NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2025

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Association of Personal Financial Advisors, Inc.

Opinion

We have audited the accompanying financial statements of the National Association of Personal Financial Advisors, Inc. (the Association), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities, functional revenues and expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, Inc. as of August 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 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 Association'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

Caliber CPA Group, PLLC

Chicago, IL
June 30, 2026

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2025 AND 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 331,873	$ 353,430
Accounts receivable	397,766	324,104
Prepaid expenses	206,650	82,112
Total current assets	936,289	759,646
Noncurrent assets		
Long-term investments	3,459,390	3,861,684
Operating right-of-use asset	23,332	91,324
Property and equipment, net	1,817	3,140
Deposits	9,783	9,783
Total noncurrent assets	3,494,322	3,965,931
Total assets	$ 4,430,611	$ 4,725,577
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 97,113	$ 198,413
Deferred revenue		
Membership dues	840,893	811,420
Fall conference	604,418	382,604
Operating lease liability	28,837	83,805
Total current liabilities	1,571,261	1,476,242
Noncurrent liabilities		
Operating lease liability, net of current portion	-	28,837
Total liabilities	1,571,261	1,505,079
Net assets without donor restrictions		
Board-designated	1,000,000	1,000,000
Undesignated	1,859,350	2,220,498
Total net assets	2,859,350	3,220,498
Total liabilities and net assets	$ 4,430,611	$ 4,725,577

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
Operating revenues		
Membership dues and fees	$ 1,795,340	$ 1,681,786
Exhibitors	560,515	1,065,100
Registration fees	497,753	654,709
Advertising and web link fees	2,875	5,000
Sponsorships	291,181	204,135
Webinars	33,158	51,862
Royalties and other	43,469	82,875
Total operating revenues	3,224,291	3,745,467
Expenses		
Program services		
Membership	529,580	455,000
Fall conference	596,501	664,016
Spring conference	549,836	623,485
Large firm forum	191,503	181,735
Government affairs	318,173	340,704
Advisor magazine	40,578	79,044
Marketing and promotion	286,801	286,387
Website and database	173,758	145,922
Education	244,789	164,309
Other	88,065	100,186
	3,019,584	3,040,788
Supporting services		
Management and general	865,771	710,121
Total expenses	3,885,355	3,750,909
(Deficiency) of operating revenues over expenses	(661,064)	(5,442)
Net investment return	299,916	523,504
Change in net assets	(361,148)	518,062
Net assets without donor restrictions		
Beginning of year	3,220,498	2,702,436
End of year	$ 2,859,350	$ 3,220,498

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES

YEAR ENDED AUGUST 31, 2025

	Program Services												
		Conferences											
	Membership	Fall	Spring	Large Firm Forum	Government Affairs	*Advisor* Magazine	Marketing and Promotion	Website and Database	Education	Other	Total Programs	Management and General	Total
Operating revenues													
Membership dues and fees	$ 1,618,142	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 22,000	$ 1,640,142	$ 155,198	$ 1,795,340
Exhibitors	-	188,036	372,479	-	-	-	-	-	-	-	560,515	-	560,515
Registration fees	-	238,302	188,201	47,520	-	-	-	-	-	-	474,023	23,730	497,753
Web link fees	-	-	-	-	-	-	-	2,875	-	-	2,875	-	2,875
Sponsorships	-	-	16,150	136,870	-	-	49,975	-	34,950	30,206	268,151	23,030	291,181
Webinars	-	-	-	-	-	-	-	-	33,158	-	33,158	-	33,158
Royalties and other	-	-	-	-	-	-	22,475	7,828	-	-	30,303	13,166	43,469
Total operating revenues	1,618,142	426,338	576,830	184,390	-	-	72,450	10,703	68,108	52,206	3,009,167	215,124	3,224,291
Expenses													
Salaries	199,047	51,743	51,743	13,651	24,000	-	156,133	23,743	117,317	37,625	675,002	226,953	901,955
Payroll taxes and fringe benefits	40,467	10,520	10,520	2,775	4,880	-	31,278	4,826	23,852	7,649	136,767	46,140	182,907
ADV/Plan reviews	31,367	-	-	-	-	-	-	-	-	-	31,367	-	31,367
Advertising	-	-	-	-	-	-	630	-	-	-	630	-	630
Audio-visual	-	113,203	116,381	11,000	-	-	-	-	-	1,221	241,805	33,639	275,444
Computer support and services	-	-	-	-	-	-	-	-	-	-	-	22,504	22,504
Credit card charges	45,161	18,171	13,837	2,350	-	-	-	1,204	2,182	1,405	84,310	7,500	91,810
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	1,323	1,323
Exhibit hall expenses	-	10,356	11,305	-	-	-	-	-	-	-	21,661	-	21,661
Fees/honoraria/tips	-	46,473	18,142	42,500	-	-	-	-	-	12,775	119,890	50,269	170,159
Insurance	-	-	-	-	-	-	-	-	-	-	-	14,918	14,918
Membership allotment	155,199	-	-	-	-	-	-	-	-	-	155,199	-	155,199
Miscellaneous	-	2,444	7,698	255	-	-	-	-	11,443	11,909	33,749	39,280	73,029
Office supplies and expenses	-	568	2,652	-	-	-	-	-	-	-	3,220	483	3,703
Postage and delivery	73	343	2,879	25	-	-	-	-	-	44	3,364	1,676	5,040
Printing and copying	-	415	-	-	-	-	-	-	-	-	415	84	499
Professional fees	-	15,609	18,044	-	285,546	40,578	71,562	7,584	9,960	-	448,883	228,397	677,280
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-	160,703	160,703
Sales incentives	-	48,350	34,400	3,878	-	-	1,715	-	2,560	-	90,903	1,053	91,956
Software and related services	-	-	3,900	-	-	-	-	129,602	45,000	-	178,502	48,916	227,418
Subscriptions and publications	-	-	-	-	-	-	5,499	1,803	-	-	7,302	314	7,616
Telephone	-	-	-	-	-	-	-	-	-	-	-	17,516	17,516
Travel, meals, and lodging	811	245,831	225,860	115,069	-	-	-	-	-	10,441	598,012	152,706	750,718
Allocation of common costs	57,455	32,475	32,475	-	3,747	-	19,984	4,996	32,475	4,996	188,603	(188,603)	-
Total expenses	529,580	596,501	549,836	191,503	318,173	40,578	286,801	173,758	244,789	88,065	3,019,584	865,771	3,885,355
Excess (deficiency)	$ 1,088,562	$ (170,163)	$ 26,994	$ (7,113)	$ (318,173)	$ (40,578)	$ (214,351)	$ (163,055)	$ (176,681)	$ (35,859)	$ (10,417)	$ (650,647)	$ (661,064)

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES

YEAR ENDED AUGUST 31, 2024

	Program Services												
		Conferences											
	Membership	Fall	Spring	Large Firm Forum	Government Affairs	*Advisor* Magazine	Marketing and Promotion	Website and Database	Education	Other	Total Programs	Management and General	Total
Operating revenues													
Membership dues and fees	$ 1,565,905	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,000	$ 1,577,905	$ 103,881	$ 1,681,786
Exhibitors	-	547,953	369,397	147,750	-	-	-	-	-	-	1,065,100	-	1,065,100
Registration fees	-	337,452	222,293	59,790	-	-	-	-	-	-	619,535	35,174	654,709
Web link fees	-	-	-	-	-	-	-	5,000	-	-	5,000	-	5,000
Sponsorships	-	83,700	4,350	-	-	-	45,000	-	15,000	30,176	178,226	25,909	204,135
Webinars	-	-	-	-	-	-	-	-	51,862	-	51,862	-	51,862
Royalties and other	-	-	-	-	-	2,666	19,700	26,187	1,275	21,049	70,877	11,998	82,875
Total operating revenues	1,565,905	969,105	596,040	207,540	-	2,666	64,700	31,187	68,137	63,225	3,568,505	176,962	3,745,467
Expenses													
Salaries	177,618	102,158	102,158	12,916	41,400	-	138,411	17,172	66,077	39,806	697,716	129,233	826,949
Payroll taxes and fringe benefits	38,579	22,189	22,189	2,805	8,992	-	30,063	3,730	14,352	8,646	151,545	17,329	168,874
ADV/Plan reviews	22,620	-	-	-	-	-	-	-	-	-	22,620	-	22,620
Advertising	-	-	-	-	-	-	1,512	-	-	-	1,512	-	1,512
Audio-visual	-	82,348	100,391	10,762	-	-	-	-	-	224	193,725	13,991	207,716
Computer support and services	-	-	-	-	-	-	-	5,449	-	-	5,449	21,561	27,010
Credit card charges	46,138	13,471	13,484	2,401	-	-	-	1,189	2,229	1,435	80,347	3,344	83,691
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	2,052	2,052
Exhibit hall expenses	-	32,521	13,646	5,055	-	-	-	-	-	-	51,222	-	51,222
Fees/honoraria/tips	-	38,695	61,939	32,500	-	-	-	-	-	4,418	137,552	59,140	196,692
Insurance	-	4,500	4,500	469	-	-	-	-	-	-	9,469	14,795	24,264
Membership allotment	103,881	-	-	-	-	-	-	-	-	-	103,881	-	103,881
Miscellaneous	6,364	43,701	7,835	-	-	-	-	-	6,467	12,509	76,876	20,222	97,098
Office supplies and expenses	-	180	283	-	-	-	-	-	-	-	463	2,861	3,324
Postage and delivery	19	624	483	201	-	-	-	-	-	-	1,327	2,285	3,612
Printing and copying	-	498	-	563	-	-	-	-	-	-	1,061	1,286	2,347
Professional fees	-	17,225	12,401	-	286,625	79,044	90,404	-	24,482	6,927	517,108	197,562	714,670
Rent and utilities	-	-	-	-	-	-	-	-	-	-	-	167,985	167,985
Sales incentives	-	49,800	19,600	9,611	-	-	824	-	750	-	80,585	-	80,585
Software and related services	-	12,150	4,350	-	-	-	-	111,179	18,000	-	145,679	44,928	190,607
Subscriptions and publications	-	-	-	-	-	-	5,511	2,287	-	-	7,798	654	8,452
Telephone	-	37	3,608	-	-	-	-	-	-	-	3,645	17,563	21,208
Travel, meals, and lodging	3,251	211,968	224,667	104,452	-	-	-	-	-	21,305	565,643	178,895	744,538
Allocation of common costs	56,530	31,951	31,951	-	3,687	-	19,662	4,916	31,952	4,916	185,565	(185,565)	-
Total expenses	455,000	664,016	623,485	181,735	340,704	79,044	286,387	145,922	164,309	100,186	3,040,788	710,121	3,750,909
Excess (deficiency)	$ 1,110,905	$ 305,089	$ (27,445)	$ 25,805	$ (340,704)	$ (76,378)	$ (221,687)	$ (114,735)	$ (96,172)	$ (36,961)	$ 527,717	$ (533,159)	$ (5,442)

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ (361,148)	$ 518,062
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	1,323	2,052
Net appreciation on investments	(161,985)	(428,381)
Changes in assets and liabilities		
Accounts receivable	(73,662)	(98,504)
Prepaid expenses	(124,538)	45,885
Accounts payable and accrued expenses	(101,300)	61,896
Deferred revenue	251,287	(235,322)
Operating lease right-of-use asset	67,992	65,122
Operating lease liability	(83,805)	(78,835)
Net cash used for operating activities	(585,836)	(148,025)
Cash flows from investing activities		
Purchases of investments	(892,727)	(195,824)
Proceeds from sales of investments	1,457,006	103,529
Net cash provided by (used for) investing activities	564,279	(92,295)
Net change in cash and cash equivalents	(21,557)	(240,320)
Cash and cash equivalents		
Beginning of year	353,430	593,750
End of year	$ 331,873	$ 353,430

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2025 AND 2024

NOTE 1. THE ORGANIZATION

The National Association of Personal Financial Advisors, Inc. (the Association or NAPFA), an Indiana Not-For-Profit Corporation, 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 recognized 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, 2025 and 2024, the Association had no net assets with donor restrictions.

Cash and 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, except for such amounts held as part of the Association's long-term investment portfolio.

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 fully 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 recognized on a trade-date basis. Interest income is recognized on the accrual basis. Dividends are recognized on the ex-dividend date. Net appreciation in fair value of investments includes realized gains and losses on investments bought and sold during the year as well as unrealized gains and losses on investments held at year-end. Net investment return is reported net of related external and direct internal investment expenses.

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.

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

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to members and customers, in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Dues - Membership dues entitle members to a bundle of goods and services that are considered a single performance obligation and the related revenue is recognized ratably over the membership period. Membership dues payments are required in advance and amounts not yet recognized as revenue are deferred to the applicable membership period.

Royalties - The Association has licensed publication of the *Advisor Magazine* and use of the Association's name, logo, and certain other intangible assets to third parties wishing to market products and services to the Association's members and customers, in exchange for a royalty payment. Royalty revenue is generally based on underlying sales made by the licensee, calculated on a quarterly basis, and remitted to the Association within 90 days following the close of each calendar quarter.

Revenue from Other Exchange Transactions - Revenue from event registrations, exhibitor fees, and similar amounts are recognized when the event takes place.

Sponsorships - Sponsorship revenue is comprised of an exchange element based on the fair value of benefits provided to sponsors, and a contribution element for the difference. All revenue related to event sponsorships is recognized when the event takes place, as sponsors have a right of return of their sponsorship payment if the event is not held.

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 of functional revenues 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 and property and equipment.

NOTE 3. TAX STATUS

The Internal Revenue Service has advised that the Association qualifies for income tax exemption under Section 501(c)(6) of the Internal Revenue Code and is, therefore, not generally subject to tax.

NOTE 3. TAX STATUS (CONTINUED)

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, 2025 and 2024. The Association's 2022, 2023, and 2024 annual federal and state information and unrelated business income tax returns are open to examination for the statutory period.

NOTE 4. 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, 2025, the Association had cash balances of approximately $8,000 in excess of amounts insured by the FDIC.

NOTE 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following table represents the Association's financial assets available to meet cash needs for general expenditures within one year of August 31, 2025 and 2024.

	2025	2024
Total financial assets at year-end		
Cash and cash equivalents	$ 331,873	$ 353,430
Accounts receivable	397,766	324,104
Long-term investments	3,459,390	3,861,684
	4,189,029	4,539,218
Less: amounts unavailable for general expenditures coming due within one year		
Amounts designated by the Board to be held in reserve	(1,000,000)	(1,000,000)
Financial assets at year-end available for general expenditures coming due within one year	$ 3,189,029	$ 3,539,218

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 of Directors (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 AND FAIR VALUE MEASUREMENTS

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at August 31, 2025 and 2024.

Cash and money market funds are valued using cost which approximates fair value. Fair value for the exchange traded funds and mutual funds is determined by reference to quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis at August 31, 2025 are as follows:

	Total Fair Value at 12/31/2025	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	$ 16,752	$ 16,752	$ -	$ -
Exchange traded funds	1,729,705	1,729,705	-	-
Mutual funds - debt	747,571	747,571	-	-
Mutual funds - equity	965,362	965,362	-	-
	$ 3,459,390	$ 3,459,390	$ -	$ -

Fair values of assets measured on a recurring basis at August 31, 2024 are as follows:

	Total Fair Value at 12/31/2024	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	$ 35,075	$ 35,075	$ -	$ -
Exchange traded funds	1,308,226	1,308,226	-	-
Mutual funds - debt	1,310,576	1,310,576	-	-
Mutual funds - equity	1,207,807	1,207,807	-	-
	$ 3,861,684	$ 3,861,684	$ -	$ -

Net investment return (loss) for the years ended August 31, 2025 and 2024 consists of the following:

	2025	2024
Interest and dividends	$ 155,616	$ 115,895
Realized gains	233,140	103,549
Unrealized gains (losses)	(71,155)	324,832
Investment fees	(17,685)	(20,772)
	$ 299,916	$ 523,504

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2025 and 2024 consists of:

	2025	2024
Furniture	$ 13,992	$ 13,992
Computer equipment	79,643	79,643
Software	583,656	583,656
Website and database	353,329	353,329
	1,030,620	1,030,620
Less: accumulated depreciation and amortization	(1,028,803)	(1,027,480)
Net property and equipment	$ 1,817	$ 3,140

NOTE 8. CONTRACT BALANCES

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that the Association will collect substantially all of the consideration to which it is entitled in exchange for the goods or services that will be or have been transferred. Contract liabilities consist entirely of deferred revenue that results when the Association receives advance payments from members and customers before revenue is recognized.

Balances in these accounts as of the beginning and end of the years ended August 31, 2025 and 2024 are as follows:

	August 31, 2025	August 31, 2024	August 31, 2023
Trade accounts receivable			
Membership dues	$ 159,601	$ 195,372	$ 129,705
Events	110,187	116,681	81,377
Other	16,243	12,051	14,518
	$ 286,031	$ 324,104	$ 225,600
Deferred revenue			
Membership dues	$ 840,893	$ 811,420	$ 729,109
Events	604,418	382,604	700,237
	$ 1,445,311	$ 1,194,024	$ 1,429,346

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, 2025 and 2024, the total Member Allotment was $155,199 and $103,881, 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, 2025 and 2024 were $22,630 and $24,982, 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. The Association is also responsible for its pro-rata share of property taxes and operating expenses of the property.

The Association recognized a right-of-use asset and a related lease liability equal to the net present value of the expected future minimum base rent payments, discounted at 3.54%. The discount rate is based on the risk-free discount at September 1, 2022.

The amount of the right-of-use asset and the lease liability recognized as of the lease commencement date was approximately $218,867 and $265,512, respectively, consisting of the new present value of the future base monthly rent payments.

Rent expense for both the years ended August 31, 2025 and 2024 totaled $70,637.

NOTE 12. SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through June 30, 2026, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.