



**Texas Society of Certified Public  
Accountants and Affiliates**  
**Combined Financial  
Statements May 31, 2019**

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# Texas Society of Certified Public Accountants and Affiliates

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## **Independent Auditors' Report**

Board of Directors  
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 statement of financial position as of May 31, 2019, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit 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, 2019, and the changes in their net assets and their cash flows for the year 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, 2019, 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  
November 4, 2019

**Texas Society of Certified Public Accountants and Affiliates**  
**Combined Statement of Financial Position**  
**May 31, 2019**

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**Assets**

Cash and cash equivalents	\$ 4,900,027
Investments	12,959,278
Accounts receivable, net	94,389
Federal income tax receivable	45,275
Deferred costs and prepaid expenses	192,916
Fixed assets, net	<u>232,812</u>
<b>Total assets</b>	<b><u>\$ 18,424,697</u></b>

**Liabilities and Net Assets**

**Liabilities:**

Accounts payable and other liabilities	\$ 977,362
Due to local chapters	449,064
Deferred membership fees and course revenue	3,795,802
Deferred rent	142,130
Deferred tax liability	191,371
Other deferred revenue	<u>369,438</u>
<b>Total liabilities</b>	<b>5,925,167</b>

**Net assets:**

Without donor restrictions	12,419,080
With donor restrictions	<u>80,450</u>
<b>Total net assets</b>	<b><u>12,499,530</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 18,424,697</u></b>

**Texas Society of Certified Public Accountants and Affiliates**  
**Combined Statement of Activities and Changes in Net Assets**  
**Year Ended May 31, 2019**

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**Net assets without donor restrictions:**

**Revenues and other support**

Membership dues	\$ 5,385,885
Continuing professional education	2,261,053
Peer review	1,147,161
Contributions	390,228
Net investment income	379,350
Management fee	240,216
Other income	215,481
Sponsorships	119,265
Insurance premium royalty	83,581

<b>Total revenues and other support</b>	<b>10,222,220</b>
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**Expenses:**

Program:

Member activities	2,583,107
Continuing education	2,588,207
Regulatory and legislative	1,032,787
Peer review	1,032,161
Accounting education	239,366
External relations	88,277

<b>Total program expenses</b>	<b>7,563,905</b>
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Supporting:

General and administrative	2,103,402
Insurance trust	35,790

<b>Total supporting expenses</b>	<b>2,139,192</b>
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<b>Total expenses</b>	<b>9,703,097</b>
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<b>Increase in net assets without donor restrictions before taxes</b>	<b>519,123</b>
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Federal income tax expense	3,783
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<b>Increase in net assets without donor restrictions</b>	<b>515,340</b>
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<b>Net assets at beginning of year</b>	<b>11,984,190</b>
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<b>Net assets at end of year</b>	<b>\$ 12,499,530</b>
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**Texas Society of Certified Public Accountants and Affiliates**  
**Combined Statement of Functional Expenses**  
**Year Ended May 31, 2019**

	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	\$ 1,681,069	\$ 735,176	\$ 580,157	\$ 864,394	\$ 43,487	\$ 9,232	\$ 3,913,515	\$ 1,027,540	\$ 19,731	\$ 1,047,271	\$ 4,960,786
Professional fees	244,934	45,690	121,246	13,185	6,572	21,991	453,618	108,669	3,828	112,497	566,115
Bank and payroll fees	46,900	18,761	-	9,380	11,256	-	86,297	97,555	3,752	101,307	187,604
Campaign contributions	-	-	198,250	-	-	-	198,250	-	-	-	198,250
Depreciation	30,538	4,639	326	326	-	-	35,829	42,411	310	42,721	78,550
Dues and subscriptions	80,914	5,676	15,938	6,200	834	8,228	117,790	64,189	416	64,605	182,395
Occupancy	164,022	351,884	26,155	82,263	7,907	820	633,051	124,439	3,287	127,726	760,777
Rentals and repair and maintenance	63,037	53,260	6,847	4,825	517	38	128,524	77,964	937	78,901	207,425
Educational and registration	10,148	3,387	1,720	6,795	31	22	22,103	12,822	181	13,003	35,106
Program	-	478,895	-	-	-	-	478,895	-	-	-	478,895
Scholarships and awards	-	-	-	-	139,351	-	139,351	-	-	-	139,351
Other	14,389	85,369	1,597	24,931	4,394	5,230	135,910	14,359	50	14,409	150,319
Meetings	103,125	596,471	61,607	1,295	19,781	36,954	819,233	392,847	1,525	394,372	1,213,605
Printing, shipping and postage	75,291	106,487	947	5,028	2,124	4,653	194,530	19,015	583	19,598	214,128
Office expenses	26,350	73,802	3,463	1,525	521	935	106,596	34,859	892	35,751	142,347
Travel and entertainment	42,390	28,710	14,534	12,014	2,591	174	100,413	86,733	298	87,031	187,444
	<u>\$ 2,583,107</u>	<u>\$ 2,588,207</u>	<u>\$ 1,032,787</u>	<u>\$ 1,032,161</u>	<u>\$ 239,366</u>	<u>\$ 88,277</u>	<u>\$ 7,563,905</u>	<u>\$ 2,103,402</u>	<u>\$ 35,790</u>	<u>\$ 2,139,192</u>	<u>\$ 9,703,097</u>

See notes to combined financial statements.

**Texas Society of Certified Public Accountants and Affiliates**  
**Combined Statement of Cash Flows**  
**Year Ended May 31, 2019**

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<b>Cash flows from operating activities:</b>	
Increase in net assets	\$ 515,340
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	78,550
Deferred tax liability	(1,998)
Realized and unrealized gains on investments	(54,128)
Changes in assets and liabilities:	
Accounts receivable	(2,472)
Federal income tax receivable	10,410
Deferred costs and prepaid expenses	53,988
Accounts payable and other liabilities	134,281
Due to local chapters	(275,595)
Deferred membership fees and course revenue	518,700
Deferred rent	(25,427)
Other deferred revenue	105,232
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<b>Net cash provided by operating activities</b>	<b>1,056,881</b>
<b>Cash flows from investing activities:</b>	
Purchases of investments	(622,357)
Proceeds from sales of investments	549,998
Purchases of fixed assets	(81,246)
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<b>Net cash used by investing activities</b>	<b>(153,605)</b>
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<b>Net increase in cash and cash equivalents</b>	<b>903,276</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,996,751</b>
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<b>Cash and cash equivalents at end of year</b>	<b>\$ 4,900,027</b>
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See notes to combined financial statements.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to 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. 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.

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. Funding for Peer Assistance is contributed by the membership of the Society and grants provided by the Texas State Board of Public Accountancy.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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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. Accordingly, revenues are recognized when earned and expenses are recorded as incurred.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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### ***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.

*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 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, 2019, the Organization's uninsured balances totaled \$3,691,328.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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

For the purposes of the combined statement 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 by 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 are recognized when the services are rendered. Affiliation fees, 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

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### ***Advertising Costs***

Advertising costs are expensed as incurred and totaled \$137,300 for the year ended May 31, 2019.

### ***Contributed Services***

Members of the Society donate their time to various activities of the Organization, 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.

### ***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 statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

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

### ***Income Taxes***

The Society, 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

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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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 (IRS). Management has analyzed the tax positions taken by the Organization, and has concluded that as of May 31, 2019, 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.

### ***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 either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The effective date of ASU 2014-09 is for annual periods beginning after December 15, 2018 for the majority of not-for-profit organizations.

In 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, *Not-for-Profit Entities* or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The standard is

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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effective for annual periods beginning after December 15, 2018 for the majority of not-for-profit entities. The changes in this standard should generally be applied on a retrospective basis in the year that it is first applied.

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 statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement 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, 2020.

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

### ***Accounting Pronouncements Adopted***

The Organization adopted FASB ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* as of and for the year ended May 31, 2019. As result, the major changes applicable for the Organization include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) presenting investment return net of external and direct internal investment expenses. The adoption of this ASU had no effect on net assets or the change in net assets presented for the year ended May 31, 2019.

### **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;

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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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, 2019, 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, 2019, are as follows:

	Level 1	Level 2	Fair Value
Money market funds	\$ 158,037	\$ -	\$ 158,037
Equity securities	5,845,853	-	5,845,853
International securities	1,755,987	-	1,755,987
Bond funds	-	5,199,401	5,199,401
Totals	<u>\$ 7,759,877</u>	<u>\$ 5,199,401</u>	<u>\$ 12,959,278</u>

The following schedule summarizes, net investment income for the year ended May 31, 2019:

Interest and dividend income, net	\$ 325,222
Realized and unrealized gains on investments	<u>54,128</u>
	<u>\$ 379,350</u>

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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### 5. Fixed Assets

Fixed assets are summarized as follows at May 31, 2019:

Furniture	\$ 219,134
Equipment and software	1,420,332
Leasehold improvements	<u>200,842</u>
	1,840,308
Less: accumulated depreciation	<u>(1,607,496)</u>
	<u>\$ 232,812</u>

Depreciation expense related to the above fixed assets totaled \$78,550 for the year ended May 31, 2019.

### 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 totaled \$24,148 during the year ended May 31, 2019.

The Society has a management agreement with the Austin Chapter to provide the Austin Chapter with staff leadership, necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the Austin 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 year ended May 31, 2019, the fixed monthly service fee was \$15,150.

The Society has a management agreement with the Corpus Christi Chapter to provide the Corpus Christi Chapter with staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the Corpus Christi Chapter. Under the current agreement, which commenced on June 1, 2013 and is in effect until May 31, 2019, the Corpus Christi 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 year ended May 31, 2019, the fixed monthly service fee was \$1,700 per month.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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The Society has a management agreement with the Permian Basin Chapter to provide the Permian Basin Chapter with staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the Permian Basin Chapter. Under the current agreement, which commenced June 1, 2013 and is in effect until May 31, 2021, 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 year ended May 31, 2019, the fixed monthly service fee was \$1,700 per month.

The Society has a management agreement with the Southeast Texas Chapter to provide the Southeast Texas Chapter with staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the Southeast Texas Chapter. Under the current agreement, which commenced on June 1, 2013 and is in effect until May 31, 2019, 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 year ended May 31, 2019, the fixed monthly service fee was \$875 per month.

The Society has a management agreement with the East Texas Chapter to provide the East Texas Chapter with staff leadership and necessary personnel and management expertise to accomplish all the required staff functions for the effective operation of the East Texas Chapter. Under the current agreement, which commenced on April 1, 2019 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 year ended May 31, 2019, the fixed monthly service fee was \$3,558 per month.

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 7).

### **7. 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

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

### **Notes to Financial Statements**

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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 at 3305 Northland Drive, 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 at 14651 Dallas Parkway, Suite 101, 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.

The Society entered into a noncancelable lease agreement for certain office-related equipment. The contract was effective September 16, 2015, and requires 39 monthly payments of \$3,466, plus additional charges for excess copies and color copies made, based upon a fixed fee per copy.

Rental expense relating to operating lease arrangements for the year ended May 31, 2019 totaled \$760,777.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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

2020	\$	421,746
2021		406,391
2022		412,876
2023		322,818
2024		30,142
Thereafter		144,803

### 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 \$193,185 for the year ended May 31, 2019. The Organization's matching contribution expense totaled \$117,457 for the year ended May 31, 2019.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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### 9. Net Assets

Net assets and changes in net assets are as follows:

	Balance May 31, 2017	Increase (Decrease)	Balance May 31, 2018	Increase (Decrease)	Balance May 31, 2019
Net assets without restrictions:					
Undesignated:					
Society	\$ 4,056,390	\$ 375,331	\$ 4,431,721	\$ 560,638	\$ 4,992,359
Education Foundation	75,000	-	75,000	-	75,000
CPE Foundation	1,309,146	35,308	1,344,454	(72,928)	1,271,526
CPA/PAC	768,387	155,754	924,141	24,614	948,755
Museum	13,788	5,194	18,982	5,173	24,155
Peer Assistance	88,087	28,106	116,193	(17,300)	98,893
Insurance Trust	1,444,267	42,068	1,486,335	16,029	1,502,364
Total undesignated	7,755,065	641,761	8,396,826	516,226	8,913,052
Board-designated:					
Education Foundation	3,338,313	168,601	3,506,914	(886)	3,506,028
Total net assets without restrictions	11,093,378	810,362	11,903,740	515,340	12,419,080
Net assets with restrictions:					
Restricted in perpetuity:					
Education Foundation	30,450	50,000	80,450	-	80,450
Total net assets	\$ 11,123,828	\$ 860,362	\$ 11,984,190	\$ 515,340	\$ 12,499,530

### 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, 2019, the Organization had designated \$3,506,029 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.

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 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,

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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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, 2019, 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 Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 UPMIFA, 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

## Texas Society of Certified Public Accountants and Affiliates

### Notes to Financial Statements

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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, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 80,450	\$ 80,450
Board-designated endowment funds	3,506,029	-	3,506,029
Total endowment funds	<u>\$ 3,506,029</u>	<u>\$ 80,450</u>	<u>\$ 3,586,479</u>

Changes in the endowment funds by net asset classification for the year ended May 31, 2019 are summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,506,914	\$ 80,450	\$ 3,587,364
Contributions	44,629	-	44,629
Investment income	90,313	-	90,313
Unrealized and realized gains	32,474	-	32,474
Appropriation of assets for expenditure	<u>(168,301)</u>	<u>-</u>	<u>(168,301)</u>
Endowment net assets, end of year	<u>\$ 3,506,029</u>	<u>\$ 80,450</u>	<u>\$ 3,586,479</u>

### 11. Federal Income Taxes

The federal income tax provision consists of the following for the year ended May 31, 2019:

Current income tax expense	\$ 1,785
Deferred income tax expense	<u>1,998</u>
Federal income tax expense	<u>\$ 3,783</u>

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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Deferred tax liability consists of the following as of May 31, 2019:

Unrealized cumulative gains on investments	\$ 184,851
Other	<u>6,520</u>
Net deferred tax liability	<u>\$ 191,371</u>

Income tax expense for the year ended May 31, 2019 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.

The Tax Cuts and Jobs Act (Tax Act) reduced the federal trust tax rate effective January 1, 2018. The Insurance Trust used a blended rate for the year ended May 31, 2019, and the reduction in the tax rate did not have material effect on the combined financial statements.

### 12. Grants

Peer Assistance was granted awards totaling approximately \$107,500 for the year ended May 31, 2019, 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 other income in the combined statements of activities and changes in net assets.

### 13. Service Agreements

On June 27, 2011, the Organization entered into a service agreement with a company to provide online management support for its users and members that automatically renews annually. The Organization paid \$103,920 for the year ended May 31, 2019, under this agreement.

The Organization entered into service agreements with a company to provide website design and support. The Organization paid approximately \$72,000 for the year ended May 31, 2019, under these agreements.

The Organization entered into service agreements with companies to provide software installation, licensing, maintenance and support. The Organization paid approximately \$28,200 for the year ended May 31, 2019, under these agreements.

The Organization entered into agreements for regulatory and legislative services. The Organization paid \$74,400 for the year ended May 31, 2019, under these agreements.

# Texas Society of Certified Public Accountants and Affiliates

## Notes to Financial Statements

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The Organization entered into an agreement on April 1, 2018 with a company to provide subscription services. The Organization paid approximately \$15,000 for the year ended May 31, 2019, under this agreement.

The Organization entered into an agreement on March 1, 2016 with a company to provide technical writing services. The Organization paid \$14,400 for the year ended May 31, 2019, under this agreement.

Future minimum service payments under service agreements total approximately \$20,000 for the year ended May 31, 2019.

### 14. Liquidity and Availability of Resources

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

Cash and cash equivalents	\$ 4,900,027
Investments	12,959,278
Accounts receivable, net	94,389
Federal income tax receivable	<u>45,275</u>
Total financial assets	17,998,969
Less amounts not available to management without board of directors' approval:	
Board-designated endowment fund	(3,506,029)
Restricted in perpetuity	<u>(80,450)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 14,412,490</u></u>

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures through the next member dues billing cycle (approximately April 20<sup>th</sup>). Liquid financial assets in excess of minimum immediate cash requirements are invested in money market funds. Long-term financial assets are managed by the investment committee and housed at Vanguard.

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

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**15. Subsequent Events**

The Organization evaluated subsequent events after the combined statement of financial position date of May 31, 2019 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, 2019**

	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
<b>Assets</b>								
Cash and cash equivalents	\$ 3,105,902	\$ 500,213	\$ 561,162	\$ 530,951	\$ 21,563	\$ 118,619	\$ 61,617	\$ 4,900,027
Investments	6,417,803	3,165,549	1,416,520	368,159	-	-	1,591,247	12,959,278
Accounts receivable, net	70,198	12,092	12,099	-	-	-	-	94,389
Federal income tax receivable	-	-	-	-	-	-	45,275	45,275
Deferred costs and prepaid expenses	160,581	1,943	30,392	-	-	-	-	192,916
Fixed assets, net	188,945	-	43,867	-	-	-	-	232,812
<b>Total assets</b>	<b>\$ 9,943,429</b>	<b>\$ 3,679,797</b>	<b>\$ 2,064,040</b>	<b>\$ 899,110</b>	<b>\$ 21,563</b>	<b>\$ 118,619</b>	<b>\$ 1,698,139</b>	<b>\$ 18,424,697</b>
<b>Liabilities and Net Assets</b>								
<b>Liabilities:</b>								
Accounts payable and other liabilities	\$ 722,480	\$ 45	\$ 248,407	\$ -	\$ -	\$ 6,430	\$ -	\$ 977,362
Due to local chapters	427,759	-	21,305	-	-	-	-	449,064
Deferred membership fees and course revenue	3,284,679	-	511,123	-	-	-	-	3,795,802
Deferred rent	142,130	-	-	-	-	-	-	142,130
Deferred tax liability	-	-	-	-	-	-	191,371	191,371
Intercompany (receivable) payable	14,559	8,299	11,679	(49,645)	(2,592)	13,296	4,404	-
Other deferred revenue	359,463	9,975	-	-	-	-	-	369,438
<b>Total liabilities</b>	<b>4,951,070</b>	<b>18,319</b>	<b>792,514</b>	<b>(49,645)</b>	<b>(2,592)</b>	<b>19,726</b>	<b>195,775</b>	<b>5,925,167</b>
<b>Net assets:</b>								
Without donor restrictions	4,992,359	3,581,028	1,271,526	948,755	24,155	98,893	1,502,364	12,419,080
With donor restrictions	-	80,450	-	-	-	-	-	80,450
<b>Total net assets</b>	<b>4,992,359</b>	<b>3,661,478</b>	<b>1,271,526</b>	<b>948,755</b>	<b>24,155</b>	<b>98,893</b>	<b>1,502,364</b>	<b>12,499,530</b>
<b>Total liabilities and net assets</b>	<b>\$ 9,943,429</b>	<b>\$ 3,679,797</b>	<b>\$ 2,064,040</b>	<b>\$ 899,110</b>	<b>\$ 21,563</b>	<b>\$ 118,619</b>	<b>\$ 1,698,139</b>	<b>\$ 18,424,697</b>

**Texas Society of Certified Public Accountants and Affiliates**  
**Combining Statement of Activities and Changes in Net Assets**  
**Year Ended May 31, 2019**

	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
<b>Net Assets Without Donor Restrictions:</b>								
<b>Revenues and other support</b>								
Membership dues	\$ 5,385,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,385,885
Continuing professional education	-	-	2,261,053	-	-	-	-	2,261,053
Peer review	1,147,161	-	-	-	-	-	-	1,147,161
Contributions	-	44,629	-	216,520	5,673	123,406	-	390,228
Net investment income	183,270	90,313	49,181	10,840	-	75	45,671	379,350
Management fee	240,216	-	-	-	-	-	-	240,216
Other income	183,007	32,474	-	-	-	-	-	215,481
Sponsorships	-	-	119,265	-	-	-	-	119,265
Insurance premium royalty	83,581	-	-	-	-	-	-	83,581
<b>Total revenues and other support</b>	<b>7,223,120</b>	<b>167,416</b>	<b>2,429,499</b>	<b>227,360</b>	<b>5,673</b>	<b>123,481</b>	<b>45,671</b>	<b>10,222,220</b>
<b>Expenses:</b>								
Member activities	2,441,826	-	-	-	500	140,781	-	2,583,107
Continuing education	60,780	-	2,502,427	-	-	-	25,000	2,588,207
Regulatory and legislative	832,911	-	-	199,876	-	-	-	1,032,787
Peer review	1,032,161	-	-	-	-	-	-	1,032,161
Accounting education	71,064	168,302	-	-	-	-	-	239,366
External relations	88,277	-	-	-	-	-	-	88,277
General and administrative	2,103,402	-	-	-	-	-	-	2,103,402
Insurance trust	32,061	-	-	-	-	-	3,729	35,790
<b>Total expenses</b>	<b>6,662,482</b>	<b>168,302</b>	<b>2,502,427</b>	<b>199,876</b>	<b>500</b>	<b>140,781</b>	<b>28,729</b>	<b>9,703,097</b>
<b>Increase (decrease) in net assets without donor restrictions before taxes</b>	<b>560,638</b>	<b>(886)</b>	<b>(72,928)</b>	<b>27,484</b>	<b>5,173</b>	<b>(17,300)</b>	<b>16,942</b>	<b>519,123</b>
Federal income tax expense	-	-	-	2,870	-	-	913	3,783
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>560,638</b>	<b>(886)</b>	<b>(72,928)</b>	<b>24,614</b>	<b>5,173</b>	<b>(17,300)</b>	<b>16,029</b>	<b>515,340</b>
<b>Net assets at beginning of year</b>	<b>4,431,721</b>	<b>3,662,364</b>	<b>1,344,454</b>	<b>924,141</b>	<b>18,982</b>	<b>116,193</b>	<b>1,486,335</b>	<b>11,984,190</b>
<b>Net assets at end of year</b>	<b>\$ 4,992,359</b>	<b>\$ 3,661,478</b>	<b>\$ 1,271,526</b>	<b>\$ 948,755</b>	<b>\$ 24,155</b>	<b>\$ 98,893</b>	<b>\$ 1,502,364</b>	<b>\$ 12,499,530</b>

**Texas Society of Certified Public Accountants and Affiliates**  
**Combining Statement of Cash Flows**  
**Year Ended May 31, 2019**

	Texas Society of Certified Public Accountants	Accounting Education Foundation of the Texas Society of Certified Public	Texas Society of Certified Public Accountants CPE Foundation, Inc.	Texas Society of Certified Public Accountants Political Action Committee	Texas Society of Certified Public Accountancy Museum of Texas	Texas Society of Certified Public Accountants Peer Assistance Foundation	Texas Society of Certified Public Accountants Insurance Trust	Total
<b>Cash flows from operating activities:</b>								
Increase (decrease) in net assets	\$ 560,638	\$ (886)	\$ (72,928)	\$ 24,614	\$ 5,173	\$ (17,300)	\$ 16,029	\$ 515,340
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities								
Depreciation	74,562	-	3,988	-	-	-	-	78,550
Deferred tax liability	-	-	-	-	-	-	(1,998)	(1,998)
Realized and unrealized (gains) losses on investments	(146,183)	(72,107)	208,794	(8,386)	-	-	(36,246)	(54,128)
Changes in assets and liabilities:								
Accounts receivable	(37,489)	9,623	25,394	-	-	-	-	(2,472)
Federal income tax receivable	-	-	-	-	-	-	10,410	10,410
Deferred costs and prepaid expenses	41,962	8,747	1,179	-	-	2,100	-	53,988
Accounts payable and other liabilities	167,840	45	(35,328)	-	-	1,724	-	134,281
Due to local chapters	(210,896)	-	15,030	(79,729)	-	-	-	(275,595)
Deferred membership fees and course revenue	509,579	-	9,121	-	-	-	-	518,700
Deferred rent	(25,427)	-	-	-	-	-	-	(25,427)
Other deferred revenue	95,257	9,975	-	-	-	-	-	105,232
Intercompany (receivable) payable	(35,046)	19,862	19,816	(18,620)	(636)	12,303	2,321	-
<b>Net cash provided (used) by operating activities</b>	<b>994,797</b>	<b>(24,741)</b>	<b>175,066</b>	<b>(82,121)</b>	<b>4,537</b>	<b>(1,173)</b>	<b>(9,484)</b>	<b>1,056,881</b>
<b>Cash flows from investing activities:</b>								
Purchases of investments	(308,209)	(152,022)	(68,027)	(17,681)	-	-	(76,418)	(622,357)
Proceeds from sales of investments	272,375	134,347	60,118	15,625	-	-	67,533	549,998
Purchases of fixed assets	(33,391)	-	(47,855)	-	-	-	-	(81,246)
<b>Net cash used by investing activities</b>	<b>(69,225)</b>	<b>(17,675)</b>	<b>(55,764)</b>	<b>(2,056)</b>	<b>-</b>	<b>-</b>	<b>(8,885)</b>	<b>(153,605)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>925,572</b>	<b>(42,416)</b>	<b>119,302</b>	<b>(84,177)</b>	<b>4,537</b>	<b>(1,173)</b>	<b>(18,369)</b>	<b>903,276</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,180,330</b>	<b>542,629</b>	<b>441,860</b>	<b>615,128</b>	<b>17,026</b>	<b>119,792</b>	<b>79,986</b>	<b>3,996,751</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,105,902</b>	<b>\$ 500,213</b>	<b>\$ 561,162</b>	<b>\$ 530,951</b>	<b>\$ 21,563</b>	<b>\$ 118,619</b>	<b>\$ 61,617</b>	<b>\$ 4,900,027</b>