

National Court Reporters Association and Affiliates

Consolidated Financial Statements
and Independent Auditor's Report

December 31, 2022 and 2021

National Court Reporters Association and Affiliates

Consolidated Financial Statements
December 31, 2022 and 2021

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INDEPENDENT AUDITOR’S 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, 2022 and 2021; 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, 2022 and 2021, 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
November 4, 2023

National Court Reporters Association and Affiliates

Consolidated Statements of Financial Position December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,980,503	\$ 2,640,657
Investments	6,417,746	7,405,697
Accounts receivable, net	52,793	36,937
Inventory, net	8,885	10,453
Prepaid expenses	125,213	134,634
Total current assets	8,585,140	10,228,378
Property and equipment, net	42,990	417,063
Intangible assets, net	116,968	157,224
Total assets	\$ 8,745,098	\$ 10,802,665
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 599,615	\$ 222,613
Deferred revenue	1,948,216	2,008,120
Tenant allowance and deferred rent, current portion	-	117,309
Total current liabilities	2,547,831	2,348,042
Tenant allowance and deferred rent, noncurrent portion	-	548,086
Total liabilities	2,547,831	2,896,128
Net Assets		
Without donor restrictions	6,134,602	7,864,410
With donor restrictions	62,665	42,127
Total net assets	6,197,267	7,906,537
Total liabilities and net assets	\$ 8,745,098	\$ 10,802,665

See accompanying notes.

National Court Reporters Association and Affiliates

Consolidated Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue and Support Without Donor Restrictions		
Membership dues	\$ 2,824,695	\$ 3,031,004
Professional development	518,570	601,973
Communications	129,623	103,685
Convention and firm owners meeting	461,235	562,677
Contributions	190,452	167,153
Publications sales	37,370	45,622
Insurance and credit card royalties	107,479	107,705
Education	616,063	624,471
Other income	11,988	31,286
Net assets released from restrictions	15,931	12,870
Total operating revenue and support without donor restrictions	4,913,406	5,288,446
Expenses		
Program services:		
Professional development	899,177	883,540
Communications	933,762	931,943
Membership	431,974	327,983
Convention and firm owners meeting	626,810	618,508
Foundation	95,948	62,308
Government relations	246,994	235,542
Publications	60,619	64,901
Total program services	3,295,284	3,124,725
Supporting services:		
Fundraising	39,043	28,569
Management and general	1,920,441	1,911,547
Total supporting services	1,959,484	1,940,116
Total expenses	5,254,768	5,064,841
Change in operating net assets without donor restrictions	(341,362)	223,605
Non-Operating Activities		
Investment return, net	(988,331)	607,252
Net loss on lease termination	(400,115)	-
Total non-operating activities	(1,388,446)	607,252
Change in net assets without donor restrictions	(1,729,808)	830,857
Net Assets With Donor Restrictions		
Contributions	36,469	36,240
Net assets released from restrictions	(15,931)	(12,870)
Change in net assets with donor restrictions	20,538	23,370
Change in Net Assets	(1,709,270)	854,227
Net Assets, beginning of year	7,906,537	7,052,310
Net Assets, end of year	\$ 6,197,267	\$ 7,906,537

See accompanying notes.

National Court Reporters Association and Affiliates

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	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	\$ 627,933	\$ 630,432	\$ 347,719	\$ 135,675	\$ 52,432	\$ 101,138	\$ 12,355	\$ 1,907,684	\$ 6,554	\$ 698,679	\$ 705,233	\$ 2,612,917
Professional fees	217,102	98,489	79,031	77,557	-	120,000	28,431	620,610	-	459,669	459,669	1,080,279
Office expense	1,297	231	-	851	-	-	-	2,379	-	17,461	17,461	19,840
Dues and subscriptions	1,205	14,704	-	-	-	150	-	16,059	15,474	6,748	22,222	38,281
Education and training	-	-	-	-	-	-	-	-	-	4,465	4,465	4,465
Travel	36,632	6,953	-	9,326	1,876	1,367	-	56,154	-	7,563	7,563	63,717
Postage and delivery	1,340	52,261	8	121	-	49	25	53,804	-	2,987	2,987	56,791
Printing and duplication	1,086	130,692	5,216	1,010	-	-	-	138,004	-	2,064	2,064	140,068
Meetings and projects	8,582	-	-	402,270	28,668	24,290	-	463,810	17,015	48,933	65,948	529,758
Repair and maintenance	-	-	-	-	-	-	-	-	-	40,800	40,800	40,800
Depreciation and amortization	-	-	-	-	-	-	-	-	-	189,435	189,435	189,435
Taxes and licenses	-	-	-	-	-	-	-	-	-	16,638	16,638	16,638
Insurance	-	-	-	-	-	-	-	-	-	46,840	46,840	46,840
Bank processing fees	-	-	-	-	-	-	-	-	-	101,714	101,714	101,714
Rent and utilities	-	-	-	-	-	-	-	-	-	267,323	267,323	267,323
Royalties	-	-	-	-	-	-	244	244	-	-	-	244
Advertising and promotion	-	-	-	-	-	-	-	-	-	9,122	9,122	9,122
Publications and products	-	-	-	-	-	-	19,564	19,564	-	-	-	19,564
Scholarships program	4,000	-	-	-	12,972	-	-	16,972	-	-	-	16,972
Total Expenses	\$ 899,177	\$ 933,762	\$ 431,974	\$ 626,810	\$ 95,948	\$ 246,994	\$ 60,619	\$ 3,295,284	\$ 39,043	\$ 1,920,441	\$ 1,959,484	\$ 5,254,768

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
Total Expenses	\$ 883,540	\$ 931,943	\$ 327,983	\$ 618,508	\$ 62,308	\$ 235,542	\$ 64,901	\$ 3,124,725	\$ 28,569	\$ 1,911,547	\$ 1,940,116	\$ 5,064,841

See accompanying notes.

National Court Reporters Association and Affiliates

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (1,709,270)	\$ 854,227
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized loss (gain) on investments	38,861	(109,539)
Unrealized loss (gain) on investments	1,163,145	(370,052)
Loss on disposal of property and equipment	374,985	-
Depreciation and amortization on property and equipment	69,393	97,699
Amortization on intangible assets	120,042	67,885
Change in allowance for doubtful accounts	-	1,300
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(15,856)	2,288
Inventory	1,568	(344)
Prepaid expenses	9,421	26,386
Increase (decrease) in:		
Accounts payable and accrued expenses	377,002	15,930
Deferred revenue	(59,904)	(42,294)
Tenant allowance and deferred rent	(665,395)	(108,527)
Net cash (used in) provided by operating activities	<u>(296,008)</u>	<u>434,959</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(70,305)	(11,163)
Purchases of intangible assets	(79,786)	(133,383)
Purchases of investments	(741,288)	(1,200,067)
Proceeds from sales of investments	527,233	1,073,109
Net cash used in investing activities	<u>(364,146)</u>	<u>(271,504)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(660,154)	163,455
Cash and Cash Equivalents, beginning of year	<u>2,640,657</u>	<u>2,477,202</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,980,503</u>	<u>\$ 2,640,657</u>

See accompanying notes.

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021

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.

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 activities consists of net investment return and net loss on the lease termination, as described in Note 10.

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.

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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. 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 at both December 31, 2022 and 2021.

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, 2022 and 2021, 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 10 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, 2022 and 2021

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 Organization 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 \$1,814,407 and \$1,927,960 at December 31, 2022 and 2021, 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 \$72,840 and \$22,070 at December 31, 2022 and 2021, 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 \$60,969 and \$58,090 at December 31, 2022 and 2021, 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, 2022 and 2021

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 is 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.

Advertising and Promotion Expenses

The Organization expenses advertising and promotion costs as incurred. Advertising and promotion expenses were \$9,122 and \$5,125 for the years ended December 31, 2022 and 2021, respectively.

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, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncement

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*. This ASU addresses measurement and reporting of credit losses related to accounts receivable, notes receivable, leases receivable, and held-to-maturity debt securities. The ASU mandates the current expected credit loss (CECL) model, which measures and reports expected losses over the contractual life of an asset. The measurement of expected life credit losses will be based on relevant information, not just past events (including historical experience and current conditions), but also the “reasonable and supportable” forecasts that affect collectability of the reported amount. This guidance is effective for the Organization beginning in 2023. Management is evaluating the potential impact of this update on the Organization’s consolidated financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 4, 2023, 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.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,980,503	\$ 2,640,657
Short-term investments	5,962,881	7,116,697
Accounts receivable, net	52,793	36,937
Less: net assets with donor restrictions	<u>(62,665)</u>	<u>(42,127)</u>
Total available for general expenditures	<u>\$ 7,933,512</u>	<u>\$ 9,752,164</u>

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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:

	2022	2021
Interest and dividends	\$ 265,074	\$ 180,555
Realized (loss) gain	(38,861)	109,539
Unrealized (loss) gain	(1,163,145)	370,052
Less: investment management fees	(51,399)	(52,894)
Total investment return, net	<u>\$ (988,331)</u>	<u>\$ 607,252</u>

The Organization follows FASB Accounting Standards Codification (ASC) 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.

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

5. Investments and Fair Value Measurements (continued)

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.

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 \$253,843 and \$289,000 at December 31, 2022 and 2021, respectively. 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.

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

5. Investments and Fair Value Measurements (continued)

Ironwood Institutional Multi-Strategy Fund LLC – The Organization had an investment in Ironwood Institutional Multi-Strategy Fund LLC (“Ironwood”) totaling \$201,022 at December 31, 2022. Ironwood invests in various pooled funds, which are managed by third party investment advisers in order to achieve capital appreciation with limited variability of returns. Investments are valued at their NAV as reported by the underlying investment managers. Ironwood performs quarterly and annual valuation procedures for each investor. Investments in this fund are subject to a semi-annual redemption with a 95-day redemption notice period.

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

	Level 1	Level 2	Level 3	NAV	Total
<u>2022:</u>					
Money market	\$ 529,654	\$ -	\$ -	\$ -	\$ 529,654
Common stock	1,130,921	-	-	-	1,130,921
Mutual funds:					
Equity	2,018,961	-	-	-	2,018,961
Fixed income	1,522,673	-	-	-	1,522,673
Alternatives	760,672	-	-	-	760,672
Alternative investments:					
Pooled funds	-	-	-	454,865	454,865
Total investments	\$ 5,962,881	\$ -	\$ -	\$ 454,865	\$ 6,417,746
<u>2021:</u>					
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
Total investments	\$ 7,116,697	\$ -	\$ -	\$ 289,000	\$ 7,405,697

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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 Commitments	Redemption Frequency	Redemption Notice Period
<u>2022:</u>				
Central Park Group Focused Access Fund, LLC	\$ 253,843	\$ -	Quarterly	70 days
Ironwood Institutional Multi-Strategy Fund LLC	201,022	-	Semi-annual	95 days
<u>2021:</u>				
Central Park Group Focused Access Fund, LLC	\$ 289,000	\$ -	Quarterly	70 days

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2022	2021
Leasehold improvements	\$ -	\$ 912,269
Office furniture and equipment	127,767	87,285
Computers and hardware	85,997	149,447
	213,764	1,149,001
Total property and equipment		
Less: accumulated depreciation and amortization	(170,774)	(731,938)
Property and equipment, net	\$ 42,990	\$ 417,063

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

7. Intangible Assets

Intangible assets consist of the following at December 31:

	2022	2021
Gross carrying amount:		
Software	\$ 190,435	\$ 501,546
Verbatim Resource Center, Inc.	-	226,713
Website	59,456	59,456
Association management software	-	524,109
	249,891	1,311,824
Accumulated amortization:		
Software	(73,467)	(344,322)
Verbatim Resource Center, Inc.	-	(226,713)
Website and database development	(59,456)	(59,456)
Association management software	-	(524,109)
	(132,923)	(1,154,600)
Less: accumulated amortization	(132,923)	(1,154,600)
Intangible assets, net	\$ 116,968	\$ 157,224

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

	Software	Total
2023	\$ 47,759	\$ 47,759
2024	41,752	41,752
2025	27,457	27,457
	\$ 116,968	\$ 116,968
Total amortization	\$ 116,968	\$ 116,968

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

8. Net Assets With Donor Restrictions

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

	2022	2021
Scholarships	\$ 33,640	\$ 17,777
A to Z program	12,321	18,116
ASAE Grant	99	99
Career launcher	300	1,635
Guardians of the Record	4,900	-
Rosario – Court to Cart	3,895	-
Reporter relief	7,510	4,500
Total net assets with donor restrictions	<u>\$ 62,665</u>	<u>\$ 42,127</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 Leases

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. 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 at December 31, 2021 under ASC 840.

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

10. Commitments and Contingencies (continued)

Operating Leases (continued)

On February 22, 2022, the Organization exercised its right to terminate the lease effective February 28, 2023, by providing the 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 \$616,922, payable 50% on or before the notice date and 50% on or before the termination date. The 50% portion payable in the amount of \$308,461 is included in accounts payable and accrued expenses at December 31, 2022 in the accompanying statements of financial position. During the year ended December 31, 2022, the Organization wrote off its tenant improvement and deferred rent liability at the time of termination. The net loss on the termination of the lease that includes the termination fee and the write-off of the tenant improvement and deferred rent liability totaled \$400,115, and is reflected as non-operating activities in the accompanying consolidated statements of activities for the year ended December 31, 2022.

Total rent expense was \$246,698 and \$249,834 for the years ended December 31, 2022 and 2021, respectively.

On September 14, 2022, the Organization entered into an operating lease for office space at a different location. The lease commenced on March 1, 2023, and is scheduled to expire on November 30, 2028. The terms of the lease agreement including annual rent escalations of 2.75% and nine months of abated rent. The operating lease will be reflected as a right-of-use asset and lease liability in the subsequent accompanying consolidated statements of financial position, according to ASC 842.

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

2023	\$	8,998
2024		110,453
2025		112,790
2026		116,471
2027		119,818
Thereafter		112,807
		<hr/>
Total future minimum lease payments	\$	<u>581,337</u>

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

10. Commitments and Contingencies (continued)

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.

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, 2022 and 2021 was \$91,961 and \$88,558, respectively.

National Court Reporters Association and Affiliates

Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021, 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

National Court Reporters Association and Affiliates

Consolidating Schedule of Financial Position
December 31, 2022

	<u>NCRA</u>	<u>NCRF</u>	<u>NCRA PAC</u>	<u>Eliminations</u>	<u>Total</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,285,939	\$ 627,617	\$ 66,947	\$ -	\$ 1,980,503
Investments	6,140,797	276,949	-	-	6,417,746
Accounts receivable, net	52,793	-	-	-	52,793
Due from Affiliate	48,985	-	-	(48,985)	-
Inventory, net	8,885	-	-	-	8,885
Prepaid expenses	124,476	737	-	-	125,213
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	7,661,875	905,303	66,947	(48,985)	8,585,140
Property and equipment, net	42,990	-	-	-	42,990
Intangible assets, net	116,968	-	-	-	116,968
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 7,821,833</u>	<u>\$ 905,303</u>	<u>\$ 66,947</u>	<u>\$ (48,985)</u>	<u>\$ 8,745,098</u>
Liabilities and Net Assets					
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	\$ 594,893	\$ 4,722	\$ -	\$ -	\$ 599,615
Due to Affiliate	-	48,985	-	(48,985)	-
Deferred revenue	1,948,216	-	-	-	1,948,216
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,543,109	53,707	-	(48,985)	2,547,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets					
Without donor restrictions	5,278,724	788,931	66,947	-	6,134,602
With donor restrictions	-	62,665	-	-	62,665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	5,278,724	851,596	66,947	-	6,197,267
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 7,821,833</u>	<u>\$ 905,303</u>	<u>\$ 66,947</u>	<u>\$ (48,985)</u>	<u>\$ 8,745,098</u>

National Court Reporters Association and Affiliates

Consolidating Schedule of Financial Position
December 31, 2021

	<u>NCRA</u>	<u>NCRF</u>	<u>NCRA PAC</u>	<u>Eliminations</u>	<u>Total</u>
Assets					
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>
Liabilities and Net Assets					
Liabilities					
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, 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>
Net Assets					
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 Activities
For the Year Ended December 31, 2022

	<u>NCRA</u>	<u>NCRF</u>	<u>NCRA PAC</u>	<u>Total</u>
Operating Revenue and Support Without Donor Restrictions				
Membership dues	\$ 2,824,695	\$ -	\$ -	\$ 2,824,695
Professional development	518,570	-	-	518,570
Communications	129,623	-	-	129,623
Convention and firm owners meeting	461,235	-	-	461,235
Contributions	-	185,141	5,311	190,452
Publications sales	37,370	-	-	37,370
Insurance and credit card royalties	107,479	-	-	107,479
Education	616,063	-	-	616,063
Other income	8,059	3,929	-	11,988
Net assets released from restrictions	-	15,931	-	15,931
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenue and support without donor restrictions	4,703,094	205,001	5,311	4,913,406
	<hr/>	<hr/>	<hr/>	<hr/>
Expenses				
Program services:				
Professional development	899,177	-	-	899,177
Communications	933,762	-	-	933,762
Membership	431,974	-	-	431,974
Convention and firm owners meeting	626,810	-	-	626,810
Foundation	-	95,948	-	95,948
Government relations	244,994	-	2,000	246,994
Publications	60,619	-	-	60,619
	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	3,197,336	95,948	2,000	3,295,284
	<hr/>	<hr/>	<hr/>	<hr/>
Supporting services:				
Fundraising	-	39,043	-	39,043
Management and general	1,896,664	23,273	504	1,920,441
	<hr/>	<hr/>	<hr/>	<hr/>
Total supporting services	1,896,664	62,316	504	1,959,484
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	5,094,000	158,264	2,504	5,254,768
	<hr/>	<hr/>	<hr/>	<hr/>
Change in operating net assets without donor restrictions	(390,906)	46,737	2,807	(341,362)
	<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, 2022

	<u>NCRA</u>	<u>NCRF</u>	<u>NCRA PAC</u>	<u>Total</u>
Non-Operating Activities				
Investment return, net	(941,246)	(47,085)	-	(988,331)
Net loss on lease termination	<u>(400,115)</u>	<u>-</u>	<u>-</u>	<u>(400,115)</u>
Total non-operating activities	<u>(1,341,361)</u>	<u>(47,085)</u>	<u>-</u>	<u>(1,388,446)</u>
Change in net assets without donor restrictions	<u>(1,732,267)</u>	<u>(348)</u>	<u>2,807</u>	<u>(1,729,808)</u>
Net Assets With Donor Restrictions				
Contributions	-	36,469	-	36,469
Net assets released from restrictions	<u>-</u>	<u>(15,931)</u>	<u>-</u>	<u>(15,931)</u>
Change in net assets with donor restrictions	<u>-</u>	<u>20,538</u>	<u>-</u>	<u>20,538</u>
Change in Net Assets	<u>(1,732,267)</u>	<u>20,190</u>	<u>2,807</u>	<u>(1,709,270)</u>
Net Assets, beginning of year	<u>7,010,991</u>	<u>831,406</u>	<u>64,140</u>	<u>7,906,537</u>
Net Assets, end of year	<u><u>\$ 5,278,724</u></u>	<u><u>\$ 851,596</u></u>	<u><u>\$ 66,947</u></u>	<u><u>\$ 6,197,267</u></u>

National Court Reporters Association and Affiliates

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

	<u>NCRA</u>	<u>NCRF</u>	<u>NCRA PAC</u>	<u>Total</u>
Operating Revenue and Support Without Donor Restrictions				
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/>
Expenses				
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
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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>
Non-Operating Activity				
Investment return, net	<u>581,082</u>	<u>26,170</u>	<u>-</u>	<u>607,252</u>
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	<u>717,768</u>	<u>111,165</u>	<u>1,924</u>	<u>830,857</u>
Net Assets With Donor Restrictions				
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>
Change in Net Assets	717,768	134,535	1,924	854,227
Net Assets, beginning of year	<u>6,293,223</u>	<u>696,871</u>	<u>62,216</u>	<u>7,052,310</u>
Net Assets, end of year	<u>\$ 7,010,991</u>	<u>\$ 831,406</u>	<u>\$ 64,140</u>	<u>\$ 7,906,537</u>