

Texas Society of Certified Public Accountants and Affiliates

**Combined Financial Statements
May 31, 2024 and 2023**



Texas Society of Certified Public Accountants and Affiliates

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Independent Auditors' Report

To the Board of Directors of
Texas Society of Certified Public Accountants and Affiliates

Opinion

We have audited the accompanying combined financial statements of the Texas Society of Certified Public Accountants and Affiliates (nonprofit organizations) (collectively, the Organization), which comprise the combined statements of financial position as of May 31, 2024 and 2023, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of May 31, 2024 and 2023, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Organization changed its method of accounting for the allowance for credit losses effective June 1, 2023 as required by the provisions of Financial Accounting Standards Update 2016-03 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, 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 Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined 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 auditors' 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 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 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 Organization'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 Organization'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position as of May 31, 2024, and the related combining statements of activities and changes in net assets and cash flows for the year then ended are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



A Limited Liability Partnership

Arlington, Texas
November 22, 2024

Texas Society of Certified Public Accountants and Affiliates
Combined Statements of Financial Position
May 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 4,894,529	\$ 5,137,168
Investments	20,385,885	18,106,204
Accounts receivable, net	254,614	77,244
Federal income tax receivable	8,254	1,796
Deferred costs and prepaid expenses	294,723	324,321
Investments restricted for endowment purposes	491,540	371,948
Right-of-use assets - operating leases, net	916,324	1,058,505
Fixed assets, net	63,903	80,149
Total assets	\$ 27,309,772	\$ 25,157,335
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 960,416	\$ 1,025,467
Due to local chapters	429,585	414,125
Deferred revenue	3,711,052	3,531,947
Deferred tax liability	169,722	91,157
Right-of-use liabilities - operating leases, net	1,008,228	1,077,474
Total liabilities	6,279,003	6,140,170
Net assets:		
Without donor restrictions	20,539,229	18,645,217
With donor restrictions	491,540	371,948
Total net assets	21,030,769	19,017,165
Total liabilities and net assets	\$ 27,309,772	\$ 25,157,335

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates
Combined Statements of Activities and Changes in Net Assets
Years Ended May 31, 2024 and 2023

	2024	2023
Net assets without donor restrictions:		
Revenues and other support:		
Membership dues	\$ 4,427,009	\$ 4,689,509
Continuing professional education	2,288,556	1,927,953
Peer review	1,056,538	950,131
Contributions	174,757	102,796
Government grant revenue	134,251	127,565
Sponsorships	208,611	197,268
Chapter management fees	470,600	464,700
Royalties	172,811	158,125
Net investment income (loss)	2,367,669	(241,733)
Other income	192,598	209,629
Net assets released from restrictions	27,000	24,000
Total revenues and other support	11,520,400	8,609,943
Expenses:		
Program:		
Member activities	2,082,523	1,928,318
Continuing education	3,009,690	2,814,626
Regulatory and legislative	513,032	778,380
Peer review	825,737	850,269
Accounting education	709,180	503,913
External relations	40,089	37,005
Total program expenses	7,180,251	6,912,511
Supporting:		
General and administrative	2,317,506	2,360,228
Insurance trust	53,689	53,273
Total supporting expenses	2,371,195	2,413,501
Total expenses	9,551,446	9,326,012
Increase (decrease) in net assets without donor restrictions before taxes	1,968,954	(716,069)
Federal income tax expense (benefit)	74,942	(33,785)
Increase (decrease) in net assets without donor restrictions	1,894,012	(682,284)
Net assets with donor restrictions:		
Contributions	114,537	96,835
Net investment income (loss)	32,055	(4,626)
Other income	-	275
Releases from net assets with donor restrictions	(27,000)	(24,000)
Increase in net assets with donor restrictions	119,592	68,484
Increase (decrease) in net assets	2,013,604	(613,800)
Net assets at beginning of year	19,017,165	19,630,965
Net assets at end of year	\$ 21,030,769	\$ 19,017,165

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates
Combined Statement of Functional Expenses
Year Ended May 31, 2024

	Program Services						Supporting Services			Totals	
	Member Activities	Continuing Education	Regulatory and Legislative	Peer Review	Accounting Education	External Relations	Total Program	General and Administrative	Insurance Trust		Total Supporting
Salaries	\$ 1,474,041	\$ 1,356,840	\$ 373,142	\$ 645,118	\$ 323,137	\$ 29,945	\$ 4,202,223	\$ 688,697	\$ 31,659	\$ 720,356	\$ 4,922,579
Program	-	1,251,539	-	-	19,572	-	1,271,111	-	-	-	1,271,111
Occupancy	8,712	811	428	97	275	-	10,323	276,990	43	277,033	287,356
Meetings and travel	108,179	59,259	24,469	10,497	11,123	1,517	215,044	569,794	1,079	570,873	785,917
Professional fees	258,782	157,641	97,141	157,433	30,615	3,002	704,614	228,343	6,922	235,265	939,879
Bank and credit card fees	2,101	9,648	169	420	1,379	-	13,717	241,091	252	241,343	255,060
Office expenses	131,815	50,993	5,398	8,141	27,345	2,764	226,456	122,906	12,139	135,045	361,501
Dues and subscriptions	96,553	119,710	15,911	3,792	12,993	2,861	251,820	180,213	1,222	181,435	433,255
Scholarships and awards	-	-	-	-	169,292	-	169,292	-	-	-	169,292
Depreciation	2,340	3,249	96	239	477	-	6,401	9,472	373	9,845	16,246
Campaign contributions	-	-	109,250	-	-	-	109,250	-	-	-	109,250
	<u>\$ 2,082,523</u>	<u>\$ 3,009,690</u>	<u>\$ 626,004</u>	<u>\$ 825,737</u>	<u>\$ 596,208</u>	<u>\$ 40,089</u>	<u>\$ 7,180,251</u>	<u>\$ 2,317,506</u>	<u>\$ 53,689</u>	<u>\$ 2,371,195</u>	<u>\$ 9,551,446</u>

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates
Combined Statement of Functional Expenses
Year Ended May 31, 2023

	Program Services						Supporting Services			Totals	
	Member Activities	Continuing Education	Regulatory and Legislative	Peer Review	Accounting Education	External Relations	Total Program	General and Administrative	Insurance Trust		Total Supporting
Salaries	\$ 1,384,648	\$ 1,277,912	\$ 392,568	\$ 821,798	\$ 234,568	\$ 27,295	\$ 4,138,789	\$ 674,145	\$ 29,995	\$ 704,140	\$ 4,842,929
Program	-	1,260,820	-	-	-	-	1,260,820	-	-	-	1,260,820
Occupancy	7,376	1,502	955	1,484	254	-	11,571	380,042	55	380,097	391,668
Meetings and travel	79,779	25,959	67,749	8,443	14,798	858	197,586	486,358	863	487,221	684,807
Professional fees	256,603	120,544	104,722	7,558	51,811	2,821	544,059	157,861	5,937	163,798	707,857
Bank and credit card fees	62	584	5	12	25	-	688	255,574	7	255,581	256,269
Office expenses	129,486	66,672	6,817	4,591	27,891	5,688	241,145	231,173	14,753	245,926	487,071
Dues and subscriptions	68,992	51,331	25,860	6,147	9,145	343	161,818	172,121	1,483	173,604	335,422
Scholarships and awards	-	-	600	-	164,949	-	165,549	-	-	-	165,549
Depreciation	1,372	9,302	94	236	472	-	11,476	2,954	180	3,134	14,610
Campaign contributions	-	-	179,010	-	-	-	179,010	-	-	-	179,010
	<u>\$ 1,928,318</u>	<u>\$ 2,814,626</u>	<u>\$ 778,380</u>	<u>\$ 850,269</u>	<u>\$ 503,913</u>	<u>\$ 37,005</u>	<u>\$ 6,912,511</u>	<u>\$ 2,360,228</u>	<u>\$ 53,273</u>	<u>\$ 2,413,501</u>	<u>\$ 9,326,012</u>

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates
Combined Statements of Cash Flows
Years Ended May 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 2,013,604	\$ (613,800)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	16,246	14,610
Amortization of right-of-use assets - operating leases	142,181	37,412
Change in allowance for credit losses	-	916
Change in deferred tax liability	78,565	(48,797)
Net unrealized and realized losses (gains) on investments	(1,789,182)	745,385
Changes in assets and liabilities:		
Accounts receivable	(177,370)	(33,534)
Federal income tax receivable	(6,458)	(1,796)
Deferred costs and prepaid expenses	29,598	(94,902)
Accounts payable and other liabilities	(65,051)	18,391
Federal income tax payable	-	(177)
Due to local chapters	15,460	61,974
Deferred revenue	179,105	(49,230)
Deferred rent	-	(36,054)
Right-of-use liabilities - operating leases	(69,246)	(18,443)
Net cash provided (used) by operating activities	367,452	(18,045)
Cash flows from investing activities:		
Purchases of investments	(3,166,533)	(3,228,199)
Proceeds from sales of investments	2,556,442	2,229,694
Purchases of fixed assets	-	(77,286)
Net cash used by investing activities	(610,091)	(1,075,791)
Net decrease in cash and cash equivalents	(242,639)	(1,093,836)
Cash and cash equivalents at beginning of year	5,137,168	6,231,004
Cash and cash equivalents at end of year	\$ 4,894,529	\$ 5,137,168
Supplemental cash flow information:		
Right-of-use assets obtained in exchange for new lease liabilities	\$ -	\$ 1,095,917

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

1. Organization

The Texas Society of Certified Public Accountants (Society) was organized for the purpose of furthering the accounting profession and exists to support its members in their professional endeavors and to promote the value and high standards of Texas Certified Public Accountants (CPAs). The work of the Society pervades all areas of the accounting profession – influencing standard setting, practice management, public service, ethics enforcement, image enhancement, continuing education and influencing regulation and legislation. The Society's voluntary membership is composed of CPAs located primarily in Texas.

The Accounting Education Foundation (Education Foundation) was incorporated to advance education, awareness and thought leadership related to the study, teaching and practice of accountancy and allied fields through charitable, educational and research initiatives.

The Texas Society of Certified Public Accountants Political Action Committee (CPA/PAC) was formed for the purpose of furthering the interests of the accounting profession in the state of Texas by making campaign contributions to selected state legislators and other elected state officials.

The Texas Society of Certified Public Accountants Insurance Trust (Insurance Trust) was formed to offer group life, health and other insurance products to qualified members of the Society, their eligible employees and their families at favorable group rates. The Insurance Trust does not retain the insurance risk associated with the activity.

The combined financial statements include the activities of the Society, Education Foundation, CPA/PAC and Insurance Trust (collectively, the Organization). The Organization is supported primarily by membership dues, fees for meetings and educational activities, fees for peer review assistance and public contributions from individuals, corporations and other organizations.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies of the Organization are described below.

Combined Financial Statements

In accordance with the provisions of FASB ASC 958-810 *Not-for-Profit Entities/Consolidations*, the financial statements of the Organization have been combined, and all inter-organization transactions and accounts have been eliminated.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

The individual entities have interrelated directors/trustees and share common facilities and personnel. Various expenses, including occupancy costs and salaries, have been allocated among the Society, the Education Foundation and the Insurance Trust based upon services rendered by common personnel and usage of common facilities. Except for the Insurance Trust, all of the entities are nonprofit organizations.

Basis of Accounting

The Organization prepares the combined financial statements on the accrual basis of accounting.

Combined Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors/trustees for the respective entity.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors/trustees approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with donor-imposed restrictions that are met in the same year as the contributions were received are reported as net assets without donor restrictions.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured and are continually evaluated by the Organization for collectability. Allowances for potential losses are maintained, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

The Organization maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At May 31, 2024, the Organization's uninsured balances totaled \$3,801,787.

Cash and Cash Equivalents

For the purposes of the combined statements of cash flows, the Organization considers cash and cash equivalents to consist of petty cash, demand deposits, commercial paper and money market accounts, all of which are considered to be highly liquid and have original maturities of three months or less. Money market accounts related to investment accounts and marketable securities are excluded from the definition of cash and cash equivalents.

Accounts Receivable

The Organization collects membership dues and contributions for meetings and education activities. The Organization uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of accounts receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The Organization has not historically experienced instances of significant uncollectability with their customers. As such, the allowance for credit losses totaled \$7,416 and \$7,416 as of May 31, 2024 and 2023, respectively. All receivables are expected to be collected within one year.

Dividend on Deposit

At May 31, 2024 and 2023, the Insurance Trust had dividends on deposit with an insurance company totaling \$1,288,711 and \$1,261,997, respectively. The dividends on deposit must be used for the benefit of the members participating in the insurance plans and are the result of dividends payable to the Insurance Trust based on underwriting profits related to its insurance program. Since the account balance could vary as future claims are paid, the Organization has not recorded an asset related to this amount. From time to time, the Organization may request that dividends be utilized to cover certain premiums for participants. In addition, the

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Notes to Combined Financial Statements

Organization may request distributions to cover allowable expenses to manage the insurance program, and dividend revenue is recognized as amounts are received.

Investments

Investments in marketable equity and debt securities are carried at fair value. Investment income, including unrealized gains and losses, is recognized in the appropriate net asset category, according to the existence or absence of donor-imposed restrictions.

Fixed Assets

Furniture, equipment and leasehold improvements are stated at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Maintenance and repairs are charged to expense as incurred; major improvements greater than \$5,000 are capitalized.

The Organization capitalizes qualifying computer software costs incurred during the application development stage. For financial reporting purposes, capitalized software costs are amortized using the straight-line method over five years. The amount of costs capitalized within any period is dependent on the nature of software development activities and projects in each period.

Revenue Recognition

Membership dues are recognized as revenue over the membership period. Peer review administrative fees are recognized annually, and peer review assistance fees are recognized when review engagements are completed. Revenues from professional education programs are recognized in the period the programs are held. Advertising revenues and management fees are recognized when the services are rendered. Royalties and affinity program revenues are recognized in the period earned. Revenues collected in advance are deferred until earned. Deferred revenue is expected to be recognized as revenue in the following year.

Contributed Services

Donated services are recognized as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The Organization receives significant in-kind contributions of time and pro bono services from its members related to program operations, including involvement with committees, chapters and member events. The value of this contributed time is not reflected in the combined financial statements since it does not meet the criteria under GAAP for recognition as a contribution.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

Advertising Costs

Advertising costs are expensed as incurred and totaled \$24,696 and \$25,089 for the years ended May 31, 2024 and 2023, respectively.

Use of Estimates

The preparation of combined financial statements in conformity with GAAP requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the combined statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

Costs specifically identifiable to only one function are charged 100% to that function. Expenses not directly chargeable to one functional category are allocated based upon estimated percentages of time and effort.

Income Taxes

The Society and Education Foundation are nonprofit organizations exempt from federal income tax under various sections of the Internal Revenue Code (Code), and as such, are subject to income taxes only on unrelated business income. The CPA/PAC is a political nonprofit organization subject to federal income taxes on its investment income. None of the entities are private foundations as defined in the Code.

The Insurance Trust is subject to federal income taxes. The provision for federal income taxes includes currently payable and deferred taxes arising from temporary differences between income reported for combined financial statements and income tax purposes. These temporary differences result from income and expenses being recognized on the cash basis for tax purposes (see Note 12).

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2024 and 2023, there are no uncertain tax positions taken or

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements.

Accounting Pronouncements Adopted

The Organization adopted FASB ASU 2016-03, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization’s financial statements but did change how the consideration for allowance for credit losses is determined.

3. Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1 Inputs to the valuation methodology are quoted prices available in active markets;
- Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable;
- Level 3 Inputs to the valuation methodology are unobservable inputs in which little or no market data exists, therefore requiring an entity to make its own assumptions.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies for assets and liabilities measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

At May 31, 2024 and 2023, the Organization has Level 1 investments which are measured at fair value on a recurring basis.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 financial assets.

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Notes to Combined Financial Statements

4. Investments

The Organization measures its investments at fair value. Fair values of assets measured on a recurring basis using Level 1 inputs are as follows at May 31:

	2024	2023
Money market funds	\$ 3,579,191	\$ 2,968,583
Equity securities	8,534,488	6,875,249
International securities	2,710,762	2,407,993
Bond funds	6,052,984	6,226,327
Totals	\$ 20,877,425	\$ 18,478,152

At May 31, 2024, the Organization's investment in the Vanguard Growth ETF Fund represented 10% and its investment in the Vanguard Federal Money Market Fund represented 13% of its total investments.

At May 31, 2023, the Organization's investment in the Vanguard Federal Money Market Fund represented 13% of its total investments.

The following schedule summarizes net investment income (loss) for the years ended May 31:

	2024	2023
Interest and dividends	\$ 610,542	\$ 499,026
Unrealized and realized gains (losses) on investments	1,789,182	(745,385)
Net investment income (loss)	\$ 2,399,724	\$ (246,359)

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Notes to Combined Financial Statements

5. Fixed Assets

Fixed assets are summarized as follows at May 31:

	2024	2023
Furniture	\$ 15,410	\$ 15,410
Equipment and software	929,354	929,353
Leasehold improvements	46,579	46,579
	991,343	991,342
Less: accumulated depreciation	(927,440)	(911,193)
	\$ 63,903	\$ 80,149

Depreciation expense related to the above fixed assets totaled \$16,246 and \$14,610 for the years ended May 31, 2024 and 2023, respectively.

6. Deferred Revenue

The following schedule summarizes deferred revenue at May 31:

	2024	2023
Membership fees paid in advance	\$ 2,790,078	\$ 2,783,828
Course fees paid in advance	408,441	397,877
Peer review fees paid in advance	417,940	288,980
Other deferred revenue	94,593	61,262
	\$ 3,711,052	\$ 3,531,947

7. Related Party Transactions

The Society shares office space with the Austin Chapter. The space is under a joint lease by both the Austin Chapter and the Society. Expenses are allocated to the Austin Chapter based on the square footage used by the entities, and the Society's share of rent totaled \$29,617 and \$29,617 during the years ended May 31, 2024 and 2023, respectively.

The Society has a management agreement with the Austin Chapter to provide staff leadership, necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which is in effect from June 1, 2013 until May 31, 2026, the Austin Chapter agrees to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2023, the fixed monthly service fee was \$10,700 and \$18,400, respectively.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

The Society has a management agreement with the Corpus Christi Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on June 1, 2013 and is in effect until May 31, 2027, the Corpus Christi Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2023, the fixed monthly service fee was \$2,050 and \$1,950, respectively.

The Society has a management agreement with the Permian Basin Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced June 1, 2013 and is in effect until May 31, 2027, the Permian Basin Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2023, the fixed monthly service fee was \$1,900 and \$1,850, respectively.

The Society has a management agreement with the Southeast Texas Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on June 1, 2013 and is in effect until May 31, 2025, the Southeast Texas Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2023, the fixed monthly service fee was \$1,400 and \$1,325, respectively.

The Society has a management agreement with the East Texas Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on April 1, 2019 and is in effect until May 31, 2025, the East Texas Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2023, the fixed monthly service fee was \$3,850 and \$3,750, respectively.

The Society has a management agreement with the Victoria Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on September 20, 2021 and is in effect until May 31, 2027, the Victoria Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2023 the fixed monthly service fee was \$1,100 and \$1,050, respectively.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

The Society has a management agreement with the Fort Worth Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on June 1, 2022 and is in effect until May 31, 2025, the Fort Worth Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2023, the fixed monthly service fee was \$10,700 and \$10,400, respectively.

The Society has a management agreement with the Dallas Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the agreement, which commenced on January 1, 2024 and was in effect until March 31, 2024, the Dallas Chapter agreed to pay the Society a fixed service fee each month of \$11,525 to cover only the staffing functions that will be performed under this agreement. Under a new agreement, which commenced on April 1, 2024 and is in effect until May 31, 2025, the fixed monthly service fee was \$22,600.

The Society has a management agreement with the Panhandle Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the agreement, which commenced on January 1, 2024 and was in effect until May 31, 2024, the Panhandle Chapter agreed to pay the Society a fixed service fee each month of \$2,085 to cover only the staffing functions that will be performed under this agreement. Under a new agreement, which commenced on June 1, 2024 and is in effect until May 31, 2027, the fixed monthly service fee was \$2,190.

In addition to the related agreements noted above, the Society also collects and distributes dues and contributions for other local chapters.

8. Leases

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office spaces. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

Leases result in the recognition of ROU assets and lease liabilities on the combined statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Nature of Leases

The Organization leases two office spaces, in Austin and Dallas, under operating lease agreements which expire in December 2028 and October 2030, respectively. The leases require the Organization to pay all executory costs (taxes, utilities, insurance, etc.). Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Future minimum lease payments and a reconciliation to the combined statement of financial position at May 31, 2024 are as follows for the years ending May 31:

2025	177,144
2026	177,671
2027	178,197
2028	178,723
2029	165,435
Thereafter	207,404
Total future undiscounted lease payments	1,084,574
Less present value discount	(76,346)
Operating lease liabilities	\$ 1,008,228

Texas Society of Certified Public Accountants and Affiliates
Notes to Combined Financial Statements

The following lease cost and required information for the year ended May 31, 2024:

	2024	2023
Total operating lease cost	\$ 87,100	\$ 29,617
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Cash flows from operating leases	\$ (69,246)	\$ (18,443)
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 1,095,917
Weighted-average remaining lease term	4.51 years	6.41 years
Weighted-average discount	4.45%	4.34%

9. Employee Benefit Plan

The Organization established a 401(k) plan (Plan) for its employees. Participants may elect to defer from 1% to 60% of their annual compensation under the Plan, up to the maximum amount allowed by the Code. The Organization will match participant contributions up to 4% of compensation based on years of service. Additionally, the Organization makes an annual nonelective employer contribution in an amount equal to 6% of the annual compensation of all eligible participants. Participants are fully vested in their contributions; they become vested in the Organization's matching and nonelective employer contributions at 20% per year beginning with the first year of credited service and become fully vested in these contributions at the end of the fifth year of credited service.

The nonelective employer contribution expense totaled \$186,417 and \$185,271 for the years ended May 31, 2024 and 2023, respectively. The Organization's matching contribution expense totaled \$102,125 and \$108,149 for the years ended May 31, 2024 and 2023, respectively.

10. Net Assets

At May 31, 2023, net assets without donor restrictions included \$435,736, designated by the board of directors for Continuing Professional Education. During the year ended May 31, 2024, these funds were used for the designated purpose. See Note 11 for information on board-designated endowments.

Texas Society of Certified Public Accountants and Affiliates
Notes to Combined Financial Statements

Net assets with donor restrictions consist of the following as of May 31:

	2024	2023
Restricted in perpetuity	\$ 236,506	\$ 236,006
Endowment accumulated gains	255,034	135,942
 Total net assets with donor restrictions	 \$ 491,540	 \$ 371,948

11. Endowment Funds

Board-Designated Endowments

As required by GAAP, net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As of May 31, 2024 and 2023, the Organization had designated \$4,087,391 and \$3,824,645, respectively, of net assets without donor restrictions as a general endowment fund to support scholarships for students and other accounting education initiatives. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Organization's approved spending policy was created to protect the values of the endowments. Distribution of funds is determined annually during budgetary board of directors/trustees meetings. To achieve the objectives of the endowments, the Organization has adopted an investment policy that attempts to maximize total return, consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the fund, if possible. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return in line with the Organization's investment policy.

Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

Donor-Restricted Endowments

As of May 31, 2024 and 2023, the Organization maintained various individual donor-restricted endowments. The donor-restricted endowments received specified that the funds be restricted in perpetuity. Donor-restricted endowments follow the Organization's spending policy for the Education Foundation. The purpose of the endowments is to provide scholarships for accounting students pursuing accounting course work that qualifies the student to sit for the certified public accountancy exam.

The Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated in perpetuity, (b) the original value of subsequent gifts and (c) accumulations to donor-restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. All of these net assets are also subject to purpose restrictions that must be met before being reclassified to net assets without donor restrictions.

In accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Texas Society of Certified Public Accountants and Affiliates

Notes to Combined Financial Statements

Endowment funds are categorized in the following net asset classes as at May 31:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 491,540	\$ 491,540
Board-designated endowment funds	4,087,391	-	4,087,391
Total endowment funds	<u>\$ 4,087,391</u>	<u>\$ 491,540</u>	<u>\$ 4,578,931</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 371,948	\$ 371,948
Board-designated endowment funds	3,824,645	-	3,824,645
Total endowment funds	<u>\$ 3,824,645</u>	<u>\$ 371,948</u>	<u>\$ 4,196,593</u>

Changes in the endowment funds by net asset classification for the years ended May 31:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,824,645	\$ 371,948	\$ 4,196,593
Contributions	9,672	114,537	124,209
Investment income	109,234	7,025	116,259
Unrealized and realized gains	411,963	25,030	436,993
Other income	125,000	-	125,000
Appropriation of assets for expenditure	(393,123)	(27,000)	(420,123)
Endowment net assets, end of year	<u>\$ 4,087,391</u>	<u>\$ 491,540</u>	<u>\$ 4,578,931</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,005,026	\$ 303,464	\$ 4,308,490
Contributions and other income	30,510	96,835	127,345
Investment income	83,377	5,353	88,730
Unrealized and realized losses	(133,103)	(9,979)	(143,082)
Other income	151,000	275	151,275
Appropriation of assets for expenditure	(312,165)	(24,000)	(336,165)
Endowment net assets, end of year	<u>\$ 3,824,645</u>	<u>\$ 371,948</u>	<u>\$ 4,196,593</u>

Texas Society of Certified Public Accountants and Affiliates
Notes to Combined Financial Statements

12. Federal Income Taxes

The federal income tax provision consists of the following for the years ended May 31:

	<u>2024</u>	<u>2023</u>
Current income tax expense (benefit)	\$ (3,623)	\$ 15,012
Deferred income tax expense (benefit)	<u>78,565</u>	<u>(48,797)</u>
Federal income tax expense (benefit)	<u>\$ 74,942</u>	<u>\$ (33,785)</u>

The deferred tax liability consists of the following as of May 31:

	<u>2024</u>	<u>2023</u>
Unrealized cumulative gains on investments	\$ 145,104	\$ 66,430
Other	<u>24,618</u>	<u>24,727</u>
Net deferred tax liability	<u>\$ 169,722</u>	<u>\$ 91,157</u>

Income tax expense for the years ended May 31, 2024 and 2023 differs from the amount computed by multiplying the statutory federal income tax rate times income before income taxes, because deferred income taxes are based on average tax rates.

13. Grants

The Society was granted awards totaling approximately \$134,000 for the years ended May 31, 2024 and 2023, respectively, from the Texas State Board of Public Accountancy. The awards are to be utilized for the purpose of increasing awareness and utilization of the Peer Assistance program. The Society recognized \$134,251 and \$127,565 as government grant revenue in the combined statements of activities and changes in net assets for the years ended May 31, 2024 and 2023, respectively. In addition, \$33,566 and \$33,563 in deferred grant revenue was included in the combined statements of financial position as of May 31, 2024 and 2023, respectively.

Texas Society of Certified Public Accountants and Affiliates
Notes to Combined Financial Statements

14. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the combined statements of financial position date for general expenditure are as follows at May 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,894,529	\$ 5,137,168
Investments	20,385,885	18,106,204
Accounts receivable, net	<u>254,614</u>	<u>77,244</u>
Total financial assets	25,535,028	23,320,616
Less amounts not available to management without board of directors' approval:		
Board-designated endowment fund	(4,087,391)	(3,824,645)
Board-designated for Continuing Professional Education	<u>-</u>	<u>(435,736)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 21,447,637</u>	<u>\$ 19,060,235</u>

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures through the next member dues billing cycle (expected mid-April). Liquid financial assets in excess of minimum immediate cash requirements are invested in money market funds. Long-term financial assets are managed by the investments committee and housed at Vanguard.

15. Subsequent Events

Management has evaluated subsequent events through November 22, 2024, the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

Supplementary Information

Texas Society of Certified Public Accountants and Affiliates
Combining Statement of Financial Position
May 31, 2024

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Insurance Trust	Total
Assets					
Cash and cash equivalents	\$ 3,008,112	\$ 1,143,535	\$ 740,412	\$ 2,470	\$ 4,894,529
Investments	11,665,781	5,960,889	518,436	2,240,779	20,385,885
Accounts receivable, net	75,514	179,100	-	-	254,614
Federal income tax receivable	-	-	-	8,254	8,254
Deferred costs and prepaid expenses	221,263	73,460	-	-	294,723
Intercompany receivable (payable)	(3,124)	99,315	16,126	(112,317)	-
Investments restricted for endowment purposes	-	491,540	-	-	491,540
Right-of-use assets - operating leases, net	916,324	-	-	-	916,324
Fixed assets, net	63,903	-	-	-	63,903
Total assets	\$ 15,947,773	\$ 7,947,839	\$ 1,274,974	\$ 2,139,186	\$ 27,309,772
Liabilities and Net Assets					
Liabilities:					
Accounts payable and other liabilities	\$ 852,469	\$ 107,947	\$ -	\$ -	\$ 960,416
Due to (from) local chapters	444,785	(10,340)	(4,860)	-	429,585
Deferred revenue	3,277,161	433,891	-	-	3,711,052
Deferred tax liability	-	-	-	169,722	169,722
Right-of-use liabilities - operating leases, net	1,008,228	-	-	-	1,008,228
Total liabilities	5,582,643	531,498	(4,860)	169,722	6,279,003
Net assets:					
Without donor restrictions	10,365,130	6,924,801	1,279,834	1,969,464	20,539,229
With donor restrictions	-	491,540	-	-	491,540
Total net assets	10,365,130	7,416,341	1,279,834	1,969,464	21,030,769
Total liabilities and net assets	\$ 15,947,773	\$ 7,947,839	\$ 1,274,974	\$ 2,139,186	\$ 27,309,772

See independent auditors' report.

Texas Society of Certified Public Accountants and Affiliates

Combining Statement of Activities and Changes in Net Assets

Year Ended May 31, 2024

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Insurance Trust	Total
Net assets without donor restrictions:					
Revenues and other support:					
Membership dues	\$ 4,427,009	\$ -	\$ -	\$ -	\$ 4,427,009
Continuing professional education	-	2,288,556	-	-	2,288,556
Peer review	1,056,538	-	-	-	1,056,538
Contributions	-	8,933	165,824	-	174,757
Government grant revenue	134,251	-	-	-	134,251
Sponsorships	95,900	112,711	-	-	208,611
Chapter management fees	470,600	-	-	-	470,600
Royalties	172,811	-	-	-	172,811
Net investment income	1,256,197	768,894	64,471	278,107	2,367,669
Other income	43,782 &	148,816	-	-	192,598
Net assets released from restrictions	-	27,000	-	-	27,000
Total revenues and other support	7,657,088	3,354,910	230,295	278,107	11,520,400
Expenses:					
Member activities	2,082,523	-	-	-	2,082,523
Continuing education	721,918 *	2,287,772	-	-	3,009,690
Regulatory and legislative	399,458	-	113,574	-	513,032
Peer review	825,737	-	-	-	825,737
Accounting education	289,057 #	420,123	-	-	709,180
External relations	40,089	-	-	-	40,089
General and administrative	2,317,506	-	-	-	2,317,506
Insurance trust	16,041 ^	-	-	37,648	53,689
Total expenses	6,692,329	2,707,895	113,574	37,648	9,551,446
Increase in net assets without donor restrictions before taxes	964,759	647,015	116,721	240,459	1,968,954
Federal income tax expense (benefit)	-	-	2,173	72,769	74,942
Increase in net assets without donor restrictions	964,759	647,015	114,548	167,690	1,894,012
Net assets with donor restrictions:					
Contributions	-	114,537	-	-	114,537
Net investment income	-	32,055	-	-	32,055
Releases from net assets with donor restrictions	-	(27,000)	-	-	(27,000)
Increase in net assets with donor restrictions	-	119,592	-	-	119,592
Increase in net assets	964,759	766,607	114,548	167,690	2,013,604
Net assets at beginning of year	9,400,371	6,649,734	1,165,286	1,801,774	19,017,165
Net assets at end of year	\$ 10,365,130	\$ 7,416,341	\$ 1,279,834	\$ 1,969,464	\$ 21,030,769

& This amount is reported net of intercompany transfers to the Education Foundation totaling \$125,000.

* This amount is reported net of intercompany charges totaling \$375,000.

This amount is reported net of intercompany charges totaling \$25,000.

^ This amount is reported net of intercompany charges totaling \$25,000.

See independent auditors' report.

Texas Society of Certified Public Accountants and Affiliates
Combining Statement of Cash Flows
Year Ended May 31, 2024

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Insurance Trust	Total
Cash flows from operating activities:					
Increase in net assets	\$ 964,759	\$ 766,607	\$ 114,548	\$ 167,690	\$ 2,013,604
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	16,246	-	-	-	16,246
Amortization of right-of-use assets - operating leases	142,181	-	-	-	142,181
Change in deferred tax liability	-	-	-	78,565	78,565
Net realized and unrealized gain on investments	(885,955)	(632,544)	(50,719)	(219,964)	(1,789,182)
Changes in assets and liabilities:					
Accounts receivable	(31,625)	(145,745)	-	-	(177,370)
Federal income tax receivable	-	-	-	(6,458)	(6,458)
Deferred costs and prepaid expenses	17,908	11,690	-	-	29,598
Intercompany receivable (payable)	(231,499)	193,868	(2,842)	40,473	-
Accounts payable and other liabilities	11,442	(74,991)	(1,502)	-	(65,051)
Due to (from) local chapters	47,804	(28,419)	(3,925)	-	15,460
Deferred revenue	152,091	27,014	-	-	179,105
Right-of-use liabilities - operating leases	(69,246)	-	-	-	(69,246)
Net cash provided by operating activities	134,106	117,480	55,560	60,306	367,452
Cash flows from investing activities:					
Purchases of investments	(2,624,958)	(379,490)	(30,595)	(131,490)	(3,166,533)
Proceeds from sales of investments	2,254,919	211,206	16,970	73,347	2,556,442
Net cash used by investing activities	(370,039)	(168,284)	(13,625)	(58,143)	(610,091)
Net change in cash and cash equivalents	(235,933)	(50,804)	41,935	2,163	(242,639)
Cash and cash equivalents at beginning of year	3,244,045	1,194,339	698,477	307	5,137,168
Cash and cash equivalents at end of year	\$ 3,008,112	\$ 1,143,535	\$ 740,412	\$ 2,470	\$ 4,894,529

See independent auditors' report.