

**California Society of Certified Public Accountants and
California Certified Public Accountants Education
Foundation**

Combined Financial Statements
and Supplementary Information

April 30, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

Council
California Society of Certified Public Accountants
and Board of Trustees
California Certified Public Accountants Education Foundation

Opinion

We have audited the accompanying combined financial statements of California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation (California nonprofit corporations) (collectively, the "Organizations"), which comprise the combined statements of financial position as of April 30, 2025 and 2024, and the related combined statements of activities, 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 financial position of California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation as of April 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation 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 these 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 California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation'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 California Society of Certified Public Accountants and California Certified Public Accountants Education Foundation'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 audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The information on pages 32 - 35 is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



San Francisco, California

September 4, 2025

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Combined Statements of Financial Position
April 30, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,063	\$ 7,266
Investments	26,727	23,982
Accounts receivable, net	290	150
Employee Retention Credit receivable	597	597
Other receivables	458	351
Receivable - affiliates, net	9	10
Prepaid and other current assets	814	1,140
Operating lease right-of-use asset	-	42
Total current assets	<u>31,958</u>	<u>33,538</u>
Noncurrent assets		
Other assets	28	5
Trust assets - deferred compensation	652	601
Operating lease right-of-use asset	2,396	-
Fixed assets, net	3,082	3,123
Endowment investments	50	50
Total noncurrent assets	<u>6,208</u>	<u>3,779</u>
Total assets	<u>\$ 38,166</u>	<u>\$ 37,317</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 201	\$ 202
Accrued expenses	2,412	2,479
Deferred revenues	6,165	6,443
Current portion of operating lease liability	109	48
Total current liabilities	<u>8,887</u>	<u>9,172</u>
Long-term liabilities		
Deferred compensation	652	601
Operating lease liability, net of current portion	2,454	-
Total long-term liabilities	<u>3,106</u>	<u>601</u>
Total liabilities	<u>11,993</u>	<u>9,773</u>
Net assets		
Without donor restrictions		
Undesignated	13,363	15,400
Board-designated	11,228	10,305
Total without donor restrictions	<u>24,591</u>	<u>25,705</u>
With donor restrictions		
Restricted for a specified purpose	1,532	1,789
Held in perpetuity	50	50
Total with donor restrictions	<u>1,582</u>	<u>1,839</u>
Total net assets	<u>26,173</u>	<u>27,544</u>
Total liabilities and net assets	<u>\$ 38,166</u>	<u>\$ 37,317</u>

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

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Combined Statement of Activities
For the Year Ended April 30, 2025
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains and support				
Membership dues	\$ 8,317	\$ -	\$ 8,317	\$ 8,490
Professional education programs	6,832	-	6,832	7,805
Peer review fees	1,407	-	1,407	1,730
Advertising	831	-	831	1,217
Interest and dividends, net	1,022	112	1,134	969
Employee Retention Credit	-	-	-	597
Affiliation fees	581	-	581	565
Realized and unrealized gain on investments	1,136	161	1,297	382
Other income	332	42	374	312
Member meetings and events	268	-	268	283
Net proceeds from scholarship events held by Society	-	201	201	225
Royalty and affinity programs	185	-	185	168
Scholarship contributions	-	8	8	33
Financial literacy and other program contributions	53	1	54	27
Net assets released from restriction	782	(782)	-	-
Total revenues, gains and support	<u>21,746</u>	<u>(257)</u>	<u>21,489</u>	<u>22,803</u>
Functional expenses				
Program services				
Chapter events and member committees	2,262	-	2,262	3,784
Communication services	405	-	405	322
Peer review	1,022	-	1,022	1,346
Government relations	710	-	710	704
Other member activities	2,202	-	2,202	1,365
Professional education programs	8,158	-	8,158	8,192
Institute and scholarships	1,455	-	1,455	1,085
Total program services	<u>16,214</u>	<u>-</u>	<u>16,214</u>	<u>16,798</u>
Supporting services				
Management and general	3,636	-	3,636	3,635
Membership development	3,010	-	3,010	2,755
Total supporting services	<u>6,646</u>	<u>-</u>	<u>6,646</u>	<u>6,390</u>
Total functional expenses	<u>22,860</u>	<u>-</u>	<u>22,860</u>	<u>23,188</u>
Loss on disposal of fixed assets	-	-	-	469
Total functional expenses and losses	<u>22,860</u>	<u>-</u>	<u>22,860</u>	<u>23,657</u>
Change in net assets	(1,114)	(257)	(1,371)	(854)
Net assets, beginning of year	<u>25,705</u>	<u>1,839</u>	<u>27,544</u>	<u>28,398</u>
Net assets, end of year	<u>\$ 24,591</u>	<u>\$ 1,582</u>	<u>\$ 26,173</u>	<u>\$ 27,544</u>

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

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Combined Statement of Activities
For the Year Ended April 30, 2024
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and support			
Membership dues	\$ 8,490	\$ -	\$ 8,490
Professional education programs	7,805	-	7,805
Peer review fees	1,730	-	1,730
Advertising	1,217	-	1,217
Interest and dividends, net	868	101	969
Employee Retention Credit	597	-	597
Affiliation fees	565	-	565
Realized and unrealized gain on investments	297	85	382
Other income	312	-	312
Member meetings and events	283	-	283
Net proceeds from scholarship events held by Society	-	225	225
Royalty and affinity programs	168	-	168
Scholarship contributions	-	33	33
Financial literacy and other program contributions	-	27	27
Net assets released from restriction	459	(459)	-
Total revenues, gains and support	<u>22,791</u>	<u>12</u>	<u>22,803</u>
Functional expenses			
Program services			
Chapter events and member committees	3,784	-	3,784
Communication services	322	-	322
Peer review	1,346	-	1,346
Government relations	704	-	704
Other member activities	1,365	-	1,365
Professional education programs	8,192	-	8,192
Institute and scholarships	1,085	-	1,085
Total program services	<u>16,798</u>	<u>-</u>	<u>16,798</u>
Supporting services			
Management and general	3,635	-	3,635
Membership development	2,755	-	2,755
Total supporting services	<u>6,390</u>	<u>-</u>	<u>6,390</u>
Total functional expenses	<u>23,188</u>	<u>-</u>	<u>23,188</u>
Loss on disposal of fixed assets	469	-	469
Total functional expenses and losses	<u>23,657</u>	<u>-</u>	<u>23,657</u>
Change in net assets	(866)	12	(854)
Net assets, beginning of year	<u>26,571</u>	<u>1,827</u>	<u>28,398</u>
Net assets, end of year	<u>\$ 25,705</u>	<u>\$ 1,839</u>	<u>\$ 27,544</u>

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

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Combined Statement of Functional Expenses
For the Year Ended April 30, 2025
(In thousands)

	Program Services							Supporting Services			
	Chapter Events and Member Committees	Communication Services	Peer Review	Government Relations	Other Member Activities	Professional Education Programs	Institute and Scholarships	Management and General	Membership Development	2025 Total	2024 Total
Personnel expenses	\$ 680	\$ 208	\$ 909	\$ 507	\$ 1,755	\$ 3,975	\$ 728	\$ 1,909	\$ 2,039	\$ 12,710	\$ 13,223
Meetings and events	709	-	89	30	95	3	138	719	58	1,841	1,861
Equipment and software	206	30	2	23	69	647	-	71	252	1,300	1,609
Depreciation and amortization	222	25	-	25	74	637	-	71	271	1,325	1,207
Office administration	52	2	22	19	29	80	20	387	51	662	897
Professional fees	65	105	-	7	35	199	2	312	125	850	623
Royalties	-	-	-	-	-	1,279	-	-	-	1,279	811
Event facilities, food, and webcast costs	-	-	-	-	-	800	-	-	-	800	544
Instructor costs	-	-	-	-	-	249	-	-	-	249	725
Occupancy	89	10	-	10	29	-	-	27	108	273	136
Scholarship distributions	-	-	-	-	-	-	544	-	-	544	263
Other course and conference costs	-	-	-	-	-	217	-	-	-	217	331
Printing and publications	3	25	-	1	1	2	8	-	34	74	167
Scholarship events	232	-	-	-	-	-	-	-	-	232	225
Advertising	4	-	-	-	115	70	15	29	72	305	255
Advocacy support	-	-	-	88	-	-	-	-	-	88	82
Taxes	-	-	-	-	-	-	-	111	-	111	229
	<u>\$ 2,262</u>	<u>\$ 405</u>	<u>\$ 1,022</u>	<u>\$ 710</u>	<u>\$ 2,202</u>	<u>\$ 8,158</u>	<u>\$ 1,455</u>	<u>\$ 3,636</u>	<u>\$ 3,010</u>	<u>\$ 22,860</u>	<u>\$ 23,188</u>

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

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Combined Statement of Functional Expenses
For the Year Ended April 30, 2024
(In thousands)

	Program Services							Supporting Services		
	Chapter Events and Member Committees	Communication Services	Peer Review	Government Relations	Other Member Activities	Professional Education Programs	Institute and Scholarships	Management and General	Membership Development	2024 Total
Personnel expenses	\$ 1,871	\$ 209	\$ 1,180	\$ 483	\$ 965	\$ 4,200	\$ 664	\$ 1,795	\$ 1,856	\$ 13,223
Meetings and events	844	-	69	36	120	15	101	617	59	1,861
Equipment and software	383	35	2	32	74	718	-	114	251	1,609
Depreciation and amortization	307	20	-	20	54	559	-	64	183	1,207
Office administration	73	10	22	34	18	174	17	468	81	897
Professional fees	49	14	1	3	63	47	10	325	111	623
Royalties	-	-	-	-	-	811	-	-	-	811
Event facilities, food, and webcast costs	-	-	-	-	-	544	-	-	-	544
Instructor costs	-	-	-	-	-	725	-	-	-	725
Occupancy	17	-	-	12	67	-	-	19	21	136
Scholarship distributions	-	-	-	-	-	-	263	-	-	263
Other course and conference costs	-	-	-	-	-	331	-	-	-	331
Printing and publications	7	31	72	2	3	9	11	5	27	167
Scholarship events	225	-	-	-	-	-	-	-	-	225
Advertising	8	3	-	-	-	59	19	-	166	255
Advocacy support	-	-	-	82	-	-	-	-	-	82
Taxes	-	-	-	-	1	-	-	228	-	229
	\$ 3,784	\$ 322	\$ 1,346	\$ 704	\$ 1,365	\$ 8,192	\$ 1,085	\$ 3,635	\$ 2,755	\$ 23,188

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

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Combined Statements of Cash Flows
For the Years Ended April 30, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ (1,371)	\$ (854)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Realized and unrealized gain on investments	(1,297)	(382)
Depreciation and amortization	1,325	1,207
Loss on disposal of fixed assets	-	469
Amortization of operating lease right-of-use asset	169	54
Changes in operating assets and liabilities		
Accounts receivable, net	(140)	46
Employee Retention Credit receivable	-	(597)
Other receivables	(107)	68
Receivable - affiliates	1	25
Prepaid and other current assets	326	(270)
Other assets	(23)	-
Accounts payable	(1)	(71)
Accrued expenses	(67)	545
Deferred revenues	(278)	1,221
Operating lease liability	(8)	(61)
Net cash provided by (used in) operating activities	<u>(1,471)</u>	<u>1,400</u>
Cash flows from investing activities		
Purchase of investments	(10,412)	(36,464)
Proceeds from sales of investments	8,964	30,036
Purchase of fixed assets	(1,284)	(350)
Proceeds from sale of fixed assets	-	14,579
Net cash provided by (used in) investing activities	<u>(2,732)</u>	<u>7,801</u>
Cash flows from financing activities		
Repayment of line of credit	-	(5,000)
Net cash provided by (used in) financing activities	<u>-</u>	<u>(5,000)</u>
Net increase (decrease) in cash and cash equivalents	(4,203)	4,201
Cash and cash equivalents, beginning of year	<u>7,266</u>	<u>3,065</u>
Cash and cash equivalents, end of year	<u>\$ 3,063</u>	<u>\$ 7,266</u>

Supplemental disclosures of cash flow information

Cash paid during the year for		
Interest	\$ -	\$ 81
Tax	\$ 111	\$ 197
Supplemental schedule of noncash investing and financing activities		
Operating lease right-of-use asset obtained in exchange for lease liability	\$ 2,523	\$ -

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

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Notes to Combined Financial Statements
April 30, 2025 and 2024
(In thousands)

1. NATURE OF OPERATIONS

The California Society of Certified Public Accountants ("Society") is a nonprofit incorporated membership organization whose purpose is to advance the profession of accountancy in the State of California. The Society provides its approximately 38,000 members with general and technical resources through its chapters and committees and administers the Peer Review Program on behalf of the American Institute of Certified Public Accountants ("AICPA") in California, Arizona and Alaska. The California Certified Public Accountants Education Foundation ("Foundation") is a nonprofit public benefit corporation organized to provide continuing professional education to Certified Public Accountants ("CPAs") and other interested parties. The Society is governed by the CalCPA Council ("Council"), which is elected by the membership of the Society. The Foundation is governed by a Board of Trustees. Revenues for the Society and the Foundation are derived primarily from CPAs in California. The Society and the Foundation share administrative functions. Such costs are allocated between the entities based on their estimated share. The California CPA Institute ("Institute"), a public charity nonprofit organization, was formed in October 2004 to administer scholarship activities, financial literacy and other programs. The activities of the Institute are consolidated with the activities of the Society. Collectively, the entities are referred to herein as the "Organizations" and "CalCPA".

2. PROGRAM SERVICES

The programs of the Society, Foundation, and Institute consist of:

Society

- Chapter Events and Member Committees – The Society has 14 chapters throughout California. They are the key to delivering benefits to members at the grassroots level, which contribute directly to members' success, strengthen the profession and ensure Society success. Included in this program are the chapter meetings and events, and various state and chapter committee meetings.
- Communication Services – The Society's communications include all internal and external communications, including California CPA magazine, e-newsletters, chapter communications, Connect and CalCPA.org. The Society also generates non-dues revenue through a variety of advertising sales. Public relations, media relations and image advertising efforts are key to the Society's mission to increase the value and promote the integrity of the CPA profession.
- Peer Review – The Society administers the AICPA Peer Review Program for California, Arizona and Alaska.

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Notes to Combined Financial Statements
April 30, 2025 and 2024
(In thousands)

2. PROGRAM SERVICES (continued)

Society (continued)

- Government Relations – The major responsibility of Government Relations is to advocate for the public policy and self-regulatory interests of the CPA profession, which supports CalCPA's overall mission and value to members. Components of this include: anticipating and responding to legislative and regulatory proposals that impact the profession and the broader business community; cultivating strategic relationships with key government agencies and other professional organizations engaged in advocacy; and keeping CalCPA membership apprised of ongoing and emerging public policy issues.
- Other Member Activities – These include other member activities or Society initiatives that do not fall under the other categories listed above. These include Technical Member Services, Statewide Member Programs, Strategic Sponsorship Initiative, and other member programs.

Foundation

- Professional Education Programs – The Foundation provides continuing professional education for CPAs and other interested parties. It offers courses and conferences developed to comply with the statement on standards for continuing professional education programs jointly issued by the California Board of Accountancy, National Association of State Boards of Accountancy and AICPA.

Institute

- Institute and Scholarships – The Institute supports the public and CPA profession by advancing financial education and improving the financial literacy of Californians. The Institute awards scholarships to undergraduate and graduate students, facilitates discussions between practitioners and educators, sponsors the Leadership Institute, facilitates diversity, equity and inclusion and delivers Institute materials to high schools, colleges and community groups. Accounting career awareness programs, such as Industry Influencers and Community College to CPA, are an integral part of the Institute. In addition, the Institute fosters strategic relations and alliances with a variety of organizations such as the Institute of Management Accountants, Beta Alpha Psi, the National Association of Black Accountants, the American Accounting Association, the AICPA, the Center for Audit Quality ("CAQ") and numerous other state societies.

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Notes to Combined Financial Statements
April 30, 2025 and 2024
(In thousands)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of combination

The Board of Trustees of the Foundation consists of members of the Society who are elected by the governing Council of the Society. Because of common control by the Council, the accompanying financial statements reflect the combined statements of the Society and the Foundation. All inter-organization transactions have been eliminated in combination.

Principles of consolidation

All inter-organization transactions have been eliminated in consolidation.

Basis of accounting and financial statement presentation

The combined financial statements of the Society and the Foundation have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net Assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Society and the Foundation classify their net assets and changes in net assets as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have been fulfilled. Net assets without donor restrictions includes a board-designated reserve.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of the Society or the Foundation and/or the passage of time or can be fulfilled and removed by actions of the Society or the Foundation pursuant to those stipulations. Net assets with donor restrictions also include net assets that are to be held in perpetuity as directed by donors. The income from these net assets to be held in perpetuity is available to support activities as stipulated by the donors.

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 on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Generally, the donors of assets allow the Society and the Foundation to use all or part of the income earned on the related investments without donor restrictions or specific (with donor restrictions) purposes.

Cash and cash equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less.

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Notes to Combined Financial Statements
April 30, 2025 and 2024
(In thousands)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of credit risk

Financial instruments that potentially subject the Society and the Foundation to concentrations of credit risk consist of cash deposits and investments. Cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250 per banking institution. Balances in investment accounts are insured up to \$500, including a limit of \$250 for cash, by the Securities Investor Protection Corporation ("SIPC"). As of April 30, 2025 and 2024, there were combined balances of \$25,462 and \$23,270, respectively, of cash deposits and investments in excess of SIPC limits. Investments are subject to a formal investment policy, which provides for diversification and oversight.

Management believes that the Society and the Foundation are not exposed to any significant credit risk related to cash and equivalents and investments.

Accounts receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for credit losses. The allowance is established based on factors such as historical experience, credit quality, the age of the account balances, and management's assessment of current conditions and reasonable and supportable expectations of future conditions. As of April 30, 2025 and 2024, the total combined allowance for credit losses was \$8.

Investments

Investments are stated at fair value. Fair value is determined based on quoted market prices except for alternative investments for which quoted market prices are not available. Alternative investments include an investment in a private equity fund. The valuation of this investment is based on the most recent value, usually the net asset value ("NAV") provided by the investment manager. The NAV is reported by the external investment manager in accordance with their policies as described in their respective financial statements and offering memoranda. The Organizations review and evaluate the NAVs provided by the external investment manager, obtains and reviews the audited financial statements of such investment, and assesses the valuation methods and assumptions used in determining the fair value of the alternative investment. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed, and differences could be material.

Investment income, comprised of interest and dividends, is reported net of related investment expenses. Realized and unrealized gains and losses, in total, are reported separately from net investment income on the combined statements of activities.

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
Notes to Combined Financial Statements
April 30, 2025 and 2024
(In thousands)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Acquisitions of fixed assets of \$5 or more are capitalized. Land and building are stated at cost. Building costs include the purchase price, the value of rent concessions, plus other costs necessary to place the asset into service. Building depreciation is computed when the building is placed in service using the straight-line method over the estimated useful life of 40 years. Equipment and furniture are stated at cost, and depreciation or amortization is computed when assets are placed in service using the straight-line method over estimated useful lives of 3 to 7 years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the asset. For software development costs, the Society and the Foundation capitalize qualifying computer software costs, which are incurred during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Capitalized software costs are amortized on a straight-line basis over an estimated useful life of 3 to 5 years.

Impairment of long-lived assets

The Organizations evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted future net cash flows expected to be generated by the asset. If the carrying amount exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Once an impairment charge is recorded, the carrying amount cannot be increased. There was no impairment recorded for the years ended April 30, 2025 and 2024.

Leases

The Organizations lease office space under operating leases. The Organizations determine if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use ("ROU") asset and operating lease liability on the combined statement of financial position. Finance leases are included in fixed assets and other long-term liabilities on the combined statements of financial position. The Organizations do not have any finance leases.

ROU assets represent the Organizations' right to use an underlying asset for the lease term and lease liabilities represent the Organizations' obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organizations' lease does not provide an implicit rate, the Organizations use a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Society and Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organizations have elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Revenue recognition

Membership dues, which are nonrefundable, are primarily comprised of an exchange element based on the value of benefits provided and are recognized as revenue over the membership period. A contribution element could exist when members do not utilize the member benefits offered. Any contribution element is considered immaterial. Member benefits represent performance obligations. Member benefits for both new and renewing members include, but are not limited to, a free four-hour ethics course, a one-year subscription to the California CalCPA magazine, access to purchase Prepaid Education and Continuing Professional Education ("CPE") programs at a discounted rate, in addition to eight hours of free CPE for new members. All member benefits must be utilized or expire at the end of the member term. Revenues from professional education programs are recognized in the period the programs are held. Peer review registration fees are recognized over the calendar year. Peer review processing and review fees are recognized when peer review engagements are completed. Membership meeting and event revenues are recognized when the meeting or event has occurred. Online and print advertising revenues are recognized when the services are rendered. Revenues collected in advance are deferred until earned. Affiliation fees, royalties and affinity program revenues are recognized in the period earned.

Advertising costs

Advertising costs consist primarily of print, digital advertisements, catalogs and brochures for educational seminars and other events. In addition, the Society sponsors events at other nonprofit organizations with strategic priorities that align with the Society's mission. Advertising costs are charged to expense in the period the events occur. For the years ended April 30, 2025 and 2024, total advertising costs charged to expense were \$305 and \$255, respectively.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed good and services

Contributions of goods and services are recognized when received if such goods and services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the year ended April 30, 2025 there were contributed goods and services in the amount of \$10 and is included in other income on the combined statement of activities. During the year ended April 30, 2024 there were no contributed goods and services recognized.

Members of the Society donate their time to various activities of the Society and the Foundation, including the leadership of the organizations, 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 described above.

Income taxes

The Society is exempt from income taxes under Internal Revenue Code ("IRC") Section 501(c)(6) and related California code sections. The Institute and the Foundation are both exempt from income taxes under IRC Section 501(c)(3) and related California code sections. However, the organizations are subject to income taxes from activities unrelated to their tax-exempt purposes, unless that income is otherwise excluded by the Code. The Foundation and the Institute are considered publicly supported organizations.

The Society, Institute and the Foundation are also exempt from California franchise taxes under Revenue and Taxation Code Section 23701d on its income other than unrelated business income.

Management of the Society and the Foundation has processes in place to ensure the maintenance of its tax-exempt statuses; to identify and report unrelated business income; to determine its filing and tax obligations for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Management of the Society and the Foundation has evaluated its tax positions and related income tax contingencies and does not believe that any material uncertain tax positions exist that require recognition or disclosure in the combined financial statements.

Functional expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the combined statements of activities and functional expenses. Accordingly, certain costs are for services shared between the Society and the Foundation.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses (continued)

The financial statements report certain categories of expenses that are attributable to one or more program services or supporting services of the Society and Foundation. Those expenses include depreciation and amortization, information technology department expenses, human resources, facilities and finance department expenses. Depreciation and amortization are allocated based on asset use and full time equivalents ("FTE") since there is no clear bifurcation of space amongst program or supporting services. The information technology department expenses are allocated based on FTE. The facilities department expenses, which include occupancy costs, are allocated based on FTE. Finance expenses are allocated between the Society and Foundation based on budgeted revenue.

Use of estimates

In preparing combined financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions or conditions.

4. LIQUIDITY

The Society and Foundation strive to maintain liquid financial assets sufficient to cover 6 months of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

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4. LIQUIDITY (continued)

The following table reflects the financial assets as of April 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the combined statements of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. Net assets with donor restrictions at April 30, 2025 and 2024 are \$1,582 and \$1,839, respectively (Note 17).

	April 30, 2025			April 30, 2024		
	Society	Foundation	Total	Society	Foundation	Total
Financial assets						
Cash and cash equivalents	\$ 2,777	\$ 286	\$ 3,063	\$ 6,504	\$ 762	\$ 7,266
Investments	22,084	4,693	26,777	19,714	4,318	24,032
Accounts receivable, net	230	60	290	124	26	150
Employee Retention Credit receivable	394	203	597	394	203	597
Other receivables	394	64	458	321	30	351
Receivable - affiliates, net	9	-	9	10	-	10
Trust assets - deferred compensation	652	-	652	601	-	601
	<u>26,540</u>	<u>5,306</u>	<u>31,846</u>	<u>27,668</u>	<u>5,339</u>	<u>33,007</u>
Less: amounts unavailable for general expenditures within one year						
Deferred compensation	(652)	-	(652)	(601)	-	(601)
Board-designated reserve	(11,228)	-	(11,228)	(10,305)	-	(10,305)
Restricted for a specific purpose	(1,506)	(26)	(1,532)	(1,763)	(26)	(1,789)
Held in perpetuity	-	(50)	(50)	-	(50)	(50)
	<u>(13,386)</u>	<u>(76)</u>	<u>(13,462)</u>	<u>(12,669)</u>	<u>(76)</u>	<u>(12,745)</u>
	<u>\$ 13,154</u>	<u>\$ 5,230</u>	<u>\$ 18,384</u>	<u>\$ 14,999</u>	<u>\$ 5,263</u>	<u>\$ 20,262</u>

The Society and Foundation each have financial assets available at April 30, 2025 to cover approximately 11 and 7 months, respectively, of operating expenses, based on the fiscal year 2026 budget. The Society and Foundation intend to spend approximately \$362 and \$0 of the total purpose restricted funds of \$1,506, and \$26, respectively, based on its fiscal year 2026 budget and funding anticipated to be released from restriction. The Society's board-designated reserve requires approval by the Board of Directors prior to spending. Deferred revenues for the Society and Foundation at April 30, 2025 were \$4,403 and \$1,762, respectively. In the event of an unanticipated liquidity event, the Society has a margin loan agreement with the ability to borrow an amount based on the core fund balance (Note 14).

Financial assets include deferred revenues in cash and cash equivalents.

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5. RELATED PARTY

CalCPA Health, formerly Group Insurance Trust of the California Society of Certified Public Accountants ("GIT"), is a multiple-employer welfare arrangement, sponsored by the Society, to provide health and welfare insurance plans to Society members at favorable group rates. The Society receives an affiliation fee from CalCPA Health, which is based on CalCPA Health's total participant contributions less administrative expenses. CalCPA Health shares certain administrative and facility functions and costs under agreements with the Society and the Foundation.

Receivables from CalCPA Health to the Society at April 30, 2025 and 2024 were \$13 and \$10, respectively, and are included in receivable - affiliates, net on the combined statements of financial position. The Society earned affiliation fees for the years ended April 30, 2025 and 2024 of \$343 and \$325, respectively, from CalCPA Health, which is included in the combined statements of activities.

6. ASSOCIATED ENTITY

CAMICO Mutual Insurance Company ("CAMICO") provides professional liability insurance for Society members and is endorsed by the Society. Since CAMICO is not under common control with the Society and the Foundation, the combined financial statements do not reflect consolidation of CAMICO accounts. The Society receives an affiliation fee from CAMICO, which is based on CAMICO's total annual earned premiums.

At April 30, 2025, there was a payable to CAMICO in the amount of \$4 and is included in receivable - affiliates, net on the combined statements of financial position. At April 30, 2024, there were no outstanding receivables from CAMICO. For the years ended April 30, 2025 and 2024, affiliation fees earned by the Society were \$238 and \$240, respectively, and are included in the combined statements of activities.

7. INVESTMENTS

Investments are comprised of the following at April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Mutual funds	\$ 18,290	\$ 3,632	\$ 21,922	\$ 16,800	\$ 3,364	\$ 20,164
Corporate bonds	2,019	395	2,414	2,017	382	2,399
Government bonds	549	139	688	399	124	523
Equity securities	134	27	161	-	-	-
Investments held at net asset value	<u>1,092</u>	<u>500</u>	<u>1,592</u>	<u>498</u>	<u>448</u>	<u>946</u>
	<u>\$ 22,084</u>	<u>\$ 4,693</u>	<u>\$ 26,777</u>	<u>\$ 19,714</u>	<u>\$ 4,318</u>	<u>\$ 24,032</u>

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7. INVESTMENTS (continued)

Interest and dividends, net is comprised of the following for the years ended April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Net assets without donor restrictions:						
Interest and dividends	\$ 884	\$ 194	\$ 1,078	\$ 744	\$ 178	\$ 922
Investment expense	(45)	(11)	(56)	(39)	(15)	(54)
	<u>839</u>	<u>183</u>	<u>1,022</u>	<u>705</u>	<u>163</u>	<u>868</u>
Net assets with donor restrictions:						
Interest and dividends	120	-	120	108	-	108
Investment expense	(8)	-	(8)	(7)	-	(7)
	<u>112</u>	<u>-</u>	<u>112</u>	<u>101</u>	<u>-</u>	<u>101</u>
	<u>\$ 951</u>	<u>\$ 183</u>	<u>\$ 1,134</u>	<u>\$ 806</u>	<u>\$ 163</u>	<u>\$ 969</u>

Net realized and unrealized gain on investments is comprised of the following for the years ended April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Net assets without donor restrictions:						
Net realized gain (loss)	\$ 72	\$ 59	\$ 131	\$ 228	\$ (39)	\$ 189
Net unrealized gain	806	199	1,005	73	35	108
	<u>878</u>	<u>258</u>	<u>1,136</u>	<u>301</u>	<u>(4)</u>	<u>297</u>
Net assets with donor restrictions:						
Net realized gain (loss)	32	-	32	(34)	-	(34)
Net unrealized gain	129	-	129	119	-	119
	<u>161</u>	<u>-</u>	<u>161</u>	<u>85</u>	<u>-</u>	<u>85</u>
	<u>\$ 1,039</u>	<u>\$ 258</u>	<u>\$ 1,297</u>	<u>\$ 386</u>	<u>\$ (4)</u>	<u>\$ 382</u>

8. FAIR VALUE MEASUREMENTS

The Society and Foundation define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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8. FAIR VALUE MEASUREMENTS (continued)

- Level 1 - Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.
- Level 2 - Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets or inactive markets, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 - Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Society and the Foundation use appropriate valuation techniques based on the available inputs to measure the fair value of their investments. When available, the Society and the Foundation measure fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

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8. FAIR VALUE MEASUREMENTS (continued)

The table below presents the balances of assets measured at fair value on a recurring basis at April 30, 2025:

	Level 1		Level 2		
	Society	Foundation	Society	Foundation	Total
Mutual funds:					
Fixed income funds	\$ 6,797	\$ 909	\$ -	\$ -	\$ 7,706
International securities funds	2,971	536	-	-	3,507
U.S. large cap funds	5,135	1,129	-	-	6,264
U.S. small-mid cap funds	2,085	648	-	-	2,733
Infrastructure funds	<u>1,302</u>	<u>410</u>	<u>-</u>	<u>-</u>	<u>1,712</u>
	<u>18,290</u>	<u>3,632</u>	<u>-</u>	<u>-</u>	<u>21,922</u>
Bonds:					
Corporate bonds	-	-	2,019	395	2,414
Government bonds	<u>-</u>	<u>-</u>	<u>549</u>	<u>139</u>	<u>688</u>
	<u>-</u>	<u>-</u>	<u>2,568</u>	<u>534</u>	<u>3,102</u>
Equity securities	<u>134</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>161</u>
	<u>\$ 18,424</u>	<u>\$ 3,659</u>	<u>\$ 2,568</u>	<u>\$ 534</u>	25,185
Investments measured at net asset value					<u>1,592</u>
					<u>\$ 26,777</u>

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8. FAIR VALUE MEASUREMENTS (continued)

The table below presents the balances of assets measured at fair value on a recurring basis at April 30, 2024:

	Level 1		Level 2		
	Society	Foundation	Society	Foundation	Total
Mutual funds:					
Fixed income funds	\$ 6,841	\$ 1,292	\$ -	\$ -	\$ 8,133
International securities funds	3,004	648	-	-	3,652
U.S. large cap funds	4,943	1,120	-	-	6,063
U.S. small-mid cap funds	386	61	-	-	447
Infrastructure funds	<u>1,626</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>1,869</u>
	<u>16,800</u>	<u>3,364</u>	<u>-</u>	<u>-</u>	<u>20,164</u>
Bonds:					
Corporate bonds	-	-	2,017	382	2,399
Government bonds	<u>-</u>	<u>-</u>	<u>399</u>	<u>124</u>	<u>523</u>
	<u>-</u>	<u>-</u>	<u>2,416</u>	<u>506</u>	<u>2,922</u>
	<u>\$ 16,800</u>	<u>\$ 3,364</u>	<u>\$ 2,416</u>	<u>\$ 506</u>	23,086
Investments measured at net asset value					<u>946</u>
					<u>\$ 24,032</u>

The Organizations use the NAV to determine the fair value of the underlying investments that (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following table summarizes investments measured at NAV per share as of April 30, 2025:

Product	Strategy	NAV in Funds	# of Funds	Redeemable	Non-Redeemable	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hamilton Lane Private Assets Fund	Private equity	\$ 1,592	1	\$ 1,592	\$ -	\$ -	Quarterly with 31 day notice	2% repurchase fee if redeemed within the first 12 months

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8. FAIR VALUE MEASUREMENTS (continued)

The following table summarizes investment measured at NAV per share as of April 30, 2024:

Product	Strategy	NAV in Funds	# of Funds	Redeemable	Non- Redeemable	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hamilton Lane Private Assets Fund	Private equity	\$ 946	1	\$ 946	\$ -	\$ -	Quarterly with 31 day notice	2% repurchase fee if redeemed within the first 12 months

The fund that manages the investment measured at NAV per share seeks to generate capital appreciation over the medium and long term through direct investments and secondaries, globally.

9. PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consist of the following at April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Software and hardware maintenance costs	\$ 159	\$ 205	\$ 364	\$ 236	\$ 295	\$ 531
Insurance	-	5	5	3	-	3
Postage and other	35	145	180	137	7	144
Meeting and events	175	90	265	252	210	462
	<u>\$ 369</u>	<u>\$ 445</u>	<u>\$ 814</u>	<u>\$ 628</u>	<u>\$ 512</u>	<u>\$ 1,140</u>

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10. FIXED ASSETS

Fixed assets, net consist of the following at April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Fixed Assets Under Development:						
Software development	\$ 59	\$ 65	\$ 124	\$ -	\$ 149	\$ 149
Fixed Assets in Use:						
Software	3,362	3,209	6,571	2,935	2,935	5,870
Equipment	-	50	50	-	50	50
Furniture	267	-	267	-	-	-
Leasehold improvements	340	-	340	-	-	-
	<u>3,969</u>	<u>3,259</u>	<u>7,228</u>	<u>2,935</u>	<u>2,985</u>	<u>5,920</u>
Accumulated depreciation and amortization	<u>(2,101)</u>	<u>(2,169)</u>	<u>(4,270)</u>	<u>(1,448)</u>	<u>(1,498)</u>	<u>(2,946)</u>
	<u>\$ 1,927</u>	<u>\$ 1,155</u>	<u>\$ 3,082</u>	<u>\$ 1,487</u>	<u>\$ 1,636</u>	<u>\$ 3,123</u>

During the year ended April 30, 2025, a total of \$163 and \$193 of personnel costs were capitalized for software development costs in the Society and Foundation, respectively. During the year ended April 30, 2024, a total of \$75 of personnel costs were capitalized for software development costs in both the Society and Foundation.

11. LOSS ON DISPOSAL OF FIXED ASSETS

In August 2023, the Organizations' building located at 1710 Gilbreth Road in Burlingame, California was sold for \$15,100. The Society recorded a loss on the disposal of fixed assets during the year ended April 30, 2024 in the amount of \$469 which represents the difference between the cash proceeds received and the net book value of the land, building and furniture at the date of the sale.

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12. DEFERRED REVENUES

Deferred revenues consist of the following at April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Membership dues	\$ 3,322	\$ -	\$ 3,322	\$ 3,526	\$ -	\$ 3,526
Professional education programs	-	1,762	1,762	-	1,724	1,724
Peer review fees	704	-	704	873	-	873
Other	<u>377</u>	<u>-</u>	<u>377</u>	<u>320</u>	<u>-</u>	<u>320</u>
	<u>\$ 4,403</u>	<u>\$ 1,762</u>	<u>\$ 6,165</u>	<u>\$ 4,719</u>	<u>\$ 1,724</u>	<u>\$ 6,443</u>

The following table provides information about the significant changes in the deferred membership for the year ended April 30, 2025:

Deferred membership dues April 30, 2024	\$ 3,526
Revenue recognized that was included in deferred membership dues at April 30, 2024	(3,526)
Increase in deferred revenue due to cash received during the year	<u>3,322</u>
Deferred membership dues April 30, 2025	<u>\$ 3,322</u>

The following table provides information about the significant changes in the deferred membership for the year ended April 30, 2024:

Deferred membership dues April 30, 2023	\$ 2,596
Revenue recognized that was included in deferred membership dues at April 30, 2023	(2,596)
Increase to deferred revenue due to cash received during the year	<u>3,526</u>
Deferred membership dues April 30, 2024	<u>\$ 3,526</u>

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13. RETIREMENT PLANS

Defined contribution plan

The Society and the Foundation sponsor a defined contribution plan under IRC Section 401(k). All employees at least 21 years of age are eligible to participate. Under the 401(k) plan, the Society and the Foundation match 100% of the employee elective deferral up to 2% of salary and 50% of the employee elective deferral between 2% and 6% of salary. In addition, all current employees, regardless of participation, earn a non-elective employer contribution equal to 3% of salary. Vesting for employer contributions start in year two of service at a rate of 33% per year. Employer contributions totaled \$541 and \$359 for the years ended April 30, 2025 and 2024, respectively.

Deferred compensation plan

The Society maintains a deferred compensation plan under IRC Section 457. Deferred compensation assets consist of investments reserved for future payment of deferred compensation liabilities. There were no employer contributions for the years ended April 30, 2025 and 2024.

14. DEBT

Revolving line of credit

During the year ended April 30, 2021, the Society and Foundation entered into a joint revolving line of credit agreement to borrow up to \$5,000 through May 27, 2025. Under the agreement, interest accrued at a rate of 3.8% per annum. The line of credit was collateralized by certain assets of the Society and Foundation. During the year ended April 30, 2024, the Society and Foundation fully paid off the outstanding balance and closed the line of credit.

Margin loan

During the year ended April 30, 2018, the Society entered into a margin loan agreement with its investment brokerage firm. The long-term investments of the Society are pledged as collateral under this loan and are held by Fidelity Brokerage Services LLC. Interest on the loan is based on the Fidelity Advisor Base Lending Rate ("FABLR") plus a minimum of 0.2% to a maximum of 2% above the FABLR depending on the amount of the average debit balance.

The Society did not borrow on the margin loan during the years ended April 30, 2025 or 2024. There was no outstanding balance on the margin loan as of April 30, 2025 and 2024.

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15. EMPLOYEE RETENTION CREDIT

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to \$10,000 per employee, that an employer whose business has been financially impacted by COVID-19 pays to employees after March 12, 2020 and before January 1, 2022.

The Society and Foundation determined they were eligible to apply for the ERC and calculated a total ERC of \$394 and \$203, respectively, for the wages paid during the period January 2021 through March 2021. As the Society and Foundation substantially met the program's eligibility conditions during the year ended April 30, 2024, income and a receivable for the ERC in the amount of \$597 was recorded in the combined financial statements for the year then ended. In May 2025, the ERC was received in full, plus interest in the amount of \$117, which is included in other receivables on the combined statement of financial position (see Note 20).

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes the Society and Foundation met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC funds has been recorded on the Society and Foundation's combined financial statements.

16. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at April 30:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 13,363	\$ 15,400
Board-designated	<u>11,228</u>	<u>10,305</u>
	<u>\$ 24,591</u>	<u>\$ 25,705</u>

The board-designated reserve fund was created in 2024 using the proceeds from the sale of the building (see Note 11). The intention of the fund is for the corpus to remain intact. Use of the funds require the identification of appropriate uses that will further the mission and strategy of the Society and must be approved by the Board of Directors.

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(In thousands)

16. NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)

In addition to the board-designated reserve fund, in 2023 the Council created a reserve policy for an operating reserve and an innovation and growth reserve. The operating reserve is to provide an internal source of funds for contingencies such as a sudden increase in expenses, one-time unbudgeted expenses, unexpected losses in funding, or uninsured losses. The target operating reserve is equal to six months with a minimum three-month threshold of prior year operating expenses, excluding depreciation and amortization. The intention of the innovation and growth reserve is to make available seed funding for a new idea or innovation which may or may not have specific expectations of incremental, long-term increased revenue or operational efficiencies. The target funding for the innovation and growth reserve is three to five percent of the rolling average, audited annual operating revenue for the previous three years, excluding investment income and other one-time funding.

17. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Restricted for a specific purpose:						
Scholarships	\$ 1,506	\$ -	\$ 1,506	\$ 1,763	\$ -	\$ 1,763
Forbes medal award	-	26	26	-	26	26
	1,506	26	1,532	1,763	26	1,789
Net assets held in perpetuity	-	50	50	-	50	50
	<u>\$ 1,506</u>	<u>\$ 76</u>	<u>\$ 1,582</u>	<u>\$ 1,763</u>	<u>\$ 76</u>	<u>\$ 1,839</u>

Net assets with donor restrictions released from restriction consist of the following for the years ended April 30:

	2025			2024		
	Society	Foundation	Total	Society	Foundation	Total
Restricted for a specified purpose:						
Scholarships	\$ 558	\$ -	\$ 558	\$ 271	\$ -	\$ 271
Financial literacy and other programs	224	-	224	188	-	188
	<u>\$ 782</u>	<u>\$ -</u>	<u>\$ 782</u>	<u>\$ 459</u>	<u>\$ -</u>	<u>\$ 459</u>

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(In thousands)

17. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions held in perpetuity consist of the original endowment for the John F. Forbes Medal Award. The earnings from the endowment are restricted for use and should be used to fund the Forbes Medal Award. The Forbes Medal is an award bestowed on the individual receiving the highest grade on the California Uniform Certified Public Accountant Examination. Awards made during the years ended April 30, 2025 and 2024 were less than \$1.

18. COMMITMENTS AND CONTINGENCIES

At April 30, 2025 the Society and Foundation had commitments to vendors in the amount of \$201 and \$35, respectively.

19. LEASES

In July 2023, the Society leased an office space in Sacramento, California under a short-term non-cancelable operating lease that expired in June 2024, with monthly lease payments of \$2. In April 2024, the Society signed a lease agreement for an office space in Sacramento, California, with a term of 11 years and monthly payments ranging from \$22 to \$30 under a non-cancelable operating lease. The lease commenced in September 1, 2024 and expires in September 2035. In August 2023, the Society leased an office space in San Mateo, California, under a month-to-month lease agreement, with monthly lease payments of \$1. The Society maintained a lease for its office space in Glendale, California under a non-cancelable operating lease that expired in January 2025. This lease called for monthly payments starting at \$5 with scheduled increases up to \$6. At April 30, 2025, the operating lease ROU asset and operating lease liability amounted to \$2,396 and \$2,563, respectively.

The components of lease expense for the year ended April 30 were as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 189	\$ 56
Short-term lease cost	18	18

Additional information related to the lease as of April 30 is as follows:

	<u>2025</u>	<u>2024</u>
Operating cash flows from operating lease	\$ 49	\$ 63
ROU asset obtained in exchange for lease obligation	\$ 2,523	\$ -
Weighted average remaining lease term	10.40	0.80
Weighted average discount rate	3.62 %	2.93 %

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19. LEASES (continued)

Future minimum lease payments under non-cancelable leases as of April 30, 2025 were as follows:

<u>Year ending April 30,</u>	
2026	\$ 200
2027	272
2028	281
2029	289
2030	298
Thereafter	<u>1,775</u>
	3,115
Less: imputed interest	<u>(552)</u>
	<u><u>\$ 2,563</u></u>

20. SUBSEQUENT EVENTS

In May 2025, the Organizations received payment related to the outstanding ERC receivable in the amount of \$714 which includes \$117 in interest.

In July 2025, the Board of Directors and Council of the Society, along with the Board of Trustees and members of the Foundation, approved the dissolution of the Foundation, effective July 29, 2026. Following the dissolution, the Foundation's assets will be transferred to the Institute and its operations will be continued by the Society.

Management of the Society and the Foundation has reviewed the changes in net assets and evaluated subsequent events for the period of time from their year end of April 30, 2025 through September 4, 2025, the date the combined financial statements were available to be issued and determined that there were no such events, other than those mentioned above, requiring recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

California Society of Certified Public Accountants and
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Combining Statements of Financial Position
April 30, 2025
(In thousands)

	<u>Society</u>	<u>Institute</u>	<u>Eliminations</u>	<u>Consolidated Total</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Combined Total</u>
ASSETS							
Current assets							
Cash and cash equivalents	\$ 2,662	\$ 115	\$ -	\$ 2,777	\$ 286	\$ -	\$ 3,063
Investments	18,744	3,340	-	22,084	4,643	-	26,727
Accounts receivable, net	230	-	-	230	60	-	290
Employee Retention Credit receivable	394	-	-	394	203	-	597
Other receivables	364	30	-	394	64	-	458
Receivable - affiliates, net	9	-	-	9	-	-	9
Receivable - inter-organization	4,270	-	(2,044)	2,226	-	(2,226)	-
Prepaid and other current assets	369	-	-	369	445	-	814
Total current assets	<u>27,042</u>	<u>3,485</u>	<u>(2,044)</u>	<u>28,483</u>	<u>5,701</u>	<u>(2,226)</u>	<u>31,958</u>
Noncurrent assets							
Other assets	28	-	-	28	-	-	28
Trust assets - deferred compensation	652	-	-	652	-	-	652
Operating lease right-of-use asset	2,396	-	-	2,396	-	-	2,396
Fixed assets, net	1,927	-	-	1,927	1,155	-	3,082
Endowment investments	-	-	-	-	50	-	50
Total noncurrent assets	<u>5,003</u>	<u>-</u>	<u>-</u>	<u>5,003</u>	<u>1,205</u>	<u>-</u>	<u>6,208</u>
Total assets	<u>\$ 32,045</u>	<u>\$ 3,485</u>	<u>\$ (2,044)</u>	<u>\$ 33,486</u>	<u>\$ 6,906</u>	<u>\$ (2,226)</u>	<u>\$ 38,166</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 97	\$ 15	\$ -	\$ 112	\$ 89	\$ -	\$ 201
Accrued expenses	1,956	60	-	2,016	396	-	2,412
Payable - inter-organization	-	2,711	(2,044)	667	1,559	(2,226)	-
Deferred revenues	4,403	-	-	4,403	1,762	-	6,165
Current portion of operating lease liability	109	-	-	109	-	-	109
Total current liabilities	<u>6,565</u>	<u>2,786</u>	<u>(2,044)</u>	<u>7,307</u>	<u>3,806</u>	<u>(2,226)</u>	<u>8,887</u>
Long-term liabilities							
Deferred compensation	652	-	-	652	-	-	652
Operating lease liability, net of current portion	2,454	-	-	2,454	-	-	2,454
Total long-term liabilities	<u>3,106</u>	<u>-</u>	<u>-</u>	<u>3,106</u>	<u>-</u>	<u>-</u>	<u>3,106</u>
Total liabilities	<u>9,671</u>	<u>2,786</u>	<u>(2,044)</u>	<u>10,413</u>	<u>3,806</u>	<u>(2,226)</u>	<u>11,993</u>
Net assets							
Without donor restrictions							
Undesignated	11,146	(807)	-	10,339	3,024	-	13,363
Board-designated	11,228	-	-	11,228	-	-	11,228
Total without donor restrictions	<u>22,374</u>	<u>(807)</u>	<u>-</u>	<u>21,567</u>	<u>3,024</u>	<u>-</u>	<u>24,591</u>
With donor restrictions							
Restricted for a specified purpose	-	1,506	-	1,506	26	-	1,532
Held in perpetuity	-	-	-	-	50	-	50
Total with donor restrictions	<u>-</u>	<u>1,506</u>	<u>-</u>	<u>1,506</u>	<u>76</u>	<u>-</u>	<u>1,582</u>
Total net assets	<u>22,374</u>	<u>699</u>	<u>-</u>	<u>23,073</u>	<u>3,100</u>	<u>-</u>	<u>26,173</u>
Total liabilities and net assets	<u>\$ 32,045</u>	<u>\$ 3,485</u>	<u>\$ (2,044)</u>	<u>\$ 33,486</u>	<u>\$ 6,906</u>	<u>\$ (2,226)</u>	<u>\$ 38,166</u>

California Society of Certified Public Accountants and
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April 30, 2024
(In thousands)

	<u>Society</u>	<u>Institute</u>	<u>Eliminations</u>	<u>Consolidated Total</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Combined Total</u>
ASSETS							
Current assets							
Cash and cash equivalents	\$ 6,228	\$ 276	\$ -	\$ 6,504	\$ 762	\$ -	\$ 7,266
Investments	16,646	3,068	-	19,714	4,268	-	23,982
Accounts receivable, net	124	-	-	124	26	-	150
Employee Retention Credit receivable	394	-	-	394	203	-	597
Other receivables	282	39	-	321	30	-	351
Receivable - affiliates, net	10	-	-	10	-	-	10
Receivable - inter-organization	2,215	-	(1,353)	862	-	(862)	-
Prepaid and other current assets	621	7	-	628	512	-	1,140
Operating lease right-of-use asset	<u>42</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>42</u>
Total current assets	<u>26,562</u>	<u>3,390</u>	<u>(1,353)</u>	<u>28,599</u>	<u>5,801</u>	<u>(862)</u>	<u>33,538</u>
Noncurrent assets							
Other assets	5	-	-	5	-	-	5
Trust assets - deferred compensation	601	-	-	601	-	-	601
Fixed assets, net	1,487	-	-	1,487	1,636	-	3,123
Endowment investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total noncurrent assets	<u>2,093</u>	<u>-</u>	<u>-</u>	<u>2,093</u>	<u>1,686</u>	<u>-</u>	<u>3,779</u>
Total assets	<u>\$ 28,655</u>	<u>\$ 3,390</u>	<u>\$ (1,353)</u>	<u>\$ 30,692</u>	<u>\$ 7,487</u>	<u>\$ (862)</u>	<u>\$ 37,317</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 134	\$ 1	\$ -	\$ 135	\$ 67	\$ -	\$ 202
Accrued expenses	1,751	103	-	1,854	625	-	2,479
Payable - inter-organization	-	1,757	(1,353)	404	458	(862)	-
Deferred revenues	4,699	20	-	4,719	1,724	-	6,443
Current portion of operating lease liability	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>
Total current liabilities	<u>6,632</u>	<u>1,881</u>	<u>(1,353)</u>	<u>7,160</u>	<u>2,874</u>	<u>(862)</u>	<u>9,172</u>
Deferred compensation	<u>601</u>	<u>-</u>	<u>-</u>	<u>601</u>	<u>-</u>	<u>-</u>	<u>601</u>
Total liabilities	<u>7,233</u>	<u>1,881</u>	<u>(1,353)</u>	<u>7,761</u>	<u>2,874</u>	<u>(862)</u>	<u>9,773</u>
Net assets							
Without donor restrictions							
Undesignated	11,117	(254)	-	10,863	4,537	-	15,400
Board-designated	<u>10,305</u>	<u>-</u>	<u>-</u>	<u>10,305</u>	<u>-</u>	<u>-</u>	<u>10,305</u>
Total without donor restrictions	<u>21,422</u>	<u>(254)</u>	<u>-</u>	<u>21,168</u>	<u>4,537</u>	<u>-</u>	<u>25,705</u>
With donor restrictions							
Restricted for a specified purpose	-	1,763	-	1,763	26	-	1,789
Held in perpetuity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total with donor restrictions	<u>-</u>	<u>1,763</u>	<u>-</u>	<u>1,763</u>	<u>76</u>	<u>-</u>	<u>1,839</u>
Total net assets	<u>21,422</u>	<u>1,509</u>	<u>-</u>	<u>22,931</u>	<u>4,613</u>	<u>-</u>	<u>27,544</u>
Total liabilities and net assets	<u>\$ 28,655</u>	<u>\$ 3,390</u>	<u>\$ (1,353)</u>	<u>\$ 30,692</u>	<u>\$ 7,487</u>	<u>\$ (862)</u>	<u>\$ 37,317</u>

California Society of Certified Public Accountants and
California Certified Public Accountants Education Foundation
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For the Year Ended April 30, 2025
(In thousands)

	<u>Society</u>	<u>Institute</u>	<u>Eliminations</u>	<u>Consolidated Total</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Combined Total</u>
Revenues, gains and support							
Membership dues	\$ 8,317	\$ -	\$ -	\$ 8,317	\$ -	\$ -	\$ 8,317
Professional education programs	-	-	-	-	7,149	(317)	6,832
Peer review fees	1,407	-	-	1,407	-	-	1,407
Advertising	820	11	-	831	-	-	831
Interest and dividends, net	839	112	-	951	183	-	1,134
Affiliation fees	581	-	-	581	-	-	581
Realized and unrealized gain on investments	878	161	-	1,039	258	-	1,297
Other income	274	98	-	372	2	-	374
Member meetings and events	268	-	-	268	-	-	268
Net proceeds from scholarship events held by Society	-	201	-	201	-	-	201
Royalty and affinity programs	185	-	-	185	-	-	185
Scholarship contributions	-	8	-	8	-	-	8
Financial literacy and other program contributions	-	54	-	54	-	-	54
Total revenues, gains and support	<u>13,569</u>	<u>645</u>	<u>-</u>	<u>14,214</u>	<u>7,592</u>	<u>(317)</u>	<u>21,489</u>
Functional expenses							
Program services	<u>6,600</u>	<u>1,455</u>	<u>-</u>	<u>8,055</u>	<u>8,159</u>	<u>-</u>	<u>16,214</u>
Supporting services							
Management and general	2,690	-	-	2,690	946	-	3,636
Membership development	3,327	-	-	3,327	-	(317)	3,010
Total supporting services	<u>6,017</u>	<u>-</u>	<u>-</u>	<u>6,017</u>	<u>946</u>	<u>(317)</u>	<u>6,646</u>
Total functional expenses	<u>12,617</u>	<u>1,455</u>	<u>-</u>	<u>14,072</u>	<u>9,105</u>	<u>(317)</u>	<u>22,860</u>
Total functional expenses and losses	<u>12,617</u>	<u>1,455</u>	<u>-</u>	<u>14,072</u>	<u>9,105</u>	<u>(317)</u>	<u>22,860</u>
Change in net assets	952	(810)	-	142	(1,513)	-	(1,371)
Net assets, beginning of year	<u>21,422</u>	<u>1,509</u>	<u>-</u>	<u>22,931</u>	<u>4,613</u>	<u>-</u>	<u>27,544</u>
Net assets, end of year	<u>\$ 22,374</u>	<u>\$ 699</u>	<u>\$ -</u>	<u>\$ 23,073</u>	<u>\$ 3,100</u>	<u>\$ -</u>	<u>\$ 26,173</u>

California Society of Certified Public Accountants and
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Combining Statements of Activities
For the Year Ended April 30, 2024
(In thousands)

	Society	Institute	Eliminations	Consolidated Total	Foundation	Eliminating Entries	Combined Total
Revenues, gains and support							
Membership dues	\$ 8,490	\$ -	\$ -	\$ 8,490	\$ -	\$ -	\$ 8,490
Professional education programs	-	-	-	-	8,104	(299)	7,805
Peer review fees	1,730	-	-	1,730	-	-	1,730
Advertising	1,217	-	-	1,217	-	-	1,217
Interest and dividends, net	705	101	-	806	163	-	969
Employee Retention Credit	394	-	-	394	203	-	597
Affiliation fees	565	-	-	565	-	-	565
Realized and unrealized gain (loss) on investments	301	85	-	386	(4)	-	382
Other income	296	39	(30)	305	7	-	312
Member meetings and events	283	-	-	283	-	-	283
Net proceeds from scholarship events held by Society	-	225	-	225	-	-	225
Royalty and affinity programs	168	-	-	168	-	-	168
Scholarship contributions	-	33	-	33	-	-	33
Financial literacy and other program contributions	-	27	-	27	-	-	27
Total revenues, gains and support	<u>14,149</u>	<u>510</u>	<u>(30)</u>	<u>14,629</u>	<u>8,473</u>	<u>(299)</u>	<u>22,803</u>
Functional expenses							
Program services	<u>7,521</u>	<u>1,085</u>	<u>-</u>	<u>8,606</u>	<u>8,192</u>	<u>-</u>	<u>16,798</u>
Supporting services							
Management and general	2,609	-	(30)	2,579	1,056	-	3,635
Membership development	<u>3,054</u>	<u>-</u>	<u>-</u>	<u>3,054</u>	<u>-</u>	<u>(299)</u>	<u>2,755</u>
Total supporting services	<u>5,663</u>	<u>-</u>	<u>(30)</u>	<u>5,633</u>	<u>1,056</u>	<u>(299)</u>	<u>6,390</u>
Total functional expenses	<u>13,184</u>	<u>1,085</u>	<u>(30)</u>	<u>14,239</u>	<u>9,248</u>	<u>(299)</u>	<u>23,188</u>
Loss on disposal of fixed assets	<u>469</u>	<u>-</u>	<u>-</u>	<u>469</u>	<u>-</u>	<u>-</u>	<u>469</u>
Total functional expenses and losses	<u>13,653</u>	<u>1,085</u>	<u>(30)</u>	<u>14,708</u>	<u>9,248</u>	<u>(299)</u>	<u>23,657</u>
Change in net assets	496	(575)	-	(79)	(775)	-	(854)
Net assets, beginning of year	<u>20,926</u>	<u>2,084</u>	<u>-</u>	<u>23,010</u>	<u>5,388</u>	<u>-</u>	<u>28,398</u>
Net assets, end of year	<u>\$ 21,422</u>	<u>\$ 1,509</u>	<u>\$ -</u>	<u>\$ 22,931</u>	<u>\$ 4,613</u>	<u>\$ -</u>	<u>\$ 27,544</u>