

FINANCIAL EXECUTIVES INTERNATIONAL AND AFFILIATE
Consolidated Financial Statements
June 30, 2021 and 2020
With Independent Auditor's Report

Financial Executives International and Affiliate
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June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Financial Executives International and Affiliate:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Financial Executives International and Financial Education & Research Foundation (the "Affiliate"), (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Financial Executives International and Affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

As disclosed in Note 1 to the consolidated financial statements, during the year ended June 30, 2021, the Organization adopted the following Accounting Standards Updates (“ASU”): ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) and ASU 2018-13, *Fair Value Measurement* (Topic 820). Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, consolidating statements of activities and changes in net assets and consolidating statements of cash flows (collectively, the “supplementary information”) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The supplementary 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 supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

October 8, 2021

Financial Executives International and Affiliate
Consolidated Statements of Financial Position
June 30, 2021 and 2020
(\$ In Thousands)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,154	\$ 943
Investments	6,807	5,137
Accounts receivable, net	79	358
Government grants receivable	320	-
Prepaid expenses	<u>158</u>	<u>135</u>
Total current assets	8,518	6,573
Long-term investments	1	387
Equipment and leasehold improvements, net	123	182
Other assets	<u>50</u>	<u>171</u>
Total assets	<u>\$ 8,692</u>	<u>\$ 7,313</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,042	\$ 757
Unearned revenue	1,344	2,152
PPP loan payable	273	273
Other current liabilities	<u>114</u>	<u>137</u>
Total current liabilities	2,773	3,319
Deferred rent	-	13
Sublease liability	-	53
Pension plan and other post-retirement benefits	<u>1,092</u>	<u>2,522</u>
Total liabilities	<u>3,865</u>	<u>5,907</u>
Net assets - without donor restrictions		
Available for general use	8,371	6,295
Pension liability adjustment	<u>(3,544)</u>	<u>(4,889)</u>
Total net assets	<u>4,827</u>	<u>1,406</u>
Total liabilities and net assets	<u>\$ 8,692</u>	<u>\$ 7,313</u>

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

Financial Executives International and Affiliate
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2021 and 2020
(\$ In Thousands)

	<u>2021</u>	<u>2020</u>
Operating revenues		
Membership dues and fees	\$ 1,918	\$ 2,617
Professional development	2,140	1,658
Content	442	404
Contributions	427	423
Technical activities	411	375
Other revenues	<u>339</u>	<u>312</u>
Total operating revenues	<u>5,677</u>	<u>5,789</u>
Operating activities and expenses		
Program services		
Professional development	1,091	1,342
Member services and chapter support	1,323	1,379
Technical activities	740	1,015
Content	<u>637</u>	<u>567</u>
Total program services	<u>3,791</u>	<u>4,303</u>
Supporting services		
Management and general	1,579	1,594
Fundraising	<u>172</u>	<u>182</u>
Total supporting services	<u>1,751</u>	<u>1,776</u>
Total operating activities and expenses	<u>5,542</u>	<u>6,079</u>
Change in operating activities	<u>135</u>	<u>(290)</u>
Nonoperating revenue (expense)		
Net investment return	1,560	38
Other components of net periodic pension cost	61	102
Pension related changes other than net periodic pension cost	1,345	(932)
Government grants	<u>320</u>	<u>-</u>
Total nonoperating revenue (expense)	<u>3,286</u>	<u>(792)</u>
Change in net assets without donor restrictions	3,421	(1,082)
Net assets without donor restrictions		
Beginning of year	<u>1,406</u>	<u>2,488</u>
End of year	<u>\$ 4,827</u>	<u>\$ 1,406</u>

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

Financial Executives International and Affiliate
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020
(\$ In Thousands)

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets without donor restrictions	\$ 3,421	\$ (1,082)
Adjustments to reconcile change in net assets without donor restriction to net cash provided by (used in) operating activities		
Depreciation and amortization	140	157
Deferred rent	(13)	(31)
Sublease liability	(53)	(94)
Unrealized (gains) losses on investments	(1,397)	155
Realized gains on investments	(13)	-
Pension related changes other than net periodic pension cost	(1,345)	932
Changes in		
Accounts receivable	279	(248)
Government grants receivable	(320)	-
Prepaid expenses and other assets	98	52
Accounts payable, accrued expenses and other current liabilities	262	(347)
Unearned revenue	(808)	(253)
Pension plan and other post-retirement benefits	(85)	(125)
Net cash provided by (used in) operating activities	<u>167</u>	<u>(884)</u>
Investing activities		
Proceeds from redemption of investments	865	850
Purchases of investments	(739)	(342)
Purchases of equipment and leasehold improvements	(81)	(26)
Net cash provided by investing activities	<u>44</u>	<u>482</u>
Financing activity		
Issuance of PPP loan payable	-	273
Net cash provided by financing activity	<u>-</u>	<u>273</u>
Net change in cash and cash equivalents	211	(129)
Cash and cash equivalents		
Beginning of year	<u>943</u>	<u>1,072</u>
End of year	<u>\$ 1,154</u>	<u>\$ 943</u>

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

**Financial Executives International and Affiliate
Consolidated Statements of Functional Expenses
Year Ended June 30, 2021
(\$ In Thousands)**

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total</u>
	<u>Professional Development</u>	<u>Member Services and Chapter Support</u>	<u>Technical Activities</u>	<u>Content</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 351	\$ 804	\$ 512	\$ 458	\$ 2,125	\$ 1,175	\$ 109	\$ 3,409
Professional fees	27	188	111	103	429	192	4	625
Publicity, promotion and marketing	33	61	-	17	111	2	48	161
Information technology	64	161	32	31	288	77	6	371
Occupancy	28	34	21	20	103	43	4	150
Travel	-	1	5	-	6	1	-	7
Conferences/meetings	585	-	46	-	631	3	-	634
Other	3	74	13	8	98	86	1	185
	<u>\$ 1,091</u>	<u>\$ 1,323</u>	<u>\$ 740</u>	<u>\$ 637</u>	<u>\$ 3,791</u>	<u>\$ 1,579</u>	<u>\$ 172</u>	<u>\$ 5,542</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Financial Executives International and Affiliate
Consolidated Statements of Functional Expenses
Year Ended June 30, 2020
(\$ In Thousands)

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Professional Development</u>	<u>Member Services and Chapter Support</u>	<u>Technical Activities</u>	<u>Content</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 441	\$ 745	\$ 460	\$ 376	\$ 2,022	\$ 1,141	\$ 109	\$ 3,272
Professional fees	15	202	113	102	432	169	3	604
Publicity, promotion and marketing	34	48	-	6	88	-	51	139
Information technology	65	170	30	30	295	74	7	376
Occupancy	53	70	42	40	205	110	10	325
Travel	3	30	36	6	75	20	1	96
Conferences/meetings	726	28	319	-	1,073	19	-	1,092
Other	5	86	15	7	113	61	1	175
	<u>\$ 1,342</u>	<u>\$ 1,379</u>	<u>\$ 1,015</u>	<u>\$ 567</u>	<u>\$ 4,303</u>	<u>\$ 1,594</u>	<u>\$ 182</u>	<u>\$ 6,079</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2021 and 2020
(\$ In Thousands)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Financial Executives International ("FEI"), pursuant to the code of law of the District of Columbia, has a mission and a purpose to inform its members of evolving financial, economic, and related technological issues to help prepare members to successfully address these matters through its chapters, committees, national and regional events, publications, webinars and on demand learning. FEI provides in-person and virtual forums for peer interaction and issues discussion; promotes ethical practices in conformance with its Code of Ethics, which is attested to annually by its members and represents their views before legislative and regulatory bodies, while enhancing public recognition, understanding, and support for FEI and its membership.

Financial Education & Research Foundation (the "Foundation"), pursuant to the Membership Corporations Law of the State of New York, is a 501(c)(3) nonprofit corporation, which serves as the research affiliate of FEI and has a mission to advance the profession and practices of financial management through education and research.

FEI members contribute their volunteer services to, and receive benefits from, national and international activities through representation on the Board of Directors, participation on advocacy, accounting policy and standing committees, action teams or task forces, attendance at regional meetings, as well as through other activities. While these contributions of services are significant to the operations of FEI and the Foundation (collectively the "Organization"), no monetary value has been assigned to them in the Organization's consolidated financial statements. *FEI Daily*, research and other publications are distributed to members and non-members. FEI chapters, while operating under charters granted by FEI, are not included in these consolidated financial statements.

The current outbreak of Coronavirus Disease 2019 ("COVID-19") and the emergence of the Delta variant is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial and investment activities may be adversely affected in future years. The extent to which COVID-19 impacts operations will depend on future developments, including changes to government orders in effect as well as actions taken to contain COVID-19 and its impact. COVID-19 caused the Organization to change its business model of providing professional development from in-person meetings and conferences to a virtual format. The Organization will continue to monitor the situation and make changes as necessary.

Principles of Consolidation

FEI, organized as a not-for-profit organization under section 501(c)(6) of the Internal Revenue Code (the "Code"), has sole corporate membership in the Foundation organized under section 501(c)(3) of the Code. The accompanying consolidated financial statements include the accounts of FEI and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2021 and 2020
(\$ In Thousands)

Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. Based on the existence of donor-imposed restrictions, the Organization classifies resources into two categories: net assets without donor restrictions and net assets with donor restrictions. For the years ended June 30, 2021 and 2020, the Organization only has net assets without donor restrictions, which represent net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Measure of Operations

The consolidated statements of activities and changes in net assets report all changes in net assets, including changes in net assets from operating and nonoperating activities. Nonoperating activities are limited to activities that are considered to be of a nonrecurring nature and items that are generally not an integral part to the Organization's programs and supporting activities, which include emergency relief from government programs, the other components of net periodic pension costs, the pension related changes other than net periodic pension cost, and the Organization's investment income, which generally is not used in operations.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in these consolidated financial statements include the pension plan and other post-retirement benefits liabilities (see Note 8), depreciation expense, and the allocation of functional expense.

Concentrations of Credit Risk

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash, accounts receivable and investments. The Organization places its cash, money market accounts, and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. Investment risk is mitigated due to the Organization's investment diversification.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash held in banks and money market funds. The Organization considers all highly liquid financial instruments with initial maturities of three months or less from the date of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable consist of unsecured non-interest bearing obligations with various payment terms due from members, chapters, registrants and sponsors. These receivables are stated net of an allowance for doubtful accounts of \$4 for each of the years ended June 30, 2021 and 2020. The Organization closely monitors the extension of credit to its members and customers while maintaining allowances for potential credit losses. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections, and current credit considerations.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
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(\$ In Thousands)

Investments

The Organization's investments in certificates of deposit are carried at amortized cost. Investments in equity securities are carried at fair value and investments in debt securities that are held to maturity are valued at amortized cost. Investment income includes revenue earned from investments, any unrealized gains or losses on these investments, as well as any realized gains or losses from the sale of these investments. Investments with maturity dates greater than one year are shown as long-term investments.

Investments are currently held in accounts insured under the Security Investors Protection Corporation. At June 30, 2021 and 2020, the Organization has amounts invested exceeding these insured limits of approximately \$6,308 and \$5,024, respectively.

The Organization's investment objectives are to: (1) maintain sufficient liquidity to meet operating cash needs, (2) preserve capital through prudent diversification, and (3) achieve the highest rate of return within prudent levels of risk and reasonable cost. Under the Organization's investment policy, investments in debt instruments are made with the intent to hold to maturity.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost less accumulated depreciation and amortization. Depreciation is provided on the straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized over the expected life of the lease or the useful life of the asset, whichever is shorter. The Organization's policy is to write off any assets that are no longer in service.

Valuation of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment was required for the periods presented in these consolidated financial statements.

Deferred Rent

The Organization rented its Morristown, NJ office under an operating lease which expired on November 30, 2020. At that time, no new long-term leases were entered into. Deferred rent represents the excess of recognized rent expense over scheduled lease payments.

Sublease Liability

During 2018, the Organization subleased a portion of their rental space to an unrelated third party. As a result, the Organization incurred a loss on sublease and recorded the associated liability. This liability is amortized on a straight-line basis over the remaining life of the lease, which expired in November 2020.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
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(\$ In Thousands)

Revenue Recognition

Revenue from Contracts with Customers

Membership Dues

Membership provides a multitude of benefits including access to leading industry research, an online community, newsletters, professional development, and discounted events. Access to these benefits is available throughout and can occur anytime during the membership period. Therefore, membership benefits are treated as part of the membership itself rather than multiple performance obligations. Membership is billed to members annually based on anniversary date. These benefits are consumed by the member over the membership term and, therefore, are recognized over time. Any membership dues payments received in the current year for the following year are recorded as unearned member dues in the consolidated statements of financial position. In the following year, these payments are removed from the account and recorded as revenue.

Professional Development

Professional development (“PD”) revenue includes registration fees and event sponsorship receipts related to conferences, courses, webinars, and on-demand learning. The Organization treats these revenues as exchange transactions and records the revenue at a point in time on the day of the event or webinar as the performance obligations are satisfied when the event is held.

Content

Content revenue represents sponsorship of research executive reports, surveys, articles, and podcasts published in *FEI Daily* and the FEI website. While revenues from various PD programs and webinars are included in PD revenues, these are promoted in *FEI Daily* and on the website. These fees are recognized as revenue as each of the contracted deliverables are fulfilled when the performance obligation is satisfied at a point in time.

Technical Activities

Technical activities revenue represents registration fees related to technical committee meetings. The Organization treats these revenues as exchange transactions and records the revenue at a point in time during the meetings as the performance obligations are satisfied.

Revenue Disaggregation

The Organization disaggregates revenue from contracts with customers into major revenue streams and discloses the timing of revenue recognition. Revenue from membership is primarily recognized over the membership term, while revenue from professional development, content and technical activities is generally recognized at a point in time. The amounts recognized for the years ended June 30 are as follows:

	2021		2020	
	Point in Time	Over Time	Point in Time	Over Time
Membership dues and fees	\$ -	\$ 1,918	\$ -	\$ 2,617
Professional development	2,140	-	1,658	-
Content	442	-	404	-
Other revenues	339	-	312	-
Technical activities	411	-	375	-
	\$ 3,332	\$ 1,918	\$ 2,749	\$ 2,617

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
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(\$ In Thousands)

Contract Balances

Contract assets represent services provided or performance obligations met which are not yet billed. Unearned revenue (contract liabilities) represent funds received in advance of services provided. Accounts receivable represent amounts billed for the services provided. There were no contract assets at June 30, 2021 and 2020.

Opening and ending balances of accounts receivable and unearned revenue were as follows:

	June 30, 2021			
	Accounts Receivable	Unearned Revenue Partnership,		
		Membership Dues	Sponsorship, and Conference Revenues	Total
Beginning of year	\$ 358	\$ 1,074	\$ 1,078	\$ 2,152
End of year	\$ 79	\$ 846	\$ 498	\$ 1,344

	June 30, 2020			
	Accounts Receivable	Unearned Revenue Partnership,		
		Membership Dues	Sponsorship, and Conference Revenues	Total
Beginning of year	\$ 303	\$ 1,650	\$ 948	\$ 2,598
End of year	\$ 358	\$ 1,074	\$ 1,078	\$ 2,152

The Organization has considered the economic factors affecting the nature, timing and uncertainty of revenue and cash flows, and concluded that there is no significant uncertainty present with respect to the revenue streams described above.

Contributions

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. All contributions received in 2021 and 2020 were support without donor restrictions.

The Organization had no conditional contributions not yet recognized at June 30, 2021 and 2020.

The Organization has applied for the employee retention credit in the amount of \$320. The credit will be claimed against the Organization's payroll tax obligations for each eligible calendar quarter based on qualified wages, subject to certain limitations. For the year ended June 30, 2021, the Organization recorded revenue totaling \$320 which is included in nonoperating government grants revenue in the accompanying consolidated statements of activities and changes in net assets.

Financial Executives International and Affiliate
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(\$ In Thousands)

Other Revenue

Other revenue includes annual distributions from Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), Chapter Administration and market development revenues, Career Center job postings, combined dues billing services and other miscellaneous revenue. COSO distributions are recorded in the period awarded to the Organization. Chapter Administration and other revenues are recorded in the period when the services are provided.

Activities and Functional Expenses

The Organization assigns expenses to program services and supporting activities that fulfill its mission. Expenses are allocated on a functional basis between program or supporting services. Expenses that can be identified within a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are prorated among the functions. Certain costs have been allocated among program services, management and general costs, and fundraising. Such allocations are determined by management on an equitable basis.

The expenses that are allocated and the method of allocation are as follows:

<u>Expense Category</u>	<u>Allocation Methodology</u>
Salaries and benefits	Time and effort
Professional fees	Time and effort
Occupancy	Time and effort
Travel of President and CEO	Time and effort
Other costs	Time and effort

The Organization has the following programmatic activities:

Professional Development

Professional development (“PD”) activities include the design, development, and delivery of conferences and PD programs. These events include national conferences, Corporate Financial Reporting Insights and Financial Leadership Summit, regional events, courses, webinars, and on-demand learning.

Member Services and Chapter Support

Member services and chapter support activities relate to services and support provided to members, chapter volunteer leaders and chapter administrators. This also includes career management programs, training and member recruitment and retention efforts.

Technical Activities

Through the efforts of its technical activity committees, FEI works to influence public policy and accounting and financial reporting issues affecting senior-level financial executives, which include representation with accounting standard-setters and governmental and regulatory agencies in the United States.

Content

Content expenses include activities related to *FEI Daily*, the FEI website, published research, and other communications to both FEI members and non-members.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
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(\$ In Thousands)

Income Taxes

FEI and the Foundation are exempt from federal income taxes under section 501(c)(6) and 501(c)(3) of the Code, respectively. Revenue from job postings is subject to unrelated business income taxes. The Organization had no taxes due for the years ended June 30, 2021 and 2020. The Organization has no unrecognized tax benefits at June 30, 2021 and 2020, and incurred no interest or penalties for the periods presented in these consolidated financial statements.

Reclassifications

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation. These reclassifications have no effect on the change in net assets previously reported.

Accounting Pronouncements Adopted in the Current Year

Revenue Recognition – Contracts with Customers

The Financial Accounting Standards Board ("FASB") issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, *Revenue Recognition*). ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, which requires the deferral of incremental costs of obtaining a contract with a customer. All references to the "new guidance" include ASC 606 and/or ASC 340-40.

The Organization adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. No adjustment to net assets as of July 1, 2020 was necessary. The Organization applied the new guidance using the practical expedient provided in ASC 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. Adoption of the new guidance resulted in minimal changes to the Organization's accounting policies for revenue recognition, accounts receivable, contract costs, contract liabilities, and deferred costs.

Fair Value Measurement

Effective July 1, 2020, the Organization adopted FASB Accounting Standards Update ("ASU") 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (Topic 820). This ASU amended ASC Topic 820, *Fair Value Measurement*, by removing and modifying certain disclosure requirements related to fair value measurements, including Level 3 fair value measurement disclosures. The adoption of this ASU had no significant impact on the Organization's consolidated financial statements.

Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02"), which requires lessees to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will continue to primarily depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the statement of financial position, ASU 2016-02 will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 also requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The Organization is currently evaluating the effect of this standard and the impact it will have depending on leasing arrangements entered in the future. This ASU is effective for fiscal years beginning after December 15, 2021.

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(\$ In Thousands)

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Organization's consolidated financial statements in the future.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 1,154	\$ 943
Investments	6,807	5,137
Accounts receivable, net	79	358
Government grants receivable	<u>320</u>	<u>-</u>
Total financial assets available for general expenditure in the next year	<u>\$ 8,360</u>	<u>\$ 6,438</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. Cash flows fluctuate based on the timing of professional development events, membership dues collection cycles and other factors.

3. INVESTMENTS

Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Certificates of deposit	\$ 802	\$ 712
Corporate debt issues	1	2
Equities	1,848	1,345
Mutual funds	<u>4,157</u>	<u>3,465</u>
Total investments	<u>\$ 6,808</u>	<u>\$ 5,524</u>

The Organization does not require collateral or a custodial arrangement for its investments, as it believes risks are not significant. Cumulative net unrealized gains amounted to \$2,381 and \$984 as of June 30, 2021 and 2020, respectively.

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4. FAIR VALUE MEASUREMENTS

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy is established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 - Unobservable inputs are used when little or no market data is available.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value. The Organization had no Level 3 assets or liabilities at June 30, 2021 and 2020.

Investments in equity securities and fixed income bond funds are valued using market prices from active markets (Level 1). Mutual funds and equities are valued at the fair value of the shares held by the Organization at year-end. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Corporate bonds are valued at amortized cost and not at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

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

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Financial assets carried at fair value at June 30, 2021 are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Equities	\$ 1,848	\$ 1,848
Mutual funds		
Intermediate term bond funds	284	284
Large blend - world allocation fund	3,215	3,215
Foreign large value	256	256
Large blend - moderate allocation	<u>402</u>	<u>402</u>
Total mutual funds	<u>4,157</u>	<u>4,157</u>
Total investments at fair value	<u>\$ 6,005</u>	6,005
Corporate debt issues		1
Certificates of deposit		<u>802</u>
Total investments		<u>\$ 6,808</u>

Financial assets carried at fair value at June 30, 2020 are classified in the table below as follows:

Equities	\$ 1,345	\$ 1,345
Mutual funds		
Intermediate term bond funds	281	281
Large blend - world allocation fund	2,442	2,442
Foreign large value	191	191
Large value	247	247
Large blend - moderate allocation	<u>304</u>	<u>304</u>
Total mutual funds	<u>3,465</u>	<u>3,465</u>
Total investments at fair value	<u>\$ 4,810</u>	4,810
Corporate debt issues		2
Certificates of deposit		<u>712</u>
Total investments		<u>\$ 5,524</u>

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Notes to Consolidated Financial Statements
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5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consisted of the following at June 30, 2021:

<u>Description</u>	<u>Useful Life (Years)</u>	<u>Asset Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
Computer equipment and software	3-5	\$ 609	\$ (531)	\$ 78
Website	3	690	(645)	45
		<u>\$ 1,299</u>	<u>\$ (1,176)</u>	<u>\$ 123</u>

Equipment and leasehold improvements consisted of the following at June 30, 2020:

<u>Description</u>	<u>Useful Life (Years)</u>	<u>Asset Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
Computer equipment and software	3-5	\$ 586	\$ (559)	\$ 27
Website	3	732	(587)	145
Furniture and fixtures	10	298	(298)	-
Leasehold improvements	*	109	(99)	10
		<u>\$ 1,725</u>	<u>\$ (1,543)</u>	<u>\$ 182</u>

* Leasehold improvements are amortized over the expected life of the lease or the useful life of the asset, whichever is shorter.

Depreciation and amortization expense amounted to \$140 and \$157 for the years ended June 30, 2021 and 2020, respectively.

6. PPP LOAN PAYABLE

On April 13, 2020, the Foundation issued an unsecured promissory note (the "Loan") for \$273 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The Loan is guaranteed by the SBA. The Loan may be forgiven, in whole or in part, if the Foundation was eligible for the Loan at the time of application, used the Loan proceeds for eligible expenses within the defined 24-week period after the Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements.

The Loan was made through JPMorgan Chase Bank, N.A. (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on December 20, 2022. If the Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period, or July 20, 2021. The Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Foundation has reflected the Loan as short term debt in the accompanying consolidated statements of financial position.

Subsequent to June 30, 2021, the Foundation was informed that its application for forgiveness of \$273 of the Loan was approved. Accordingly, the Foundation will record it as forgiveness of debt in fiscal year 2022.

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Notes to Consolidated Financial Statements
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7. NET ASSETS

Net assets without donor restrictions consisted of the following at June 30, 2021 and 2020:

	<u>Operations</u>	<u>Pension Liability Adjustment</u>	<u>Total</u>
Balance, June 30, 2019	\$ 6,445	\$ (3,957)	\$ 2,488
Changes in net assets without donor restrictions	(150)	-	(150)
Pension liability adjustment	<u>-</u>	<u>(932)</u>	<u>(932)</u>
Balance, June 30, 2020	6,295	(4,889)	1,406
Changes in net assets without donor restrictions	2,076	-	2,076
Pension liability adjustment	<u>-</u>	<u>1,345</u>	<u>1,345</u>
Balance, June 30, 2021	<u>\$ 8,371</u>	<u>\$ (3,544)</u>	<u>\$ 4,827</u>

8. PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS

Qualified Plan

FEI sponsors a non-contributory defined benefit pension plan for qualifying former and active employees of FEI, the Foundation, and an unrelated entity, FEI Canada ("FEIC") (collectively the "Plan"). The amount to be paid at normal retirement date is based on credited service, which varies based on dates of hire. The Plan was amended to close it to new employees hired after March 1, 2005. The Plan was amended to provide no further benefit accruals after October 1, 2009. Benefit obligation, Plan expenses, and Plan contributions are shared among the three organizations. The tables below include the activity of FEI and the Foundation and do not include the activity related to FEIC.

Plan contributions are based on average pension plan expense for the last five years. Contributions to the Plan are made as needed and no contributions are expected for the year ending June 30, 2022.

Supplemental Plan

The supplemental pension plan is a non-qualified plan that was set up to provide retirement benefits to two retired FEI executives and their beneficiaries. This plan is not funded, and payments are made from current operating funds. In 2021 and 2020, payments were made to one former executive for the full year.

Other Post-Retirement Benefits

FEI provides a fixed reimbursement for individual supplemental medical plans to a closed group of retired employees. Benefits are limited to a fixed quarterly amount which are frozen at their current level and will not increase in the future. The post-retirement benefit plan is not funded, and payments are made from current operating funds. In 2021 and 2020, payments were made to five (5) former employees.

Weighted-Average Assumptions

Assumptions used to determine the projected benefit obligation and the net periodic benefit cost for the fiscal years ended June 30, 2021 and 2020 were as follows:

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Projected Benefit Obligation

	<u>2021</u>	<u>2020</u>
Discount rate	2.70%	2.85%
Rate of compensation increase	N/A	N/A
Expected long-term rates of return on plan assets (defined benefit pension plan)	6.25%	6.50%

Net Periodic Benefit Cost

	<u>2021</u>	<u>2020</u>
Discount rate	2.85%	3.65%
Rate of compensation increase	N/A	N/A
Expected long-term rates of return on plan assets (defined benefit pension plan)	6.50%	7.00%

For June 30, 2021, FEI utilized the PRI-2012 Mortality Table projected with scale MP-2020 with White Collar adjustment for the Supplemental Plan. For June 30, 2020, FEI utilized the IRS 2020 Small Plan Static Mortality tables for males and females.

FEI uses the expected long-term rate of return on plan assets to compute the expected return on assets. For the pension plan, FEI estimates the expected long-term return by utilizing a portfolio return calculator model that produces the expected return for a portfolio.

The Organization's obligations and funded status of the Plan, excluding FEIC, were as follows at June 30, 2021 and 2020:

<u>Benefit Obligation</u>	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
Benefit obligation at June 30, 2019	\$ 9,325	\$ 529	\$ 47
Interest cost	332	18	2
Actuarial loss	634	46	4
Benefits paid	<u>(443)</u>	<u>(73)</u>	<u>(7)</u>
Benefit obligation at June 30, 2020	9,848	520	46
Interest cost	274	14	1
Actuarial loss	321	27	1
Benefits paid	<u>(470)</u>	<u>(73)</u>	<u>(7)</u>
Benefit obligation at June 30, 2021	<u>\$ 9,973</u>	<u>\$ 488</u>	<u>\$ 41</u>

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The fair value of the Plan assets, excluding FEIC, were as follows at June 30, 2021 and 2020:

<u>Fair Value of Plan Assets</u>	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
Fair value of Plan assets at June 30, 2019	\$ 8,110	\$ -	\$ -
Actual return on Plan assets	149	-	-
Employer contributions	-	73	7
Benefits paid	<u>(443)</u>	<u>(73)</u>	<u>(7)</u>
Fair value of Plan assets at June 30, 2020	7,816	-	-
Actual return on Plan assets	1,988	-	-
Employer contributions	-	73	7
Benefits paid	<u>(470)</u>	<u>(73)</u>	<u>(7)</u>
Fair value of Plan assets at June 30, 2021	<u>\$ 9,334</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization's funded status, excluding FEIC, was as follows at June 30, 2021 and 2020:

<u>Funded Status</u>	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
Funded status at June 30, 2021	<u>\$ (639)</u>	<u>\$ (488)</u>	<u>\$ (41)</u>
Funded status at June 30, 2020	<u>\$ (2,032)</u>	<u>\$ (520)</u>	<u>\$ (46)</u>

Amounts recognized in the consolidated statements of financial position were as follows at June 30, 2021 and 2020:

Amounts Recognized in SOFP

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
June 30, 2021			
Current liabilities	\$ -	\$ 71	\$ 6
Non-current liabilities	<u>639</u>	<u>417</u>	<u>36</u>
	<u>\$ 639</u>	<u>\$ 488</u>	<u>\$ 42</u>
June 30, 2020			
Current liabilities	\$ -	\$ 70	\$ 6
Non-current liabilities	<u>2,032</u>	<u>450</u>	<u>40</u>
	<u>\$ 2,032</u>	<u>\$ 520</u>	<u>\$ 46</u>

Financial Executives International and Affiliate
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The current portion of the liability is included in accounts payable and accrued expenses on the consolidated statements of financial position.

The Organization's change in net unrecognized loss (gain), excluding FEIC, for the years ended June 30, 2021 and 2020 was as follows:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
June 30, 2019 net unrecognized actuarial (gain) loss included in net assets without donor restrictions	\$ 3,655	\$ 304	\$ (2)
Net loss	1,036	46	4
Amortization of net loss	<u>(117)</u>	<u>(37)</u>	<u>-</u>
June 30, 2020 net unrecognized actuarial loss included in net assets without donor restrictions	4,574	313	2
Net loss (gain)	(1,173)	27	1
Amortization of net loss	<u>(159)</u>	<u>(41)</u>	<u>-</u>
June 30, 2021 net unrecognized actuarial loss included in net assets without donor restrictions	<u>\$ 3,242</u>	<u>\$ 299</u>	<u>\$ 3</u>

Components of net periodic benefit cost and other amounts recognized in other changes in net assets, excluding FEIC, consisted of the following at June 30, 2021 and 2020:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
Interest cost	\$ 274	\$ 14	\$ 1
Expected return on Plan assets	(494)	-	-
Amortization of net actuarial loss	<u>159</u>	<u>41</u>	<u>-</u>
Net periodic (benefit) cost, June 30, 2021	<u>\$ (61)</u>	<u>\$ 55</u>	<u>\$ 1</u>
Interest cost	\$ 332	\$ 18	\$ 2
Expected return on Plan assets	(551)	-	-
Amortization of net actuarial loss	<u>117</u>	<u>37</u>	<u>-</u>
Net periodic (benefit) cost, June 30, 2020	<u>\$ (102)</u>	<u>\$ 55</u>	<u>\$ 2</u>

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2021 and 2020
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Plan Assets

The Group Pension Plan assets of FEI, Foundation and FEIC, carried at fair value at June 30, 2021, are classified in the table below in one of the three categories as described in Note 4 - fair value measurements. There were no Level 3 assets at June 30, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities and fixed income			
Equity securities - U.S.	\$ 4,604	\$ -	\$ 4,604
Equity securities - non-U.S.	1,535	-	1,535
Fixed income bond funds	3,581	-	3,581
Real estate funds	-	409	409
Money market fund	97	-	97
Total assets	<u>\$ 9,817</u>	<u>\$ 409</u>	<u>\$ 10,226</u>

The Group Pension Plan assets of FEI, Foundation and FEIC, carried at fair value at June 30, 2020 are classified in the table below in one of the three categories as described in Note 4 - fair value measurements. There were no Level 3 assets at June 30, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities and fixed income			
Equity securities - U.S.	\$ 3,640	\$ -	\$ 3,640
Equity securities - non-U.S.	1,278	-	1,278
Fixed income bond funds	2,977	-	2,977
Real estate funds	-	375	375
Money market fund	295	-	295
Total assets	<u>\$ 8,190</u>	<u>\$ 375</u>	<u>\$ 8,565</u>

The expected long-term rate of return for the Plan's assets is based on the expected return of each of the asset categories weighted based on the mean of the target allocation of the class.

The Group Pension Plan asset allocations at June 30 by asset category, were as follows:

Asset category	<u>2021</u>	<u>2020</u>
Equity securities - U.S.	45.0 %	42.5 %
Equity securities - non-U.S.	15.0	14.9
Fixed income bond funds	35.0	34.8
Real estate funds	4.0	4.4
Money market	1.0	3.4
	<u>100.0 %</u>	<u>100.0 %</u>

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Investment Strategy

The Plan assets are invested with the objective of being able to meet current and future benefit payment needs, while controlling pension expense volatility and future contributions. Plan assets are diversified among U.S. equities, international equities, U.S. fixed income investments and real estate. The strategic target allocations at June 30, 2021 and 2020, as noted in the below table, allows a threshold range.

Asset category	
Equity securities - U.S.	43.0 %
Equity securities - non-U.S.	15.0
Fixed income bond funds	35.0
Real estate funds	4.0
Cash	3.0
	<u>100.0 %</u>

Expected Benefit Payments

Estimated future benefit payments reflecting expected future service for each of the five years subsequent to June 30, 2021 and in the aggregate for the five years thereafter for FEI, the Foundation and FEIC are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Qualified</u> <u>Pension</u>	<u>Supplemental</u> <u>Pension</u>	<u>Retiree Medical</u>	<u>Total</u>
2022	\$ 540	\$ 71	\$ 6	\$ 617
2023	533	67	6	606
2024	542	62	5	609
2025	557	57	5	619
2026	573	52	4	629
2027-2031	<u>2,874</u>	<u>175</u>	<u>15</u>	<u>3,064</u>
	<u>\$ 5,619</u>	<u>\$ 484</u>	<u>\$ 41</u>	<u>\$ 6,144</u>

401(k) Plan

The Organization maintains a 401(k) plan, whereby employees can contribute a percentage of their earnings on a tax-deferred basis. The Organization makes a safe harbor match of 100% of the employees' contribution on the first 3% of eligible earnings deferred and 50% of deferrals that exceed 3% but do not exceed 5% of eligible earnings deferred. The Organization contributed \$86 and \$81 to the 401(k) plan in 2021 and 2020, respectively.

9. LEASE AND HOTEL COMMITMENTS

Lease Commitments

The Organization rented its Morristown, New Jersey office under an operating lease which expired on November 30, 2020. At that time, no new long term leases were entered into. The Organization recognized expense on a straight-line basis over the expected term of the lease. Beginning on June 1, 2018, the Organization sublet 9,000 square feet of its Morristown office for the remainder of the lease. For the years ended June 30, 2021 and 2020, rental expense before sublease offset amounted to \$169 and \$406, respectively, and the Organization recognized an expense offset for the sublease rent and the amortization on the loss on sublease in the amount of \$105 and \$252, respectively.

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(\$ In Thousands)

The Organization leased copiers and other office equipment for use in the Morristown office. For the years ended June 30, 2021 and 2020, equivalent rental expense amounted to \$9 and \$26, respectively.

Conference and Hotel Commitments

The Organization contracts with hotels and convention facilities for its professional development events and technical committee and leadership meetings. The Organization recognizes the expense for these events in the month that the event or meeting is held. However, should the Organization cancel or move an event/meeting to another facility, it would constitute a breach of its obligation and the Organization would be contractually required to pay liquidation damages and/or cancellation fees depending on certain milestones in the contract. There were no cancellation fees for the year ended June 30, 2021. Cancellation fees were \$107 for the year ended June 30, 2020. As of June 30, 2021, the Organization had contracts whereby if they cancelled these contracts, they would owe approximately \$345; however, management currently has no intentions to terminate any of the existing agreements.

10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date through October 8, 2021, which is the date the consolidated financial statements were available for issuance and has determined no events occurred requiring adjustment to or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

**Financial Executives International and Affiliate
Consolidating Statements of Financial Position
June 30, 2021
(\$ In Thousands)**

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 816	\$ 338	\$ -	\$ 1,154
Investments	4,187	2,620	-	6,807
Accounts receivable, net	33	907	(861)	79
Government grants receivable	160	160	-	320
Prepaid expenses	<u>125</u>	<u>33</u>	<u>-</u>	<u>158</u>
Total current assets	5,321	4,058	(861)	8,518
Long-term investments	-	1	-	1
Equipment and leasehold improvements, net	123	-	-	123
Other assets	<u>9</u>	<u>41</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 5,453</u>	<u>\$ 4,100</u>	<u>\$ (861)</u>	<u>\$ 8,692</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,397	\$ 506	\$ (861)	\$ 1,042
Unearned revenue	868	476	-	1,344
PPP loan payable	-	273	-	273
Other current liabilities	<u>114</u>	<u>-</u>	<u>-</u>	<u>114</u>
Total current liabilities	2,379	1,255	(861)	2,773
Pension plan and other post-retirement benefits	<u>982</u>	<u>110</u>	<u>-</u>	<u>1,092</u>
Total liabilities	<u>3,361</u>	<u>1,365</u>	<u>(861)</u>	<u>3,865</u>
Net assets - without donor restrictions				
Available for general use	5,163	3,208	-	8,371
Pension liability adjustment	<u>(3,071)</u>	<u>(473)</u>	<u>-</u>	<u>(3,544)</u>
Total net assets	<u>2,092</u>	<u>2,735</u>	<u>-</u>	<u>4,827</u>
Total liabilities and net assets	<u>\$ 5,453</u>	<u>\$ 4,100</u>	<u>\$ (861)</u>	<u>\$ 8,692</u>

See Independent Auditor's Report.

**Financial Executives International and Affiliate
Consolidating Statements of Financial Position
June 30, 2020
(\$ In Thousands)**

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 595	\$ 348	\$ -	\$ 943
Investments	3,509	1,628	-	5,137
Accounts receivable, net	96	945	(683)	358
Prepaid expenses	<u>117</u>	<u>18</u>	<u>-</u>	<u>135</u>
Total current assets	4,317	2,939	(683)	6,573
Long-term investments	104	283	-	387
Equipment and leasehold improvements, net	182	-	-	182
Other assets	<u>123</u>	<u>48</u>	<u>-</u>	<u>171</u>
Total assets	<u>\$ 4,726</u>	<u>\$ 3,270</u>	<u>\$ (683)</u>	<u>\$ 7,313</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,156	\$ 284	\$ (683)	\$ 757
Unearned revenue	1,102	1,050	-	2,152
PPP loan payable	-	273	-	273
Other current liabilities	<u>137</u>	<u>-</u>	<u>-</u>	<u>137</u>
Total current liabilities	2,395	1,607	(683)	3,319
Deferred rent	13	-	-	13
Sublease liability	53	-	-	53
Pension plan and other post-retirement benefits	<u>2,153</u>	<u>369</u>	<u>-</u>	<u>2,522</u>
Total liabilities	<u>4,614</u>	<u>1,976</u>	<u>(683)</u>	<u>5,907</u>
Net assets - without donor restrictions				
Available for general use	4,281	2,014	-	6,295
Pension liability adjustment	<u>(4,169)</u>	<u>(720)</u>	<u>-</u>	<u>(4,889)</u>
Total net assets	<u>112</u>	<u>1,294</u>	<u>-</u>	<u>1,406</u>
Total liabilities and net assets	<u>\$ 4,726</u>	<u>\$ 3,270</u>	<u>\$ (683)</u>	<u>\$ 7,313</u>

See Independent Auditor's Report.

Financial Executives International and Affiliate
Consolidating Statements of Activities and Changes in Net Assets
Year Ended June 30, 2021
(\$ In Thousands)

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues				
Membership dues and fees	\$ 1,918	\$ -	\$ -	\$ 1,918
Professional development	25	2,115	-	2,140
Content	3	439	-	442
Contributions	-	427	-	427
Royalty	-	33	(33)	-
PD management fee	-	34	(34)	-
Technical activities	411	-	-	411
Other revenues	339	-	-	339
Total operating revenues	<u>2,696</u>	<u>3,048</u>	<u>(67)</u>	<u>5,677</u>
Operating activities and expenses				
Program services				
Professional development	-	1,091	-	1,091
Member services and chapter support	1,323	-	-	1,323
Technical activities	740	-	-	740
Content	33	637	(33)	637
Total program services	<u>2,096</u>	<u>1,728</u>	<u>(33)</u>	<u>3,791</u>
Supporting services				
Management and general	864	749	(34)	1,579
Fundraising	-	172	-	172
Total supporting services	<u>864</u>	<u>921</u>	<u>(34)</u>	<u>1,751</u>
Total operating activities and expenses	<u>2,960</u>	<u>2,649</u>	<u>(67)</u>	<u>5,542</u>
Change in operating activities	<u>(264)</u>	<u>399</u>	<u>-</u>	<u>135</u>
Nonoperating revenue				
Net investment return	937	623	-	1,560
Other components of net periodic pension cost	50	11	-	61
Pension related changes other than net periodic pension cost	1,097	248	-	1,345
Government grants	160	160	-	320
Total nonoperating revenue	<u>2,244</u>	<u>1,042</u>	<u>-</u>	<u>3,286</u>
Change in net assets without donor restrictions	1,980	1,441	-	3,421
Net assets without donor restrictions				
Beginning of year	<u>112</u>	<u>1,294</u>	<u>-</u>	<u>1,406</u>
End of year	<u>\$ 2,092</u>	<u>\$ 2,735</u>	<u>\$ -</u>	<u>\$ 4,827</u>

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Financial Executives International and Affiliate
Consolidating Statements of Activities and Changes in Net Assets
Year Ended June 30, 2020
(\$ In Thousands)

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues				
Membership dues and fees	\$ 2,617	\$ -	\$ -	\$ 2,617
Professional development	25	1,633	-	1,658
Content	4	400	-	404
Contributions	-	423	-	423
Royalty	-	33	(33)	-
PD management fee	-	43	(43)	-
Technical activities	375	-	-	375
Other revenues	<u>312</u>	<u>-</u>	<u>-</u>	<u>312</u>
Total operating revenues	<u>3,333</u>	<u>2,532</u>	<u>(76)</u>	<u>5,789</u>
Operating activities and expenses				
Program services				
Professional development	-	1,342	-	1,342
Member services and chapter support	1,379	-	-	1,379
Technical activities	1,015	-	-	1,015
Content	<u>33</u>	<u>567</u>	<u>(33)</u>	<u>567</u>
Total program services	<u>2,427</u>	<u>1,909</u>	<u>(33)</u>	<u>4,303</u>
Supporting services				
Management and general	854	783	(43)	1,594
Fundraising	<u>-</u>	<u>182</u>	<u>-</u>	<u>182</u>
Total supporting services	<u>854</u>	<u>965</u>	<u>(43)</u>	<u>1,776</u>
Total operating activities and expenses	<u>3,281</u>	<u>2,874</u>	<u>(76)</u>	<u>6,079</u>
Change in operating activities	<u>52</u>	<u>(342)</u>	<u>-</u>	<u>(290)</u>
Nonoperating revenue (expense)				
Net investment return	(23)	61	-	38
Other components of net periodic pension cost	84	18	-	102
Pension related changes other than net periodic pension cost	<u>(762)</u>	<u>(170)</u>	<u>-</u>	<u>(932)</u>
Total nonoperating revenue (expense)	<u>(701)</u>	<u>(91)</u>	<u>-</u>	<u>(792)</u>
Change in net assets without donor restrictions	(649)	(433)	-	(1,082)
Net assets without donor restrictions				
Beginning of year	<u>761</u>	<u>1,727</u>	<u>-</u>	<u>2,488</u>
End of year	<u>\$ 112</u>	<u>\$ 1,294</u>	<u>\$ -</u>	<u>\$ 1,406</u>

See Independent Auditor's Report.

Financial Executives International and Affiliate
Consolidating Statements of Cash Flows
Year Ended June 30, 2021
(\$ In Thousands)

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Totals</u>
Operating activities				
Change in net assets without donor restrictions	\$ 1,980	\$ 1,441	\$ -	\$ 3,421
Adjustments to reconcile change in net assets without donor restriction to net cash provided by operating activities				
Depreciation and amortization	140	-	-	140
Deferred rent	(13)	-	-	(13)
Sublease liability	(53)	-	-	(53)
Unrealized gains on investments	(825)	(572)	-	(1,397)
Realized gains on investments	(13)	-	-	(13)
Pension related changes other than net periodic pension cost	(1,097)	(248)	-	(1,345)
Changes in				
Accounts receivable	63	38	178	279
Government grants receivable	(160)	(160)	-	(320)
Prepaid expenses and other assets	106	(8)	-	98
Accounts payable, accrued expenses and other current liabilities	218	222	(178)	262
Unearned revenue	(234)	(574)	-	(808)
Pension plan and other post-retirement benefits	(74)	(11)	-	(85)
Net cash provided by operating activities	<u>39</u>	<u>128</u>	<u>-</u>	<u>167</u>
Investing activities				
Proceeds from redemption of investments	664	201	-	865
Purchases of investments	(400)	(339)	-	(739)
Purchases of equipment and leasehold improvements	(81)	-	-	(81)
Net cash provided by (used in) investing activities	<u>182</u>	<u>(138)</u>	<u>-</u>	<u>44</u>
Net change in cash and cash equivalents	221	(10)	-	211
Cash and cash equivalents				
Beginning of year	<u>595</u>	<u>348</u>	<u>-</u>	<u>943</u>
End of year	<u>\$ 816</u>	<u>\$ 338</u>	<u>\$ -</u>	<u>\$ 1,154</u>

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Financial Executives International and Affiliate
Consolidating Statements of Cash Flows
Year Ended June 30, 2020
(\$ In Thousands)

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Totals</u>
Operating activities				
Change in net assets without donor restrictions	\$ (649)	\$ (433)	\$ -	\$ (1,082)
Adjustments to reconcile change in net assets without donor restriction to net cash used in operating activities				
Depreciation and amortization	157	-	-	157
Deferred rent	(31)	-	-	(31)
Sublease liability	(94)	-	-	(94)
Unrealized losses (gains) on investments	163	(8)	-	155
Pension related changes other than net periodic pension cost	762	170	-	932
Changes in				
Accounts receivable	(23)	(719)	494	(248)
Prepaid expenses and other assets	(28)	80	-	52
Accounts payable, accrued expenses and other current liabilities	176	(29)	(494)	(347)
Unearned revenue	(857)	604	-	(253)
Pension plan and other post-retirement benefits	(107)	(18)	-	(125)
Net cash used in operating activities	<u>(531)</u>	<u>(353)</u>	<u>-</u>	<u>(884)</u>
Investing activities				
Proceeds from redemption of investments	650	200	-	850
Purchases of investments	(308)	(34)	-	(342)
Purchases of equipment and leasehold improvements	(26)	-	-	(26)
Net cash provided by investing activities	<u>316</u>	<u>166</u>	<u>-</u>	<u>482</u>
Financing activity				
Issuance of PPP loan payable	-	273	-	273
Net cash provided by financing activity	<u>-</u>	<u>273</u>	<u>-</u>	<u>273</u>
Net change in cash and cash equivalents	(215)	86	-	(129)
Cash and cash equivalents				
Beginning of year	<u>810</u>	<u>262</u>	<u>-</u>	<u>1,072</u>
End of year	<u>\$ 595</u>	<u>\$ 348</u>	<u>\$ -</u>	<u>\$ 943</u>

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