

**National Court Reporters Association and Affiliates**

Consolidated Financial Statements  
and Independent Auditors' Report

December 31, 2021 and 2020

# National Court Reporters Association and Affiliates

Consolidated Financial Statements  
December 31, 2021 and 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
National Court Reporters Association and Affiliates

### ***Opinion***

We have audited the accompanying consolidated financial statements of National Court Reporters Association and Affiliates (collectively, "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020; 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 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.

### ***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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Responsibilities of Management for the Consolidated Financial Statements (continued)***

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

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

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.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and consolidating schedules of activities on pages 24-29 are presented for 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 prepare 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.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia  
April 29, 2022

## National Court Reporters Association and Affiliates

### Consolidated Statements of Financial Position December 31, 2021 and 2020

|  | 2021          | 2020          |
|--|---------------|---------------|
| <b>Assets</b>  |               |               |
| Current assets:  |               |               |
| Cash and cash equivalents                              | \$ 2,640,657  | \$ 2,477,202  |
| Investments  | 7,405,697     | 6,799,148     |
| Accounts receivable, net                               | 36,937        | 40,525        |
| Inventory, net   | 10,453        | 10,109        |
| Prepaid expenses                                       | 134,634       | 161,020       |
|  | 10,228,378    | 9,488,004     |
| Total current assets                                   |               |               |
| Property and equipment, net                            | 417,063       | 503,599       |
| Intangible assets, net                                 | 157,224       | 91,726        |
|  | \$ 10,802,665 | \$ 10,083,329 |
|  | \$ 10,802,665 | \$ 10,083,329 |
| <b>Liabilities and Net Assets</b>                      |               |               |
| <b>Liabilities</b>                                     |               |               |
| Current liabilities:                                   |               |               |
| Accounts payable and accrued expenses                  | \$ 222,613    | \$ 206,683    |
| Deferred revenue                                       | 2,008,120     | 2,050,414     |
| Tenant allowance and deferred rent, current portion    | 117,309       | 108,257       |
|  | 2,348,042     | 2,365,354     |
| Total current liabilities                              |               |               |
| Tenant allowance and deferred rent, noncurrent portion | 548,086       | 665,665       |
|  | 2,896,128     | 3,031,019     |
| Total liabilities                                      |               |               |
|  | 7,864,410     | 7,033,553     |
| <b>Net Assets</b>                                      |               |               |
| Without donor restrictions                             | 42,127        | 18,757        |
| With donor restrictions                                |               |               |
|  | 7,906,537     | 7,052,310     |
| Total net assets                                       |               |               |
|  | \$ 10,802,665 | \$ 10,083,329 |
| Total liabilities and net assets                       |               |               |
|  | \$ 10,802,665 | \$ 10,083,329 |

*See accompanying notes.*

**National Court Reporters Association and Affiliates**

Consolidated Statements of Activities  
For the Years Ended December 31, 2021 and 2020

|   | 2021         | 2020         |
|---|--------------|--------------|
| <b>Operating Revenue and Support Without Donor Restrictions</b> |              |              |
| Membership dues   | \$ 3,031,004 | \$ 3,145,293 |
| Professional development  | 601,973      | 487,446      |
| Communications  | 103,685      | 144,914      |
| Convention and firm owners meeting                              | 562,677      | 366,175      |
| Contributions   | 167,153      | 139,839      |
| Publications sales  | 45,622       | 88,602       |
| Insurance and credit card royalties                             | 107,705      | 113,078      |
| Education   | 624,471      | 556,699      |
| Other income  | 31,286       | 19,614       |
| Net assets released from restrictions                           | 12,870       | 9,431        |
|   | <hr/>        | <hr/>        |
| Total operating revenue and support without donor restrictions  | 5,288,446    | 5,071,091    |
|   | <hr/>        | <hr/>        |
| <b>Expenses</b>   |              |              |
| Program services:   |              |              |
| Professional development  | 883,540      | 766,582      |
| Communications  | 931,943      | 896,278      |
| Membership  | 327,983      | 323,025      |
| Convention and firm owners meeting                              | 618,508      | 325,115      |
| Foundation  | 62,308       | 52,471       |
| Government relations  | 235,542      | 236,028      |
| Publications  | 64,901       | 89,591       |
| Public affairs and strategic alignment                          | -            | 264          |
|   | <hr/>        | <hr/>        |
| Total program services  | 3,124,725    | 2,689,354    |
|   | <hr/>        | <hr/>        |
| Supporting services:  |              |              |
| Fundraising   | 28,569       | 20,450       |
| Management and general  | 1,911,547    | 1,847,171    |
|   | <hr/>        | <hr/>        |
| Total supporting services                                       | 1,940,116    | 1,867,621    |
|   | <hr/>        | <hr/>        |
| Total expenses  | 5,064,841    | 4,556,975    |
|   | <hr/>        | <hr/>        |
| Change in operating net assets without donor restrictions       | 223,605      | 514,116      |
|   | <hr/>        | <hr/>        |
| <b>Non-Operating Activity</b>                                   |              |              |
| Investment return, net  | 607,252      | 710,278      |
|   | <hr/>        | <hr/>        |
| Total non-operating activity                                    | 607,252      | 710,278      |
|   | <hr/>        | <hr/>        |
| Change in net assets without donor restrictions                 | 830,857      | 1,224,394    |
|   | <hr/>        | <hr/>        |
| <b>Net Assets With Donor Restrictions</b>                       |              |              |
| Contributions   | 36,240       | 12,205       |
| Net assets released from restrictions                           | (12,870)     | (9,431)      |
|   | <hr/>        | <hr/>        |
| Change in net assets with donor restrictions                    | 23,370       | 2,774        |
|   | <hr/>        | <hr/>        |
| <b>Change in Net Assets</b>                                     | 854,227      | 1,227,168    |
|   | <hr/>        | <hr/>        |
| <b>Net Assets, beginning of year</b>                            | 7,052,310    | 5,825,142    |
|   | <hr/>        | <hr/>        |
| <b>Net Assets, end of year</b>                                  | \$ 7,906,537 | \$ 7,052,310 |
|   | <hr/>        | <hr/>        |

See accompanying notes.

**National Court Reporters Association and Affiliates**

Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2021

|                               | Program Services         |                   |                   |                                    |                  |                      |                  | Supporting Services    |                  |                        | Total Expenses      |                           |
|-------------------------------|--------------------------|-------------------|-------------------|------------------------------------|------------------|----------------------|------------------|------------------------|------------------|------------------------|---------------------|---------------------------|
|                               | Professional Development | Communi-cations   | Membership        | Convention and Firm Owners Meeting | Foundation       | Government Relations | Publications     | Total Program Services | Fundraising      | Management and General |                     | Total Supporting Services |
| Personnel costs               | \$ 548,014               | \$ 655,083        | \$ 268,969        | \$ 129,376                         | \$ 32,682        | \$ 96,321            | \$ 11,816        | \$ 1,742,261           | \$ 10,056        | \$ 704,252             | \$ 714,308          | \$ 2,456,569              |
| Professional fees             | 277,964                  | 96,170            | 56,488            | 64,185                             | -                | 120,000              | 28,484           | 643,291                | -                | 472,046                | 472,046             | 1,115,337                 |
| Office expense                | 170                      | 2,551             | 23                | -                                  | -                | -                    | -                | 2,744                  | -                | 48,286                 | 48,286              | 51,030                    |
| Dues and subscriptions        | 120                      | 8,436             | -                 | -                                  | -                | -                    | -                | 8,556                  | -                | 7,209                  | 7,209               | 15,765                    |
| Education and training        | -                        | -                 | -                 | -                                  | 775              | -                    | -                | 775                    | -                | -                      | -                   | 775                       |
| Travel                        | 36,211                   | 4,812             | -                 | 12,262                             | 1,575            | 1,298                | -                | 56,158                 | -                | 7,053                  | 7,053               | 63,211                    |
| Postage and delivery          | 7,657                    | 44,605            | 105               | 863                                | -                | -                    | 44               | 53,274                 | -                | 3,543                  | 3,543               | 56,817                    |
| Printing and duplication      | 2,827                    | 120,286           | 2,398             | 1,933                              | -                | -                    | -                | 127,444                | -                | 4,055                  | 4,055               | 131,499                   |
| Meetings and projects         | 6,182                    | -                 | -                 | 409,242                            | 10,697           | 17,923               | -                | 444,044                | 10,650           | 25,598                 | 36,248              | 480,292                   |
| Repair and maintenance        | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                      | -                | 34,476                 | 34,476              | 34,476                    |
| Depreciation and amortization | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                      | -                | 165,584                | 165,584             | 165,584                   |
| Taxes and licenses            | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                      | -                | 19,938                 | 19,938              | 19,938                    |
| Insurance                     | -                        | -                 | -                 | 647                                | -                | -                    | -                | 647                    | -                | 55,640                 | 55,640              | 56,287                    |
| Bank processing fees          | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                      | -                | 105,470                | 105,470             | 105,470                   |
| Rent and utilities            | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                      | -                | 249,668                | 249,668             | 249,668                   |
| Royalties                     | -                        | -                 | -                 | -                                  | -                | -                    | 466              | 466                    | -                | -                      | -                   | 466                       |
| Advertising and promotion     | 395                      | -                 | -                 | -                                  | -                | -                    | -                | 395                    | -                | 4,730                  | 4,730               | 5,125                     |
| Publications and products     | -                        | -                 | -                 | -                                  | -                | -                    | 24,091           | 24,091                 | -                | -                      | -                   | 24,091                    |
| Annual programs               | -                        | -                 | -                 | -                                  | 4,000            | -                    | -                | 4,000                  | 7,863            | -                      | 7,863               | 11,863                    |
| Scholarships program          | 4,000                    | -                 | -                 | -                                  | 12,579           | -                    | -                | 16,579                 | -                | 3,999                  | 3,999               | 20,578                    |
| <b>Total Expenses</b>         | <b>\$ 883,540</b>        | <b>\$ 931,943</b> | <b>\$ 327,983</b> | <b>\$ 618,508</b>                  | <b>\$ 62,308</b> | <b>\$ 235,542</b>    | <b>\$ 64,901</b> | <b>\$ 3,124,725</b>    | <b>\$ 28,569</b> | <b>\$ 1,911,547</b>    | <b>\$ 1,940,116</b> | <b>\$ 5,064,841</b>       |

See accompanying notes.



**National Court Reporters Association and Affiliates**

Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2020

|                               | Program Services         |                   |                   |                                    |                  |                      |                  |  | Supporting Services    |                  |                        |                           | Total Expenses      |
|-------------------------------|--------------------------|-------------------|-------------------|------------------------------------|------------------|----------------------|------------------|--|------------------------|------------------|------------------------|---------------------------|---------------------|
|                               | Professional Development | Communi-cations   | Membership        | Convention and Firm Owners Meeting | Foundation       | Government Relations | Publications     | Public Affairs and Strategic Alignment | Total Program Services | Fundraising      | Management and General | Total Supporting Services |                     |
| Personnel costs               | \$ 524,662               | \$ 626,607        | \$ 254,063        | \$ 123,498                         | \$ 23,751        | \$ 91,871            | \$ 11,329        | \$ -                                   | \$ 1,655,781           | \$ 7,917         | \$ 670,175             | \$ 678,092                | \$ 2,333,873        |
| Professional fees             | 189,872                  | 85,678            | 58,499            | 31,375                             | 241              | 131,000              | 28,431           | -                                      | 525,096                | -                | 449,630                | 449,630                   | 974,726             |
| Office expense                | 152                      | 15                | -                 | -                                  | -                | 70                   | -                | -                                      | 237                    | -                | 29,483                 | 29,483                    | 29,720              |
| Dues and subscriptions        | 1,169                    | 7,884             | -                 | -                                  | -                | 150                  | -                | -                                      | 9,203                  | 11,203           | 7,668                  | 18,871                    | 28,074              |
| Education and training        | 2,500                    | 3,500             | 1,250             | -                                  | -                | -                    | -                | -                                      | 7,250                  | 500              | 8,525                  | 9,025                     | 16,275              |
| Travel                        | 10,195                   | -                 | -                 | 3,809                              | 1,831            | -                    | -                | -                                      | 15,835                 | -                | 4,832                  | 4,832                     | 20,667              |
| Postage and delivery          | 3,631                    | 45,225            | 120               | 171                                | -                | -                    | 70               | -                                      | 49,217                 | -                | 3,574                  | 3,574                     | 52,791              |
| Printing and duplication      | 2,252                    | 118,290           | 9,093             | 18                                 | -                | 35                   | -                | -                                      | 129,688                | -                | 3,243                  | 3,243                     | 132,931             |
| Meetings and projects         | 26,983                   | -                 | -                 | 163,103                            | -                | 12,902               | 228              | 264                                    | 203,480                | 556              | 5,510                  | 6,066                     | 209,546             |
| Repair and maintenance        | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                                      | -                      | -                | 25,424                 | 25,424                    | 25,424              |
| Depreciation and amortization | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                                      | -                      | -                | 172,896                | 172,896                   | 172,896             |
| Taxes and licenses            | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                                      | -                      | -                | 14,488                 | 14,488                    | 14,488              |
| Insurance                     | -                        | -                 | -                 | 3,141                              | -                | -                    | -                | -                                      | 3,141                  | -                | 55,033                 | 55,033                    | 58,174              |
| Bank processing fees          | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                                      | -                      | -                | 104,884                | 104,884                   | 104,884             |
| Rent and utilities            | -                        | -                 | -                 | -                                  | -                | -                    | -                | -                                      | -                      | -                | 283,953                | 283,953                   | 283,953             |
| Royalties                     | -                        | -                 | -                 | -                                  | -                | -                    | 651              | -                                      | 651                    | -                | -                      | -                         | 651                 |
| Advertising and promotion     | 1,166                    | -                 | -                 | -                                  | -                | -                    | -                | -                                      | 1,166                  | -                | 1,993                  | 1,993                     | 3,159               |
| Publications and products     | -                        | -                 | -                 | -                                  | -                | -                    | 48,882           | -                                      | 48,882                 | 274              | -                      | 274                       | 49,156              |
| Other expenses                | -                        | 9,079             | -                 | -                                  | -                | -                    | -                | -                                      | 9,079                  | -                | 1,861                  | 1,861                     | 10,940              |
| Scholarships program          | 4,000                    | -                 | -                 | -                                  | 26,648           | -                    | -                | -                                      | 30,648                 | -                | 3,999                  | 3,999                     | 34,647              |
| <b>Total Expenses</b>         | <b>\$ 766,582</b>        | <b>\$ 896,278</b> | <b>\$ 323,025</b> | <b>\$ 325,115</b>                  | <b>\$ 52,471</b> | <b>\$ 236,028</b>    | <b>\$ 89,591</b> | <b>\$ 264</b>                          | <b>\$ 2,689,354</b>    | <b>\$ 20,450</b> | <b>\$ 1,847,171</b>    | <b>\$ 1,867,621</b>       | <b>\$ 4,556,975</b> |

See accompanying notes.

## National Court Reporters Association and Affiliates

### Consolidated Statements of Cash Flows For the Years Ended December 31, 2021 and 2020

|   | 2021         | 2020         |
|---|--------------|--------------|
| <b>Cash Flows from Operating Activities</b>   |              |              |
| Change in net assets  | \$ 854,227   | \$ 1,227,168 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |              |              |
| Realized (gain) loss on investments   | (109,539)    | 17,606       |
| Unrealized gain on investments  | (370,052)    | (622,271)    |
| Depreciation and amortization on property and equipment                                     | 97,699       | 108,838      |
| Amortization on intangible assets   | 67,885       | 64,058       |
| Change in allowance for doubtful accounts   | 1,300        | (746)        |
| Change in operating assets and liabilities:   |              |              |
| Decrease (increase) in:   |              |              |
| Accounts receivable   | 2,288        | 53,291       |
| Contributions receivable  | -            | 5,761        |
| Inventory   | (344)        | 5,106        |
| Prepaid expenses  | 26,386       | (29,799)     |
| Increase (decrease) in:   |              |              |
| Accounts payable and accrued expenses   | 15,930       | (86,049)     |
| Deferred revenue  | (42,294)     | (183,308)    |
| Tenant allowance and deferred rent  | (108,527)    | (99,960)     |
| Net cash provided by operating activities   | 434,959      | 459,695      |
| <b>Cash Flows from Investing Activities</b>   |              |              |
| Purchases of property and equipment   | (11,163)     | (14,861)     |
| Purchases of intangible assets  | (133,383)    | (16,475)     |
| Purchases of investments  | (1,200,067)  | (1,007,367)  |
| Proceeds from sales of investments  | 1,073,109    | 901,157      |
| Net cash used in investing activities   | (271,504)    | (137,546)    |
| <b>Net Increase in Cash and Cash Equivalents</b>  | 163,455      | 322,149      |
| <b>Cash and Cash Equivalents, beginning of year</b>   | 2,477,202    | 2,155,053    |
| <b>Cash and Cash Equivalents, end of year</b>   | \$ 2,640,657 | \$ 2,477,202 |

See accompanying notes.

# National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

## 1. Nature of Operations

The National Court Reporters Association (NCRA), founded in 1899, is a nonprofit organization. NCRA is committed to being the leader in advancing the profession of those who capture and integrate the spoken word into a comprehensive and accurate information base for the benefits of the public and private sectors. NCRA accomplishes this through ethical standards, testing and certification, educational opportunities, communications, government relations, research and analysis, and fiscal responsibility.

The National Court Reporters Foundation (NCRF) supports the court reporting and captioning professions through philanthropic activities funded through charitable contributions.

The National Court Reporters Association Political Action Committee (NCRA PAC) was formed by NCRA to promote public policies that further the interests and needs of the court reporting and captioning professions.

The NCRA Service Corporation (NCRASC) was a for-profit entity incorporated under the laws of the state of Delaware. The purpose of the NCRASC was to implement and manage goals, programs, activities, and services that benefit the NCRA membership and NCRA in the accomplishment of the guiding vision, mission, image, and advocacy of the membership. Effective October 1, 2005, NCRASC became inactive in its operations, and all operations were moved back to NCRA, and was subsequently closed after a period of dormancy.

## 2. Summary of Significant Accounting Policies

### Principles of Consolidation

The consolidated financial statements include the accounts of NCRA and its affiliates: NCRF, NCRA PAC, and NCRASC (hereinafter collectively referred to as “the Organization”). Significant inter-company accounts and transactions have been eliminated in consolidation.

### Basis of Accounting and Presentation

The Organization’s consolidated financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Classification of Net Assets

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition are amounts held for investments.

#### Investments

Investments consist of money market funds, common stock, mutual funds, and alternative investments, including pooled investment funds. Investments in marketable securities are recorded at fair value based on quoted market prices. Interests in pooled investment funds are reported at net asset value (NAV) as a practical expedient to fair value. Interest and dividends, realized and unrealized gains and losses, and investment management fees are reported as a component of net investment return in the accompanying consolidated statements of activities.

#### Accounts Receivable

Accounts receivable consist primarily of amounts from customers as a result of the sale of advertising and sale of publications. The Organization's management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Organization's relationship with the customer, and age of the receivable balance.

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Accounts Receivable (continued)

As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. The allowance for doubtful accounts totaled \$3,200 and \$1,900 at December 31, 2021 and 2020, respectively.

#### Inventory

Inventory is stated at the lower of cost or market and valued on a last in, first out (LIFO) basis. Inventory consists of books, CDs, and DVDs on hand at the end of the year. Obsolete or slow-moving inventory is written off based on assumptions about future demand and marketability. At both December 31, 2021 and 2020, an allowance for inventory is recorded in the amount of \$5,000.

#### Property and Equipment

Property and equipment acquisitions with a cost greater than \$1,000 and a projected useful life of more than one year are capitalized and recorded at cost. Expenditures such as major repairs and improvements that substantially increase the useful life of existing assets are capitalized at cost and depreciated over the remaining life of the assets, which range from three to ten years. Expenditures for minor repairs and maintenance costs are expensed when incurred. Leasehold improvements are amortized over shorter of the lease term or the estimated useful life of the capitalized asset.

#### Intangible Assets

Certain costs associated with development of software and other intangible products are capitalized by the Organization. These costs are amortized on a straight-line basis over the estimated useful lives, ranging from three to five years. The Organization performs periodic reviews to ensure that unamortized software costs remain recoverable from estimated future operating profits. Costs to support or service licensed software and other intangible products are expensed as incurred. Costs related to the planning stages of the website development projects, as well as ongoing website operating and support costs, are expensed as incurred.

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

##### *Revenue Accounted for as Contracts with Customers*

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organizations combines it with other performance obligations until a distinct bundle of goods or services exist. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the consolidated statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Membership dues, which are nonrefundable, are recognized ratably over the membership period, which is on a calendar year basis. The Organization's membership dues include distinct membership benefits, which are all considered to be received simultaneously, and the membership performance obligation is satisfied over time. Accordingly, membership benefits are recognized ratably over the membership period. Membership dues collected in advance of the period earned totaled \$1,927,960 and \$1,939,082 at December 31, 2021 and 2020, respectively, and are included as a component of deferred revenue in the accompanying consolidated statements of financial position.

Convention and firm owners meeting revenue are comprised of registrations fees and sponsorships related to the Organization's annual conference. Revenue is recognized when the convention and events are held. Conference fees collected in advance totaled \$22,070 and \$45,684 at December 31, 2021 and 2020, respectively, and are included as a component of deferred revenue in the accompanying consolidated statements of financial position.

The Organization recognizes revenue from professional development, sales of publications, and education products and services, including exam fees. Revenue is recognized when the products are transferred and the services are provided. Amounts received in advance for these revenues totaled \$58,090 and \$65,648 at December 31, 2021 and 2020, respectively, and are included as a component of deferred revenue in the accompanying consolidated statements of financial position.

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### *Revenue Accounted for in Accordance with Contribution Accounting*

Contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. The Organization reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of the Organization's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction as accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of Estimates

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

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Measure of Operations

The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Non-operating activity consists of net investment return.

#### Reclassifications

Certain amounts in the 2020 consolidated financial statements have been reclassified to conform to the 2021 presentation. These reclassifications have no effect on the change in net assets previously reported.

#### Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its consolidated statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

#### Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 29, 2022, the date the consolidated financial statements were available to be issued.

### 3. Liquidity and Availability

The Organization has a goal to maintain financial assets on hand to meet at least 90 days of normal operating expenses. As part of this liquidity management, the Organization invests cash and cash equivalents in excess of daily requirements in various short-term investments, including short-term and high liquidity securities.



## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 3. Liquidity and Availability (continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at December 31:

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| Cash and cash equivalents                | \$ 2,640,657        | \$ 2,477,202        |
| Short-term investments                   | 7,116,697           | 6,544,443           |
| Accounts receivable, net                 | 36,937              | 40,525              |
| Less: net assets with donor restrictions | <u>(42,127)</u>     | <u>(18,757)</u>     |
| Total available for general expenditures | <u>\$ 9,752,164</u> | <u>\$ 9,043,413</u> |

### 4. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

### 5. Investments and Fair Value Measurements

Net investment return consists of the following for the years ended December 31:

|                                  | <u>2021</u>       | <u>2020</u>       |
|----------------------------------|-------------------|-------------------|
| Interest and dividends           | \$ 180,555        | \$ 149,105        |
| Realized gain (loss)             | 109,539           | (17,606)          |
| Unrealized gain                  | 370,052           | 622,271           |
| Less: investment management fees | <u>(52,894)</u>   | <u>(43,492)</u>   |
| Total investment return, net     | <u>\$ 607,252</u> | <u>\$ 710,278</u> |

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 5. Investments and Fair Value Measurements (continued)

The Organization follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument. The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. The Organization considers observable data to be the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively in the relevant market.

The Organization used the following methods and significant assumptions to estimate fair value of assets recorded at fair value:

*Money market, common stock, and mutual funds:* Fair value of the Organization's money market, common stock, equity, fixed income, and mutual funds, is determined based on quoted market prices and is classified as Level 1.

*Alternative investments:* The Organization's alternative investments in funds valued based on NAV as a practical expedient for fair value include pooled investment equity funds.

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 5. Investments and Fair Value Measurements (continued)

Alternative investments in pooled investment funds are measured at NAV per share (or its equivalent) using the practical expedient, and have been categorized in the fair value hierarchy. The fair value amounts presented in the tables below are intended to permit reconciliation of the fair value hierarchy to the amounts present in the accompanying consolidated statements of financial position.

The pooled investment funds are considered alternative investments as there is no readily determinable market price for the funds, although most of the underlying securities in the pooled investment funds are publicly traded and are valued using readily determinable market prices. The Organization derives the reported values for these investments from the NAV provided by the funds' managers. The Organization's pooled investment funds consists of:

*Central Park Group Focused Access Fund, LLC* – The Organization had an investment in the Central Park Group Focused Access Fund, LLC (CPG) totaling \$289,000 at December 31, 2021. CPG invests in private equity funds in a variety of industries, and those funds are managed by third party managers. Investments are valued at their NAV as reported by the underlying investment manager. CPG performs quarterly and annual valuation procedures for each investor. Investments in this fund are subject to a quarterly redemption with a 70-day redemption notice period.

*SkyBridge Multi Adviser Hedge Fund Portfolios, LLC* – The Organization had an investment in SkyBridge Multi Adviser Hedge Fund Portfolios, LLC (“SkyBridge”) totaling \$254,705 at December 31, 2020. SkyBridge invests in global, multi-asset class alternative investments, primarily in hedge funds and other investment vehicles, which are managed by third party managers. Investments are valued at their NAV as reported by the underlying investment manager. SkyBridge performs quarterly and annual valuation procedures for each investor. Investments in this fund are subject to a quarterly redemption with a 65-day redemption notice period.

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 5. Investments and Fair Value Measurements (continued)

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at December 31, 2021:

|                          | Level 1             | Level 2     | Level 3     | NAV               | Total               |
|--------------------------|---------------------|-------------|-------------|-------------------|---------------------|
| Money market             | \$ 602,525          | \$ -        | \$ -        | \$ -              | \$ 602,525          |
| Common stock             | 1,378,472           | -           | -           | -                 | 1,378,472           |
| Mutual funds:            |                     |             |             |                   |                     |
| Equity                   | 2,578,521           | -           | -           | -                 | 2,578,521           |
| Fixed income             | 1,750,930           | -           | -           | -                 | 1,750,930           |
| Alternatives             | 806,249             | -           | -           | -                 | 806,249             |
| Alternative investments: |                     |             |             |                   |                     |
| Pooled funds             | -                   | -           | -           | 289,000           | 289,000             |
| <b>Total investments</b> | <b>\$ 7,116,697</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 289,000</b> | <b>\$ 7,405,697</b> |

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at December 31, 2020:

|                          | Level 1             | Level 2     | Level 3     | NAV               | Total               |
|--------------------------|---------------------|-------------|-------------|-------------------|---------------------|
| Money market             | \$ 637,085          | \$ -        | \$ -        | \$ -              | \$ 637,085          |
| Common stock             | 1,230,222           | -           | -           | -                 | 1,230,222           |
| Mutual funds:            |                     |             |             |                   |                     |
| Equity                   | 2,333,054           | -           | -           | -                 | 2,333,054           |
| Fixed income             | 1,823,763           | -           | -           | -                 | 1,823,763           |
| Alternatives             | 520,319             | -           | -           | -                 | 520,319             |
| Alternative investments: |                     |             |             |                   |                     |
| Pooled funds             | -                   | -           | -           | 254,705           | 254,705             |
| <b>Total investments</b> | <b>\$ 6,544,443</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 254,705</b> | <b>\$ 6,799,148</b> |

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 5. Investments and Fair Value Measurements (continued)

The following table summarizes the nature of the Organization's alternative investments in the fund valued based on NAV as a practical expedient and its ability to redeem the fund at December 31:

|   | NAV        | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period |
|---|------------|-------------------------|-------------------------|-----------------------------|
| <u>2021:</u>  |            |                         |                         |                             |
| Central Park Group Focused<br>Access Fund, LLC        | \$ 289,000 | \$ -                    | Quarterly               | 70 days                     |
| <u>2020:</u>  |            |                         |                         |                             |
| SkyBridge Multi Adviser<br>Hedge Fund Portfolios, LLC | \$ 254,705 | \$ -                    | Quarterly               | 65 days                     |

### 6. Property and Equipment

Property and equipment consists of the following at December 31:

|  | 2021       | 2020       |
|--|------------|------------|
| Leasehold improvements                             | \$ 912,269 | \$ 912,269 |
| Office furniture and equipment                     | 87,285     | 87,285     |
| Computers and hardware                             | 149,447    | 143,867    |
| Total property and equipment                       | 1,149,001  | 1,143,421  |
| Less: accumulated depreciation<br>and amortization | (731,938)  | (639,822)  |
| Property and equipment, net                        | \$ 417,063 | \$ 503,599 |

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 7. Intangible Assets

Intangible assets consist of the following at December 31:

|                                    | 2021            | 2020            |
|------------------------------------|-----------------|-----------------|
| Gross carrying amount:             |                 |                 |
| Software                           | \$ 498,546      | \$ 540,057      |
| Verbatim Resource Center, Inc.     | 226,713         | 226,713         |
| Website                            | 62,456          | 78,836          |
| Association management software    | 524,109         | 524,109         |
| <br>Total intangible assets        | <br>1,311,824   | <br>1,369,715   |
| Accumulated amortization:          |                 |                 |
| Software                           | (341,322)       | (452,913)       |
| Verbatim Resource Center, Inc.     | (226,713)       | (226,713)       |
| Website and database development   | (62,456)        | (74,254)        |
| Association management software    | (524,109)       | (524,109)       |
| <br>Less: accumulated amortization | <br>(1,154,600) | <br>(1,277,989) |
| <br>Intangible assets, net         | <br>\$ 157,224  | <br>\$ 91,726   |

Amortization expense for each year of the estimated remaining lives is estimated to be as follows for the years ending December 31:

|                        | Software       | Total          |
|------------------------|----------------|----------------|
| 2022                   | \$ 51,981      | \$ 51,981      |
| 2023                   | 45,563         | 45,563         |
| 2024                   | 38,370         | 38,370         |
| 2025                   | 21,310         | 21,310         |
| <br>Total amortization | <br>\$ 157,224 | <br>\$ 157,224 |

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 8. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31:

|  | 2021             | 2020             |
|--|------------------|------------------|
| Scholarships                             | \$ 17,777        | \$ 2,402         |
| A to Z program                           | 18,116           | 16,256           |
| ASAE Grant                               | 99               | 99               |
| Career launcher                          | 1,635            | -                |
| Reporter relief                          | 4,500            | -                |
| Total net assets with donor restrictions | <u>\$ 42,127</u> | <u>\$ 18,757</u> |

### 9. Functionalized Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Where feasible, the Organization allocates its expenses directly to specific functions. The expenses that are allocated indirectly include salaries, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Additionally, the majority of the Organization's expenses are allocated utilizing an overhead cost allocation methodology based on actual staff time and effort spent on the specific function.

### 10. Commitments and Contingencies

#### Operating Lease

During 2015, the Organization entered into an agreement to rent office space under the terms of an operating lease that was set to expire in November 2026. The terms of the lease contain provisions for a free rent period of 15 months with future rent escalations of 2.5% per year. In addition, the Organization was provided a tenant allowance totaling \$807,098 as an incentive to build out and lease the office space. Other lease provisions include the Organization's proportionate share of real estate taxes and operating expenses, which are not included in the base rental payments. The unamortized portion of the tenant allowance, and the cumulative difference between the actual rent paid and straight-line rent over the term of the lease, is reflected as tenant allowance and deferred rent in the accompanying consolidated statements of financial position.

## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 10. Commitments and Contingencies (continued)

#### Operating Lease (continued)

Subsequent to year end, on February 22, 2022, the Organization exercised its right to terminate the lease effective February 28, 2023, by providing landlord with written notice to terminate the lease early before the expiration term date. As a condition of exercising its option to terminate, the Organization is obligated to pay the landlord a termination fee of \$616,682, payable 50% on or before the notice date and 50% on or before the termination date.

Total rent expense was \$249,834 and \$254,880 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments are as follows for the years ending December 31:

|                                     |                   |
|-------------------------------------|-------------------|
| 2022                                | \$ 360,037        |
| 2023                                | <u>60,998</u>     |
| Total future minimum lease payments | <u>\$ 421,035</u> |

#### Hotel Commitments

The Organization has entered into various contracts for room rental, and food and beverage costs associated with its meetings and conferences. The contracts contain a provision for cancellation fees should the Organization cancel the event.

#### Employment Agreement

The Organization has a signed employment agreement with the Executive Director that contains terms that require severance payments upon the occurrence of certain contractual events.

#### Service Organization

The Organization has a contract with Insperity PEO Services, L.P. (“Insperity”) as their professional employer organization. Insperity is the employer of record for tax, benefits, and insurance purposes for the Organization’s employees. This co-employment relationship allows the Organization to maintain direct control of the day-to-day activities of employees, while Insperity assumes the administrative functions of human resources and absorbs many employer-related liabilities.



## National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 11. Retirement Plan

The Organization maintains a 401(k) plan that allows all employees to participate after meeting certain eligibility requirements. Participants may make contributions to the plan by deferring their compensation up to the annual maximum limit, as allowed by the Internal Revenue Service. The Organization provides a 50% match of participant contributions up to 3% of the participant's compensation. Additionally, the Organization makes a 3% safe harbor contribution for each participant regardless of deferral. Employer and employee contributions are fully vested at all times. Retirement plan expense for the years ended December 31, 2021 and 2020 was \$88,558 and \$79,847, respectively.

### 12. Income Taxes

NCRA is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(6) of the Internal Revenue Code (IRC) and the applicable provisions of the Virginia tax regulations. However, NCRA generated taxable, unrealized business income during the years ended December 31, 2021 and 2020, related primarily to advertising associated with the *JCR – Journal of Court Reporting* magazine. NCRF is exempt from the payment of income taxes on its exempt activities under IRC Section 501(c)(3). NCRA PAC is subject to federal income taxes on its interest income under IRC Section 527.

Management has evaluated the Organization's tax positions and concluded that the consolidated financial statements do not include any uncertain tax positions.

**SUPPLEMENTARY INFORMATION**

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**National Court Reporters Association and Affiliates**

Consolidating Schedule of Financial Position  
December 31, 2021

|   | NCRA                | NCRF              | NCRA PAC         | Eliminations       | Total                |
|---|---------------------|-------------------|------------------|--------------------|----------------------|
| <b>Assets</b>   |                     |                   |                  |                    |                      |
| Current assets:   |                     |                   |                  |                    |                      |
| Cash and cash equivalents                                 | \$ 2,029,529        | \$ 546,988        | \$ 64,140        | \$ -               | \$ 2,640,657         |
| Investments   | 7,082,892           | 322,805           | -                | -                  | 7,405,697            |
| Accounts receivable, net                                  | 36,937              | -                 | -                | -                  | 36,937               |
| Due from Affiliate  | 37,762              | -                 | -                | (37,762)           | -                    |
| Inventory, net  | 10,453              | -                 | -                | -                  | 10,453               |
| Prepaid expenses  | 129,509             | 5,125             | -                | -                  | 134,634              |
| Total current assets                                      | 9,327,082           | 874,918           | 64,140           | (37,762)           | 10,228,378           |
| Property and equipment, net                               | 417,063             | -                 | -                | -                  | 417,063              |
| Intangible assets, net                                    | 157,224             | -                 | -                | -                  | 157,224              |
| Total assets  | <u>\$ 9,901,369</u> | <u>\$ 874,918</u> | <u>\$ 64,140</u> | <u>\$ (37,762)</u> | <u>\$ 10,802,665</u> |
| <b>Liabilities and Net Assets</b>                         |                     |                   |                  |                    |                      |
| <b>Liabilities</b>  |                     |                   |                  |                    |                      |
| Current liabilities:                                      |                     |                   |                  |                    |                      |
| Accounts payable and accrued expenses                     | \$ 216,863          | \$ 5,750          | \$ -             | \$ -               | \$ 222,613           |
| Due to Affiliate  | -                   | 37,762            | -                | (37,762)           | -                    |
| Deferred revenue  | 2,008,120           | -                 | -                | -                  | 2,008,120            |
| Tenant allowance and deferred rent, current portion       | 117,309             | -                 | -                | -                  | 117,309              |
| Total current liabilities                                 | 2,342,292           | 43,512            | -                | (37,762)           | 2,348,042            |
| Tenant allowance and deferred rent,<br>noncurrent portion | 548,086             | -                 | -                | -                  | 548,086              |
| Total liabilities   | <u>2,890,378</u>    | <u>43,512</u>     | <u>-</u>         | <u>(37,762)</u>    | <u>2,896,128</u>     |
| <b>Net Assets</b>   |                     |                   |                  |                    |                      |
| Without donor restrictions                                | 7,010,991           | 789,279           | 64,140           | -                  | 7,864,410            |
| With donor restrictions                                   | -                   | 42,127            | -                | -                  | 42,127               |
| Total net assets  | <u>7,010,991</u>    | <u>831,406</u>    | <u>64,140</u>    | <u>-</u>           | <u>7,906,537</u>     |
| Total liabilities and net assets                          | <u>\$ 9,901,369</u> | <u>\$ 874,918</u> | <u>\$ 64,140</u> | <u>\$ (37,762)</u> | <u>\$ 10,802,665</u> |

**National Court Reporters Association and Affiliates**

Consolidating Schedule of Financial Position  
December 31, 2020

|   | NCRA                | NCRF              | NCRA PAC         | Eliminations       | Total                |
|---|---------------------|-------------------|------------------|--------------------|----------------------|
| <b>Assets</b>   |                     |                   |                  |                    |                      |
| Current assets:   |                     |                   |                  |                    |                      |
| Cash and cash equivalents                                 | \$ 2,005,833        | \$ 409,153        | \$ 62,216        | \$ -               | \$ 2,477,202         |
| Investments   | 6,502,512           | 296,636           | -                | -                  | 6,799,148            |
| Accounts receivable, net                                  | 40,525              | -                 | -                | -                  | 40,525               |
| Due from Affiliate  | 11,992              | -                 | -                | (11,992)           | -                    |
| Inventory, net  | 10,109              | -                 | -                | -                  | 10,109               |
| Prepaid expenses  | 155,720             | 5,300             | -                | -                  | 161,020              |
| Total current assets                                      | 8,726,691           | 711,089           | 62,216           | (11,992)           | 9,488,004            |
| Property and equipment, net                               | 503,599             | -                 | -                | -                  | 503,599              |
| Intangible assets, net                                    | 91,726              | -                 | -                | -                  | 91,726               |
| Total assets  | <u>\$ 9,322,016</u> | <u>\$ 711,089</u> | <u>\$ 62,216</u> | <u>\$ (11,992)</u> | <u>\$ 10,083,329</u> |
| <b>Liabilities and Net Assets</b>                         |                     |                   |                  |                    |                      |
| <b>Liabilities</b>  |                     |                   |                  |                    |                      |
| Current liabilities:                                      |                     |                   |                  |                    |                      |
| Accounts payable and accrued expenses                     | \$ 204,457          | \$ 2,226          | \$ -             | \$ -               | \$ 206,683           |
| Due to Affiliate  | -                   | 11,992            | -                | (11,992)           | -                    |
| Deferred revenue  | 2,050,414           | -                 | -                | -                  | 2,050,414            |
| Tenant allowance and deferred rent, current portion       | 108,257             | -                 | -                | -                  | 108,257              |
| Total current liabilities                                 | 2,363,128           | 14,218            | -                | (11,992)           | 2,365,354            |
| Tenant allowance and deferred rent,<br>noncurrent portion | 665,665             | -                 | -                | -                  | 665,665              |
| Total liabilities   | <u>3,028,793</u>    | <u>14,218</u>     | <u>-</u>         | <u>(11,992)</u>    | <u>3,031,019</u>     |
| <b>Net Assets</b>   |                     |                   |                  |                    |                      |
| Without donor restrictions                                | 6,293,223           | 678,114           | 62,216           | -                  | 7,033,553            |
| With donor restrictions                                   | -                   | 18,757            | -                | -                  | 18,757               |
| Total net assets  | <u>6,293,223</u>    | <u>696,871</u>    | <u>62,216</u>    | <u>-</u>           | <u>7,052,310</u>     |
| Total liabilities and net assets                          | <u>\$ 9,322,016</u> | <u>\$ 711,089</u> | <u>\$ 62,216</u> | <u>\$ (11,992)</u> | <u>\$ 10,083,329</u> |

**National Court Reporters Association and Affiliates**

Consolidating Schedule of Activities  
For the Year Ended December 31, 2021

|   | NCRA         | NCRF    | NCRA PAC | Total        |
|---|--------------|---------|----------|--------------|
| <b>Operating Revenue and Support Without Donor Restrictions</b> |              |         |          |              |
| Membership dues   | \$ 3,031,004 | \$ -    | \$ -     | \$ 3,031,004 |
| Professional development  | 601,973      | -       | -        | 601,973      |
| Communications  | 103,685      | -       | -        | 103,685      |
| Convention and firm owners meeting                              | 562,677      | -       | -        | 562,677      |
| Contributions   | -            | 164,813 | 2,340    | 167,153      |
| Publications sales  | 45,622       | -       | -        | 45,622       |
| Insurance and credit card royalties                             | 107,705      | -       | -        | 107,705      |
| Education   | 624,471      | -       | -        | 624,471      |
| Other income  | 11,869       | 19,417  | -        | 31,286       |
| Net assets released from restrictions                           | -            | 12,870  | -        | 12,870       |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total operating revenue and support without donor restrictions  | 5,089,006    | 197,100 | 2,340    | 5,288,446    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| <b>Expenses</b>   |              |         |          |              |
| Program services:   |              |         |          |              |
| Professional development  | 883,540      | -       | -        | 883,540      |
| Communications  | 931,943      | -       | -        | 931,943      |
| Membership  | 327,983      | -       | -        | 327,983      |
| Convention and firm owners meeting                              | 618,508      | -       | -        | 618,508      |
| Foundation  | -            | 62,308  | -        | 62,308       |
| Government relations  | 235,542      | -       | -        | 235,542      |
| Publications  | 64,901       | -       | -        | 64,901       |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total program services  | 3,062,417    | 62,308  | -        | 3,124,725    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Supporting services:  |              |         |          |              |
| Fundraising   | -            | 28,569  | -        | 28,569       |
| Management and general  | 1,889,903    | 21,228  | 416      | 1,911,547    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total supporting services                                       | 1,889,903    | 49,797  | 416      | 1,940,116    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total expenses  | 4,952,320    | 112,105 | 416      | 5,064,841    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Change in operating net assets without donor restrictions       | 136,686      | 84,995  | 1,924    | 223,605      |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |

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**National Court Reporters Association and Affiliates**

Consolidating Schedule of Activities (continued)  
For the Year Ended December 31, 2021

|   | <u>NCRA</u>         | <u>NCRF</u>       | <u>NCRA PAC</u>  | <u>Total</u>        |
|---|---------------------|-------------------|------------------|---------------------|
| <b>Non-Operating Activity</b>                   |                     |                   |                  |                     |
| Investment return, net                          | 581,082             | 26,170            | -                | 607,252             |
| Total non-operating activity                    | <u>581,082</u>      | <u>26,170</u>     | <u>-</u>         | <u>607,252</u>      |
| Change in net assets without donor restrictions | 717,768             | 111,165           | 1,924            | 830,857             |
| <b>Net Assets With Donor Restrictions</b>       |                     |                   |                  |                     |
| Contributions                                   | -                   | 36,240            | -                | 36,240              |
| Net assets released from restrictions           | <u>-</u>            | <u>(12,870)</u>   | <u>-</u>         | <u>(12,870)</u>     |
| Change in net assets with donor restrictions    | <u>-</u>            | <u>23,370</u>     | <u>-</u>         | <u>23,370</u>       |
| <b>Change in Net Assets</b>                     | 717,768             | 134,535           | 1,924            | 854,227             |
| <b>Net Assets, beginning of year</b>            | <u>6,293,223</u>    | <u>696,871</u>    | <u>62,216</u>    | <u>7,052,310</u>    |
| <b>Net Assets, end of year</b>                  | <u>\$ 7,010,991</u> | <u>\$ 831,406</u> | <u>\$ 64,140</u> | <u>\$ 7,906,537</u> |

**National Court Reporters Association and Affiliates**

Consolidating Schedule of Activities  
For the Year Ended December 31, 2020

|   | NCRA         | NCRF    | NCRA PAC | Total        |
|---|--------------|---------|----------|--------------|
| <b>Operating Revenue and Support Without Donor Restrictions</b> |              |         |          |              |
| Membership dues   | \$ 3,145,293 | \$ -    | \$ -     | \$ 3,145,293 |
| Professional development  | 487,446      | -       | -        | 487,446      |
| Communications  | 144,914      | -       | -        | 144,914      |
| Convention and firm owners meeting                              | 366,175      | -       | -        | 366,175      |
| Contributions   | -            | 138,914 | 925      | 139,839      |
| Publications sales  | 88,602       | -       | -        | 88,602       |
| Insurance and credit card royalties                             | 113,078      | -       | -        | 113,078      |
| Education   | 556,699      | -       | -        | 556,699      |
| Other income  | 8,154        | 11,460  | -        | 19,614       |
| Net assets released from restrictions                           | -            | 9,431   | -        | 9,431        |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total operating revenue and support without donor restrictions  | 4,910,361    | 159,805 | 925      | 5,071,091    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| <b>Expenses</b>   |              |         |          |              |
| Program services:   |              |         |          |              |
| Professional development  | 766,582      | -       | -        | 766,582      |
| Communications  | 896,278      | -       | -        | 896,278      |
| Membership  | 323,025      | -       | -        | 323,025      |
| Convention and firm owners meeting                              | 325,115      | -       | -        | 325,115      |
| Foundation  | -            | 52,471  | -        | 52,471       |
| Government relations  | 236,028      | -       | -        | 236,028      |
| Publications  | 89,591       | -       | -        | 89,591       |
| Public affairs and strategic alignment                          | 264          | -       | -        | 264          |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total program services  | 2,636,883    | 52,471  | -        | 2,689,354    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Supporting services:  |              |         |          |              |
| Fundraising   | -            | 20,450  | -        | 20,450       |
| Management and general  | 1,825,807    | 21,267  | 97       | 1,847,171    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total supporting services                                       | 1,825,807    | 41,717  | 97       | 1,867,621    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Total expenses  | 4,462,690    | 94,188  | 97       | 4,556,975    |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |
| Change in operating net assets without donor restrictions       | 447,671      | 65,617  | 828      | 514,116      |
|   | <hr/>        | <hr/>   | <hr/>    | <hr/>        |

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**National Court Reporters Association and Affiliates**

Consolidating Schedule of Activities (continued)  
For the Year Ended December 31, 2020

|   | <u>NCRA</u>         | <u>NCRF</u>       | <u>NCRA PAC</u>  | <u>Total</u>        |
|---|---------------------|-------------------|------------------|---------------------|
| <b>Non-Operating Activity</b>                   |                     |                   |                  |                     |
| Investment return, net                          | 679,812             | 30,466            | -                | 710,278             |
| Total non-operating activity                    | <u>679,812</u>      | <u>30,466</u>     | <u>-</u>         | <u>710,278</u>      |
| Change in net assets without donor restrictions | 1,127,483           | 96,083            | 828              | 1,224,394           |
| <b>Net Assets With Donor Restrictions</b>       |                     |                   |                  |                     |
| Contributions                                   | -                   | 12,205            | -                | 12,205              |
| Net assets released from restrictions           | <u>-</u>            | <u>(9,431)</u>    | <u>-</u>         | <u>(9,431)</u>      |
| Change in net assets with donor restrictions    | <u>-</u>            | <u>2,774</u>      | <u>-</u>         | <u>2,774</u>        |
| <b>Change in Net Assets</b>                     | 1,127,483           | 98,857            | 828              | 1,227,168           |
| <b>Net Assets, beginning of year</b>            | <u>5,165,740</u>    | <u>598,014</u>    | <u>61,388</u>    | <u>5,825,142</u>    |
| <b>Net Assets, end of year</b>                  | <u>\$ 6,293,223</u> | <u>\$ 696,871</u> | <u>\$ 62,216</u> | <u>\$ 7,052,310</u> |