

**NASBA CENTER FOR THE
PUBLIC TRUST**

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

JULY 31, 2022 and 2021



NASBA CENTER FOR THE PUBLIC TRUST

Table of Contents

| | Page |
|-----------------------------------|-------------|
| Independent Auditors' Report | 1-2 |
| Financial Statements: | |
| Statements of Activities | 3 |
| Statements of Functional Expenses | 4 |
| Statements of Financial Position | 5 |
| Statements of Cash Flows | 6 |
| Notes to Financial Statements | 7-12 |



INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of NASBA and the
NASBA Center for the Public Trust
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of the NASBA Center for the Public Trust (a nonprofit organization), which comprise the statements of activities and functional expenses for the years ended July 31, 2022 and 2021, the related statements of financial position as of July 31, 2022 and 2021, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the changes in net assets of the NASBA Center for the Public Trust for the years ended July 31, 2022 and 2021, and the financial position as of July 31, 2022 and 2021 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NASBA Center for the Public Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NASBA Center for the Public Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt the NASBA Center for the Public Trust's ability to continue as a going concern for the reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

LBMC, PC

Brentwood, Tennessee
September 22, 2022

NASBA CENTER FOR THE PUBLIC TRUST

STATEMENTS OF ACTIVITIES

For Years Ended July 31,
In thousands

| | 2022 | | | 2021 | | |
|--|-------------------------------|----------------------------|-----------------|-------------------------------|----------------------------|-----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenue and Support | | | | | | |
| Contributions | \$ 286 | \$ 35 | \$ 321 | \$ 263 | \$ 42 | \$ 305 |
| Services received from affiliate personnel | 367 | - | 367 | 339 | - | 339 |
| Programs | 323 | - | 323 | 267 | - | 267 |
| Investment income (loss) | (51) | (14) | (65) | - | 31 | 31 |
| Total revenue and support | 925 | 21 | 946 | 869 | 73 | 942 |
| Program Expenses | | | | | | |
| Ethics Advancement | 206 | - | 206 | 212 | - | 212 |
| Student Center for the Public Trust | 392 | - | 392 | 260 | - | 260 |
| Conferences | 23 | - | 23 | 33 | - | 33 |
| Total program expenses | 621 | - | 621 | 505 | - | 505 |
| Supporting Expenses | | | | | | |
| Administrative | 84 | - | 84 | 72 | - | 72 |
| Development | 109 | - | 109 | 99 | - | 99 |
| Total supporting expenses | 193 | - | 193 | 171 | - | 171 |
| Total expenses | 814 | - | 814 | 676 | - | 676 |
| Increase in Net Assets | 111 | 21 | 132 | 193 | 73 | 266 |
| Net Assets, Beginning of Year | 743 | 291 | 1,034 | 550 | 218 | 768 |
| Net Assets, End of Year | <u>\$ 854</u> | <u>\$ 312</u> | <u>\$ 1,166</u> | <u>\$ 743</u> | <u>\$ 291</u> | <u>\$ 1,034</u> |

See Accompanying Notes to Financial Statements

NASBA CENTER FOR THE PUBLIC TRUST

STATEMENTS OF FUNCTIONAL EXPENSES

For Years Ended July 31,
In thousands

| | Program Expenses | | | | Supporting Expenses | | | Total |
|---------------------------------|-----------------------|---------------|--------------|---------------|---------------------|---------------|---------------|---------------|
| | Ethics Advancement | StudentCPT | Conferences | Total | Administrative | Development | Total | |
| <u>2022</u> | | | | | | | | |
| Compensation | \$ 112 | \$ 165 | \$ 17 | \$ 294 | \$ 25 | \$ 54 | \$ 79 | \$ 373 |
| Benefits, taxes and other costs | 32 | 51 | 4 | 87 | 9 | 15 | 24 | 111 |
| Conference and meetings | 1 | 57 | - | 58 | - | 19 | 19 | 77 |
| Travel | 2 | 24 | - | 26 | 1 | 3 | 4 | 30 |
| Technology | - | 18 | - | 18 | 2 | 1 | 3 | 21 |
| Professional services | 44 | 41 | - | 85 | 15 | - | 15 | 100 |
| Credit card and other costs | 1 | 6 | - | 7 | 3 | 1 | 4 | 11 |
| Occupancy | 10 | 22 | 2 | 34 | 2 | 5 | 7 | 41 |
| Office | 3 | - | - | 3 | 26 | - | 26 | 29 |
| Marketing | - | 7 | - | 7 | - | - | - | 7 |
| Other | 1 | 1 | - | 2 | 1 | 11 | 12 | 14 |
| Total | <u>\$ 206</u> | <u>\$ 392</u> | <u>\$ 23</u> | <u>\$ 621</u> | <u>\$ 84</u> | <u>\$ 109</u> | <u>\$ 193</u> | <u>\$ 814</u> |
| <u>2021</u> | | | | | | | | |
| Compensation | \$ 111 | \$ 151 | \$ 23 | \$ 285 | \$ 21 | \$ 61 | \$ 82 | \$ 367 |
| Benefits, taxes and other costs | 36 | 49 | 7 | 92 | 8 | 20 | 28 | 120 |
| Conference and meetings | - | 2 | - | 2 | - | - | - | 2 |
| Technology | 1 | 23 | - | 24 | 3 | 1 | 4 | 28 |
| Professional services | 47 | 7 | - | 54 | 10 | - | 10 | 64 |
| Credit card and other costs | 2 | 7 | - | 9 | 2 | - | 2 | 11 |
| Occupancy | 10 | 13 | 3 | 26 | 2 | 6 | 8 | 34 |
| Office | 4 | 1 | - | 5 | 25 | - | 25 | 30 |
| Marketing | - | 7 | - | 7 | - | 1 | 1 | 8 |
| Other | 1 | - | - | 1 | 1 | 10 | 11 | 12 |
| Total | <u>\$ 212</u> | <u>\$ 260</u> | <u>\$ 33</u> | <u>\$ 505</u> | <u>\$ 72</u> | <u>\$ 99</u> | <u>\$ 171</u> | <u>\$ 676</u> |

See Accompanying Notes to Financial Statements

NASBA CENTER FOR THE PUBLIC TRUST

STATEMENTS OF FINANCIAL POSITION

July 31,
In thousands

| | <u>2022</u> | <u>2021</u> |
|--|------------------------|------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 442 | \$ 747 |
| Accounts receivable | 96 | 18 |
| Contributions receivable | 27 | 51 |
| Prepaid expenses | <u>20</u> | <u>2</u> |
| Total current assets | <u>585</u> | <u>818</u> |
| Investments and Other Assets | | |
| Investment securities, at fair value | 546 | 101 |
| Endowment fund | <u>140</u> | <u>154</u> |
| Total investments and other assets | <u>686</u> | <u>255</u> |
| Total assets | <u><u>\$ 1,271</u></u> | <u><u>\$ 1,073</u></u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 75 | \$ 22 |
| Due to NASBA | <u>30</u> | <u>17</u> |
| Total liabilities | <u>105</u> | <u>39</u> |
| Net Assets | | |
| Without donor restrictions | 854 | 743 |
| With donor restrictions | <u>312</u> | <u>291</u> |
| Total net assets | <u>1,166</u> | <u>1,034</u> |
| Total liabilities and net assets | <u><u>\$ 1,271</u></u> | <u><u>\$ 1,073</u></u> |

See Accompanying Notes to Financial Statements

NASBA CENTER FOR THE PUBLIC TRUST

STATEMENTS OF CASH FLOWS

For Years Ended July 31,

In thousands

| | 2022 | 2021 |
|---|--------|--------|
| Operating Activities | | |
| Cash received from NASBA | \$ 150 | \$ 150 |
| Cash received from donors | 145 | 104 |
| Cash received for contributions receivable | 51 | 26 |
| Cash received from program revenue | 244 | 267 |
| Interest and dividends received | 12 | 4 |
| Cash paid for personnel, goods and services | (401) | (323) |
| Net cash provided by operating activities | 201 | 228 |
| Investing Activities | | |
| Purchase of investment securities | (498) | (9) |
| Redemption of investment securities | - | 210 |
| Endowment reinvested dividends | (8) | (3) |
| Net cash provided (used) by investing activities | (506) | 198 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (305) | 426 |
| Cash and Cash Equivalents, Beginning of Year | 747 | 321 |
| Cash and Cash Equivalents, End of Year | \$ 442 | \$ 747 |
| Reconciliation of increase in net assets to net cash provided by operating activities: | | |
| Increase in net assets | \$ 132 | \$ 266 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Losses on investment securities | 53 | - |
| (Gains) losses on endowment investment securities | 22 | (28) |
| Changes in assets and liabilities | | |
| Decrease (increase) in: | | |
| Receivables | (54) | (26) |
| Prepaid expenses | (18) | 17 |
| Decrease in: | | |
| Accounts payable and accrued liabilities | 53 | (1) |
| Due to NASBA | 13 | - |
| Net cash provided by operating activities | \$ 201 | \$ 228 |

See Accompanying Notes to Financial Statements

**NASBA Center for the Public Trust
Notes to Financial Statements**

Note 1. Organization and Nature of Operations

The NASBA Center for the Public Trust ("CPT") is a nonprofit, public benefit corporation whose mission is to champion the public trust by advancing ethical leadership in business, institutions and organizations.

Ethics Advancement programs recognize individuals and organizations that practice high standards of social responsibility and ethical leadership and provide continuing professional education content for the same. The Student Center for the Public Trust ("StudentCPT") focuses on educating and engaging future business leaders on ethics, accountability and integrity through student membership groups at colleges and universities. CPT provides ethics leadership training and certification programs for students and professionals. In addition, CPT sponsors lectures, conferences and forums dedicated to addressing the duty of professionals to serve the public good, along with a focus on the issues that arise in the practical ethics of public life.

CPT is a membership organization of which the National Association of State Boards of Accountancy, Inc. ("NASBA") is its sole member. In both fiscal 2022 and 2021, NASBA provided annual support to CPT through monetary contributions of \$150,000. Included in the financial statements are the expenses for the cost of NASBA personnel who devote the majority of their time to CPT-related activities and for property and equipment, including office space, used by these personnel. These expenses are charged to, and reimbursed by, CPT at the cost incurred by NASBA. Also included in the financial statements are offsetting amounts of revenue and expense for the value of supporting services contributed by NASBA personnel in the areas of executive leadership, finance, information services, human resources, and marketing. The contribution of these services was valued at NASBA's cost of \$367,000 and \$339,000 in fiscal 2022 and 2021, respectively, and is reflected in the financial statements.

Note 2. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash equivalents include investments in money market funds in financial institutions which management believes are financially strong. Deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. From time to time, cash and cash equivalents may exceed FDIC limits. At July 31, 2022, the portion of the balance exceeding the FDIC insurance limits is \$103,000. CPT has not experienced any losses due to exceeding the FDIC insurance limits and management believes that CPT is not exposed to any significant credit risk related to cash and cash equivalents.

Contributions and accounts receivable

Contributions receivable are unconditional written promises to give which are recorded in the year the promise is made. Unconditional written promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discussed more fully in Note 3.

The carrying amount of all receivables is evaluated and reduced by a valuation allowance, if necessary. The need for an allowance is determined based on management's knowledge of its contributors, customers, historical loss experience and existing economic conditions. Management has determined that no allowance is required at July 31, 2022 or 2021.

Prepaid expenses

Prepaid expenses consist primarily of software subscription services. The asset is expensed in the period to which the benefit applies.

**NASBA Center for the Public Trust
Notes to Financial Statements**

Note 2. Significant Accounting Policies (Continued)

Investment securities

CPT generally invests all resources in excess of anticipated working capital requirements and donor-restricted endowment funds in fixed income and equity investment funds, which may contain diversified investments. Investments are made in accordance with an investment policy approved by the Board of Directors. Under the investment policy, the investment securities are required to meet certain criteria as to allowable asset classes and the composition of investments within those classes. Risk characteristics of the portfolio are managed via three primary asset classes of equity, fixed income and diversified investments. The diversified asset class contains investments whose returns generally are not correlated with those of the equity and fixed income asset classes. The diversified asset class is intended to provide risk-versus-return characteristics that are beneficial to the portfolio. CPT's investments are carried at fair value. These investments are discussed more fully in Note 5.

Securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in their value will occur in the near term and that such changes could be material to the financial statements.

Net assets

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are discussed more fully in Note 6.

Revenue and support recognition

Unconditional contributions are recognized as revenue when the contribution or pledge is received. Contributions with a condition stipulated by a donor are recognized as revenue when the condition is substantially met by CPT.

Revenue, other than contributions, consists of online training, conference services, merchandise sales, licensing of educational content, and student membership dues. Each of these services and merchandise sales have a single performance obligation. Revenue from online training, conference services, merchandise sales and licensing of content are recognized at a point in time. Revenue from membership dues is recognized as performance obligations are satisfied over time using the straight-line method. CPT primarily receives payment in advance at the time the services are requested by the customer. In all other instances, CPT receives payment from customers based on billing schedules established in its contracts. There were no contract assets or contract liabilities in the statement of financial position at July 31, 2022 and 2021.

NASBA Center for the Public Trust
Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Revenue and support recognition

The following schedule shows the nature, timing and related amounts in the statement of activities from contracts with customers for fiscal 2022:

| (In thousands) | Performance obligation met Recognition occurs | Revenue from contracts with customers |
|----------------------|--|--|
| Online training | at the point access is provided to customer | \$ 320 |
| Merchandise sales | at the point of shipment of merchandise | 1 |
| Membership dues | over the term of the membership | 2 |
| Total Revenue | | \$ 323 |

The following schedule shows the nature, timing and related amounts in the statement of activities from contracts with customers for fiscal 2021:

| (In thousands) | Performance obligation met Recognition occurs | Revenue from contracts with customers |
|----------------------|--|--|
| Online training | at the point access is provided to customer | \$ 260 |
| Merchandise sales | at the point of shipment of merchandise | 3 |
| Licensing of content | at the point of delivery of content | 3 |
| Membership dues | over the term of the membership | 1 |
| Total Revenue | | \$ 267 |

Income taxes

CPT is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and applicable state tax statutes. CPT is subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the Internal Revenue Code.

CPT has adopted the recognition requirements for uncertain income tax positions and believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on CPT's financial position, results of operations or cash flows. Accordingly, CPT has accrued no interest or penalties related to uncertain tax positions at July 31, 2022 or 2021. It is CPT's policy to recognize interest and penalties related to income tax matters in other expense. In general, CPT is no longer subject to examinations by tax authorities for U.S. federal and state income tax returns before fiscal 2019.

Contributed services

Many individuals contribute their time to CPT's activities. The value of these individuals' services is not recorded in the financial statements because such services would typically not be purchased by CPT if they had not been provided by contribution. Meeting and travel expenses for these individuals are reimbursed by CPT.

Expense allocation method

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses are allocated to the programs or functions on a reasonable basis that is consistently applied. Such allocations include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, office expenses, information technology, and other expenses, which are allocated based on the estimated time devoted to the program or function.

Note 3. Contributions Receivable

Contributions receivable, consisting of unconditional written promises to give at July 31, 2022 and 2021 total \$27,000 and \$51,000, respectively. All amounts are current and due in less than one year. At July 31, 2022 and 2021, there are no contributions receivable which are restricted for the endowment.

NASBA Center for the Public Trust
Notes to Financial Statements

Note 4. Endowment Fund

An endowment fund was established with donor-restricted funds and a related investment and spending policy with the objective of providing an income stream to fund endowment-related programs while seeking to maintain purchasing power of the endowment assets. Income generated from the endowment fund is restricted for the benefit of the Student Center for the Public Trust. The principal of the endowment fund will remain permanently invested and classified as net assets with donor restrictions.

Investment securities owned by CPT are required under the CPT Board-approved investment policy to meet certain criteria as to allowable asset classes and the composition of investments within those classes. Risk characteristics of the portfolio are managed through three primary asset classes of equity, fixed income and diversified investments. The diversified asset class contains investments that are not correlated with the equity and fixed income asset classes and are intended to provide anticipated risk-versus-return characteristics that are beneficial to the portfolio. CPT's investments are carried at fair value. Securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in their value will occur in the near term and that such changes could be material to the financial statements. Additional information on fair value and the asset classes is disclosed in Note 5.

Under the endowment spending policy, the CPT Board of Directors may designate a portion of the cumulative investment return, including net appreciation, for support of the current operations of specified programs; the remainder is retained to support operations of future years and to offset potential market declines. Under the endowment spending policy, up to 5 percent of the rolling three-year average value of the portfolio as of December 31 for the three years prior to the current year may be appropriated for the next fiscal year. Investment income designated for current operations and used for the specified programs is classified as an increase in net assets without donor restrictions. Investment income in excess of amounts designated for current operations is classified as an increase in net assets with donor restrictions. Investment income is classified as net assets with donor restrictions for fiscal 2022 and 2021.

The following schedule summarizes the investment return in the statements of activities for the years ended July 31:

| (In thousands) | 2022 | 2021 |
|---|------|------|
| Dividends and interest | \$ 8 | \$ 4 |
| Net realized and unrealized gains (losses) | (22) | 27 |
| Total return (loss) on investments | (14) | 31 |
| Investment return (loss) retained in the Endowment Fund | (14) | 31 |
| Investment return designated for current operations | \$ - | \$ - |

In accordance with the Uniform Prudent Management of Institutional Funds Act, the contributions received for the endowment fund are included in net assets with donor restrictions. Changes in net assets related to the endowment for fiscal year ended July 31, 2022 are as follows:

| | |
|---|--------|
| (In thousands) | |
| Endowment net assets, beginning of year | \$ 154 |
| Investment loss (net of expenses) | (14) |
| Endowment Net Assets, End of Year | \$ 140 |

Changes in net assets related to the endowment for fiscal year ended July 31, 2021 are as follows:

| | |
|---|--------|
| (In thousands) | |
| Endowment net assets, beginning of year | \$ 123 |
| Investment income (net of expenses) | 31 |
| Endowment Net Assets, End of Year | \$ 154 |

NASBA Center for the Public Trust
Notes to Financial Statements

Note 5. Fair Value Measurement

Authoritative guidance clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosures for fair value measurement. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At July 31, 2022 and 2021, the valuation method used to determine fair value for Level 1 investment securities is the last reported sales price on the last business day of the fiscal year reported by the active markets in which the individual securities are traded. The valuation methods used for Level 2 investment securities are estimates using market-based measurements, such as quoted prices for similar assets, executed trades and yield curves, for U.S. Government and other debt obligations and, for managed pool accounts, the net asset value as reported by the investment company which is derived from the value of the underlying investments. There have been no changes in the valuation methods used.

The fair value investment securities, of which the entire amount is invested in Level 1 mutual funds and exchange-traded funds at July 31 is as follows:

| (In thousands) | 2022 | 2021 |
|------------------------------------|---------------|---------------|
| Mutual Funds | | |
| Equity securities | \$ 147 | \$ - |
| Fixed income securities | 98 | - |
| Diversified investments | 73 | - |
| Money market | 102 | 101 |
| Exchange-traded Funds | | |
| Equity securities | 126 | - |
| Total Investment Securities | \$ 546 | \$ 101 |

The fair value of endowment fund investment securities, of which the entire amount is invested in Level 1 mutual funds, exchange-traded funds, and money market funds at July 31 is as follows:

| (In thousands) | 2022 | 2021 |
|------------------------------------|---------------|---------------|
| Endowment Fund | | |
| Mutual Funds | | |
| Equity securities | \$ 46 | \$ 55 |
| Fixed income securities | 31 | 25 |
| Diversified investments | 23 | 20 |
| Exchange-traded Funds | | |
| Equity securities | 39 | 53 |
| Money market | 1 | 1 |
| Total Endowment Investments | \$ 140 | \$ 154 |

NASBA Center for the Public Trust
Notes to Financial Statements

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions at July 31 are as follows:

| (In thousands) | 2022 | 2021 |
|---|---------------|---------------|
| Time-restricted and purpose-restricted | | |
| Endowment investment income | \$ 47 | \$ 61 |
| Purpose-restricted | | |
| Daniels Fund project | 3 | 3 |
| Student Center for the Public Trust | 169 | 134 |
| Endowment fund | 93 | 93 |
| Total Net Assets With Donor Restrictions | \$ 312 | \$ 291 |

At July 31, 2022 and 2021, cash, short-term receivables and investments were available to fulfill the requirements for net assets with donor restrictions.

Note 7. Liquidity and Availability

The following schedule reflects CPT's financial assets as of July 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position. Amounts not available include endowment fund earnings retained in the endowment fund that could be drawn upon if the governing board approves that action.

| (In thousands) | 2022 | 2021 |
|---|---------------|---------------|
| Cash and cash equivalents | \$ 442 | \$ 747 |
| Accounts receivable | 96 | 18 |
| Contributions receivable | 27 | 51 |
| Investment securities | 546 | 101 |
| Endowment fund investments | 140 | 154 |
| Total financial assets, at year end | 1,251 | 1,071 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Donor-imposed restrictions: | | |
| Endowment | (93) | (93) |
| Restricted by donor with time or purpose restrictions | (219) | (198) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 939 | \$ 780 |

CPT is partially supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, CPT must maintain sufficient resources to meet those responsibilities to its donors. As part of CPT's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CPT invests excess cash in mutual funds and exchange-traded funds based on the anticipated time horizon of general expenditure requirements. If circumstances required expenditures that could not be funded through current financial assets, invested assets could be converted to cash with short notice. CPT's sole member, NASBA, supports CPT activities as part of its strategic mission and commitment to high ethical standards in matters of accounting and business leadership. In the past, NASBA's board has approved amounts in excess of its annual funding to assist CPT in meeting its short-term cash needs. In the event of an unanticipated liquidity need, it is likely that NASBA would provide financial support to assist CPT in meeting those needs.

Note 8. Subsequent Events

Management has evaluated all material events and transactions that occurred from July 31, 2022 through September 22, 2022, which is the date that the financial statements were available to be issued. There were no material subsequent events that required adjustments to or disclosure in the financial statements.