



***MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
(A MINNESOTA NOT-FOR-PROFIT
ORGANIZATION)***

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Society of Certified Public Accountants
Bloomington, Minnesota

We have audited the accompanying consolidated financial statements of Minnesota Society of Certified Public Accountants (a Minnesota nonprofit Organization), which comprise the consolidated statements of financial position as of March 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Society of Certified Public Accountants as of March 31, 2021 and 2020, 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.



Boyum & Barenscheer, PLLP
Minneapolis, Minnesota
June 24, 2021

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31,	2021	2020
ASSETS		
Cash and cash equivalents	\$ 3,296,917	\$ 858,359
Investments - operating reserve	1,393,571	1,931,463
Investments - intermediate reserve	1,766,537	1,006,780
Investments - long-term reserve	1,635,900	1,133,935
Accounts receivable and contributions receivable, net	81,849	36,729
Prepaid expenses	84,574	198,742
Property and equipment, net	551,430	702,034
<i>Total assets</i>	\$ 8,810,778	\$ 5,868,042
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 85,178	\$ 95,320
Accrued compensation and related taxes	305,354	331,039
Accrued pension contribution	124,923	144,215
Deferred rent	45,636	84,856
Deferred revenues		
Membership dues	1,638,263	250,424
Future activities	106,054	130,753
Paycheck Protection Program loan payable	479,172	-
<i>Total liabilities</i>	2,784,580	1,036,607
NET ASSETS		
Without donor restrictions		
Board designated - long-term reserve	1,635,900	1,133,935
Undesignated	4,368,077	3,669,171
<i>Total without donor restrictions</i>	6,003,977	4,803,106
With donor restrictions	22,221	28,329
<i>Total net assets</i>	6,026,198	4,831,435
<i>Total liabilities and net assets</i>	\$ 8,810,778	\$ 5,868,042

The Notes to Consolidated Financial Statements are an integral part of these statements.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND GAINS			
Contributions	\$ 50	\$ -	\$ 50
Education programs	2,763,599	-	2,763,599
Membership dues	2,224,924	-	2,224,924
Membership programs	43,369	-	43,369
Publication sales and advertising	135,948	-	135,948
Professional standards	195,245	-	195,245
Investment income, net	719,488	-	719,488
Pandemic relief tax credits	341,454	-	341,454
Other	19,969	-	19,969
Net assets released from restrictions	6,108	(6,108)	-
Total revenue and gains	6,450,154	(6,108)	6,444,046
EXPENSES			
Program expenses			
Education programs	2,272,886	-	2,272,886
Membership services	867,624	-	867,624
Communications	467,661	-	467,661
Government relations	261,764	-	261,764
Professional standards	161,333	-	161,333
Total program expenses	4,031,268	-	4,031,268
Supporting services			
Management and general	1,218,015	-	1,218,015
Total expenses	5,249,283	-	5,249,283
Change in net assets	1,200,871	(6,108)	1,194,763
Net assets, beginning of year	4,803,106	28,329	4,831,435
Net assets, end of year	\$ 6,003,977	\$ 22,221	\$ 6,026,198

The Notes to Consolidated Financial Statements are an integral part of these statements.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEAR ENDED MARCH 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND GAINS			
Contributions	\$ 405	\$ 30,000	\$ 30,405
Education programs	3,716,759	-	3,716,759
Membership dues	2,334,528	-	2,334,528
Membership programs	118,490	-	118,490
Publication sales and advertising	139,357	-	139,357
Professional standards	227,555	-	227,555
Investment income, net	(136,333)	-	(136,333)
Other	109,063	-	109,063
Net assets released from restrictions	20,460	(20,460)	-
Total revenue and gains	6,530,284	9,540	6,539,824
EXPENSES AND LOSSES			
Program expenses			
Education programs	3,490,282	-	3,490,282
Membership services	840,070	-	840,070
Communications	454,195	-	454,195
Government relations	296,118	-	296,118
Professional standards	196,686	-	196,686
Total program expenses	5,277,351	-	5,277,351
Supporting services			
Management and general	1,529,593	-	1,529,593
Total expenses	6,806,944	-	6,806,944
Loss from disposal of property and equipment	1,767	-	1,767
Total expenses and losses	6,808,711	-	6,808,711
Change in net assets	(278,427)	9,540	(268,887)
Net assets, beginning of year	5,081,533	18,789	5,100,322
Net assets, end of year	\$ 4,803,106	\$ 28,329	\$ 4,831,435

The Notes to Consolidated Financial Statements are an integral part of these statements.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2021

	Program Services					Total	Supporting	Total	March 31, 2020 Total
	Education Programs	Membership Services	Communications	Government Relations	Professional Standards		Management and General		
Expenses									
Personnel	\$ 753,683	\$ 513,126	\$ 273,315	\$ 184,850	\$ 61,508	\$ 1,786,482	\$ 966,650	\$ 2,753,132	\$ 2,841,054
CPE program production	1,211,611	-	-	-	-	1,211,611	-	1,211,611	2,457,071
Events and programs	6,008	45,848	-	42,339	80,979	175,174	-	175,174	378,217
Publications and promotions	-	48,284	110,064	-	-	158,348	-	158,348	178,989
Scholarships and contributions	19,000	27,500	-	-	-	46,500	-	46,500	47,200
Rent	76,537	51,124	26,388	10,988	6,120	171,157	61,327	232,484	230,690
Office	84,923	57,092	39,077	16,109	6,314	203,515	63,730	267,245	240,317
General operating	56,255	90,065	985	2	2,284	149,591	83,864	233,455	344,595
Depreciation and amortization	64,869	34,585	17,832	7,476	4,128	128,890	41,669	170,559	88,811
Interest	-	-	-	-	-	-	775	775	-
Total expenses	\$ 2,272,886	\$ 867,624	\$ 467,661	\$ 261,764	\$ 161,333	\$ 4,031,268	\$ 1,218,015	\$ 5,249,283	\$ 6,806,944

YEAR ENDED MARCH 31, 2020

	Program Services					Total	Supporting	Total
	Education Programs	Membership Services	Communications	Government Relations	Professional Standards		Management and General	
Expenses								
Personnel	\$ 710,762	\$ 446,595	\$ 252,295	\$ 176,792	\$ 75,004	\$ 1,661,448	\$ 1,179,606	\$ 2,841,054
CPE program production	2,457,071	-	-	-	-	2,457,071	-	2,457,071
Events and programs	19,939	160,215	-	93,627	104,436	378,217	-	378,217
Publications and promotions	-	50,444	128,545	-	-	178,989	-	178,989
Scholarships and contributions	19,700	27,500	-	-	-	47,200	-	47,200
Rent	70,748	41,433	22,456	9,886	6,629	151,152	79,538	230,690
Office	69,337	41,250	42,373	12,293	5,851	171,104	69,213	240,317
General operating	104,401	59,238	1,404	394	2,623	168,060	176,535	344,595
Depreciation and amortization	38,324	13,395	7,122	3,126	2,143	64,110	24,701	88,811
Total expenses	\$ 3,490,282	\$ 840,070	\$ 454,195	\$ 296,118	\$ 196,686	\$ 5,277,351	\$ 1,529,593	\$ 6,806,944

The Notes to Consolidated Financial Statements are an integral part of these statements.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,194,763	\$ (268,887)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	170,559	88,811
Loss on disposal of property and equipment	-	1,767
Net unrealized (gain) loss on investments	(648,283)	288,104
Changes in operating assets and liabilities:		-
Accounts receivable and contribution receivable	(45,120)	15,695
Prepaid expenses	114,168	(39,671)
Accounts payable	(10,142)	(39,974)
Accrued expenses	(44,977)	45,541
Deferred rent	(39,220)	(33,075)
Deferred revenue	1,363,140	(1,765,449)
<i>Net cash provided (used) by operating activities</i>	2,054,888	(1,707,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,541,697)	(3,888,684)
Sale or maturity of investments	4,466,150	3,756,502
Purchase of property and equipment	(19,955)	(208,671)
<i>Net cash used by investing activities</i>	(95,502)	(340,853)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	479,172	-
<i>Net cash provided by financing activities</i>	479,172	-
<i>Net increase (decrease) in cash</i>	2,438,558	(2,047,991)
Cash and cash equivalents, beginning of year	858,359	2,906,350
<i>Cash and cash equivalents, end of year</i>	\$ 3,296,917	\$ 858,359

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for income taxes	\$ 594	\$ 4,287
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The Notes to Consolidated Financial Statements are an integral part of these statements.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of activities:

Minnesota Society of Certified Public Accountants

Minnesota Society of Certified Public Accountants (the Society) was incorporated in 1904 under the laws of the State of Minnesota. The mission of the Society is to help members succeed professionally while being mindful of serving the public interest.

The Society's operations include educational programs, membership services, communications, government relations, and professional standards.

The Society provides educational programs for the benefit of both certified public accountants (CPAs) and the general public. These programs meet continuing professional education (CPE) requirements established by the State of Minnesota in order to hold an active CPA certificate.

Educational programs include live seminars, conferences, and webinars; self-study products; and custom education programs.

Membership services reach, assist, and involve all segments of the membership, from new CPAs to those in public accounting, industry, government and education. Membership services provide professional resources, products, and services to Society members.

Communications programs use a variety of vehicles to advocate for the profession and provide information about the profession to Society membership and the general public. The Society's primary publications are the *Footnote*, which is published nine times per year, and numerous E-newsletters.

Government relations activities foster working relationships with regulatory bodies, legislators and the public, providing advocacy for the certified public accounting profession in Minnesota and for state tax policy issues.

Professional standards activities provide administration of peer reviews for CPA firms and professional ethics oversight of members to maintain the highest possible self-regulating quality standards.

MNCPA Foundation

MNCPA Foundation (the Foundation) was incorporated in March 2018 as a not-for-profit corporation with the Society as its sole member. The Foundation's mission is to develop educational and charitable programs to support accounting careers and diversity and inclusion within the accounting profession.

The Foundation's primary program is a diversity and inclusion program for high school students from minority populations, to provide exposure to the accounting profession as well as mentoring and support for enrollment in higher education.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Basis of accounting:

The consolidated financial statements of the Society have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of consolidation:

The consolidated financial statements included the combined operations of the Society, the Foundation, and all related entities in which the Society has an economic interest and control. Those related entities include five regional chapters of the Society (two of which are dormant as of March 31, 2021 and 2020). Interrelated receivables, payables, revenues and expenses have been eliminated.

A separate organization, the Minnesota Society of Certified Public Accountants Public Affairs Committee (PAC) is not included in these consolidated financial statements because the Society does not have control with respect to the PAC.

Recently issued accounting pronouncements:

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2021 with early adoption permitted. It is to be adopted using a modified retrospective approach. The Society is currently evaluating the impact that the adoption of this guidance will have on the Society's consolidated financial statements.

Use of estimates:

The preparation of consolidated statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents:

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less, excluding investments held as part of reserves. Cash and cash equivalents are stated at cost.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Investments:

Investments (other than cash and cash equivalents in investments and certificates of deposit) are recorded at fair value in the consolidated statements of financial position using quoted market prices. Net realized and unrealized gains and losses, as well as investment revenue from dividends and interest, are reflected in the consolidated statements of activities as changes in net assets without donor restrictions. Certificates of deposit are state at cost, which approximates fair value. Realized gains and losses are determined using the specific identification method.

Accounts receivable and allowance for doubtful accounts:

Accounts receivable consist of employee retention tax credits receivable (see Note 10) and receivables from ongoing operations, which are substantially from Society members. All accounts receivable are unsecured.

The Society's policy is to present accounts receivable in the consolidated statements of financial position net of estimated uncollectible amounts. The estimated uncollectible amount was \$6,000 at March 31, 2021 and 2020, based on management's judgment about the likelihood of collection of individual receivables. Receivables are considered past due after 60 days and are written off after all collection efforts have been exhausted.

Contributions receivable:

Contributions receivable are unsecured and are from organizations actively involved in the Foundation's diversity and inclusion initiative. There were no contributions receivable at March 31, 2021. Contributions receivable at March 31, 2020 were all collected within one year.

Property and equipment:

Property and equipment are recorded at cost and are depreciated or amortized using the straight-line method based on estimated useful lives as follows:

Leasehold improvements	Lesser of estimated useful life or remaining term of related lease.
Office furniture and equipment	3 to 10 years
Website redesign	5 years
Software for internal use	5 years

The Society follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,000. Software for internal use is capitalized or expensed in accordance with U.S. GAAP related to internal-use software. Repairs and maintenance are charged to expense as incurred. Renewals and improvements which extend the useful life of assets are capitalized and depreciated over future periods.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Net assets:

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

Net assets without donor restrictions – resources over which the Board of Directors (the Board) has discretionary control. Designated amounts represent revenue which the Board has set aside for a particular purpose.

Net assets with donor restriction – resources subject to donor-imposed restrictions, which will be satisfied by the actions of the Foundation or passage of time.

Contributions received are recorded as an increase in support with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. When a donor restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue recognition:

Continuing professional education (CPE) course fees and meeting and conference admission charges are recognized as revenue in the period in which the event occurs. Membership dues are recognized as revenue ratably over the annual membership period, which corresponds to the Society's fiscal year. Advertising revenue is recognized when the ad is published. Peer review evaluation fees are recognized when the review is presented to a report acceptance body. Revenue from other activities is recognized at the time of sale as the earnings process has been completed. Membership dues and other revenues paid in advance are deferred to the period to which they relate.

Contributed services:

Contributions of services are recognized for services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would ordinarily be purchased if not provided by donation. Contributed services, including promises to give, that do not meet these criteria are not recognized. The Society provides support to the Foundation through the use of Society staff and office resources for program and governance activities. The Society's support was valued at \$11,464 and \$26,737 for the years ended March 31, 2021 and 2020 respectively. The Society receives a substantial amount of services donated by volunteers. The value of this donated time has not been reflected in the consolidated financial statements since it does not meet the standards of recording.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Fair value measurements:

ASC 820 (“Fair Value Measurements”) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobserved inputs (level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets;

Level 2: Inputs other than quoted prices in active markets that are observable either directly or indirectly; and,

Level 3: Unobservable inputs where there is little or no market data which require the reporting entity to develop its own assumption.

The Society uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Society holds certain assets that are required to be measured at fair value on a recurring basis as displayed in Note 5.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, primarily on time expended by employees.

Advertising:

The Society’s policy is to expense advertising costs as they are incurred, except for event related advertising, which is expensed in the period in which the event takes place. Advertising capitalized at March 31, 2021 and 2020 was \$4,694 and \$9,324 respectively. During the years ending March 31, 2021 and 2020, the Society incurred advertising costs totaling \$98,823 and \$239,837, respectively. These expenses were incurred for marketing of continuing professional education programs, and for promotion of the CPA profession.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Tax status:

The Society is exempt from income taxes under Section of 501(c)(6) of the Internal Revenue Code. The Society also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

The Society generates unrelated business income from its monthly publication and other advertising, and from subrental of training space within its facility. Income tax expense was \$2,581 and \$2,000 for 2021 and 2020, respectively.

The Society reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Society recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities. The Society has identified no significant income tax uncertainties.

Recently adopted accounting pronouncements:

Effective April 1, 2019, the Society adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers (Topic 606)* and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires the Society to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Society expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Society applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of April 1, 2019. Results for reporting periods beginning after April 1, 2019 are presented under Topic 606.

The adoption of this new standard did not result in a material impact to the Society's consolidated financial statements. There was no significant effect on the consolidated financial statements related to the adoption of this new standard which would require a cumulative effect adjustment to net assets at the date of adoption under the modified retrospective method.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Clarifying Guidance for Contributions Received and Contributions Made

The Society adopted FASB update ASU 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made in its 2020 consolidated financial statements. This update aims to standardize how grants and other contracts are classified as either an exchange transaction or a contribution. The adoption of this guidance did not have a material impact on the Society’s consolidated financial statements.

Subsequent events:

The Society has evaluated subsequent events through June 24, 2021, the date on which the consolidated financial statements were available to be issued.

NOTE 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Society’s disaggregated revenue streams subject to Topic 606 for the years ended March 31, 2021 and 2020 are:

	2021		2020	
	Amount of revenue	Percentage of total revenue	Amount of revenue	Percentage of total revenue
Dues	\$ 2,224,924	41%	\$ 2,334,528	35%
<i>Total revenue recognized over time</i>	2,224,924	41%	2,334,528	35%
Education programs	2,763,599	51%	3,716,759	56%
Other activities subject to 606	394,531	7%	594,465	9%
<i>Total revenue recognized at a point in time</i>	3,158,130	59%	4,311,224	65%
<i>Total revenue subject to 606</i>	\$ 5,383,054	100%	\$ 6,645,752	100%
Revenue not subject to 606	1,060,992		(105,928)	
<i>Total revenue and gains</i>	\$ 6,444,046		\$ 6,539,824	

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LIQUIDITY

The Society's primary sources of support are program fees and member dues. The Society anticipates collecting sufficient revenue through program fees to cover the costs of its education and professional standards programs. The majority of its remaining expenses are funded by dues. Conversion to a new association management system delayed dues billing for the 2021 year, directly impacting cash and cash equivalents at March 31, 2020.

The Foundation funds the direct costs of its programs through donor contributions, and as explained in Note 1, receives contributed staff and office expenses from the Society. The Foundation uses the amount of contributions and pledges received to adjust the scale of its program activities each year. Chapter expenses cannot exceed the amount of cash available in chapter bank accounts.

Financial assets at year end that are available for general expenditure within one year:

MARCH 31,	2021	2020
Cash and cash equivalents	\$ 3,296,917	\$ 858,359
Accounts receivable	81,849	36,729
<i>Total financial assets</i>	<u>\$ 3,378,766</u>	<u>\$ 895,088</u>

In addition, the Society has available an operating reserve as disclosed in Note 4, with a value of \$1,393,571 and \$1,931,463 at March 31, 2021 and 2020, respectively. All investments held in the operating reserve have maturity dates within the next 12 months.

NOTE 4. INVESTMENTS

Investments are classified in the consolidated statements of financial position as follows:

Operating reserve	2021	2020
Cash and cash equivalents, at cost	\$ 1,393,571	\$ 675,463
Certificates of deposit, at cost	-	1,256,000
<i>Total operating reserve</i>	<u>\$ 1,393,571</u>	<u>\$ 1,931,463</u>
Intermediate reserve		
Cash and cash equivalents, at cost	\$ 8,384	\$ 6,767
Certificates of deposit, at cost	-	108,375
Equity mutual funds	353,483	435,564
Exchange traded funds	707,926	-
Bond funds	256,588	-
Bonds	440,156	456,074
<i>Total intermediate reserve</i>	<u>\$ 1,766,537</u>	<u>\$ 1,006,780</u>

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. (CONTINUED)

Long-term reserve

Cash and cash equivalents, at cost	\$ 10,406	\$ 9,583
Equity mutual funds	267,999	425,094
Equity exchange traded fund	1,146,153	433,810
Bond mutual funds	211,342	214,725
Balanced mutual funds	-	50,723
<i>Total long-term reserve</i>	\$ 1,635,900	\$ 1,133,935

	2021	2020
Cash and cash equivalents, at cost	\$ 1,412,361	\$ 691,813
Certificates of deposit, at cost	-	1,364,375
Investments at fair value	3,383,647	2,015,990
<i>Total investments</i>	\$ 4,796,008	\$ 4,072,178

Investment income consisted of the following:

	2021	2020
Interest and dividends	\$ 85,642	\$ 170,214
Unrealized gains (losses)	648,283	(288,104)
Investment fees	(14,437)	(18,443)
<i>Net investment income</i>	\$ 719,488	\$ (136,333)

NOTE 5. FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the valuation techniques during the current year.

Mutual Funds and Exchange Traded Funds – The fair value of mutual funds and exchange traded funds is based on quoted market prices.

Bonds – The fair value of bonds were obtained from independent quotation services whose appraisals are based on closing prices, bid-ask quotations or other factors.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. (CONTINUED)

Fair values of assets measured on a recurring basis are as follows:

Assets at Fair Value as of March 31, 2021

	Level 1	Level 2	Level 3	Total
Mutual funds and exchange traded funds	\$ 2,943,490	\$ -	\$ -	\$ 2,943,490
Bonds	440,157	-	-	440,157
<i>Total investments</i>	\$ 3,383,647	\$ -	\$ -	\$ 3,383,647

Assets at Fair Value as of March 31, 2020

	Level 1	Level 2	Level 3	Total
Mutual funds and exchange traded funds	\$ 1,559,916	\$ -	\$ -	\$ 1,559,916
Bonds	456,074	-	-	456,074
<i>Total investments</i>	\$ 2,015,990	\$ -	\$ -	\$ 2,015,990

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

MARCH 31,	2021	2020
Office equipment	\$ 403,227	\$ 403,227
Furniture and fixtures	241,375	241,375
Leasehold improvements	396,642	396,642
Website redesign	69,139	69,139
Internal use software	503,574	483,619
<i>Total property and equipment, at cost</i>	1,613,957	1,594,002
Less accumulated depreciation	(1,062,527)	(891,968)
<i>Property and equipment, net</i>	\$ 551,430	\$ 702,034

Depreciation expense for the years ended March 31, 2021 and 2020 was \$170,559 and \$88,811, respectively.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. PAYCHECK PROTECTION PROGRAM LOAN ADVANCE

On Feb. 1, 2021, the Society received loan proceeds in the amount of \$479,172 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses and nonprofits for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business or nonprofit. The loans and accrued interest are forgivable after the borrower uses the loan proceeds for eligible costs during their covered period. Eligible costs include payroll, benefits, rent, utilities, and certain other covered expenses. The covered period begins on the date the loan was funded and extends for up to 24 weeks. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments up to the date the Small Business Administration (“SBA”) remits the borrower's loan forgiveness amount to the lender. If not forgiven, the PPP loan is payable in 44 monthly payments of \$11,243.27 beginning July 1, 2022, with final payment due on February 1, 2026. The Society intends to use the proceeds for purposes consistent with the PPP and currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

In accordance with ASC 470 (Debt), the Society has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended March 31, 2021.

NOTE 8. BOARD-DESIGNATED NET ASSETS

Long-Term Reserves

The Society’s Board has designated certain portions of its investment portfolios as displayed in Note 4 for long-term strategic initiatives of the Society.

NOTE 9. DONOR RESTRICTED NET ASSETS

MARCH 31,	2021	2020
Donor restricted for purpose		
MNCPA Scholars program	\$ 22,221	\$ 28,329
<i>Total net assets with donor restrictions</i>	\$ 22,221	\$ 28,329

Net assets released from restrictions for the MNCPA Scholars program was \$6,108 and \$20,460 for 2021 and 2020, respectively.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. PANDEMIC RELIEF TAX CREDITS

The CARES Act, as amended by the Taxpayer Certainty and Disaster Relief Act of 2020 (Relief Act) and American Rescue Plan Act of 2021 (ARP) allows a credit against applicable employment taxes for eligible employers that pay qualified wages, including certain health plan expenses, to some or all employees after March 12, 2020 and before Jan. 1, 2022. Qualifying wages were reported by the Society on its federal employment tax returns for the year ended March 31, 2021, and the Society qualified for employee retention credits in the amount of \$340,457. Of this amount, \$50,371 had not yet been received as of March 31, 2021 and is included in Accounts Receivable in the Consolidated Statement of Financial Position.

Under the Families First Coronavirus Response Act (FFCRA), certain employers were required to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. The FFCRA also provided dollar-for-dollar reimbursement to covered employers through tax credits for all qualifying wages paid under the FFCRA. The Society received tax credits totaling \$997 under the FFCRA for the year ended March 31, 2021.

Tax credits received from the employee retention credit and the FFCRA are reported as pandemic relief tax credits in the Consolidated Statement of Activities.

NOTE 11. RETIREMENT PLAN

The Society has a defined contribution retirement plan covering all employees who meet certain minimum eligibility requirements.

Eligible employees are allowed to make deferral contributions. In addition, the Plan allows for discretionary employer contributions, both matching and profit-sharing. For 2021 and 2020, the Society made total contributions of \$186,970 and \$204,423, respectively. For 2021, the contribution consisted of matching contributions of \$62,233 calculated as 50% of employee contributions up to 6% of eligible compensation and profit-sharing contributions of \$145,839, based on 7% of eligible compensation, net of forfeitures applied of \$21,102. For 2020, the contribution consisted of matching contributions of \$60,373 calculated as 50% of employee contributions up to 6% of eligible compensation and profit-sharing contributions of \$145,551 based on 7% of eligible compensation, net of forfeitures applied of \$1,501.

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. LEASE COMMITMENT

The Society leases its office and classroom space in Bloomington, Minnesota. The lease expires in March 2022 and requires minimum monthly payments of \$18,193. In addition to base rent, the Society is required to pay its pro-rata share of operating expenses of the building.

Minimum monthly payments under the lease commitments are scheduled to be as follows:

YEAR ENDING MARCH 31,

2022	\$	218,311
<i>Total</i>	<i>\$</i>	<i>218,311</i>

Rent expense for 2021 and 2020 totaled \$370,779 and \$367,899, respectively, including rent allocated directly to education programs in the amount of \$138,295 and \$137,209, respectively.

On June 23, 2021, the Society signed a 127-month lease extension to remain in its current location. The extension commences January 1, 2022, and provides for a 6% reduction in leased space, a 7-month rent abatement at commencement of the extension, a tenant improvement allowance of up to \$307,536, and minimum monthly payments beginning at \$14,416 per month and escalating approximately 2.5% annually. In addition, the Society is required to pay its pro-rata share of operating expenses of the building.

NOTE 13. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash, short-term investments, marketable securities and other investments. Some of the Society's cash and cash equivalents used in operations are placed with a high-quality financial institution where balances periodically exceed federally insured limits. The remainder of the Society's cash and cash equivalents used in operations as well as cash and cash equivalents in short-term reserves are held in insured cash sweep accounts, where the amounts placed with any one financial institution do not exceed federally insured limits.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Minnesota Society of Certified Public Accountants
Bloomington, Minnesota

We have audited the consolidated financial statements of Minnesota Society of Certified Public Accountants as of and for the year ended March 31, 2021, and our report thereon dated June 24, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position as of March 31, 2021 and 2020, and consolidating statements of activities and cash flows for the years ended March 31, 2021 and 2020, are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Boyum & Barenscheer PLLP

Boyum & Barenscheer PLLP
Minneapolis, Minnesota
June 24, 2021

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021**

	Society	Chapters	Foundation	Total
Assets				
Cash and cash equivalents	\$ 3,216,012	\$ 58,229	\$ 22,676	\$ 3,296,917
Investments - short-term reserve	1,393,571	-	-	1,393,571
Investments - intermediate reserve	1,766,537	-	-	1,766,537
Investments - long-term reserve	1,635,900	-	-	1,635,900
Accounts and contributions receivable, net	81,849	-	-	81,849
Prepaid expenses	84,574	-	-	84,574
Property and equipment, net	551,430	-	-	551,430
Total assets	\$ 8,729,873	\$ 58,229	\$ 22,676	\$ 8,810,778
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 67,678	\$ 17,500	\$ -	\$ 85,178
Accrued compensation and related taxes	305,354	-	-	305,354
Accrued retirement contribution	124,923	-	-	124,923
Deferred rent	45,636	-	-	45,636
Deferred revenue				
Membership dues	1,638,263	-	-	1,638,263
Future activities	106,054	-	-	106,054
Paycheck Protection Program loan payable	479,172	-	-	479,172
Total liabilities	2,767,080	17,500	-	2,784,580
Net assets				
Without donor restrictions				
Board designated - long-term reserve	1,635,900	-	-	1,635,900
Undesignated	4,326,893	40,729	455	4,368,077
With donor restriction	-	-	22,221	22,221
Total net assets	5,962,793	40,729	22,676	6,026,198
Total liabilities and net assets	\$ 8,729,873	\$ 58,229	\$ 22,676	\$ 8,810,778

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2020**

	Society	Chapters	Foundation	Total
Assets				
Cash and cash equivalents	\$ 793,207	\$ 43,422	\$ 21,730	\$ 858,359
Investments - short-term reserve	1,931,463	-	-	1,931,463
Investments - intermediate reserve	1,006,780	-	-	1,006,780
Investments - long-term reserve	1,133,935	-	-	1,133,935
Accounts and contributions receivable, net	29,229	-	7,500	36,729
Prepaid expenses	198,742	-	-	198,742
Property and equipment, net	702,034	-	-	702,034
Total assets	\$ 5,795,390	\$ 43,422	\$ 29,230	\$ 5,868,042
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 92,824	\$ 2,000	\$ 496	\$ 95,320
Accrued compensation and related taxes	331,039	-	-	331,039
Accrued retirement contribution	144,215	-	-	144,215
Deferred rent	84,856	-	-	84,856
Deferred revenue				
Membership dues	250,424	-	-	250,424
Future activities	130,753	-	-	130,753
Total liabilities	1,034,111	2,000	496	1,036,607
Net assets				
Without donor restrictions				
Board designated - long-term reserve	1,133,935	-	-	1,133,935
Undesignated	3,627,344	41,422	405	3,669,171
With donor restriction	-	-	28,329	28,329
Total net assets	4,761,279	41,422	28,734	4,831,435
Total liabilities and net assets	\$ 5,795,390	\$ 43,422	\$ 29,230	\$ 5,868,042

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED MARCH 31, 2021**

	Society	Chapters	Foundation		Eliminations	Total
			Without Donor Restrictions	With Donor Restrictions		
Revenue and Gains						
Contributions	\$ -	\$ -	\$ 11,513	\$ -	\$ (11,463)	\$ 50
Education programs	2,763,599	-	-	-	-	2,763,599
Membership dues	2,224,924	19,800	-	-	(19,800)	2,224,924
Membership programs	43,369	-	-	-	-	43,369
Publication sales and advertising	135,948	-	-	-	-	135,948
Professional standards	195,245	-	-	-	-	195,245
Investment income (loss)	719,418	70	-	-	-	719,488
Pandemic relief tax credits	341,454	-	-	-	-	341,454
Other	19,969	-	-	-	-	19,969
Net assets released from restriction	-	-	6,108	(6,108)	-	-
Total revenue and gains	6,443,926	19,870	17,621	(6,108)	(31,263)	6,444,046
Expenses						
Program expenses						
Education programs	2,247,878	19,000	14,681	-	(8,673)	2,272,886
Membership services	886,477	947	-	-	(19,800)	867,624
Communications	467,661	-	-	-	-	467,661
Government relations	261,764	-	-	-	-	261,764
Professional standards	161,333	-	-	-	-	161,333
Total program expenses	4,025,113	19,947	14,681	-	(28,473)	4,031,268
Supporting services						
Management and general	1,217,299	616	2,890	-	(2,790)	1,218,015
Total expenses	5,242,412	20,563	17,571	-	(31,263)	5,249,283
Change in net assets	1,201,514	(693)	50	(6,108)	-	1,194,763
Net assets - beginning of year	4,761,279	41,422	405	28,329	-	4,831,435
Net assets - end of year	\$ 5,962,793	\$ 40,729	\$ 455	\$ 22,221	\$ -	\$ 6,026,198

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED MARCH 31, 2020**

	Society	Chapters	Foundation		Eliminations	Total
			Without Donor Restrictions	With Donor Restrictions		
Revenue and Gains						
Contributions	\$ -	\$ -	\$ 27,142	\$ 30,000	\$ (26,737)	\$ 30,405
Education programs	3,716,759	-	-	-	-	3,716,759
Membership dues	2,334,528	19,905	-	-	(19,905)	2,334,528
Membership programs	118,490	-	-	-	-	118,490
Publication sales and advertising	139,357	-	-	-	-	139,357
Professional standards	227,555	-	-	-	-	227,555
Investment income (loss)	(136,474)	141	-	-	-	(136,333)
Other	109,063	-	-	-	-	109,063
Net assets released from restriction	-	-	20,460	(20,460)	-	-
Total revenue and gains	6,509,278	20,046	47,602	9,540	(46,642)	6,539,824
Expenses and Losses						
Program expenses						
Education programs	3,450,643	19,700	41,585	-	(21,646)	3,490,282
Membership services	857,007	2,968	-	-	(19,905)	840,070
Communications	454,195	-	-	-	-	454,195
Government relations	296,118	-	-	-	-	296,118
Professional standards	196,686	-	-	-	-	196,686
Total program expenses	5,254,649	22,668	41,585	-	(41,551)	5,277,351
Supporting services						
Management and general	1,528,301	771	5,612	-	(5,091)	1,529,593
Total expenses	6,782,950	23,439	47,197	-	(46,642)	6,806,944
Loss from disposal of property and equipment	1,767	-	-	-	-	1,767
Total expenses and losses	6,784,717	23,439	47,197	-	(46,642)	6,808,711
Change in net assets	(275,439)	(3,393)	405	9,540	-	(268,887)
Net assets - beginning of year	5,036,718	44,815	-	18,789	-	5,100,322
Net assets - end of year	\$ 4,761,279	\$ 41,422	\$ 405	\$ 28,329	\$ -	\$ 4,831,435

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED MARCH 31, 2021**

	Society	Chapters	Foundation	Total
Cash flows from operating activities				
Change in net assets	\$ 1,201,514	\$ (693)	\$ (6,058)	\$ 1,194,763
Adjustments to reconcile change in net assets to cash flows - operating activities:				
Depreciation	170,559	-	-	170,559
Gain in fair value of investments	(648,283)	-	-	(648,283)
Change in operations assets and liabilities:				-
Accounts receivable	(52,620)	-	7,500	(45,120)
Prepaid expenses	114,168	-	-	114,168
Accounts payable	(25,146)	15,500	(496)	(10,142)
Accrued expenses	(44,977)	-	-	(44,977)
Deferred rent	(39,220)	-	-	(39,220)
Deferred revenue	1,363,140	-	-	1,363,140
Total adjustments	837,621	15,500	7,004	860,125
<i>Net cash flows - operating activities</i>	2,039,135	14,807	946	2,054,888
Cash flows from investing activities				
Purchase of investments	(4,541,697)	-	-	(4,541,697)
Sale or maturity of investments	4,466,150	-	-	4,466,150
Purchase of property and equipment	(19,955)	-	-	(19,955)
<i>Net cash flows - investing activities</i>	(95,502)	-	-	(95,502)
Cash flows from financing activities				
Proceeds from Paycheck Protection Program	479,172	-	-	479,172
<i>Net cash flows - financing activities</i>	479,172	-	-	479,172
<i>Net increase in cash and cash equivalents</i>	2,422,805	14,807	946	2,438,558
Cash and cash equivalents - beginning of year	793,207	43,422	21,730	858,359
<i>Cash and cash equivalents - end of year</i>	\$ 3,216,012	\$ 58,229	\$ 22,676	\$ 3,296,917
Cash paid for income taxes	\$ 594	\$ -	\$ -	\$ 594

MINNESOTA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED MARCH 31, 2020**

	Society	Chapters	Foundation	Total
Cash flows from operating activities				
Change in net assets	\$ (275,439)	\$ (3,393)	\$ 9,945	\$ (268,887)
Adjustments to reconcile change in net assets to cash flows - operating activities:				
Depreciation	88,811	-	-	88,811
Loss on disposal of property and equipment	1,767	-	-	1,767
Loss in fair value of investments	288,104	-	-	288,104
Change in operations assets and liabilities:				-
Accounts receivable	21,195	-	(5,500)	15,695
Prepaid expenses	(39,671)	-	-	(39,671)
Accounts payable	(38,970)	-	(1,004)	(39,974)
Accrued expenses	45,541	-	-	45,541
Deferred rent	(33,075)	-	-	(33,075)
Deferred revenue	(1,765,449)	-	-	(1,765,449)
Total adjustments	<u>(1,431,747)</u>	<u>-</u>	<u>(6,504)</u>	<u>(1,438,251)</u>
<i>Net cash flows - operating activities</i>	(1,707,186)	(3,393)	3,441	(1,707,138)
Cash flows from investing activities				
Purchase of investments	(3,888,684)	-	-	(3,888,684)
Sale or maturity of investments	3,756,502	-	-	3,756,502
Purchase of property and equipment	(208,671)	-	-	(208,671)
<i>Net cash flows - investing activities</i>	(340,853)	-	-	(340,853)
 <i>Net increase (decrease) in cash and cash equivalents</i>	 (2,048,039)	 (3,393)	 3,441	 (2,047,991)
Cash and cash equivalents - beginning of year	2,841,246	46,815	18,289	2,906,350
Cash and cash equivalents - end of year	\$ 793,207	\$ 43,422	\$ 21,730	\$ 858,359
Cash paid for income taxes	\$ 4,287	\$ -	\$ -	\$ 4,287