Combined Financial Statements and Report of Independent Certified Public Accountants

Institute of Management Accountants, Inc. and Affiliates

June 30, 2022 and 2021

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of the
Institute of Management Accountants, Inc. and Affiliates

Opinion

We have audited the combined financial statements of the Institute of Management Accountants, Inc. and Affiliates (collectively, the "Organization"), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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.

Basis for opinion

We conducted our audits of the combined financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to

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fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS 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 combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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.

Grant Thornton LLP

Iselin, New Jersey
October 20, 2022

Institute of Management Accountants, Inc. and Affiliates

COMBINED STATEMENTS OF FINANCIAL POSITION

As of June 30,
(in thousands)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,724	$ 10,604
Investments, at fair value	35,898	44,648
Accounts receivable, net of allowance for doubtful accounts of $360 at each year end	243	187
Other current assets	684	548
Prepaid expenses	2,715	2,056
Total current assets	41,264	58,043
Fixed assets, net	6,509	3,901
Total assets	$ 47,773	$ 61,944
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 6,620	$ 4,958
Accrued payroll and related benefits	2,712	4,021
Deferred revenue	26,567	21,697
Current portion of accrued postretirement benefits	79	81
Total current liabilities	35,978	30,757
Accrued postretirement benefits, less current portion	1,275	1,584
Total liabilities	37,253	32,341
Commitments and contingencies		
NET ASSETS		
Net assets without donor restrictions:		
IMA		
Current operating fund	(2,202)	4,603
Board-designated reserve fund	12,790	15,895
ICMA	(3,557)	5,078
IMAMEF	2,785	3,292
IMARF	290	370
Total net assets - without donor restrictions	10,106	29,238
Net assets with donor restrictions:		
IMAMEF - Century Scholarship Fund	414	365
Total net assets with donor restrictions	414	365
Total net assets	10,520	29,603
Total liabilities and net assets	$ 47,773	$ 61,944

The accompanying notes are an integral part of these combined financial statements.

Institute of Management Accountants, Inc. and Affiliates

COMBINED STATEMENTS OF ACTIVITIES

Years ended June 30,
(in thousands)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue						
Examination fees	$ 19,845	$ -	$ 19,845	$ 34,640	$ -	$ 34,640
Membership dues and fees	16,764	-	16,764	17,234	-	17,234
Education programs	690	-	690	1,618	-	1,618
Conferences	1,641	-	1,641	1,109	-	1,109
Affinity program royalties and interest group products	770	-	770	705	-	705
Advertising and sales of publications	219	-	219	233	-	233
Contributions	40	100	140	33	100	133
Other	5	-	5	258	-	258
Releases from restrictions	51	(51)	-	-	-	-
Total operating revenue	40,025	49	40,074	55,830	100	55,930
Operating expenses						
Program services						
Certification advancement	13,206	-	13,206	17,484	-	17,484
Connecting the profession	4,085	-	4,085	4,196	-	4,196
Education and career service	3,908	-	3,908	3,267	-	3,267
Thought leadership	3,873	-	3,873	3,556	-	3,556
Total program services	25,072	-	25,072	28,503	-	28,503
Supporting services						
Building the association	16,735	-	16,735	16,400	-	16,400
Administration	11,969	-	11,969	10,975	-	10,975
Total supporting services	28,704	-	28,704	27,375	-	27,375
Total operating expenses	53,776	-	53,776	55,878	-	55,878
(Deficit) surplus of operating revenue over expenses	(13,751)	49	(13,702)	(48)	100	52
Net investment (loss) income	(5,694)	-	(5,694)	8,821	40	8,861
PPP loan forgiveness	-	-	-	1,928	-	1,928
Change in net assets before pension related adjustment other than net periodic pension expense	(19,445)	49	(19,396)	10,701	140	10,841
Pension related adjustment other than net periodic pension expense	313	-	313	(11)	-	(11)
Change in net assets	(19,132)	49	(19,083)	10,690	140	10,830
Net assets, beginning of year	29,238	365	29,603	18,548	225	18,773
Net assets, end of year	$ 10,106	$ 414	$ 10,520	$ 29,238	$ 365	$ 29,603

The accompanying notes are an integral part of these combined financial statements.

Institute of Management Accountants, Inc. and Affiliates

COMBINED STATEMENTS OF CASH FLOWS

Years ended June 30,
(in thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (19,083)	$ 10,830
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Bad debt expense	31	216
Depreciation and amortization	514	592
Realized and unrealized losses (gains) on investments	6,830	(7,995)
PPP loan forgiveness	-	(1,928)
Changes in assets and liabilities:		
Accounts receivable	(87)	317
Other current assets	(136)	70
Prepaid expenses	(659)	(875)
Accounts payable and accrued expenses	1,662	424
Accrued payroll and related benefits	(1,309)	601
Deferred revenue	4,870	(7,048)
Accrued postretirement benefits	(311)	(45)
Net cash used in operating activities	(7,678)	(4,841)
Cash flows from investing activities:		
Purchase of fixed assets	(3,122)	(1,104)
Purchases of investments	-	(10,181)
Sales of investments	1,920	9,307
Net cash used in investing activities	(1,202)	(1,978)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,880)	(6,819)
Cash and cash equivalents, beginning of year	10,604	17,423
Cash and cash equivalents, end of year	$ 1,724	$ 10,604

The accompanying notes are an integral part of these combined financial statements.

NOTE 1 - NATURE OF ORGANIZATION

The Institute of Management Accountants, Inc. (“IMA”) and Affiliates (collectively, the “Organization”) is the worldwide association of accountants and financial professionals in business. Founded in 1919, the Organization is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. The Organization is committed to empowering its members, and those throughout the rest of the profession, to strengthen on-the-job skills, better manage companies, and accelerate careers. In furtherance of its mission, the Organization provides members an opportunity to increase their knowledge of accounting practices and methods and to increase their individual capabilities through professional education programs and accounting literature that are available to all members.

NOTE 2 - PRINCIPLES OF COMBINATION

The combined financial statements include the accounts of IMA, its subsidiary, IMA Services, Inc., and the Institute of Certified Management Accountants, Inc. ("ICMA"), the Institute of Management Accountants Research Foundation, Inc. ("IMARF") and the Institute of Management Accountants Memorial Education Fund, Inc. ("IMAMEF"), who are related through common board membership and substantially identical management (collectively, the “Organization”). In combination, all significant inter-entity balances have been eliminated.

(a) *Institute of Management Accountants, Inc.*: IMA maintains operating and reserve funds as follows:

(i) *Institute of Management Accountants, Inc. - current operating fund*: The current operating fund supports current operations of IMA and its subsidiary, IMA Services, Inc., a for-profit subsidiary required to maintain a representative office in China. The subsidiary was established in furtherance of IMA's tax-exempt purposes.

(ii) *Institute of Management Accountants, Inc. - reserve fund*: The reserve fund is a board-designated fund established for the purpose of providing funds to ensure the continuous extension and development of activities in general furtherance of the purpose of IMA. Appropriations from the reserve fund require the approval of the Board of Directors.

(b) *Institute of Certified Management Accountants, Inc.*: ICMA administers the Certified Management Accountant credentialing program of IMA.

(c) *Institute of Management Accountants Research Foundation, Inc.*: IMARF exists to administer the research program of IMA.

(d) *Institute of Management Accountants Memorial Education Fund, Inc.*: IMAMEF exists to support the educational goals of IMA through grants, scholarships and other funding of educational programs on management accounting. At June 30, 2022 and 2021, the net assets of IMAMEF include the Century Scholarship Fund of $414 and $365, respectively, which carries certain donor restrictions for the purpose of IMA scholarship funding.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying combined financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

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

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Organization. Net assets without donor restrictions may also be designated for specific purposes by the Organization's Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

Net Assets With Donor Restrictions

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. Net assets with donor restrictions are subject to donor-imposed restrictions that require the Organization to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the combined statements of activities as net assets released from restrictions.

Net assets with donor restrictions may also include the corpus of gifts, which must be maintained in perpetuity, but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes in accordance with donor stipulations. The Organization had no such assets held for this purpose at June 30, 2022 and 2021.

Cash and Cash Equivalents

In addition to the Organization's cash operating and savings bank accounts, and money market mutual funds that can be liquidated immediately, the Organization considers highly liquid investments with original maturities of 90 days or less from the date of purchase, to be cash equivalents.

Accounts Receivable, Net

Accounts receivable represent outstanding unpaid principal balances, primarily pertaining to sponsorships, and are reduced by an allowance for doubtful accounts. Management provides an allowance for doubtful accounts for estimated losses that may result from the inability of its customers to make required payments based on the consideration of the type of receivable, responsible party, the known financial condition of a customer, historical collection patterns and comparative aging.

Allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. Such estimates are reviewed periodically and if the financial condition of a party changes significantly the Organization will evaluate the recoverability of any accounts receivable from that customer and write-off any amounts that are no longer considered to be recoverable. Any payments subsequently received on such receivables are recorded as income in the period received.

Investments

Investments in publicly traded securities are recorded at fair value generally determined on the basis of quoted market prices. Investments in mutual funds are carried at fair value as determined by quoted market prices and the investment managers or general partners as of the reporting date. Purchases and sales of securities are reflected on a trade-date basis. Realized and unrealized gains and losses on sales of securities are determined based on average cost and are recorded in the combined statements of activities in the period in which the securities are sold as increases or decreases in net assets without donor restrictions, unless donor or relevant laws place restrictions on these gains and losses. Interest is recognized as earned. Dividends are recognized as of the ex-dividend date.

Investments - Other

Investments in entities in which the Organization has a substantial ownership interest, considered to be approximately 20% to 50%, or for which the Organization exercises significant influence but not control over policy decisions, are accounted for using the equity method of accounting. This method is not an indicator of the fair value of the investment, rather it is the initial cost adjusted for the Organization's share of earnings and losses of the investee, any additional investments, return of capital and distributions.

Fair Value Measurements

The Organization follows guidance which establishes a framework for measuring fair value, expands disclosures about fair value measurements and provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument.

Fixed Assets

Property and equipment purchased for a value greater than five thousand dollars and with depreciable lives greater than one year are carried at cost, net of accumulated depreciation. Significant additions or improvements extending asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. Leasehold improvements are amortized based on the lesser of the estimated useful life or remaining lease term. Property and equipment used in operations are depreciated over their estimated useful lives using the straight-line method, as follows:

Building	30 years
Land improvements	20 years
Furniture and equipment	3-10 years
Software	3-5 years

Revenue Recognition

The Organization follows guidance whereby the Organization recognizes revenue when control of the promised goods or services are transferred to the Organization's customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The guidance outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Organization has identified examination fees, membership dues and fees, education programs, conferences, royalties and interest group products, and advertising and sales of publications as revenue categories subject to this guidance.

Contributions

The Organization recognizes revenue from contributions in accordance with guidance that requires the Organization to evaluate whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, which include unconditional promises to give, are recorded at fair value in the period received as net assets without donor restrictions and net assets with donor restrictions depending upon the existence or absence of donor-imposed stipulations. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are satisfied.

Advertising Costs

Costs of promotion and advertising are expensed as incurred. For the years ended June 30, 2022 and 2021, advertising expense amounted to $7,255 and $8,063, respectively, and is included as part of certification advancement and building the association expenses on the accompanying combined statements of activities.

Functional Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying combined statements of activities, which includes all operating expenses incurred during the year. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocates the direct costs of its operations to its programs and services on an equitable basis based on either financial or non-financial data, such as the percentage of direct labor costs charged to each program and supporting services by the Organization staff.

Income Taxes

IMA, IMAMEF, IMARF and IMA Products and Services, LLC (a non-operating entity) were incorporated in the State of New Jersey and are exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, therefore, have made no provision for U.S. income taxes in the accompanying combined financial statements. ICMA is currently exempt from federal income tax under 501(c)(6) of the Code. IMA, IMAMEF, IMARF, IMA Products and Services, LLC and ICMA have been determined by the Internal Revenue Service (the “IRS”) not to be "private foundations" within the meaning of Section 509(a) of the Code. There was no unrelated business income tax payable for the years ended June 30, 2022 and 2021.

IMA Services, Inc., a for-profit corporation, accounts for income taxes pursuant to the asset and liability method, which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Since inception, IMA Services, Inc. has availed itself to various deductions and credits, as allowed by the IRS, to reduce/eliminate its Federal income tax liability. IMA Services, Inc. pays minimum State taxes to New Jersey.

The Organization has analyzed tax positions taken for filing with the IRS and state jurisdictions where it operates. The Organization does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, change in net assets or cash flows.

Value Added and Indirect Taxes

The Organization’s products and services sold to residents of certain countries are subject to Value Added Tax ("VAT") and other indirect taxes (collectively referred to as "indirect tax"). The Organization’s accounts for VAT imposed on its services on a net basis. The Organization is required to remit the VAT it collects to the tax authorities but may deduct the VAT paid on eligible purchases.

As a part of its regular financial reporting process, the Organization has assessed a liability for indirect taxes around the world in which it operates. The Organization’s total estimated liability for indirect taxes in jurisdictions outside the U.S. was $2,569 and $2,660, as of June 30, 2022 and 2021, respectively, and recorded in accounts payable and accrued expenses in the statements of financial position. The indirect tax accrual incorporates multiple inputs that are subject to potentially significant variability.

Use of Estimates

In preparing its combined financial statements, in accordance with U.S. GAAP, the Organization makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Dollars in thousands)

Concentrations of Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. Management reduces exposure to cash and cash equivalent credit risk by placing cash balances with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

The Organization derived approximately three-quarters of its 2021 and 2022 revenues from various countries outside of the United States, including countries in North and South America, Europe, Asia, and the Middle East. Also, the Organization has a significant concentration of revenues in China. Future revenues are subject to various risks particular to each country, including political or economic instability.

New Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires an organization that leases assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on its statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for its fiscal year 2023. Management is in the process of evaluating the impact this standard will have on its combined financial statements.

Subsequent Events

The Organization's management has performed subsequent event procedures through October 20, 2022, which is the date the combined financial statements were available to be issued, and there were no subsequent events requiring adjustments to the combined financial statements or disclosures stated herein.

NOTE 4 - INVESTMENTS, AT FAIR VALUE

The following is a summary of investments at fair value and cost as of June 30, 2022 and 2021:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	$ 35,898	$ 33,769	$ 44,648	$ 34,448

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2022 and 2021.

Mutual Funds

The Organization has investments in mutual funds. For these investments, the Organization maintains an ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund's net asset value is the value of a single share which is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at close of business. Such funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 2 within the fair value hierarchy.

(Dollars in thousands)

The following table presents the Organization's investments by level within the fair value hierarchy as of June 30, 2022 and 2021. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value Measurement at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity securities	$ -	$ 20,954	$ -	$ 20,954
Fixed income	-	14,944	-	14,944
Total	$ -	$ 35,898	$ -	$ 35,898

	Fair Value Measurement at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity securities	$ -	$ 27,894	$ -	$ 27,894
Fixed income	-	16,754	-	16,754
Total	$ -	$ 44,648	$ -	$ 44,648

There were no transfers between levels during the years ended June 30, 2022 and 2021.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements.

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.

NOTE 5 - OTHER ASSETS

In 1985, IMA entered into a joint venture agreement with four other accounting-related organizations whereby it acquired a 20% non-controlling interest in the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The joint initiative, COSO, is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence. The investment is recorded using the equity method of accounting and is reported in other current assets in the accompanying combined statements of financial position.

(Dollars in thousands)

During the years ended June 30, 2022 and 2021, IMA recorded the following income on its investment, which is included in net investment income in the accompanying combined statements of activities:

	2022	2021
Distributions	$ (50)	$ -
Unrealized gain	156	92
Total income	$ 106	$ 92

At June 30, 2022 and 2021, IMA's investment in COSO totaled $382 and $276, respectively.

NOTE 6 - FIXED ASSETS, NET

At June 30, 2022 and 2021, fixed assets consisted of the following:

	2022	2021
Land	$ 998	$ 998
Land improvements	413	413
Building	6,162	5,698
Leasehold improvements	255	255
Furniture and equipment	4,754	4,118
Software	5,511	5,315
Work-in-progress	2,485	659
	20,578	17,456
Less: Accumulated depreciation and amortization	14,069	13,555
Total	$ 6,509	$ 3,901

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 totaled $514 and $592, respectively.

NOTE 7 - BENEFIT PLANS

Defined Contribution Plan

The Organization has a 401(k) defined contribution plan available to all employees. Under the plan, eligible employees may contribute a percentage of eligible compensation and the Organization will make an appropriate matching contribution. The Organization contributed $538 and $493 to the 401(k) plan during the years ended June 30, 2022 and 2021, respectively.

(Dollars in thousands)

Postretirement Healthcare Benefits

The Organization provides certain healthcare and life insurance benefits for eligible retired employees. Employees hired before January 1, 2017 may become eligible for those benefits if they reach normal retirement age while working at the Organization. The Organization funds its postretirement benefits costs on a cash basis.

The following table presents a reconciliation of the changes in the Organization's postretirement health and life insurance obligations and a reconciliation of the funded status of the amounts recognized in the Organization's combined statements of financial position as of June 30, 2022 and 2021:

	2022	2021
Reconciliation of benefit obligation:		
Accrued postretirement benefit obligation, beginning of year	$ 1,665	$ 1,710
Service cost	20	45
Interest cost	43	40
Actuarial net gain	(322)	(86)
Benefits payments	(52)	(44)
Accrued postretirement benefit obligation, end of year	1,354	1,665
Fair value of plan assets	$ -	$ -

The following table represents the reconciliation of the funded status of the plan:

	2022	2021
Fair value of plan assets	$ -	$ -
Benefit obligation	(1,354)	(1,665)
Funded status	(1,354)	(1,665)
Unrecognized net gain	(362)	(40)
Net amount recognized	$ (1,716)	$ (1,705)

The following table provides the approximate net periodic postretirement benefit cost of the Organization for the years ended June 30, 2022 and 2021:

	2022	2021
Service cost	$ 20	$ 45
Interest cost	43	40
Recognized actuarial loss	-	1
Total	$ 63	$ 86

(Dollars in thousands)

Amounts recognized in the combined statements of financial position consist of the following:

	2022	2021
Current liabilities	$ (79)	$ (81)
Non-current liabilities	(1,275)	(1,584)
	$ (1,354)	$ (1,665)

A summary of benefit cost, contributions, and benefits paid for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Fair value of plan assets, beginning of year	$ -	$ -
Employer contribution	(52)	(44)
Benefit payments	52	44
Fair value of plan assets, end of year	$ -	$ -

Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Discount rate	2.59%	2.40%
Rate of return on plan assets	N/A	N/A

Weighted average assumptions used to determine benefit obligations as of June 30, 2022 and 2021 are as follows:

	2022	2021
Discount rate	4.38%	2.59%
Rate of return on plan assets	N/A	N/A

Assumed healthcare cost trend rates have a significant effect on the amount reported for the healthcare plan. There is no healthcare cost trend assumption since the Organization provides a health stipend that is capped.

(Dollars in thousands)

The estimated future benefit payments are expected to be as follows:

Fiscal Year Ending June 30:		
2023	$	80
2024		86
2025		87
2026		87
2027		87
2028-2031		423
Total	$	850

NOTE 8 - LOAN PAYABLE

On April 7, 2020, the Organization (the “Borrower”), was granted a loan (the “Loan”) from JPMorgan Chase Bank, N.A. in the aggregate amount of $1,928,000, pursuant to the Small Business Administration Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 7, 2020 issued by the Borrower, matured on April 10, 2022 with interest at a rate of 0.98% per annum, payable monthly commencing on October 7, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, and utilities. The Organization used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. When the Organization is legally released from the debt, or forgiveness is granted, the extinguishment will be recognized into income at that time. The Organization received notice on June 8, 2021 that the loan of $1,928 had been forgiven.

NOTE 9 - REVENUE

Examination Fees

Examination fees primarily include exam fees and entrances fees. The exam fees are recognized at the point in time the grades are released to the participants which corresponds to the satisfaction of the Organization’s related performance obligation. Entrance fees are paid by participants to enter the program and seek eligibility to take the exams. Such revenues are considered to be correlated to the exam and as such recognized over the average period of time it takes to complete the related exams. The Organization has taken a portfolio approach in determining the average amount of time participants complete the respective exams and recognizes the entrance fees over that period which corresponds to the satisfaction of the respective performance obligations.

(Dollars in thousands)

Disaggregated examination fees revenue, follows:

	2022	2021
Exam fees	$ 15,182	$ 28,371
Entrance fees	4,663	6,269
	$ 19,845	$ 34,640

Payments received for exam and entrance fees in advance of the Organization satisfying its performance obligations are recorded within deferred revenue in the combined statements of financial position and recognized as revenue in future periods as performance obligations are satisfied. The changes in deferred revenue were caused by normal timing differences between the satisfaction of performance obligations and customer payments.

For the years ended June 30, 2022 and 2021, the Organization recognized exam and entrance fee revenue of $10,636 and $15,882, respectively, from amounts that were included in deferred revenue at the beginning of the year.

At June 30, 2022 and 2021, deferred revenue relating to exam fees totaled $12,606 and $8,157, respectively, and the performance obligations pertaining to this liability are expected to be satisfied within one year. As of June 30, 2022 and 2021, deferred revenue relating to entrance fees totaled $3,717 and $3,625, respectively, of this amount, $2,563 and $872 and $2,642 and $983 of the performance obligations pertaining to this liability are expected to be satisfied within one and two years, respectively.

Conferences

Conference revenues primarily include registration and sponsorships and also include the conference proceedings and published articles related to respective conferences. Revenues from conference registration and sponsorships are recognized at the point in time in which the respective conference occurs. Revenues from conference proceedings and articles are recognized in the period in which they are sold.

For the years ended June 30, 2022 and 2021, the Organization recognized conference revenue of $5 and $10, respectively, from amounts that were included in deferred revenue at the beginning of the year.

At June 30, 2022 and 2021, deferred revenue relating to conference revenues totaled $11 and $5, respectively, and the related performance obligations are expected to be satisfied within one year.

Membership Dues and Fees

The Organization satisfies its performance obligation and recognizes revenue evenly over the membership term as its members simultaneously receive and consume the benefits over that timeframe.

Payments received in advance of the Organization satisfying its performance obligation are recorded within deferred revenue in the combined statements of financial position and recognized as revenue in future periods as the corresponding performance obligations are satisfied. The changes in deferred revenue were caused by normal timing differences between the satisfaction of performance obligations and customer payments.

For the years ended June 30, 2022 and 2021, the Organization recognized membership revenue of $9,282 and $8,806, respectively, from amounts that were included in deferred revenue at the beginning of the year.

(Dollars in thousands)

At June 30, 2022 and 2021, deferred revenue relating to membership revenues totaled \$9,631 and \$9,282, respectively. Of this amount, \$9,631 and \$0 and \$9,169 and \$113, respectively, of the performance obligations pertaining to this liability are expected to be satisfied within one and two years, respectively.

Education Programs

Education program revenue includes subscriptions and online product and content. The Organization satisfies its performance obligations and recognizes revenue ratably over the subscription period or upon delivery of the online product or content and it is made available to its customers.

Disaggregated education program revenue, follows:

	2022	2021
Online product or content	$ 479	$ 1,548
Subscriptions	211	70
	$ 690	$ 1,618

Payments received in advance of the Organization satisfying its performance obligation are recorded within deferred revenue in the combined statements of financial position and recognized as revenue in future periods as the corresponding performance obligations are satisfied. The changes in deferred revenue were caused by normal timing differences between the satisfaction of performance obligations and customer payments.

For the years ended June 30, 2022 and 2021, the Organization recognized education program revenue of \$0 and \$0, respectively, from amounts that were included in deferred revenue at the beginning of the year.

At June 30, 2022 and 2021, deferred revenue relating to program revenues totaled \$152 and \$152, respectively, which is expected to be satisfied within one year.

Other

Revenue from affinity program royalties and interest group products, and advertising sales of publications are recognized at the time when the corresponding publications are issued or royalties are earned, which coincides with the satisfaction of the related performance obligations.

At June 30, 2022 and 2021, deferred revenue from other sources totaled approximately \$450 and \$476, respectively, which is expected to be satisfied within one year.

(Dollars in thousands)

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

The Organization is a party to various non-cancelable operating leases. These leases require minimum monthly rental payments during the first year of each lease and have scheduled increases thereafter.

Future minimum lease payments under these non-cancelable operating leases for each of the years ended at June 30:

Years Ended June 30, 2021,		
2023	$	116

For the years ended June 30, 2022 and 2021, rent expense totaled $1,035 and $1,021, respectively.

Legal Matters

The Organization is subject to claims and suits in the ordinary course of business. Management believes that the ultimate resolution of all such legal matters will not have a material effect on the Organization's combined financial statements.

COVID-19 Pandemic

As these combined financial statements are issued, the world continues to experience the economic impacts of the global COVID-19 pandemic, including emerging variants of the virus. Testing centers, which were temporarily closed during periods of lockdown, have largely reopened around the world and candidates who recognize the value of certification continue to register for the CMA exam. Operations have continued without interruption, as staff successfully works from their homes and/or from re-opening offices to serve the global membership. While revenues for the Organization have been dampened during the past year, IMA provides a service that is valuable to management accountants facing uncertainty, and remains a key resource for our members.

However, as the full trajectory of the pandemic continues to be unclear, and local regions occasionally restrict economic activity in the presence of outbreaks, the Organization's operations, including test center availability, may be affected. As a result, the full impact of the pandemic and any potential adverse impact on the Organization's finances and operations cannot be fully determined at this time.

(Dollars in thousands)

NOTE 11 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As of June 30, 2022 and 2021, the Organization's liquid resources and financial assets available within one year for general expenditures are as follows:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 1,724	$ 10,604
Investments	35,898	44,648
Accounts receivable, net	243	187
Total financial assets at year-end	37,865	55,439
Less: amount not available to meet general expenditures within one year		
Board-designated operating reserve fund	(12,790)	(15,895)
Donor restricted - Century Scholarship Fund	(414)	(365)
Total financial assets available to meet general expenditures within one year	$ 24,661	$ 39,179

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with the intention of balancing their budget, attempting to collect sufficient revenue to cover general expenditures.

NOTE 12 - FUNCTIONAL AND NATURAL CLASSIFICATION OF EXPENSES

Expenses incurred by the Organization are classified by functional categories for the years ended June 30, 2022 and 2021 as follows:

	Program Services				Supporting Services		Total
	Certification Advancement	Connecting the Profession	Education and Career Service	Thought Leadership	Building the Association	Administration	2022
Salaries and employee benefits	$ 2,745	$ 1,857	$ 1,998	$ 2,424	$ 9,771	$ 6,564	$ 25,359
Fees for services	6,107	890	519	1,136	893	1,934	11,479
Advertising and promotion	4,024	-	-	14	3,217	-	7,255
Office and occupancy	163	126	256	40	1,518	2,207	4,310
Conferences and meetings	1	-	1,085	-	450	151	1,687
Travel	8	22	19	10	369	161	589
Taxes	158	921	-	-	228	-	1,307
Grants	-	221	31	248	172	18	690
Depreciation and amortization	-	48	-	-	-	466	514
Other	-	-	-	1	117	468	586
Total expenses year ended June 30, 2022	$ 13,206	$ 4,085	$ 3,908	$ 3,873	$ 16,735	$ 11,969	$ 53,776

Institute of Management Accountants, Inc. and Affiliates

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

June 30, 2022 and 2021
(Dollars in thousands)

	Program Services				Supporting Services		Total
	Certification Advancement	Connecting the Profession	Education and Career Service	Thought Leadership	Building the Association	Administration	2021
Salaries and employee benefits	$ 2,579	$ 1,793	$ 1,801	$ 2,334	$ 9,904	$ 6,171	$ 24,582
Fees for services	9,344	857	492	956	745	2,003	14,397
Advertising and promotion	5,020	-	-	-	3,043	-	8,063
Office and occupancy	140	94	287	36	1,545	1,915	4,017
Conferences and meetings	-	-	681	-	597	7	1,285
Travel	1	-	-	-	138	2	141
Taxes	400	1,065	-	-	232	-	1,697
Grants	-	334	6	228	170	19	757
Depreciation and amortization	-	53	-	-	-	539	592
Other	-	-	-	2	26	319	347
Total expenses year ended June 30, 2021	$ 17,484	$ 4,196	$ 3,267	$ 3,556	$ 16,400	$ 10,975	$ 55,878