

# **Texas Society of Certified Public Accountants and Affiliates**

**Combined Financial Statements  
with Supplementary Information  
May 31, 2025 and 2024**



# Texas Society of Certified Public Accountants and Affiliates

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## **Independent Auditors' Report**

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

### ***Opinion***

We have audited the accompanying combined financial statements of the Texas Society of Certified Public Accountants and Affiliates (collectively, the Organization), which comprise the combined statements of financial position as of May 31, 2025 and 2024, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the years then ended and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of May 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Combined Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statement of financial position as of May 31, 2025, and the related combining statements of activities and changes in net assets and cash flows for the year then ended are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas  
November 1, 2025

**Texas Society of Certified Public Accountants and Affiliates**  
**Combined Statements of Financial Position**  
**May 31, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Assets:</b>		
Cash and cash equivalents	\$ 4,956,712	\$ 4,894,529
Investments	18,171,972	16,298,494
Accounts receivable, net	60,327	254,614
Federal income tax receivable	6,022	8,254
Deferred costs and prepaid expenses	275,656	294,723
Investments restricted for endowment purposes	685,629	491,540
Investments designated for endowment purposes	4,137,409	4,087,391
Right-of-use assets - operating leases, net	785,221	916,324
Fixed assets, net	334,345	63,903
<b>Total assets</b>	<b>\$ 29,413,293</b>	<b>\$ 27,309,772</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and other liabilities	\$ 926,698	\$ 960,416
Due to local chapters	367,636	429,585
Deferred revenue	4,117,293	3,711,052
Deferred tax liability	197,899	169,722
Right-of-use liabilities - operating leases, net	873,530	1,008,228
<b>Total liabilities</b>	6,483,056	6,279,003
<b>Net assets:</b>		
Without donor restrictions	22,244,608	20,539,229
With donor restrictions	685,629	491,540
<b>Total net assets</b>	22,930,237	21,030,769
<b>Total liabilities and net assets</b>	<b>\$ 29,413,293</b>	<b>\$ 27,309,772</b>

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, 2025 and 2024**

	2025	2024
<b>Net assets without donor restrictions:</b>		
<b>Revenues and other support:</b>		
Membership dues	\$ 4,391,751	\$ 4,427,009
Continuing professional education	2,163,374	2,288,556
Peer review	1,029,328	1,056,538
Contributions	98,294	174,757
Government grant revenue	150,186	134,251
Sponsorships	252,608	208,611
Chapter management fees	709,920	470,600
Royalties	219,466	172,811
Net investment income	1,820,688	2,367,669
Other income	434,705	192,598
Net assets released from restrictions	64,982	27,000
<b>Total revenues and other support</b>	<b>11,335,302</b>	<b>11,520,400</b>
<b>Expenses:</b>		
Program:		
Member activities	2,097,823	2,082,523
Continuing education	2,893,556	3,009,690
Regulatory and legislative	695,283	626,004
Peer review	806,532	825,737
Accounting education	701,007	596,208
External relations	40,559	40,089
<b>Total program expenses</b>	<b>7,234,760</b>	<b>7,180,251</b>
Supporting:		
General and administrative	2,278,178	2,317,506
Insurance trust	84,709	53,689
<b>Total supporting expenses</b>	<b>2,362,887</b>	<b>2,371,195</b>
<b>Total expenses</b>	<b>9,597,647</b>	<b>9,551,446</b>
<b>Increase in net assets without donor restrictions before taxes</b>	<b>1,737,655</b>	<b>1,968,954</b>
Federal income tax expense	32,276	74,942
<b>Increase in net assets without donor restrictions</b>	<b>1,705,379</b>	<b>1,894,012</b>
<b>Net assets with donor restrictions:</b>		
Contributions	212,232	114,537
Net investment income	46,839	32,055
Releases from net assets with donor restrictions	(64,982)	(27,000)
<b>Increase in net assets with donor restrictions</b>	<b>194,089</b>	<b>119,592</b>
<b>Increase in net assets</b>	<b>1,899,468</b>	<b>2,013,604</b>
<b>Net assets at beginning of year</b>	<b>21,030,769</b>	<b>19,017,165</b>
<b>Net assets at end of year</b>	<b>\$ 22,930,237</b>	<b>\$ 21,030,769</b>

See notes to combined financial statements.

**Texas Society of Certified Public Accountants and Affiliates**  
**Combined Statement of Functional Expenses**  
**Year Ended May 31, 2025**

	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	\$ 1,519,544	\$ 1,398,560	\$ 375,583	\$ 625,230	\$ 371,477	\$ 28,624	\$ 4,319,018	\$ 647,579	\$ 31,478	\$ 679,057	\$ 4,998,075
Bank and credit card fees	385	24,507	1,641	77	375	-	26,985	246,706	46	246,752	273,737
Campaign contributions	-	-	104,000	-	-	-	104,000	-	-	-	104,000
Depreciation	1,147	2,294	-	-	-	-	3,441	7,801	229	8,030	11,471
Dues and subscriptions	148,730	120,584	18,560	3,271	15,955	5,010	312,110	190,449	1,128	191,577	503,687
Meetings and travel	84,476	74,246	63,375	10,141	22,866	1,520	256,624	614,101	881	614,982	871,606
Occupancy	2,225	1,002	7,422	38	212	-	10,899	283,565	23	283,588	294,487
Office	99,457	87,596	6,195	5,640	24,608	1,214	224,710	122,830	12,571	135,401	360,111
Professional fees	241,859	166,503	118,507	162,135	48,471	4,191	741,666	165,147	38,353	203,500	945,166
Program	-	1,018,264	-	-	51,143	-	1,069,407	-	-	-	1,069,407
Scholarships and awards	-	-	-	-	165,900	-	165,900	-	-	-	165,900
	<u>\$ 2,097,823</u>	<u>\$ 2,893,556</u>	<u>\$ 695,283</u>	<u>\$ 806,532</u>	<u>\$ 701,007</u>	<u>\$ 40,559</u>	<u>\$ 7,234,760</u>	<u>\$ 2,278,178</u>	<u>\$ 84,709</u>	<u>\$ 2,362,887</u>	<u>\$ 9,597,647</u>

See notes to combined financial statements.

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

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

See notes to combined financial statements.

**Texas Society of Certified Public Accountants and Affiliates**  
**Combined Statements of Cash Flows**  
**Years Ended May 31, 2025 and 2024**

	2025	2024
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 1,899,468	\$ 2,013,604
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	11,471	16,246
Amortization of right-of-use assets - operating leases	131,103	142,181
Contributions restricted for investment in endowment	(212,232)	(114,537)
Change in deferred tax liability	28,177	78,565
Net unrealized and realized gains on investments	(1,197,582)	(1,789,182)
Changes in assets and liabilities:		
Accounts receivable	194,287	(177,370)
Federal income tax receivable	2,232	(6,458)
Deferred costs and prepaid expenses	19,067	29,598
Accounts payable and other liabilities	(33,718)	(65,051)
Due to local chapters	(61,949)	15,460
Deferred revenue	406,241	179,105
Right-of-use liabilities - operating leases	(134,698)	(69,246)
<b>Net cash provided by operating activities</b>	<b>1,051,867</b>	<b>252,915</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(1,983,369)	(3,166,533)
Proceeds from sales of investments	1,063,366	2,556,442
Purchases of fixed assets	(281,913)	-
<b>Net cash used by investing activities</b>	<b>(1,201,916)</b>	<b>(610,091)</b>
<b>Cash flows from financing activities:</b>		
Collection of contributions restricted for investment in endowment	212,232	114,537
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>62,183</b>	<b>(242,639)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,894,529</b>	<b>5,137,168</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 4,956,712</b>	<b>\$ 4,894,529</b>

See notes to combined financial statements.

# **Texas Society of Certified Public Accountants and Affiliates**

## **Notes to Combined Financial Statements**

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### **1. Organization**

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

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

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

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

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

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

### **2. Summary of Significant Accounting Policies**

#### ***Combined Financial Statements***

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

# **Texas Society of Certified Public Accountants and Affiliates**

## **Notes to Combined Financial Statements**

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### ***Basis of Accounting***

The Organization prepares the combined financial statements on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

### ***Combined Financial Statement Presentation***

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

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

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

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

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

### ***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.

# **Texas Society of Certified Public Accountants and Affiliates**

## **Notes to Combined Financial Statements**

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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, 2025, the Organization's uninsured balances totaled \$3,825,099.

### ***Cash and Cash Equivalents***

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

### ***Accounts Receivable***

The Organization collects membership dues and contributions for meetings and education activities. The Organization uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of accounts receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The Organization has not historically experienced instances of significant uncollectability with their customers. As such, the allowance for credit losses totaled \$916 as of May 31, 2025 and 2024, respectively. All receivables are expected to be collected within one year.

### ***Dividend on Deposit***

At May 31, 2025 and 2024, the Insurance Trust had dividends on deposit with an insurance company totaling \$1,835,163 and \$1,288,711, respectively. The dividends on deposit must be used for the benefit of the members participating in the insurance plans and are the result of dividends payable to the Insurance Trust based on underwriting profits related to its insurance program. Since the account balance could vary as future claims are paid, the Organization has not recorded an asset related to this amount. From time to time, the Organization may request that dividends be utilized to cover certain premiums for participants. In addition, the Organization may request distributions to cover allowable expenses to manage the insurance program, and dividend revenue is recognized as amounts are received.

### ***Investments***

Investments consist of a certificate of deposit, and marketable equity and debt securities and are stated at fair value in the combined statements of financial position. Interest, dividends and realized and unrealized gains and losses are reported in the combined statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

# **Texas Society of Certified Public Accountants and Affiliates**

## **Notes to Combined Financial Statements**

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### ***Fixed Assets***

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

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

### ***Revenue Recognition***

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

### ***Contributed Services***

Donated services are recognized as contributions of nonfinancial assets 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 contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The Organization receives significant contributions of nonfinancial assets 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.

### ***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.

# **Texas Society of Certified Public Accountants and Affiliates**

## **Notes to Combined Financial Statements**

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

### ***Income Taxes***

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

The Insurance Trust is subject to federal income taxes. The provision for federal income taxes includes currently payable and deferred taxes arising from temporary differences between income reported for combined financial statements and income tax purposes. These temporary differences result from income and expenses being recognized on the cash basis for tax purposes (see Note 11).

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2025 and 2024, 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.

### ***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.

### ***Advertising Costs***

Advertising costs are expensed as incurred and totaled \$41,875 and \$24,696 for the years ended May 31, 2025 and 2024, respectively.

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

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**3. Investments**

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

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

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

At May 31, 2025 and 2024, the Organization has investments in money market funds, securities and bond funds which are measured at fair value on a recurring basis using Level 1 inputs.

The certificate of deposit is valued using \$1 for the net asset value, expires on January 21, 2026 and earns interest at 4%.

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.

The following table presents financial instruments at fair value as of May 31:

	2025	2024
Certificate of deposit	\$ 250,000	\$ -
Money market funds	2,890,842	3,579,191
Equity securities	8,989,080	8,534,488
International securities	3,110,114	2,710,762
Bond funds	7,754,974	6,052,984
Totals	\$ 22,995,010	\$ 20,877,425

At May 31, 2025, the Organization’s investment in the Vanguard Federal Money Market Fund represented 12% of its total investments.

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

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

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

	2025	2024
Interest and dividends	\$ 669,945	\$ 610,542
Unrealized and realized gains on investments	1,197,582	1,789,182
Net investment income	\$ 1,867,527	\$ 2,399,724

#### **4. Fixed Assets**

Fixed assets consist of the following at May 31:

	2025	2024
Furniture	\$ 15,410	\$ 15,410
Equipment and software	1,105,980	929,354
Leasehold improvements	46,579	46,579
	1,167,969	991,343
Less: accumulated depreciation	(833,624)	(927,440)
	\$ 334,345	\$ 63,903

Depreciation expense totaled \$11,471 and \$16,246 for the years ended May 31, 2025 and 2024, respectively.

#### **5. Deferred Revenue**

The following schedule summarizes deferred revenue at May 31:

	2025	2024
Membership fees paid in advance	\$ 3,164,571	\$ 2,790,078
Course fees paid in advance	375,756	408,441
Peer review fees paid in advance	470,475	417,940
Other deferred revenue	106,491	94,593
	\$ 4,117,293	\$ 3,711,052

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Combined Financial Statements

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### 6. Related Party Transactions

The Society shares office space with the Austin Chapter. The space is under a joint lease by both the Austin Chapter and the Society. Expenses are allocated to the Austin Chapter based on the square footage used by the entities, and the Society's share of rent totaled \$29,617 during the years ended May 31, 2025 and 2024, respectively.

The Society has a management agreement with the Austin Chapter to provide staff leadership, necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which is in effect from June 1, 2013 until May 31, 2026, the Austin Chapter agrees to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2025 and 2024, the fixed monthly service fee was \$11,000 and \$10,700, respectively.

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, 2025, 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, 2025 and 2024, the fixed monthly service fee was \$2,150 and \$2,050, respectively. Under a new pilot program agreement, which commenced June 1, 2025 and is in effect until May 31, 2026, there will be no fixed monthly fee. Instead, the Society will retain the Corpus Christi Chapter's chapter dues.

The Society has a management agreement with the Permian Basin Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced June 1, 2013 and is in effect until May 31, 2027, the Permian Basin Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2025 and 2024, the fixed monthly service fee was \$1,960 and \$1,900, 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, 2028, 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, 2025 and 2024, the fixed monthly service fee was \$1,475 and \$1,400, respectively.

## **Texas Society of Certified Public Accountants and Affiliates**

### **Notes to Combined Financial Statements**

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The Society has a management agreement with the East Texas Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on April 1, 2019 and is in effect until May 31, 2028, 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, 2025 and 2024, the fixed monthly service fee was \$3,950 and \$3,850, respectively.

The Society has a management agreement with the Victoria Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on September 20, 2021 and is in effect until May 31, 2027, the Victoria Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2025 and 2024 the fixed monthly service fee was \$1,135 and \$1,100, respectively.

The Society has a management agreement with the Fort Worth Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on June 1, 2022 and is in effect until May 31, 2028, the Fort Worth Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2025, the fixed monthly service fee was \$11,000 and \$10,700, respectively.

The Society has a management agreement with the Dallas Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the current agreement, which commenced on April 1, 2024 and was in effect until May 31, 2025, the Dallas Chapter agreed to pay the Society a fixed service fee each month to cover only the staffing functions that will be performed under this agreement. For the years ended May 31, 2024 and 2025, the fixed monthly service fee was \$22,600 and \$24,300, respectively. Under a new agreement, which commenced on June 1, 2025 and is in effect until May 31, 2028, the fixed monthly service fee will be \$25,000, \$26,250 and 27,550 for the fiscal years therein.

The Society has a management agreement with the Panhandle Chapter to provide staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the chapter. Under the initial agreement, which commenced on January 1, 2024 and was in effect until May 31, 2024, the Panhandle Chapter agreed to pay the Society a fixed service fee each month of \$2,085 to cover only the staffing functions that will be performed under this agreement. Under a new agreement, which commenced on June 1, 2024 and is in effect until May 31, 2027, the fixed monthly service fee will be \$2,190, \$2,255 and 2,325 for the fiscal years therein. For the years ended May 31, 2024 and 2025, the fixed monthly service fee was \$2,085 and \$2,190, respectively.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Combined Financial Statements

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

### **7. Leases**

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

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

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

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

#### ***Nature of Leases***

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

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

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Future minimum lease payments and a reconciliation to the combined statement of financial position at May 31, 2025 are as follows for the years ending May 31:

2026	\$ 177,671
2027	178,197
2028	178,723
2029	165,435
2030	146,403
Thereafter	<u>61,001</u>
Total future undiscounted lease payments	907,430
Less present value discount	<u>(33,900)</u>
Operating lease liabilities	<u><u>\$ 873,530</u></u>

The following is lease cost and required information for the years ended May 31:

	<u>2025</u>	<u>2024</u>
Total operating lease cost	<u>\$ 181,572</u>	<u>\$ 87,100</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Cash flows from operating leases	<u>\$ (134,698)</u>	<u>\$ (69,246)</u>
Weighted-average remaining lease term	<u>3.51 years</u>	<u>4.51 years</u>
Weighted-average discount	<u>4.45%</u>	<u>4.45%</u>

## 8. 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 \$196,958 and \$186,417 for the years ended May 31, 2025 and 2024, respectively. The Organization's matching contribution expense totaled \$110,183 and \$102,125 for the years ended May 31, 2025 and 2024, respectively.

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

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**9. Net Assets**

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

	<u>2025</u>	<u>2024</u>
Restricted in perpetuity	\$ 236,506	\$ 236,506
Endowment accumulated gains	<u>449,123</u>	<u>255,034</u>
Total net assets with donor restrictions	<u>\$ 685,629</u>	<u>\$ 491,540</u>

**10. 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, 2025 and 2024, the Organization had designated \$4,137,409 and \$4,087,391, respectively, of net assets without donor restrictions as a general endowment fund to support scholarships for students and other accounting education initiatives. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

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

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

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Combined Financial Statements

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### ***Donor-Restricted Endowments***

As of May 31, 2025 and 2024, the Organization maintained various individual donor-restricted endowments. The donor-restricted endowments received specified that the funds be restricted in perpetuity. Donor-restricted endowments follow the Organization's spending policy for the Education Foundation. The purpose of the endowments is to provide scholarships for accounting students pursuing accounting course work that qualifies the student to sit for the certified public accountancy exam.

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

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

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

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

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 685,629	\$ 685,629
Board-designated endowment funds	4,137,409	-	4,137,409
Total endowment funds	\$ 4,137,409	\$ 685,629	\$ 4,823,038
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 491,540	\$ 491,540
Board-designated endowment funds	4,087,391	-	4,087,391
Total endowment funds	\$ 4,087,391	\$ 491,540	\$ 4,578,931

Changes in the endowment funds for the years ended May 31 are as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,087,391	\$ 491,540	\$ 4,578,931
Contributions	29,090	212,232	241,322
Investment income	118,467	14,647	133,114
Unrealized and realized gains	260,357	32,192	292,549
Other income	100,000	-	100,000
Appropriation of assets for expenditure	(457,896)	(64,982)	(522,878)
Endowment net assets, end of year	\$ 4,137,409	\$ 685,629	\$ 4,823,038
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,824,645	\$ 371,948	\$ 4,196,593
Contributions and other income	9,672	114,537	124,209
Investment income	109,234	7,025	116,259
Unrealized and realized gains	411,963	25,030	436,993
Other income	125,000	-	125,000
Appropriation of assets for expenditure	(393,123)	(27,000)	(420,123)
Endowment net assets, end of year	\$ 4,087,391	\$ 491,540	\$ 4,578,931

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Combined Financial Statements

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### 11. Federal Income Taxes

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

	<u>2025</u>	<u>2024</u>
Current income tax expense (benefit)	\$ 4,099	\$ (3,623)
Deferred income tax expense	<u>28,177</u>	<u>78,565</u>
Federal income tax expense	<u>\$ 32,276</u>	<u>\$ 74,942</u>

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

	<u>2025</u>	<u>2024</u>
Unrealized cumulative gains on investments	\$ 147,594	\$ 145,104
Other	<u>50,305</u>	<u>24,618</u>
Net deferred tax liability	<u>\$ 197,899</u>	<u>\$ 169,722</u>

Income tax expense for the years ended May 31, 2025 and 2024 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.

### 12. Grants

The Society was granted awards totaling approximately \$155,000 and \$134,000 for the years ended May 31, 2025 and 2024, respectively, from the Texas State Board of Public Accountancy. The awards are to be utilized for the purpose of increasing awareness and utilization of the Peer Assistance program. The Society recognized \$150,186 and \$134,251 as government grant revenue in the combined statements of activities and changes in net assets for the years ended May 31, 2025 and 2024, respectively. In addition, \$38,880 and \$33,566 in deferred grant revenue was included in the combined statements of financial position as of May 31, 2025 and 2024, respectively.

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

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**13. Liquidity and Availability of Resources**

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,956,712	\$ 4,894,529
Investments	18,171,972	16,298,494
Accounts receivable, net	<u>60,327</u>	<u>254,614</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,189,011</u>	<u>\$ 21,447,637</u>

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

**14. Subsequent Events**

Management has evaluated subsequent events through November 1, 2025, the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

## **Supplementary Information**

**Texas Society of Certified Public Accountants and Affiliates**  
**Combining Statement of Financial Position**  
**May 31, 2025**

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Insurance Trust	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 3,068,357	\$ 1,164,626	\$ 719,941	\$ 3,788	\$ 4,956,712
Investments	12,903,939	2,245,397	567,932	2,454,704	18,171,972
Accounts receivable, net	44,315	16,012	-	-	60,327
Federal income tax receivable	-	-	-	6,022	6,022
Deferred costs and prepaid expenses	225,602	50,054	-	-	275,656
Intercompany receivable (payable)	(41,516)	209,133	13,785	(181,402)	-
Investments restricted for endowment purposes	-	685,629	-	-	685,629
Investments designated for endowment purposes	-	4,137,409	-	-	4,137,409
Right-of-use assets - operating leases, net	785,221	-	-	-	785,221
Fixed assets, net	247,720	86,625	-	-	334,345
<b>Total assets</b>	<b>\$ 17,233,638</b>	<b>\$ 8,594,885</b>	<b>\$ 1,301,658</b>	<b>\$ 2,283,112</b>	<b>\$ 29,413,293</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable and other liabilities	\$ 795,319	\$ 131,379	\$ -	\$ -	\$ 926,698
Due to (from) local chapters	384,914	(14,948)	(2,330)	-	367,636
Deferred revenue	3,736,537	380,756	-	-	4,117,293
Deferred tax liability	-	-	-	197,899	197,899
Right-of-use liabilities - operating leases, net	873,530	-	-	-	873,530
<b>Total liabilities</b>	<b>5,790,300</b>	<b>497,187</b>	<b>(2,330)</b>	<b>197,899</b>	<b>6,483,056</b>
<b>Net assets:</b>					
Without donor restrictions	11,443,338	7,412,069	1,303,988	2,085,213	22,244,608
With donor restrictions	-	685,629	-	-	685,629
<b>Total net assets</b>	<b>11,443,338</b>	<b>8,097,698</b>	<b>1,303,988</b>	<b>2,085,213</b>	<b>22,930,237</b>
<b>Total liabilities and net assets</b>	<b>\$ 17,233,638</b>	<b>\$ 8,594,885</b>	<b>\$ 1,301,658</b>	<b>\$ 2,283,112</b>	<b>\$ 29,413,293</b>

See independent auditors' report.

**Texas Society of Certified Public Accountants and Affiliates**  
**Combining Statement of Activities and Changes in Net Assets**  
**Year Ended May 31, 2025**

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Insurance Trust	Total
<b>Net assets without donor restrictions:</b>					
<b>Revenues and other support:</b>					
Membership dues	\$ 4,391,751	\$ -	\$ -	\$ -	\$ 4,391,751
Continuing professional education	-	2,163,374	-	-	2,163,374
Peer review	1,029,328	-	-	-	1,029,328
Contributions	-	12,165	86,129	-	98,294
Government grant revenue	150,186	-	-	-	150,186
Sponsorships	123,374	129,234	-	-	252,608
Chapter management fees	709,920	-	-	-	709,920
Royalties	219,466	-	-	-	219,466
Net investment income	987,536	569,300	49,609	214,243	1,820,688
Other income	299,964	& 134,741	-	-	434,705
Net assets released from restrictions	-	64,982	-	-	64,982
<b>Total revenues and other support</b>	<b>7,911,525</b>	<b>3,073,796</b>	<b>135,738</b>	<b>214,243</b>	<b>11,335,302</b>
<b>Expenses:</b>					
Member activities	2,097,823	-	-	-	2,097,823
Continuing education	810,248	* 2,083,308	-	-	2,893,556
Regulatory and legislative	586,566	-	108,717	-	695,283
Peer review	806,532	-	-	-	806,532
Accounting education	197,787	503,220	-	-	701,007
External relations	40,559	-	-	-	40,559
General and administrative	2,278,178	-	-	-	2,278,178
Insurance trust	15,624	^	-	69,085	84,709
<b>Total expenses</b>	<b>6,833,317</b>	<b>2,586,528</b>	<b>108,717</b>	<b>69,085</b>	<b>9,597,647</b>
<b>Increase in net assets without donor restrictions before taxes</b>	<b>1,078,208</b>	<b>487,268</b>	<b>27,021</b>	<b>145,158</b>	<b>1,737,655</b>
Federal income tax expense (benefit)	-	-	2,867	29,409	32,276
<b>Increase in net assets without donor restrictions</b>	<b>1,078,208</b>	<b>487,268</b>	<b>24,154</b>	<b>115,749</b>	<b>1,705,379</b>
<b>Net assets with donor restrictions:</b>					
Contributions	-	212,232	-	-	212,232
Net investment income	-	46,839	-	-	46,839
Other income	-	-	-	-	-
Releases from net assets with donor restrictions	-	(64,982)	-	-	(64,982)
<b>Increase in net assets with donor restrictions</b>	<b>-</b>	<b>194,089</b>	<b>-</b>	<b>-</b>	<b>194,089</b>
<b>Increase in net assets</b>	<b>1,078,208</b>	<b>681,357</b>	<b>24,154</b>	<b>115,749</b>	<b>1,899,468</b>
<b>Net assets at beginning of year</b>	<b>10,365,130</b>	<b>7,416,341</b>	<b>1,279,834</b>	<b>1,969,464</b>	<b>21,030,769</b>
<b>Net assets at end of year</b>	<b>\$ 11,443,338</b>	<b>\$ 8,097,698</b>	<b>\$ 1,303,988</b>	<b>\$ 2,085,213</b>	<b>\$ 22,930,237</b>

& This amount is reported net of intercompany transfers to the Education Foundation totaling \$100,000.

\* This amount is reported net of intercompany charges totaling \$400,000.

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

See independent auditors' report.

**Texas Society of Certified Public Accountants and Affiliates**  
**Combining Statement of Cash Flows**  
**Year Ended May 31, 2025**

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public Accountants, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountants Insurance Trust	Total
<b>Cash flows from operating activities:</b>					
Increase in net assets	\$ 1,078,208	\$ 681,357	\$ 24,154	\$ 115,749	\$ 1,899,468
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	11,471	-	-	-	11,471
Amortization of right-of-use assets - operating leases	131,103	-	-	-	131,103
Contributions restricted for investment in endowment	-	(212,232)	-	-	(212,232)
Change in deferred tax liability	-	-	-	28,177	28,177
Net realized and unrealized gain on investments	(593,110)	(423,459)	(34,024)	(146,989)	(1,197,582)
Changes in assets and liabilities:					
Accounts receivable	31,199	163,088	-	-	194,287
Federal income tax receivable	-	-	-	2,232	2,232
Deferred costs and prepaid expenses	(4,339)	23,406	-	-	19,067
Intercompany receivable (payable)	38,392	(109,818)	2,341	69,085	-
Accounts payable and other liabilities	(57,150)	23,432	-	-	(33,718)
Due to (from) local chapters	(59,871)	(4,608)	2,530	-	(61,949)
Deferred revenue	459,376	(53,135)	-	-	406,241
Right-of-use liabilities - operating leases	(134,698)	-	-	-	(134,698)
<b>Net cash provided by operating activities</b>	<b>900,581</b>	<b>88,031</b>	<b>(4,999)</b>	<b>68,254</b>	<b>1,051,867</b>
<b>Cash flows from investing activities:</b>					
Purchases of investments	(1,171,657)	(568,526)	(45,681)	(197,505)	(1,983,369)
Proceeds from sales of investments	526,609	375,979	30,209	130,569	1,063,366
Purchases of fixed assets	(195,288)	(86,625)	-	-	(281,913)
<b>Net cash used by investing activities</b>	<b>(840,336)</b>	<b>(279,172)</b>	<b>(15,472)</b>	<b>(66,936)</b>	<b>(1,201,916)</b>
<b>Cash flows from financing activities:</b>					
Endowment fund contributions	-	212,232	-	-	212,232
<b>Net change in cash and cash equivalents</b>	<b>60,245</b>	<b>21,091</b>	<b>(20,471)</b>	<b>1,318</b>	<b>62,183</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,008,112</b>	<b>1,143,535</b>	<b>740,412</b>	<b>2,470</b>	<b>4,894,529</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,068,357</b>	<b>\$ 1,164,626</b>	<b>\$ 719,941</b>	<b>\$ 3,788</b>	<b>\$ 4,956,712</b>

See independent auditors' report.