



Texas Society of Certified Public Accountants and Affiliates

**Combined Financial Statements
May 31, 2021 and 2020**

Texas Society of Certified Public Accountants and Affiliates

Contents

Combined Financial Statements:

Independent Auditors' Report	1
Combined Statements of Financial Position	3
Combined Statements of Activities and Changes in Net Assets	4
Combined Statements of Functional Expenses	5
Combined Statements of Cash Flows	7
Notes to Financial Statements	8

Supplementary Information:

Combining Statement of Financial Position	28
Combining Statement of Activities and Changes in Net Assets	29
Combining Statement of Cash Flows	30

Independent Auditors' Report

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

We have audited the accompanying combined financial statements of the Texas Society of Certified Public Accountants and Affiliates (nonprofit organizations), which comprise the combined statements of financial position as of May 31, 2021 and 2020, 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.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Texas Society of Certified Public Accountants and Affiliates as of May 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

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, 2021, 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 U.S. generally accepted auditing standards. 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
October 28, 2021

Texas Society of Certified Public Accountants and Affiliates
Combined Statements of Financial Position
Years Ended May 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 7,372,958	\$ 5,137,321
Investments	17,384,408	13,707,213
Accounts receivable, net	107,898	95,707
Federal income tax receivable	-	2,065
Deferred costs and prepaid expenses	268,485	227,551
Fixed assets, net	52,974	142,049
Total assets	\$ 25,186,723	\$ 19,311,906
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 644,990	\$ 827,198
Federal income tax payable	3,360	-
Due to local chapters	367,680	448,995
Deferred revenue	3,614,349	3,428,787
Deferred rent	76,975	111,936
Deferred tax liability	376,422	225,747
Refundable advances	211,955	47,615
Total liabilities	5,295,731	5,090,278
Net assets:		
Without donor restrictions	19,712,236	14,141,178
With donor restrictions	178,756	80,450
Total net assets	19,890,992	14,221,628
Total liabilities and net assets	\$ 25,186,723	\$ 19,311,906

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, 2021 and 2020

	2021	2020
Net assets without donor restrictions:		
Revenues and other support:		
Membership dues	\$ 4,985,312	\$ 5,264,150
Continuing professional education	1,846,552	2,276,628
Peer review	1,044,533	1,066,285
Contributions	114,432	231,664
In-kind contributions	64,421	-
Government grant revenue	669,864	155,113
Sponsorships	103,065	104,027
Management fees	301,896	288,796
Insurance premium royalties	84,044	80,516
Investment income	3,677,501	750,622
Other income	221,452	208,808
	13,113,072	10,426,609
Expenses:		
Program:		
Member activities	2,268,222	2,354,170
Continuing education	1,488,909	2,363,832
Regulatory and legislative	943,513	766,797
Peer review	909,471	1,009,136
Accounting education	191,199	222,098
External relations	60,452	55,064
	5,861,766	6,771,097
Supporting:		
General and administrative	1,486,796	1,857,856
Insurance trust	37,814	50,308
	1,524,610	1,908,164
Total supporting expenses	1,524,610	1,908,164
Total expenses	7,386,376	8,679,261
Increase in net assets without donor restrictions before taxes	5,726,696	1,747,348
Federal income tax expense	155,638	25,250
	5,571,058	1,722,098
Increase in net assets without donor restrictions	5,571,058	1,722,098
Net assets with donor restrictions:		
Contributions	98,306	-
	98,306	-
Increase in net assets with donor restrictions	98,306	-
Increase in net assets	5,669,364	1,722,098
Net assets at beginning of year	14,221,628	12,499,530
Net assets at end of year	\$ 19,890,992	\$ 14,221,628

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates
Combined Statement of Functional Expenses
Year Ended May 31, 2021

	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	\$ 1,578,540	\$ 538,268	\$ 574,953	\$ 779,130	\$ 20,287	\$ 9,680	\$ 3,500,858	\$ 782,376	\$ 21,185	\$ 803,561	\$ 4,304,419
Program	-	666,406	-	-	-	-	666,406	-	-	-	666,406
Occupancy	154,677	79,423	22,855	85,437	3,471	982	346,845	76,044	1,441	77,485	424,330
Meetings and travel	18,639	2,143	1,414	2,731	191	45	25,163	23,545	151	23,696	48,859
Professional fees	203,109	50,075	134,875	11,484	7,121	25,483	432,147	244,087	3,054	247,141	679,288
Bank and payroll fees	61,531	62,141	2,753	14,382	12,883	47	153,737	120,071	139	120,210	273,947
Office expenses	104,734	19,345	5,551	9,819	6,357	22,433	168,239	79,327	10,513	89,840	258,079
Rentals and repair and maintenance	36,966	47,477	-	-	-	-	84,443	50,593	531	51,124	135,567
Dues and subscriptions	76,109	9,568	14,859	5,474	1,393	1,782	109,185	72,044	489	72,533	181,718
Scholarships and awards	-	-	-	-	139,213	-	139,213	-	-	-	139,213
Depreciation	33,917	14,063	778	1,014	283	-	50,055	38,709	311	39,020	89,075
Campaign contributions	-	-	185,475	-	-	-	185,475	-	-	-	185,475
	<u>\$ 2,268,222</u>	<u>\$ 1,488,909</u>	<u>\$ 943,513</u>	<u>\$ 909,471</u>	<u>\$ 191,199</u>	<u>\$ 60,452</u>	<u>\$ 5,861,766</u>	<u>\$ 1,486,796</u>	<u>\$ 37,814</u>	<u>\$ 1,524,610</u>	<u>\$ 7,386,376</u>

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates
Combined Statement of Functional Expenses
Year Ended May 31, 2020

	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	\$ 1,603,851	\$ 651,165	\$ 502,227	\$ 846,279	\$ 18,998	\$ 9,808	\$ 3,632,328	\$ 806,652	\$ 22,497	\$ 829,149	\$ 4,461,477
Program	-	1,167,269	-	-	-	-	1,167,269	-	-	-	1,167,269
Occupancy	178,580	272,146	24,760	81,172	7,061	827	564,546	110,706	1,523	112,229	676,775
Meeting and travel	79,641	28,392	40,696	12,069	25,161	257	186,216	396,931	2,476	399,407	585,623
Professional fees	179,547	37,564	119,313	9,444	6,420	8,455	360,743	164,420	3,019	167,439	528,182
Bank and payroll fees	44,141	17,657	-	8,828	10,594	-	81,220	95,345	-	95,345	176,565
Office expenses	115,403	118,731	17,463	39,094	13,374	34,980	339,045	111,912	18,940	130,852	469,897
Rentals and repair and maintenance	53,019	48,943	1,898	5,831	584	79	110,354	63,757	666	64,423	174,777
Dues and subscriptions	66,384	8,895	9,410	5,830	215	658	91,392	64,964	532	65,496	156,888
Scholarships and awards	-	-	-	-	139,410	-	139,410	-	-	-	139,410
Depreciation	33,604	13,070	355	589	281	-	47,899	43,169	655	43,824	91,723
Campaign contributions	-	-	50,675	-	-	-	50,675	-	-	-	50,675
	<u>\$ 2,354,170</u>	<u>\$ 2,363,832</u>	<u>\$ 766,797</u>	<u>\$ 1,009,136</u>	<u>\$ 222,098</u>	<u>\$ 55,064</u>	<u>\$ 6,771,097</u>	<u>\$ 1,857,856</u>	<u>\$ 50,308</u>	<u>\$ 1,908,164</u>	<u>\$ 8,679,261</u>

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates
Combined Statements of Cash Flows
Years Ended May 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 5,669,364	\$ 1,722,098
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	89,075	91,723
Change in allowance for doubtful accounts	(435)	-
Change in deferred tax liability	150,675	34,376
Realized and unrealized gains on investments	(3,370,384)	(416,554)
Changes in assets and liabilities:		
Accounts receivable	(11,756)	(1,318)
Deferred costs and prepaid expenses	(40,934)	(34,635)
Accounts payable and other liabilities	(182,208)	(150,164)
Federal income tax receivable (payable)	5,425	43,210
Due to (from) local chapters	(81,315)	(69)
Deferred revenue	185,562	(736,453)
Deferred rent	(34,961)	(30,194)
Refundable advances	164,340	47,615
Net cash provided by operating activities	2,542,448	569,635
Cash flows from investing activities:		
Purchases of investments	(306,811)	(331,381)
Purchases of fixed assets	-	(960)
Net cash used by investing activities	(306,811)	(332,341)
Net increase in cash and cash equivalents	2,235,637	237,294
Cash and cash equivalents at beginning of year	5,137,321	4,900,027
Cash and cash equivalents at end of year	\$ 7,372,958	\$ 5,137,321

See notes to combined financial statements.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

1. Organization

The Texas Society of Certified Public Accountants (Society) was organized for the purpose of furthering the accounting profession. 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 Certified Public Accountants (CPAs) located primarily in Texas.

The Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc. (Education Foundation) was incorporated to aid, promote, develop, and advance education and research relating to the study, teaching and practice of accounting; to provide financial assistance to students; and to support the development of programs for the recruitment and education of outstanding accounting students.

The Texas Society of Certified Public Accountants CPE Foundation, Inc. (CPE Foundation) was organized for the advancement and encouragement of education and research in accounting in the following ways: through receipt of gifts, donations and grants and administering these on a charitable basis to promote education and research in accounting; through cooperation with professional nonprofit organizations in their education and research efforts; through sponsoring seminars, lectures, courses and similar activities on accounting and related subjects for members of the Society and other interested parties; and through other activities performed for the sole purpose of advancing and encouraging education and research in accounting at all levels.

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 Accountancy Museum of Texas (Museum) was founded for the purpose of soliciting contributions from the membership to create a museum to provide a historical perspective on the accounting profession. The Museum is funded through contributions of cash as well as historical items. On January 24, 2020, the board of directors voted to dissolve the Museum, and its dissolution was effective August 24, 2020. Remaining assets at the time of dissolution were transferred to the Education Foundation.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

The Texas Society of Certified Public Accountants Peer Assistance Foundation (Peer Assistance) was organized to provide assistance to members with drug and alcohol related problems and mental health related conditions. Peer Assistance is funded through contributions from the membership of the Society and grants provided by the Texas State Board of Public Accountancy.

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, CPE Foundation, CPA/PAC, Museum, Peer Assistance 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 U.S. generally accepted accounting principles (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.

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 CPE 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.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

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.

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, 2021, the Organization's uninsured balances totaled \$6,044,711.

The allowance for doubtful accounts totaled \$2,316 and \$2,751 as of May 31, 2021 and 2020, respectively. All receivables are expected to be collected within one year.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

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.

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.

Deferred Rent

Rent expense is recognized on a straight-line basis over the terms of the leases. Deferred rent represents rent expense recognized in excess of rental payments made.

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.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

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.

During the year ended May 31, 2021, the Organization received donated services for legal consultation with a total value of \$64,421 which were valued at the standard hourly rates charged for those services. All donated services were utilized by the Organization's supporting services. There were no donor-imposed restrictions associated with the donated services.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$42,186 and \$71,992 for the years ended May 31, 2021 and 2020, 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.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

Income Taxes

The Society, Education Foundation, CPE Foundation, Museum and Peer Assistance 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 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 13).

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 (IRS). Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements.

Reclassifications

Certain reclassifications have been made to the May 31, 2020 financial statements to conform to the May 31, 2021 presentation.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases*, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statements of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statements of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

Accounting Pronouncements Adopted

The Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. ASU 2020-07 requires NFPs to present contributed nonfinancial assets (gifts in-kind) as a separate line item in the statement of activities. The Organization has adopted this ASU on the modified retrospective basis as of and for the year ended May 31, 2021.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes gifts in-kind, and therefore, no changes were required to net assets as of June 1, 2019. The presentation and disclosures of gifts in-kind have been enhanced in accordance with the standard.

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.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

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, 2021 and 2020, the Organization has Level 1 and Level 2 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.

Level 2 securities consist of bond funds and are priced by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value.

4. Investments

The Organization measures its investments at fair value. Fair values of assets measured on a recurring basis as of May 31, 2021 and 2020, are as follows:

	2021		
	Level 1	Level 2	Fair Value
Money market funds	\$ 295,587	\$ -	\$ 295,587
Equity securities	8,353,055	-	8,353,055
International securities	2,720,140	-	2,720,140
Bond funds	-	6,015,626	6,015,626
Totals	\$ 11,368,782	\$ 6,015,626	\$ 17,384,408
	2020		
	Level 1	Level 2	Fair Value
Money market funds	\$ 489,418	\$ -	\$ 489,418
Equity securities	6,112,971	-	6,112,971
International securities	1,644,570	-	1,644,570
Bond funds	-	5,460,254	5,460,254
Totals	\$ 8,246,959	\$ 5,460,254	\$ 13,707,213

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

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

	2021	2020
Interest and dividends	\$ 307,117	\$ 334,068
Realized and unrealized gains on investments	3,370,384	416,554
	\$ 3,677,501	\$ 750,622

5. Fixed Assets

Fixed assets are summarized as follows at May 31:

	2021	2020
Furniture	\$ 219,134	\$ 219,134
Equipment and software	1,298,889	1,421,294
Leasehold improvements	82,528	200,842
	1,600,551	1,841,270
Less: accumulated depreciation	(1,547,577)	(1,699,221)
	\$ 52,974	\$ 142,049

Depreciation expense related to the above fixed assets totaled \$89,075 and \$91,723 for the years ended May 31, 2021 and 2020, respectively.

6. Deferred Revenue

The following schedule summarizes deferred revenue at May 31:

	2021	2020
Membership fees paid in advance	\$ 3,111,295	\$ 2,846,850
Course fees paid in advance	234,421	254,740
Peer review fees paid in advance	251,183	307,275
Other deferred revenue	17,450	19,922
	\$ 3,614,349	\$ 3,428,787

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

7. Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity worldwide. The Organization continues to closely monitor the impact of COVID-19 on all aspects of business. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. In April 2020, the CPE Foundation and Peer Assistance entered into unsecured loan agreements (PPP Loans) totaling \$73,455 and \$21,773, respectively, with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the CARES Act. On January 28, 2021, the Society entered into a PPP loan totaling \$726,704. The Organization anticipates using all of the proceeds to make eligible payments and, therefore, expects substantially all of the loans will be forgiven. The Organization has elected to account for its PPP loans as conditional grants in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 958. As such, the portions received but not yet spent on allowable expenditures at year end have been recorded as refundable advances on the combined statements of financial position. The portions received and spent on allowable expenditures during the years ended May 31, 2021 and 2020 totaled \$562,364 and \$47,613, respectively, and have been recognized as revenue and included in government grant revenue on the combined statements of activities. The balance at May 31, 2021, due on the PPP loan for Society is \$211,955.

8. 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 \$28,567 and \$24,148 during the years ended May 31, 2021 and 2020, 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 commenced on June 1, 2013 and is in effect until May 31, 2023, 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, 2021 and 2020, the fixed monthly service fee was \$16,850 and \$16,050, respectively.

Texas Society of Certified Public Accountants and Affiliates

Notes to 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, 2022, 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, 2021 and 2020, the fixed monthly service fee was \$1,800 and \$1,750, 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, 2024, 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, 2021 and 2020, the fixed monthly service fee was \$1,800 and \$1,750, 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, 2022, 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, 2021 and 2020, the fixed monthly service fee was \$1,100 and \$975, 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, 2020 and is in effect until May 31, 2022, 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, 2021 and 2020, the fixed monthly service fee was \$3,608 and \$3,558, respectively.

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

The Organization leases space from affiliated chapter offices for the use of training facilities (see Note 9).

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

9. Leases

The CPE Foundation maintains arrangements with the Dallas, Fort Worth and Houston Chapters for the rental of training facilities maintained by the respective chapters.

The current agreement between the CPE Foundation and the Dallas Chapter allows the CPE Foundation to use specified training facilities and obtain support services (e.g., refreshments, on-site coordination and audio-visual equipment) for educational presentations. The CPE Foundation agrees to pay fees to the Dallas Chapter according to the chapter's standardized training facility rental policy and rate sheet. The Dallas Chapter's training facility fees are based on current market prices and may be adjusted periodically by the chapter. This form of agreement is being utilized in lieu of a formal lease contract.

The training facility lease agreement between the CPE Foundation and the Fort Worth Chapter is a formal contract, which was effective on June 1, 2002 and is automatically renewed on February 28 of each year for the following contract year (June 1 - May 31). Under the contract, the CPE Foundation is allowed to use specified facilities and obtain support services for educational presentations on the dates agreed to in a predetermined schedule for each contract year, and if available, on additional dates during the year. Fees for facility use, support services, and additional related expenses, as defined in the contract, are billable to the CPE Foundation monthly.

The training facility lease agreement between the CPE Foundation and the Houston Chapter is a formal contract that was effective on June 1, 2001 and is automatically renewed annually. The contract is similar in form and content to the Fort Worth Chapter contract; however, fees for various services differ.

The Society entered into a noncancelable lease agreement for office space located in Austin, Texas. The lease expires December 31, 2028. The lease includes fixed rent escalations, which are amortized and recorded over the lease term on a straight-line basis.

The Society entered into a noncancelable lease agreement for office space located in Dallas, Texas. The lease expires February 28, 2023. The lease includes lease incentives, rent abatements and fixed rent escalations, which are amortized and recorded over the lease term on a straight-line basis.

Rental expense relating to operating lease arrangements for the years ended May 31, 2021 and 2020 totaled \$505,112 and \$676,775, respectively.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

Future minimum lease payments under noncancelable operating leases are as follows for the years ending May 31:

2022	\$	412,876
2023		322,818
2024		30,142
2025		30,667
2026		31,018
Thereafter		82,944

10. 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 \$159,273 and \$199,256 for the years ended May 31, 2021 and 2020, respectively. The Organization's matching contribution expense totaled \$111,384 and \$111,460 for the years ended May 31, 2021 and 2020, respectively.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

11. Net Assets

Net assets and changes in net assets are as follows for the years ended May 31:

	Balance May 31, 2019	Increase (Decrease)	Balance May 31, 2020	Increase (Decrease)	Balance May 31, 2021
Net assets without restrictions:					
Undesignated:					
Society	\$ 4,992,359	\$ 1,257,893	\$ 6,250,252	\$ 3,577,721	\$ 9,827,973
Education Foundation	75,000	-	75,000	69,389	144,389
CPE Foundation	1,271,526	212,008	1,483,534	947,193	2,430,727
CPA/PAC	948,755	153,227	1,101,982	88,209	1,190,191
Museum	24,155	1,377	25,532	(25,532)	-
Peer Assistance	98,893	(25,274)	73,619	(946)	72,673
Insurance Trust	1,502,364	29,684	1,532,048	253,337	1,785,385
Total undesignated	8,913,052	1,628,915	10,541,967	4,909,371	15,451,338
Board-designated:					
Education Foundation	3,506,028	93,183	3,599,211	661,687	4,260,898
Total net assets without restrictions	12,419,080	1,722,098	14,141,178	5,571,058	19,712,236
Net assets with restrictions:					
Restricted in perpetuity:					
Education Foundation	80,450	-	80,450	98,306	178,756
Total net assets	<u>\$ 12,499,530</u>	<u>\$ 1,722,098</u>	<u>\$ 14,221,628</u>	<u>\$ 5,669,364</u>	<u>\$ 19,890,992</u>

During the year ended May 31, 2021, the Museum was dissolved. The decrease in net assets totaling \$25,532 was due to the transfer of the remaining assets to the Education Foundation.

12. 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, 2021 and 2020, the Organization had designated \$4,260,898 and \$3,599,211, respectively, of net assets without donor restrictions as a general endowment fund to support scholarships for students and research and development toward continuing professional education. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

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.

Donor-Restricted Endowments

As of May 31, 2021 and 2020, the Organization maintained various individual donor-restricted endowments. The donor-restricted endowments received specified that the funds be classified as permanently restricted endowments. 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

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.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

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.

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 178,756	\$ 178,756
Board-designated endowment funds	4,260,898	-	4,260,898
Total endowment funds	\$ 4,260,898	\$ 178,756	\$ 4,439,654

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 80,450	\$ 80,450
Board-designated endowment funds	3,599,211	-	3,599,211
Total endowment funds	\$ 3,599,211	\$ 80,450	\$ 3,679,661

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,599,211	\$ 80,450	\$ 3,679,661
Contributions	-	98,306	98,306
Investment income	75,009	-	75,009
Unrealized and realized gains	728,741	-	728,741
Appropriation of assets for expenditure	(142,063)	-	(142,063)
Endowment net assets, end of year	\$ 4,260,898	\$ 178,756	\$ 4,439,654

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,506,028	\$ 80,450	\$ 3,586,478
Contributions and other income	85,198	-	85,198
Investment income	81,234	-	81,234
Unrealized and realized gains	101,751	-	101,751
Appropriation of assets for expenditure	(175,000)	-	(175,000)
Endowment net assets, end of year	\$ 3,599,211	\$ 80,450	\$ 3,679,661

13. Federal Income Taxes

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

	2021	2020
Current income tax benefit	\$ 4,963	\$ (9,126)
Deferred income tax expense	150,675	34,376
Federal income tax expense	\$ 155,638	\$ 25,250

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

	2021	2020
Unrealized cumulative gains on investments	\$ 376,422	\$ 213,244
Other	-	12,503
Net deferred tax liability	\$ 376,422	\$ 225,747

Income tax expense for the years ended May 31, 2021 and 2020 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.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

14. Grants

Peer Assistance was granted awards totaling approximately \$107,500 for the years ended May 31, 2021 and 2020 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 grant has been recorded as government grant revenue in the combined statements of activities and changes in net assets.

15. 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 as of May 31:

	2021	2020
Cash and cash equivalents	\$ 7,372,958	\$ 5,137,321
Investments	17,384,408	13,707,213
Accounts receivable, net	107,898	95,707
Federal income tax receivable	-	2,065
	24,865,264	18,942,306
Less amounts not available to management without board of directors' approval:		
Board-designated endowment fund	(4,260,898)	(3,599,211)
Restricted in perpetuity	(178,756)	(80,450)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 20,425,610	\$ 15,262,645

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures through the next member dues billing cycle (approximately April 20th). 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.

Texas Society of Certified Public Accountants and Affiliates

Notes to Financial Statements

16. Subsequent Events

On July 1, 2021, the CPE Foundation received a PPP loan totaling \$92,300 from Texas National Bank. Management expects this loan to be fully forgiven by the SBA.

On August 12, 2021, the CPE Foundation received notification that its PPP loan totaling \$73,455 was forgiven in full by the SBA.

On August 16, 2021, Peer Assistance received notification that their PPP loan totaling \$21,773 was forgiven in full by the SBA.

On September 20, 2021, the Society signed 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 agreement, which is in effect until May 31, 2024, the Victoria Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed.

The Organization evaluated subsequent events after the combined statement of financial position date of May 31, 2021 through the date the combined 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, 2021

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants CPE Foundation, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Accountancy Museum of Texas	Texas Society of Certified Public Accountants Peer Assistance Foundation	Texas Society of Certified Public Accountants Insurance Trust	Total
Assets								
Cash and cash equivalents	\$ 5,683,017	\$ 333,258	\$ 556,572	\$ 676,524	\$ -	\$ 90,939	\$ 32,648	\$ 7,372,958
Investments	8,609,256	4,246,471	1,900,209	493,870	-	-	2,134,602	17,384,408
Accounts receivable, net	62,362	1,100	44,436	-	-	-	-	107,898
Deferred costs and prepaid expenses	240,390	1,943	26,152	-	-	-	-	268,485
Fixed assets, net	33,035	-	19,939	-	-	-	-	52,974
Total assets	\$ 14,628,060	\$ 4,582,772	\$ 2,547,308	\$ 1,170,394	\$ -	\$ 90,939	\$ 2,167,250	\$ 25,186,723
Liabilities and Net Assets								
Liabilities:								
Accounts payable and other liabilities	\$ 594,169	\$ 5,757	\$ 41,663	\$ -	\$ -	\$ 3,401	\$ -	\$ 644,990
Federal income tax payable	-	-	-	-	-	-	3,360	3,360
Due to (from) local chapters	377,629	-	(9,949)	-	-	-	-	367,680
Intercompany (receivable) payable	171,181	(7,028)	(161,304)	(19,797)	-	14,865	2,083	-
Deferred revenue	3,368,178	-	246,171	-	-	-	-	3,614,349
Deferred rent	76,975	-	-	-	-	-	-	76,975
Deferred tax liability	-	-	-	-	-	-	376,422	376,422
Refundable advances	211,955	-	-	-	-	-	-	211,955
Total liabilities	4,800,087	(1,271)	116,581	(19,797)	-	18,266	381,865	5,295,731
Net assets:								
Without donor restrictions	9,827,973	4,405,287	2,430,727	1,190,191	-	72,673	1,785,385	19,712,236
With donor restrictions	-	178,756	-	-	-	-	-	178,756
Total net assets	9,827,973	4,584,043	2,430,727	1,190,191	-	72,673	1,785,385	19,890,992
Total liabilities and net assets	\$ 14,628,060	\$ 4,582,772	\$ 2,547,308	\$ 1,170,394	\$ -	\$ 90,939	\$ 2,167,250	\$ 25,186,723

Texas Society of Certified Public Accountants and Affiliates
Combining Statement of Activities and Changes in Net Assets
Year Ended May 31, 2021

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants CPE Foundation, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Museum of Texas	Texas Society of Certified Public Accountants Peer Assistance Foundation	Texas Society of Certified Public Accountants Insurance Trust	Total
Net Assets Without Donor Restrictions:								
Revenues and other support:								
Membership dues	\$ 4,985,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,985,312
Continuing professional education	-	7,347	1,839,205	-	-	-	-	1,846,552
Peer review	1,044,533	-	-	-	-	-	-	1,044,533
Contributions	-	(59,221)	-	172,228	205	1,220	-	114,432
In-kind contributions	64,421	-	-	-	-	-	-	64,421
Government grant revenue	514,749	-	36,728	-	-	118,387	-	669,864
Sponsorships	-	-	103,065	-	-	-	-	103,065
Management fees	301,896	-	-	-	-	-	-	301,896
Insurance premium royalties	84,044	-	-	-	-	-	-	84,044
Investment income	1,821,068	898,289	402,019	104,591	1	11	451,522	3,677,501
Other income	226,651	1,486	-	-	-	-	(6,685)	221,452
Total revenues and other support	9,042,674	847,901	2,381,017	276,819	206	119,618	444,837	13,113,072
Expenses:								
Member activities	2,147,159	-	-	-	499	120,564	-	2,268,222
Continuing education	30,085	-	1,433,824	-	-	-	25,000	1,488,909
Regulatory and legislative	756,941	-	-	186,572	-	-	-	943,513
Peer review	909,471	-	-	-	-	-	-	909,471
Accounting education	49,135	142,064	-	-	-	-	-	191,199
External relations	60,452	-	-	-	-	-	-	60,452
General and administrative	1,486,796	-	-	-	-	-	-	1,486,796
Insurance trust	24,914	-	-	-	-	-	12,900	37,814
Total expenses	5,464,953	142,064	1,433,824	186,572	499	120,564	37,900	7,386,376
Increase (decrease) in net assets without donor restrictions before taxes	3,577,721	705,837	947,193	90,247	(293)	(946)	406,937	5,726,696
Federal income tax expense	-	-	-	2,038	-	-	153,600	155,638
Increase (decrease) in net assets without donor restrictions	3,577,721	705,837	947,193	88,209	(293)	(946)	253,337	5,571,058
Net assets with donor restrictions:								
Contributions	-	98,306	-	-	-	-	-	98,306
Increase in net assets with donor restrictions	-	98,306	-	-	-	-	-	98,306
Increase (decrease) in net assets	3,577,721	804,143	947,193	88,209	(293)	(946)	253,337	5,669,364
Net assets at beginning of year	6,250,252	3,754,661	1,483,534	1,101,982	25,532	73,619	1,532,048	14,221,628
Transfers	-	25,239	-	-	(25,239)	-	-	-
Net assets at end of year	\$ 9,827,973	\$ 4,584,043	\$ 2,430,727	\$ 1,190,191	\$ -	\$ 72,673	\$ 1,785,385	\$ 19,890,992

Texas Society of Certified Public Accountants and Affiliates
Combining Statement of Cash Flows
Year Ended May 31, 2021

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants CPE Foundation, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Accountancy Museum of Texas	Texas Society of Certified Public Accountants Peer Assistance Foundation	Texas Society of Certified Public Accountants Insurance Trust	Total
Cash flows from operating activities:								
Increase (decrease) in net assets	\$ 3,577,721	\$ 829,382	\$ 947,193	\$ 88,209	\$ (25,532)	\$ (946)	\$ 253,337	\$ 5,669,364
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities								
Depreciation	77,039	-	12,036	-	-	-	-	89,075
Change in allowance for doubtful accounts	(435)	-	-	-	-	-	-	(435)
Change in deferred tax liability	-	-	-	-	-	-	150,675	150,675
Realized and unrealized gains on investments	(1,669,112)	(823,281)	(368,401)	(95,748)	-	-	(413,842)	(3,370,384)
Changes in assets and liabilities:								
Accounts receivable	(4,424)	1,150	(15,277)	-	-	111	6,684	(11,756)
Deferred costs and prepaid expenses	(56,980)	-	16,046	-	-	-	-	(40,934)
Accounts payable and other liabilities	(79,755)	757	(93,890)	-	-	(9,320)	-	(182,208)
Federal income tax receivable (payable)	-	-	-	-	-	-	5,425	5,425
Due to (from) local chapters	(79,826)	-	(1,489)	-	-	-	-	(81,315)
Deferred revenue	213,326	(195)	(27,569)	-	-	-	-	185,562
Deferred rent	(34,961)	-	-	-	-	-	-	(34,961)
Refundable advances	211,955	-	(36,728)	-	-	(10,887)	-	164,340
Intercompany (receivable) payable	17,785	8,314	(38,397)	8,619	5	3,674	-	-
Net cash provided (used) by operating activities	2,172,333	16,127	393,524	1,080	(25,527)	(17,368)	2,279	2,542,448
Cash flows from investing activities:								
Purchases of investments	(151,941)	(74,944)	(33,536)	(8,716)	-	-	(37,674)	(306,811)
Net cash used by investing activities	(151,941)	(74,944)	(33,536)	(8,716)	-	-	(37,674)	(306,811)
Net increase (decrease) in cash and cash equivalents	2,020,392	(58,817)	359,988	(7,636)	(25,527)	(17,368)	(35,395)	2,235,637
Cash and cash equivalents at beginning of year	3,662,625	392,075	196,584	684,160	25,527	108,307	68,043	5,137,321
Cash and cash equivalents at end of year	\$ 5,683,017	\$ 333,258	\$ 556,572	\$ 676,524	\$ -	\$ 90,939	\$ 32,648	\$ 7,372,958