

**NATIONAL ASSOCIATION OF
PERSONAL FINANCIAL ADVISORS**

FINANCIAL STATEMENTS

AUGUST 31, 2020



**NATIONAL ASSOCIATION OF
PERSONAL FINANCIAL ADVISORS**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2020 AND 2019

CONTENTS

	PAGE
Report of Independent Auditors	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Revenue and Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



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REPORT OF INDEPENDENT AUDITORS

Board of Directors
National Association of Personal Financial Advisors

We have audited the accompanying financial statements of the National Association of Personal Financial Advisors (the Association), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional revenue and expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the National Association of Personal Financial Advisors as of August 31, 2020 and 2019, 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.

CaliberCPAGroup, PLLC

Chicago, IL
February 5, 2021

**NATIONAL ASSOCIATION OF
PERSONAL FINANCIAL ADVISORS**

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 549,206	\$ 817,110
Accounts receivable	206,713	71,390
Prepaid expenses	140,874	63,998
Total current assets	896,793	952,498
NONCURRENT ASSETS		
Long-term investments	3,313,240	3,044,354
Property and equipment, net	195,505	279,846
Intangible assets, net	58	687
Deposits	9,783	9,783
Total noncurrent assets	3,518,586	3,334,670
Total assets	\$ 4,415,379	\$ 4,287,168
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 194,716	\$ 221,693
Deferred revenue		
Membership dues	825,729	761,936
Fall conference	462,437	616,043
Deferred lease incentives	7,414	5,314
Cash held for others	35,831	35,831
Total current liabilities	1,526,127	1,640,817
NONCURRENT LIABILITIES		
Loan payable	150,000	-
Deferred lease incentives, net of current portion	56,158	63,572
Total liabilities	1,732,285	1,704,389
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Board-designated	1,000,000	1,000,000
Undesignated	1,683,094	1,582,779
Total net assets	2,683,094	2,582,779
Total liabilities and net assets	\$ 4,415,379	\$ 4,287,168

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION OF
PERSONAL FINANCIAL ADVISORS**

STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
REVENUES		
Membership dues and fees	\$ 1,635,540	\$ 1,576,371
Exhibitors	544,507	882,377
Registration fees	429,660	723,686
Advertising and web link fees	14,119	85,636
Sponsorships	193,361	228,473
Webinars	62,894	25,677
Investment income	270,885	42,432
Other	36,788	15,773
	<u>3,187,754</u>	<u>3,580,425</u>
EXPENSES		
Program services		
Membership	303,892	503,270
Fall conference	561,257	519,334
Spring conference	174,784	582,631
Large firm forum	160,892	164,280
Government affairs	320,574	271,344
<i>Advisor</i> magazine	92,211	195,400
Marketing and promotion	328,770	345,463
Website and database	382,614	354,090
Education	134,890	142,852
Other	95,716	115,746
	<u>2,555,600</u>	<u>3,194,410</u>
Supporting services		
Management and general	531,839	549,734
	<u>3,087,439</u>	<u>3,744,144</u>
CHANGE IN NET ASSETS	100,315	(163,719)
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	2,582,779	2,746,498
End of year	<u>\$ 2,683,094</u>	<u>\$ 2,582,779</u>

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION OF
PERSONAL FINANCIAL ADVISORS**

STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES

YEAR ENDED AUGUST 31, 2020

	Program Services										Total Programs	Management and General	Total
	Membership	Fall	Conferences Spring	Large Firm Forum	Government Affairs	Advisor Magazine	Marketing and Promotion	Website and Database	Education	Other			
REVENUES													
Membership dues and fees	\$ 1,607,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,000	\$ 1,635,540	\$ -	\$ 1,635,540
Exhibitors	-	444,257	-	100,250	-	-	-	-	-	-	544,507	-	544,507
Registration fees	-	301,806	90,384	37,470	-	-	-	-	-	-	429,660	-	429,660
Advertising and web link fees	-	-	-	-	-	8,494	-	5,625	-	-	14,119	-	14,119
Sponsorships	-	74,740	29,531	-	-	-	47,950	-	15,000	26,140	193,361	-	193,361
Webinars	-	-	-	-	-	-	-	-	62,894	-	62,894	-	62,894
Net investment return	-	-	-	-	-	-	-	-	-	-	-	270,885	270,885
Royalties and other	-	-	-	-	-	-	13,400	11,359	-	-	24,759	12,029	36,788
Total revenues	1,607,540	820,803	119,915	137,720	-	8,494	61,350	16,984	77,894	54,140	2,904,840	282,914	3,187,754
EXPENSES													
Salaries	67,868	68,811	68,811	15,145	52,632	-	133,699	8,784	47,722	43,722	507,194	250,226	757,420
Payroll taxes and fringe benefits	39,678	6,394	20,496	6,903	9,188	-	19,247	3,838	20,405	8,599	134,748	43,288	178,036
ADV/Plan reviews	34,528	-	-	-	-	-	-	-	-	-	34,528	-	34,528
Advertising	-	-	-	-	-	8,000	25,291	-	-	-	33,291	-	33,291
Audio-visual	-	71,358	-	8,875	-	-	-	-	-	-	80,233	1,733	81,966
Computer support and services	-	-	-	-	-	-	-	29,609	-	-	29,609	31,353	60,962
Credit card charges	21,000	11,373	4,220	2,084	-	-	131	110	1,500	500	40,918	500	41,418
Depreciation and amortization	-	-	-	-	-	-	-	81,572	-	-	81,572	3,398	84,970
Exhibit hall expenses	-	35,052	136	3,171	-	-	-	-	-	-	38,359	-	38,359
Fees/honoraria/tips	1,500	68,829	3,473	29,150	-	-	-	-	-	7,213	110,165	5,265	115,430
Insurance	-	3,430	-	-	-	-	-	-	-	-	3,430	9,988	13,418
Membership allotment	62,876	-	-	-	-	-	-	-	-	-	62,876	-	62,876
Miscellaneous	4,480	3,722	640	-	-	-	-	-	6,637	11,223	26,702	13,823	40,525
Office supplies and expenses	-	1,165	-	-	-	-	-	-	-	-	1,165	8,346	9,511
Postage and delivery	277	449	134	47	-	-	80	-	-	166	1,153	2,711	3,864
Printing and copying	-	609	-	261	-	-	-	-	-	-	870	880	1,750
Professional fees	2,150	2,300	3,008	829	248,821	84,211	116,069	91,125	20,915	1,800	571,228	181,176	752,404
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-	143,706	143,706
Sales incentives	-	30,201	32,750	3,000	-	-	-	-	-	-	65,951	-	65,951
Software and related services	-	-	5,855	-	-	-	-	146,517	-	-	152,372	8,189	160,561
Subscriptions and publications	-	-	-	-	-	-	5,993	12,196	-	-	18,189	630	18,819
Telephone	997	-	-	-	-	-	-	87	1,202	436	2,722	13,462	16,184
Travel, meals and lodging	4,024	223,904	1,601	83,012	5,726	-	5,820	3,166	44	16,447	343,744	27,746	371,490
Allocation of common costs	64,514	33,660	33,660	8,415	4,207	-	22,440	5,610	36,465	5,610	214,581	(214,581)	-
Total expenses	303,892	561,257	174,784	160,892	320,574	92,211	328,770	382,614	134,890	95,716	2,555,600	531,839	3,087,439
Excess (deficiency)	\$ 1,303,648	\$ 259,546	\$ (54,869)	\$ (23,172)	\$ (320,574)	\$ (83,717)	\$ (267,420)	\$ (365,630)	\$ (56,996)	\$ (41,576)	\$ 349,240	\$ (248,925)	\$ 100,315

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS

STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES

YEAR ENDED AUGUST 31, 2019

	Program Services												Total
	Membership	Conferences			Government Affairs	Advisor Magazine	Marketing and Promotion	Website and Database	Education	Other	Total Programs	Management and General	
		Fall	Spring	Large Firm Forum									
REVENUE													
Membership dues and fees	\$ 1,537,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,000	\$ 1,576,371	\$ -	\$ 1,576,371
Exhibitors	-	434,823	380,825	66,729	-	-	-	-	-	-	882,377	-	882,377
Registration fees	-	354,960	335,256	33,470	-	-	-	-	-	-	723,686	-	723,686
Advertising and web link fees	-	-	-	-	-	77,814	-	7,822	-	-	85,636	-	85,636
Sponsorships	-	68,250	83,145	16,050	-	-	36,200	-	-	24,828	228,473	-	228,473
Webinars	-	-	-	-	-	-	-	-	25,677	-	25,677	-	25,677
Net investment return	-	-	-	-	-	-	-	-	-	-	-	42,432	42,432
Royalties and other	-	-	-	-	-	2,250	983	10,274	-	-	13,507	2,266	15,773
Total revenue	1,537,371	858,033	799,226	116,249	-	80,064	37,183	18,096	25,677	63,828	3,535,727	44,698	3,580,425
EXPENSES													
Salaries	140,809	72,089	72,088	23,847	31,500	-	71,221	13,849	70,885	30,237	526,525	199,895	726,420
Payroll taxes and fringe benefits	36,468	18,126	16,943	5,388	8,158	-	14,920	2,403	17,839	7,831	128,076	43,961	172,037
ADV/Plan reviews	32,627	-	-	-	-	-	-	-	-	-	32,627	-	32,627
Advertising	-	-	-	-	-	-	48,768	2,530	-	-	51,298	-	51,298
Audio-visual	-	72,530	62,117	12,430	-	-	-	-	-	-	147,077	950	148,027
Computer support and services	-	-	-	-	-	-	-	40,958	-	-	40,958	47,577	88,535
Credit card charges	26,358	9,140	16,277	924	-	606	23	130	558	1,100	55,116	302	55,418
Depreciation and amortization	-	-	-	-	-	-	-	174,351	-	-	174,351	4,274	178,625
Exhibit hall expenses	-	30,420	29,370	5,695	-	-	-	-	-	-	65,485	-	65,485
Fees/honoraria/tips	-	74,700	84,309	48,195	-	-	1,372	99	-	13,063	221,738	5,011	226,749
Insurance	-	1,800	1,725	559	-	-	-	-	-	-	4,084	3,667	7,751
Membership allotment	159,684	-	-	-	-	-	-	-	-	-	159,684	-	159,684
Miscellaneous	10,917	1,395	1,600	-	-	-	-	-	4,530	6,993	25,435	48,006	73,441
Office supplies and expenses	12,019	-	3	162	-	-	-	-	-	51	12,235	4,787	17,022
Postage and delivery	778	1,007	1,542	169	-	2,148	486	-	-	86	6,216	2,275	8,491
Printing and copying	712	209	2,182	2,728	-	22,219	541	-	-	-	28,591	734	29,325
Professional fees	26,918	2,648	3,903	975	221,876	146,718	131,759	26,168	19,483	20,909	601,357	121,071	722,428
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-	142,038	142,038
Sales incentives	-	5,000	-	-	-	20,992	53,305	-	-	-	79,297	-	79,297
Software and related services	-	4,328	8,553	-	-	299	-	88,021	-	-	101,201	4,745	105,946
Subscriptions and publications	-	53	-	-	-	-	4,816	1,038	-	-	5,907	956	6,863
Telephone	3,331	2,837	-	-	-	-	2	866	5,656	1,184	13,876	1,399	15,275
Travel, meals and lodging	10,362	200,110	260,836	57,693	7,052	2,418	3,541	-	-	30,615	572,627	58,735	631,362
Allocation of common costs	42,287	22,942	21,183	5,515	2,758	-	14,709	3,677	23,901	3,677	140,649	(140,649)	-
Total expenses	503,270	519,334	582,631	164,280	271,344	195,400	345,463	354,090	142,852	115,746	3,194,410	549,734	3,744,144
Excess (deficiency)	\$ 1,034,101	\$ 338,699	\$ 216,595	\$ (48,031)	\$ (271,344)	\$ (115,336)	\$ (308,280)	\$ (335,994)	\$ (117,175)	\$ (51,918)	\$ 341,317	\$ (505,036)	\$ (163,719)

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION OF
PERSONAL FINANCIAL ADVISORS**

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 100,315	\$ (163,719)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	84,970	178,625
Net (gains) losses on investments	(161,774)	61,049
Changes in assets and liabilities		
Accounts receivable	(135,323)	(10,830)
Prepaid expenses	(76,876)	8,284
Accounts payable and accrued expenses	(26,977)	64,290
Deferred revenue	(89,813)	56,553
Deferred lease incentives	(5,314)	(3,214)
Cash held for others	-	(383)
	(310,792)	190,655
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(462,878)	(807,973)
Proceeds from sales of investments	355,766	701,926
Purchases of property and equipment	-	(13,745)
	(107,112)	(119,792)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	150,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(267,904)	70,863
CASH AND CASH EQUIVALENTS		
Beginning of year	817,110	746,247
End of year	\$ 549,206	\$ 817,110

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION OF
PERSONAL FINANCIAL ADVISORS**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2020 AND 2019

NOTE 1. THE ORGANIZATION

The National Association of Personal Financial Advisors, Inc. (the Association), an Indiana Not-For-Profit Corporation (NAPFA) was founded in 1983. The Association advances the public interest in the financial planning profession and supports its members consistent with its core values. The Association provides conferences and seminars to enhance the skill of its members. It provides media information for members and consumers and interacts with other professional groups, regulators and legislators.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The Association recognizes all income and expense on the accrual basis of accounting. Revenues are recognized when earned and expenses are reported as incurred. This method creates deferred revenue and prepaid expenses, which are revenue and expenses collected or paid in the current year for programs or costs recognized in the subsequent year.

Financial Statement Presentation - The financial statement presentation follows U.S. generally accepted accounting principles for not-for-profit organizations whereby the Association is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Association. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Association is limited by donor-imposed time or purpose restrictions that may be either temporary or perpetual. As of August 31, 2020 and 2019, the Association had no net assets with donor restrictions.

Cash Equivalents - Cash equivalents include amounts held in money market accounts and short-term highly-liquid investments that are readily convertible to known amounts of cash, and so near their maturity that the risk of change in value is negligible.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable - Accounts receivable are stated at the amounts billed or advanced, net of an allowance for doubtful accounts. The Association does not charge interest or late fees on amounts past due. Management's periodic evaluation of the collectability of accounts receivable is based on past experience, known and inherent risks in the accounts, adverse situations that may affect ability to repay, and current economic conditions. The delinquency of accounts is based upon past due status in accordance with payment terms. Accounts are written off upon management's determination that the receivable is uncollectible. Management has not established a reserve for uncollectible accounts receivable because management believes all amounts receivable are collectible.

Investments - Investments are carried at fair value which generally represents quoted market price as of the last business day of the year. Purchases and sales of securities are recorded on a trade-date-basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes gains and losses on investments bought and sold as well as held during the year. Net investment return is reported net of related external and direct internal investment expenses.

Fair Value Measurements - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date. Valuations of specific assets and liabilities are classified based on a three-level hierarchy based on the reliability of observable and unobservable inputs as follows:

Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

Level 3 - Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

Fair value measurements are based on the lowest level of any input that is significant to the fair value measurement. Investments in exchange traded and mutual funds are valued using quoted prices in active markets for identical assets and are categorized in Level 1 of the fair value hierarchy. There have been no changes in the methodologies used at August 31, 2020 and 2019.

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed. Depreciation is computed over the estimated useful lives of the related assets by the straight-line method - furniture, seven to eight years; computer equipment and software, three to six years. Leasehold improvements are amortized over the remaining lease period.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Income - Membership dues, subscriptions, and other receipts collected in advance are reflected as a deferred income liability in the accompanying statements of financial position. Such deferred income is substantially recognizable within one year.

Functional Allocation of Expenses - The costs of providing the various programs and other activities of the Association have been summarized on a functional basis in the statements of activities and functional revenue and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringe benefits are allocated based on employee time and effort. Common costs such as occupancy, depreciation and the like are also allocated pro-rata based on employee time and effort.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Certain significant estimates used in the preparation of these financial statements include the fair value of investments, establishing no reserve is needed for accounts receivable, and determining the useful lives of property and equipment. These estimates are based on quoted prices for the fair value of investments and past experience with regard to accounts receivable, property and equipment.

New Accounting Pronouncement Adopted - During the year ended August 31, 2020, the Association adopted the provisions of Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides a framework for determining whether a particular transaction is an exchange or a contribution, including how to evaluate whether a resource provider receives commensurate value in an exchange transaction, and guidance to assist entities in determining whether a contribution is either conditional or unconditional. The adoption of ASU 2018-08 did not have a material impact on these financial statements.

Reclassifications - Certain reclassifications have been made to prior year amounts to conform to the presentation for the current year.

NOTE 3. CONCENTRATIONS

The Association maintains all of its cash balances with two financial institutions. Amounts on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of August 31, 2020, the Association had cash balances of approximately \$149,000 in excess of amounts insured by the FDIC.

NOTE 4. TAX STATUS

The Internal Revenue Service has advised that the Association qualifies under Section 501(c)(6) of the Internal Revenue Code and is, therefore, not generally subject to tax. The Association engages in activities that are considered unrelated to the exempt function of the Association. These unrelated activities are net earnings from advertising in various publications and on the Association's website. Unrelated business income taxes on these unrelated business activities were not significant for the years ended August 31, 2020 and 2019. The Association's 2017, 2018, and 2019 annual Federal and state information and unrelated business income tax returns are open to examination for the statutory period.

NOTE 5. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table represents the Association's financial assets available to meet cash needs for general expenditures within one year of August 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Total financial assets at year-end		
Cash and cash equivalents	\$ 549,206	\$ 817,110
Accounts receivable	206,713	71,390
Long-term investments	<u>3,313,240</u>	<u>3,044,354</u>
	4,069,159	3,932,854
Less amounts unavailable for general expenditures coming due within one year		
Cash held for others	(35,831)	(35,831)
Amounts designated by Board to be held in reserve	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Financial assets at year-end available for general expenditures coming due within one year	<u>\$ 3,033,328</u>	<u>\$ 2,897,023</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal. The Association's Board has also designated \$1,000,000 to be held in reserve to provide funding in the event of a significant liquidity shortfall. In the event of unanticipated liquidity needs, the Association's Board could make available all or a portion of the amount currently designated as a reserve.

NOTE 6. INVESTMENTS

Investments and their fair value hierarchy classification are comprised of the following at August 31, 2020 and 2019:

	August 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash and money market funds	\$ 256,207	\$ 256,207	\$ -	\$ -
Exchange traded funds	260,235	260,235	-	-
Mutual funds - debt	1,321,606	1,321,606	-	-
Mutual funds - equity	<u>1,475,192</u>	<u>1,475,192</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,313,240</u>	<u>\$ 3,313,240</u>	<u>\$ -</u>	<u>\$ -</u>
	August 31, 2019			
	Total	Level 1	Level 2	Level 3
Cash and money market funds	\$ 35,895	\$ 35,895	\$ -	\$ -
Exchange traded funds	295,024	295,024	-	-
Mutual funds - debt	1,313,179	1,313,179	-	-
Mutual funds - equity	<u>1,400,256</u>	<u>1,400,256</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,044,354</u>	<u>\$ 3,044,354</u>	<u>\$ -</u>	<u>\$ -</u>

Net investment return for the years ended August 31, 2020 and 2019 consists of the following:

	2020	2019
Interest and dividends	\$ 124,746	\$ 122,928
Realized gains (losses)	101,123	30,656
Unrealized gains (losses)	60,651	(91,705)
Investment fees	<u>(15,635)</u>	<u>(19,447)</u>
	<u>\$ 270,885</u>	<u>\$ 42,432</u>

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 13,992	\$ 13,992
Computer equipment	74,238	74,238
Software	583,656	583,656
Website and database	<u>353,330</u>	<u>353,330</u>
	1,025,216	1,025,216
Less: accumulated depreciation and amortization	<u>(829,711)</u>	<u>(745,370)</u>
Net property and equipment	<u>\$ 195,505</u>	<u>\$ 279,846</u>

NOTE 8. LOAN PAYABLE

On June 15, 2020, the Association received an Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Administration in the amount of \$150,000. Principal accrues at the annual rate of 2.75%, with monthly payments of \$641 beginning June 15, 2021 and continuing monthly thereafter until paid in full. Payments are due by fiscal year as follows:

Year Ending August 31,	
2021	\$ 1,923
2022	7,692
2023	7,692
2024	7,692
2025	7,692
Thereafter	<u>182,499</u>
	215,190
Less amounts representing interest	<u>(65,190)</u>
	<u>\$ 150,000</u>

NOTE 9. AFFILIATE ORGANIZATIONS

The Association and its affiliated Regions (separate legal entities) entered into an Affiliation Agreement in September 2006 to define their respective obligations to each other. The Association provides for a Member Allotment to cover certain non-administrative expenditures as provided in the Agreement. The Regions are required to return any unused allotment to the Association. For the years ended August 31, 2020 and 2019, the total Member Allotment was \$62,876 and \$159,684, respectively.

NOTE 10. RETIREMENT PLAN

The Association has a defined contribution profit sharing plan that covers substantially all full-time employees who meet certain age and service requirements. Contributions to the plan for the years ended August 31, 2020 and 2019 were \$30,524 and \$33,247, respectively.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments - The Association has a lease agreement for the rental of office and storage space that expires December 31, 2025. The Association was entitled to abatement of rent for the first 12 calendar months of the lease, and the total amount due under the agreement is recognized on a straight-line basis in the financial statements. Accordingly, a liability is reported for the difference between straight-line rent expense and actual cash payments made under agreement. The Association is also responsible for its pro-rata share of property taxes and operating expenses of the property. As of August 31, 2020, the minimum remaining payments are due as follows:

Year Ending August 31,	
2021	\$ 78,050
2022	80,150
2023	82,250
2024	84,350
2025	86,450
Thereafter	<u>29,050</u>
Total operating lease commitments	<u>\$ 440,300</u>

NOTE 12. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Association's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Association's members, event sponsors, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Association's financial position, changes in net assets, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 13. SUBSEQUENT EVENTS

All subsequent events have been evaluated through February 5, 2021, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.