,032)
Prepaid expenses	(13,035)	(180,411)	(1,000)	-	(194,446)
Due (to) from affiliated entity, net	222,585	(160,243)	(62,342)	-	-
Accounts payable and accrued expenses	291,679	(25,252)	(9,285)	-	257,142
Deferred revenue	(116,115)	76,696	-	-	(39,419)
Deferred rent	(212,269)	-	-	-	(212,269)
Net cash provided by (used in) operating activities	<u>\$ 679,239</u>	<u>\$ (293,263)</u>	<u>\$ (183,909)</u>	<u>\$ -</u>	<u>\$ 202,067</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**

**May 31, 2022**

	<b>NJCPA</b>	<b>Foundation</b>	<b>Scholarship Fund</b>	<b>Eliminations</b>	<b>Combined</b>
<b>ASSETS</b>					
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
<b>Total assets</b>	<b>\$ 8,194,038</b>	<b>\$ 2,777,685</b>	<b>\$ 2,746,307</b>	<b>\$ -</b>	<b>\$ 13,718,030</b>
<b>LIABILITIES AND NET ASSETS</b>					
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	-	-
<b>Total liabilities</b>	<b>1,457,116</b>	<b>757,271</b>	<b>242,564</b>	<b>-</b>	<b>2,456,951</b>
Commitments					
Net assets					
Without donor restrictions	6,736,922	2,020,414	-	-	8,757,336
With donor restrictions	-	-	2,503,743	-	2,503,743
<b>Total net assets</b>	<b>6,736,922</b>	<b>2,020,414</b>	<b>2,503,743</b>	<b>-</b>	<b>11,261,079</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,194,038</b>	<b>\$ 2,777,685</b>	<b>\$ 2,746,307</b>	<b>\$ -</b>	<b>\$ 13,718,030</b>

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**

	<b>NJCPA</b>	<b>Foundation</b>	<b>Scholarship Fund</b>	<b>Eliminations</b>	<b>Combined</b>
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	<u>4,974,510</u>	<u>1,563,565</u>	<u>431,102</u>	<u>(19,096)</u>	<u>6,950,081</u>
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	<u>4,105,964</u>	<u>1,664,990</u>	<u>431,102</u>	<u>(19,096)</u>	<u>6,182,960</u>
Increase (decrease) in net assets without donor restrictions	<u>868,546</u>	<u>(101,425)</u>	<u>-</u>	<u>-</u>	<u>767,121</u>
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	<u>-</u>	<u>-</u>	<u>(332,016)</u>	<u>-</u>	<u>(332,016)</u>
<b>CHANGES IN NET ASSETS</b>	<u>868,546</u>	<u>(101,425)</u>	<u>(332,016)</u>	<u>-</u>	<u>435,105</u>
<b>Net assets at beginning of year</b>	<u>5,868,376</u>	<u>2,121,839</u>	<u>2,835,759</u>	<u>-</u>	<u>10,825,974</u>
<b>Net assets at end of year</b>	<u><u>\$ 6,736,922</u></u>	<u><u>\$ 2,020,414</u></u>	<u><u>\$ 2,503,743</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,261,079</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 CASH FLOWS**

**Year ended May 31, 2022**

	<b>NJCPA</b>	<b>Foundation</b>	<b>Scholarship Fund</b>	<b>Eliminations</b>	<b>Combined</b>
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	(3,857,551)	(1,645,355)	(412,575)	19,096	(5,896,385)
Net cash provided by (used in) operating activities	609,211	390,319	(120,470)	-	879,060
Cash flows from investing activities:					
Redemption of investments	1,281,081	684,943	747,530	-	2,713,554
Purchases of investments	(1,369,704)	(734,085)	(684,671)	-	(2,788,460)
Net cash (used in) provided by investing activities	(88,623)	(49,142)	62,859	-	(74,906)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	520,588	341,177	(57,611)	-	804,154
<b>Cash and cash equivalents, beginning of year</b>	4,359,673	690,430	578,087	-	5,628,190
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,880,261</u>	<u>\$ 1,031,607</u>	<u>\$ 520,476</u>	<u>\$ -</u>	<u>\$ 6,432,344</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	37,267	-	-	-	37,267
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>

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