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, 2025 and 2024

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the combined financial statements of 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, 2025 and 2024, 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, 2025 and 2024, 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.

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.

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, 2025 and 2024, 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

Edison, New Jersey
September 22, 2025

New Jersey Society of Certified Public Accountants and Affiliates

COMBINED STATEMENTS OF FINANCIAL POSITION

May 31,

	2025	2024
ASSETS		
Cash and cash equivalents	$ 6,365,509	$ 7,075,008
Accounts receivable	166,679	223,117
Prepaid expenses	548,906	499,259
Investments	7,311,581	6,780,685
Property and equipment, net	380,423	428,625
Right-of-use asset	2,136,373	2,469,737
Total assets	$ 16,909,471	$ 17,476,431
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 390,194	$ 495,887
Deferred revenue	1,815,741	1,923,549
Lease liability	2,309,640	2,656,481
Total liabilities	4,515,575	5,075,917
Commitments		
Net assets		
Without donor restrictions	9,555,430	9,771,430
With donor restrictions	2,838,466	2,629,084
Total net assets	12,393,896	12,400,514
Total liabilities and net assets	$ 16,909,471	$ 17,476,431

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,

	2025	2024
Changes in net assets without donor restrictions		
Revenues and other support		
Membership dues and other fees	$ 3,624,845	$ 3,699,117
Educational program fees	1,863,820	2,688,703
Peer review fees	313,907	319,784
Publication, directory and website advertising	129,041	166,731
Investment gain	481,341	612,425
Royalties and commissions	273,892	283,850
Special events	59,865	29,139
Other	145,615	158,650
Net assets released from restrictions	161,981	165,360
Total revenues and other support	7,054,307	8,123,759
Expenses		
Salaries, payroll taxes and employee benefits	4,202,244	4,034,067
Direct costs of educational programs	1,016,745	1,168,190
Rent and occupancy	388,953	440,412
Printing and distribution	105,695	89,169
Scholarship awards	167,985	218,200
Office and supplies	332,489	296,440
Professional fees	354,126	347,766
Meetings and travel	217,870	123,363
Depreciation and amortization	124,611	189,346
Special events	99,567	111,983
Other general	260,022	296,976
Total expenses	7,270,307	7,315,912
(Decrease) increase in net assets without donor restrictions	(216,000)	807,847
Changes in net assets with donor restrictions		
Contributions	188,021	170,633
Investment gain	183,342	323,002
Net assets released from restrictions	(161,981)	(165,360)
Increase in net assets with donor restrictions	209,382	328,275
CHANGES IN NET ASSETS	(6,618)	1,136,122
Net assets at beginning of year	12,400,514	11,264,392
Net assets at end of year	$ 12,393,896	$ 12,400,514

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,

	2025	2024
Cash flows from operating activities:		
Cash received from dues, program fees and contributions	$ 6,547,636	$ 7,776,593
Interest and dividends received	294,361	152,837
Cash paid to employees, vendors and others	(7,314,514)	(7,316,268)
Net cash (used in) provided by operating activities	(472,517)	613,162
Cash flows from investing activities:		
Acquisition of property, equipment, and software	(76,410)	(28,678)
Redemption of investments	1,190,028	938,368
Purchases of investments	(1,350,600)	(939,236)
Net cash used in investing activities	(236,982)	(29,546)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(709,499)	583,616
Cash and cash equivalents at beginning of year	7,075,008	6,491,392
Cash and cash equivalents at end of year	$ 6,365,509	$ 7,075,008
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	$ (6,618)	$ 1,136,122
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	124,611	189,346
Realized gain on sales of investments	(39,923)	(13,322)
Unrealized gain on investments	(330,400)	(769,267)
Change in right-of-use asset	(13,477)	(13,476)
Changes in cash from changes in operating assets and liabilities:		
Accounts receivable	56,438	(86,266)
Prepaid expenses	(49,647)	(35,191)
Accounts payable and accrued expenses	(105,693)	(141,036)
Deferred revenue	(107,808)	346,252
Net cash (used in) provided by operating activities	$ (472,517)	$ 613,162

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

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 $2,838,000 and $2,629,000 as of May 31, 2025 and 2024, 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. In fiscal year 2024, the Education Foundation Executive Committee and the Board of Trustees approved a funding formula that will be budgeted annually and revisited triennially going forward.

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 10 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, 2025 and 2024, such excess balances totaled approximately $4,200,000 and $5,300,000, 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.

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 Accounting Standards Update 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 assesses whether a lease is classified as an operating lease or a finance lease at lease commencement. 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' 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.

Operating leases are presented separately as ROU assets and lease liabilities in the accompanying 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.

Scholarship Awards

Scholarship awards are reviewed annually and recorded as a scholarship award expense in the year of approval.

Subsequent Events

The NJCPA and Affiliates evaluated subsequent events through September 22, 2025, 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 years ended May 31, 2025 and 2024, the NJCPA and Affiliates recognized membership dues revenue of approximately $1,248,000 and $906,000, respectively, from amounts that were included in deferred revenue at the beginning of the year of $1,248,000 and $906,000, respectively.

At May 31, 2025, deferred revenue related to membership dues totaled approximately $1,004,000, which will all be recognized as revenue during the fiscal year ending May 31, 2026.

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 years ended May 31, 2025 and 2024, the NJCPA and Affiliates recognized educational program fees revenue of approximately $616,000 and $644,000, respectively, from amounts that were included in deferred revenue at the beginning of the year of $616,000 and $644,000, respectively.

At May 31, 2025, deferred revenue related to educational program fees totaled approximately $684,000, which will all be recognized as revenue during the fiscal year ending May 31, 2026.

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:

	2025	2024
Print media	$ 49,727	$ 52,392
Digital media	79,314	114,339
	$ 129,041	$ 166,731

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:

	2025	2024
Educational products and services	$ 84,775	$ 133,818
Financial products and services	126,566	116,774
Other products and services	62,551	33,258
	$ 273,892	$ 283,850

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.

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:

	2025	2024
Cash and cash equivalents	$ 6,365,509	$ 7,075,008
Accounts receivable	166,679	223,117
Investments	7,311,581	6,780,685
Financial assets, at year end	13,843,769	14,078,810
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	(2,903,863)	(2,699,751)
Board designations:		
Amounts set aside for operating reserve	(2,300,000)	(2,300,000)
Amount set aside for scholarship awards and chapter operations	(1,020,690)	(1,094,992)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,619,216	$ 7,984,067

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.

The NJCPA and Affiliates held only Level 1 investments, consisting principally of open-end mutual funds and exchange-traded funds, as of May 31, 2025 and 2024. Investments at fair value consist of the following:

	2025	2024
U.S. equity funds	$ 3,028,952	$ 2,724,023
International equity funds	1,451,941	1,580,340
Fixed income mutual funds	2,532,928	2,149,530
Mutual funds:		
Real estate	217,933	229,889
Cash and cash equivalents	79,827	96,903
Total fair value	$ 7,311,581	$ 6,780,685

Investment gain loss consists of the following:

	2025	2024
Interest and dividends	$ 340,202	$ 193,881
Realized gains	39,923	13,322
Unrealized gains	330,400	769,267
Investment fees	(45,842)	(41,043)
	$ 664,683	$ 935,427

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

	2025	2024
Without donor restrictions	$ 481,341	$ 612,425
With donor restrictions	183,342	323,002
	$ 664,683	$ 935,427

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

	2025	2024
Furniture and fixtures	$ 585,730	$ 592,039
Office equipment	255,516	294,197
Leasehold improvements	392,573	392,573
Computer equipment	1,167,531	1,303,325
	2,401,350	2,582,134
Less: accumulated depreciation and amortization	(2,020,927)	(2,153,509)
	$ 380,423	$ 428,625

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. Expenses that are allocated on a basis of square footage include occupancy, depreciation and amortization, technology and property insurance. Expenses that are allocated based on estimates of personnel time incurred and applicability include office expenses, other insurance and salaries, payroll taxes and employee benefits.

	2025										
	Program Services						Support Services				
	Memberships	Communications and Public Relations	Educational Activities	Peer Review	Career Development	Total	Membership Development	Fundraising	Management and General	Total	2025 Total
Salaries, payroll taxes and employee benefits	$ 821,538	$ 562,261	$ 855,997	$ 284,493	$ 103,375	$ 2,627,664	$ 244,990	$ 2,521	$ 1,327,069	$ 1,574,580	$ 4,202,244
Direct program cost	-	-	1,001,504	-	15,241	1,016,745	-	-	-	-	1,016,745
Rent and occupancy	150,914	45,119	78,569	15,169	15,169	304,940	15,169	-	68,844	84,013	388,953
Printing and distribution	7,239	72,071	-	2,023	376	81,709	9,566	-	14,420	23,986	105,695
Scholarship awards	-	-	-	-	167,985	167,985	-	-	-	-	167,985
Office and supplies	106,353	55,382	50,439	9,738	15,707	237,619	9,738	-	85,132	94,870	332,489
Professional fees	120,000	36,444	-	63,130	-	219,574	-	-	134,552	134,552	354,126
Meetings and travel	77,941	16,795	-	1,846	13,913	110,495	7,477	-	99,898	107,375	217,870
Depreciation and amortization	40,126	11,996	39,965	4,033	4,033	100,153	4,033	-	20,425	24,458	124,611
Special events	10,297	-	-	-	-	10,297	-	-	89,270	89,270	99,567
Other general	31,961	30,861	2,286	394	433	65,935	636	-	193,451	194,087	260,022
	$ 1,366,369	$ 830,929	$ 2,028,760	$ 380,826	$ 336,232	$ 4,943,116	$ 291,609	$ 2,521	$ 2,033,061	$ 2,327,191	$ 7,270,307

	2024										
	Program Services						Support Services				
	Memberships	Communications and Public Relations	Educational Activities	Peer Review	Career Development	Total	Membership Development	Fundraising	Management and General	Total	2024 Total
Salaries, payroll taxes and employee benefits	$ 788,660	$ 539,758	$ 821,740	$ 273,107	$ 99,238	$ 2,522,503	$ 235,186	$ 2,420	$ 1,273,958	$ 1,511,564	$ 4,034,067
Direct program cost	-	-	1,153,023	-	15,167	1,168,190	-	-	-	-	1,168,190
Rent and occupancy	170,880	51,088	88,963	17,176	17,176	345,283	17,176	-	77,953	95,129	440,412
Printing and distribution	298	58,234	86	1,226	1,169	61,013	21,967	-	6,189	28,156	89,169
Scholarship awards	-	-	-	-	218,200	218,200	-	-	-	-	218,200
Office and supplies	89,159	45,160	41,792	8,969	8,194	193,274	8,169	-	94,997	103,166	296,440
Professional fees	122,403	13,576	1,817	50,968	20,527	209,291	227	-	138,248	138,475	347,766
Meetings and travel	31,228	7,887	77	1,416	10,986	51,594	2,131	-	69,638	71,769	123,363
Depreciation and amortization	53,901	16,115	73,446	5,418	5,418	154,298	5,418	-	29,630	35,048	189,346
Special events	32,460	-	-	-	-	32,460	-	-	79,523	79,523	111,983
Other general	28,000	46,788	2,308	398	438	77,932	1,680	-	217,364	219,044	296,976
	$ 1,316,989	$ 778,606	$ 2,183,252	$ 358,678	$ 396,513	$ 5,034,038	$ 291,954	$ 2,420	$ 1,987,500	$ 2,281,874	$ 7,315,912

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 2025 combined statements 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, 2025 are as follows:

Operating lease cost	$ 406,771

The components of lease cost for the year ended May 31, 2024 are as follows:

Operating lease cost	$ 406,771

Supplemental cash flow information related to operating leases for the year ended May 31, 2025 is as follows:

Operating cash flows from operating leases	$ 420,249

Supplemental cash flow information related to operating leases for the year ended May 31, 2024 is as follows:

Operating cash flows from operating leases	$ 420,249

The following table represents the weighted-average remaining lease term and discount rate as of May 31, 2025:

Weighted-average remaining lease term	5.75 years
Weighted-average discount rate	2.98%

The following table represents the weighted-average remaining lease term and discount rate as of May 31, 2024:

Weighted-average remaining lease term	6.75 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, 2025:

2026	$ 420,249
2027	435,972
2028	437,402
2029	437,402
2030	440,975
Thereafter	340,200
Total lease obligation, gross	2,512,200
Less: imputed interest	(202,560)
Total lease liability	$ 2,309,640

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.
- 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 which vests over 5 years. 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, 2025 and 2024 totaled approximately $193,200 and $184,400, respectively.

NOTE 10 - 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, 2025 and 2024 totaled approximately $8,200 and $11,300, 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.

SUPPLEMENTARY INFORMATION

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF FINANCIAL POSITION

May 31, 2025

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
ASSETS					
Cash and cash equivalents	$ 5,451,286	$ 558,050	$ 356,173	$ -	$ 6,365,509
Accounts receivable	129,394	35,785	1,500	-	166,679
Prepaid expenses	206,606	342,300	-	-	548,906
Investments	3,039,449	1,725,942	2,546,190	-	7,311,581
Property and equipment, net	332,681	47,742	-	-	380,423
Right-of-use asset	2,136,373	-	-	-	2,136,373
Total assets	$ 11,295,789	$ 2,709,819	$ 2,903,863	$ -	$ 16,909,471
LIABILITIES AND NET ASSETS					
Accounts payable and accrued expenses	$ 171,162	$ 32,533	$ 186,499	$ -	$ 390,194
Deferred revenue	1,131,744	683,997	-	-	1,815,741
Lease liability	2,309,640	-	-	-	2,309,640
Due (from) to affiliated entity	116,183	4,919	(121,102)	-	-
Total liabilities	3,728,729	721,449	65,397	-	4,515,575
Commitments					
Net assets					
Without donor restrictions	7,567,060	1,988,370	-	-	9,555,430
With donor restrictions	-	-	2,838,466	-	2,838,466
Total net assets	7,567,060	1,988,370	2,838,466	-	12,393,896
Total liabilities and net assets	$ 11,295,789	$ 2,709,819	$ 2,903,863	$ -	$ 16,909,471

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF ACTIVITIES

Year ended May 31, 2025

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Changes net assets without donor restrictions					
Revenues and other support					
Membership dues and other fees	$ 3,624,845	$ -	$ -	$ -	$ 3,624,845
Educational program fees	-	1,863,820	-	-	1,863,820
Peer review fees	313,907	-	-	-	313,907
Publication, directory and website advertising	129,041	-	-	-	129,041
Investment income	358,118	123,223	-	-	481,341
Royalties and commissions	189,118	84,774	-	-	273,892
Special events	59,865	-	-	-	59,865
Other	145,615	-	-	-	145,615
Net assets released from restrictions	-	-	279,196	(117,215)	161,981
Total revenues and other support	4,820,509	2,071,817	279,196	(117,215)	7,054,307
Expenses					
Salaries, payroll taxes and employee benefits	3,103,798	1,034,292	64,154	-	4,202,244
Direct costs of educational programs	-	1,015,064	15,241	(13,560)	1,016,745
Rent and occupancy	303,367	80,502	5,084	-	388,953
Printing and distribution	95,026	5,813	4,856	-	105,695
Scholarship awards	-	103,655	167,985	(103,655)	167,985
Office and supplies	272,361	52,756	7,372	-	332,489
Professional fees	354,126	-	-	-	354,126
Meetings and travel	197,362	8,759	11,749	-	217,870
Depreciation and amortization	99,121	23,879	1,611	-	124,611
Special events	99,567	-	-	-	99,567
Other general	209,227	49,651	1,144	-	260,022
Total expenses	4,733,955	2,374,371	279,196	(117,215)	7,270,307
Increase (decrease) in net assets without donor restrictions	86,554	(302,554)	-	-	(216,000)
Changes in net assets with donor restrictions					
Contributions	-	-	305,236	(117,215)	188,021
Investment gain	-	-	183,342	-	183,342
Net assets released from restrictions	-	-	(279,196)	117,215	(161,981)
Increase in net assets with donor restrictions	-	-	209,382	-	209,382
CHANGES IN NET ASSETS	86,554	(302,554)	209,382	-	(6,618)
Net assets at beginning of year	7,480,506	2,290,924	2,629,084	-	12,400,514
Net assets at end of year	$ 7,567,060	$ 1,988,370	$ 2,838,466	$ -	$ 12,393,896

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF CASH FLOWS

Year ended May 31, 2025

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Cash flows from operating activities:					
Cash received from dues, program fees and contributions	$ 4,342,602	$ 2,018,513	$ 303,736	$ (117,215)	$ 6,547,636
Interest and dividends received	200,720	37,762	55,879	-	294,361
Cash paid to employees, vendors and others	(4,408,169)	(2,739,094)	(284,466)	117,215	(7,314,514)
Net cash provided by (used in) operating activities	135,153	(682,819)	75,149	-	(472,517)
Cash flows from investing activities:					
Acquisition of property, equipment, and software	(76,410)	-	-	-	(76,410)
Redemption of investments	580,079	241,398	368,551	-	1,190,028
Purchases of investments	(647,058)	(279,134)	(424,408)	-	(1,350,600)
Net cash used in investing activities	(143,389)	(37,736)	(55,857)	-	(236,982)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,236)	(720,555)	19,292	-	(709,499)
Cash and cash equivalents at beginning of year	5,459,522	1,278,605	336,881	-	7,075,008
Cash and cash equivalents at end of year	$ 5,451,286	$ 558,050	$ 356,173	$ -	$ 6,365,509
Reconciliation of changes in net assets to net cash provided by (used in) operating activities:					
Changes in net assets	$ 86,554	$ (302,554)	$ 209,382	$ -	$ (6,618)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	99,121	23,879	1,611	-	124,611
Realized gains on sales of investments	(19,870)	(6,035)	(14,018)	-	(39,923)
Unrealized gains on investments	(137,529)	(79,426)	(113,445)	-	(330,400)
Change in right-of-use assets	(13,477)	-	-	-	(13,477)
Changes in cash from changes in operating assets and liabilities:					
Accounts receivable	56,023	1,915	(1,500)	-	56,438
Prepaid expenses	66,860	(118,507)	2,000	-	(49,647)
Due (to) from affiliated entity, net	271,382	(271,708)	326	-	-
Accounts payable and accrued expenses	(98,097)	1,611	(9,207)	-	(105,693)
Deferred revenue	(175,814)	68,006	-	-	(107,808)
Net cash provided by (used in) operating activities	$ 135,153	$ (682,819)	$ 75,149	$ -	$ (472,517)

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF FINANCIAL POSITION

May 31, 2024

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
ASSETS					
Cash and cash equivalents	$ 5,459,522	$ 1,278,605	$ 336,881	$ -	$ 7,075,008
Accounts receivable	185,418	37,699	-	-	223,117
Prepaid expenses	273,466	223,793	2,000	-	499,259
Investments	2,815,070	1,602,745	2,362,870	-	6,780,685
Property and equipment, net	359,688	68,937	-	-	428,625
Right-of-use asset	2,469,737	-	-	-	2,469,737
Total assets	$ 11,562,901	$ 3,211,779	$ 2,701,751	$ -	$ 17,476,431
LIABILITIES AND NET ASSETS					
Accounts payable and accrued expenses	$ 269,261	$ 30,920	$ 195,706	$ -	$ 495,887
Deferred revenue	1,307,556	615,993	-	-	1,923,549
Lease liability	2,656,481	-	-	-	2,656,481
Due (from) to affiliated entity	(150,903)	273,942	(123,039)	-	-
Total liabilities	4,082,395	920,855	72,667	-	5,075,917
Commitments					
Net assets					
Without donor restrictions	7,480,506	2,290,924	-	-	9,771,430
With donor restrictions	-	-	2,629,084	-	2,629,084
Total net assets	7,480,506	2,290,924	2,629,084	-	12,400,514
Total liabilities and net assets	$ 11,562,901	$ 3,211,779	$ 2,701,751	$ -	$ 17,476,431

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF ACTIVITIES

Year ended May 31, 2024

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Changes net assets without donor restrictions					
Revenues and other support					
Membership dues and other fees	$ 3,699,117	$ -	$ -	$ -	$ 3,699,117
Educational program fees	-	2,688,703	-	-	2,688,703
Peer review fees	319,784	-	-	-	319,784
Publication, directory and website advertising	166,731	-	-	-	166,731
Investment income	391,652	220,773	-	-	612,425
Royalties and commissions	150,032	133,818	-	-	283,850
Special events	29,139	-	-	-	29,139
Other	158,650	-	-	-	158,650
Net assets released from restrictions	-	-	321,579	(156,219)	165,360
Total revenues and other support	4,915,105	3,043,294	321,579	(156,219)	8,123,759
Expenses					
Salaries, payroll taxes and employee benefits	2,951,233	1,021,520	61,314	-	4,034,067
Direct costs of educational programs	-	1,191,479	15,167	(38,456)	1,168,190
Rent and occupancy	339,126	95,553	5,733	-	440,412
Printing and distribution	83,205	4,638	1,326	-	89,169
Scholarship awards	-	117,763	218,200	(117,763)	218,200
Office and supplies	227,040	65,587	3,813	-	296,440
Professional fees	347,126	640	-	-	347,766
Meetings and travel	113,225	302	9,836	-	123,363
Depreciation and amortization	132,118	54,677	2,551	-	189,346
Special events	111,983	-	-	-	111,983
Other general	214,586	78,751	3,639	-	296,976
Total expenses	4,519,642	2,630,910	321,579	(156,219)	7,315,912
Increase in net assets without donor restrictions	395,463	412,384	-	-	807,847
Changes in net assets with donor restrictions					
Contributions	-	-	326,852	(156,219)	170,633
Investment gain	-	-	323,002	-	323,002
Net assets released from restrictions	-	-	(321,579)	156,219	(165,360)
Increase in net assets with donor restrictions	-	-	328,275	-	328,275
CHANGES IN NET ASSETS	395,463	412,384	328,275	-	1,136,122
Net assets at beginning of year	7,085,043	1,878,540	2,300,809	-	11,264,392
Net assets at end of year	$ 7,480,506	$ 2,290,924	$ 2,629,084	$ -	$ 12,400,514

New Jersey Society of Certified Public Accountants and Affiliates

COMBINING SCHEDULE OF CASH FLOWS

Year ended May 31, 2024

	NJCPA	Foundation	Scholarship Fund	Eliminations	Combined
Cash flows from operating activities:					
Cash received from dues, program fees and contributions	$ 4,831,493	$ 2,774,466	$ 326,853	$ (156,219)	$ 7,776,593
Interest and dividends received	63,990	35,714	53,133	-	152,837
Cash paid to employees, vendors and others	(4,846,947)	(2,201,691)	(423,849)	156,219	(7,316,268)
Net cash provided by (used in) operating activities	48,536	608,489	(43,863)	-	613,162
Cash flows from investing activities:					
Acquisition of property, equipment, and software	(28,678)	-	-	-	(28,678)
Redemption of investments	315,909	202,060	420,399	-	938,368
Purchases of investments	(378,085)	(237,662)	(323,489)	-	(939,236)
Net cash used in (provided by) investing activities	(90,854)	(35,602)	96,910	-	(29,546)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(42,318)	572,887	53,047	-	583,616
Cash and cash equivalents at beginning of year	5,501,840	705,718	283,834	-	6,491,392
Cash and cash equivalents at end of year	$ 5,459,522	$ 1,278,605	$ 336,881	$ -	$ 7,075,008
Reconciliation of changes in net assets to net cash provided by (used in) operating activities:					
Changes in net assets	$ 395,463	$ 412,384	$ 328,275	$ -	$ 1,136,122
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	132,118	54,677	2,551	-	189,346
Realized gains on sales of investments	(4,058)	(6,431)	(2,833)	-	(13,322)
Unrealized gains on investments	(323,604)	(178,628)	(267,035)	-	(769,267)
Change in right-of-use assets	(13,476)	-	-	-	(13,476)
Changes in cash from changes in operating assets and liabilities:					
Accounts receivable	(66,292)	(19,974)	-	-	(86,266)
Prepaid expenses	(117,520)	83,329	(1,000)	-	(35,191)
Due (to) from affiliated entity, net	(213,381)	287,158	(73,777)	-	-
Accounts payable and accrued expenses	(115,047)	4,055	(30,044)	-	(141,036)
Deferred revenue	374,333	(28,081)	-	-	346,252
Net cash provided by (used in) operating activities	$ 48,536	$ 608,489	$ (43,863)	$ -	$ 613,162