Financial Planning Standards Board Ltd.

Consolidated Financial Report
December 31, 2023

Contents

Independent Auditor's Report

Board of Directors
Financial Planning Standards Board Ltd.

Opinion
We have audited the consolidated financial statements of Financial Planning Standards Board Ltd. (FPSB), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FPSB as of December 31, 2023 and 2022, 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 in accordance with auditing standards generally accepted in the United States of America (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 FPSB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FPSB's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FPSB'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.

RSM US LLP

Kansas City, Missouri
March 12, 2024

Financial Planning Standards Board Ltd.

Consolidated Statements of Financial Position
December 31, 2023 and 2022

		2023		2022
Assets				
Current assets:				
Cash and cash equivalents	**$**	**1,115,216**	$	3,244,098
Funds held on behalf of FPSB		**23,306**		38,849
Accounts receivable		**51,598**		38,404
Prepaid expenses		**71,629**		35,067
Deposits		**20,345**		14,765
Total current assets		**1,282,094**		3,371,183
Certification materials, net		**20,528**		40,873
Property and equipment, net		**102,419**		165,195
Other assets:				
Right-of-use assets—operating leases		**58,329**		128,085
Deferred compensation investments		**348,438**		439,886
Investments		**2,347,161**		-
Trademarks		**532,291**		532,291
Total other assets		**3,286,219**		1,100,262
Total assets	**$**	**4,691,260**	$	4,677,513
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	**$**	**59,646**	$	167,943
Accrued liabilities		**523,399**		333,608
Deferred revenue		**638,171**		375,990
Current maturities of operating lease obligations, net		**78,990**		100,305
Total current liabilities		**1,300,206**		977,846
Long-term liabilities:				
Deferred compensation liability		**348,438**		439,886
Long-term operating lease obligations, net		**4,063**		83,000
Total long-term liabilities		**352,501**		522,886
Total liabilities		**1,652,707**		1,500,732
Net assets without donor restrictions:				
Undesignated		**625,930**		1,060,848
Designated		**2,412,623**		2,115,933
Total net assets		**3,038,553**		3,176,781
Total liabilities and net assets	**$**	**4,691,260**	$	4,677,513

See notes to consolidated financial statements.

Financial Planning Standards Board Ltd.

Consolidated Statements of Activities
Years Ended December 31, 2023 and 2022

	2023	2022
Net assets without donor restrictions:		
Revenue and gains:		
Affiliate revenue:		
CFP certifications	$ 3,552,621	$ 3,332,279
Other certifications	805,835	735,880
Research participation fees	135,710	88,092
Global meeting fees	170,018	-
Direct certification revenue:		
Student enrollment fees	192,660	246,680
Certification fees	341,878	298,346
Examination fees	313,394	236,405
Other education program fees	215,383	207,502
Net investment return (loss)	121,245	(46,552)
Other income (loss)	409	(2,109)
Total revenue and gains	5,849,153	5,096,523
Expenses:		
Program services	4,111,248	3,698,554
Management and general	1,876,133	1,608,832
Total expenses	5,987,381	5,307,386
Change in net assets	(138,228)	(210,863)
Net assets, beginning of year	3,176,781	3,387,644
Net assets, end of year	$ 3,038,553	$ 3,176,781

See notes to consolidated financial statements.

Financial Planning Standards Board Ltd.

Consolidated Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023			2022		
	Program Services	**Management and General**	**Total**	Program Services	Management and General	Total
Salaries and benefits	**$ 2,015,165**	**$ 1,291,733**	**$ 3,306,898**	$ 1,686,856	$ 1,110,102	$ 2,796,958
Professional fees	**862,988**	**269,425**	**1,132,413**	836,832	226,341	1,063,173
Trademark portfolio management	**323,507**	**-**	**323,507**	371,743	-	371,743
Depreciation and amortization	**76,031**	**33,579**	**109,610**	92,313	43,954	136,267
Information technology	**67,549**	**34,316**	**101,865**	72,179	30,729	102,908
Legal fees	**64,942**	**-**	**64,942**	125,067	-	125,067
Office rent	**74,245**	**76,826**	**151,071**	68,085	66,064	134,149
Other	**47,860**	**50,875**	**98,735**	34,097	1,757	35,854
Dues and subscriptions	**41,931**	**11,554**	**53,485**	37,922	14,519	52,441
Direct certification processing fees	**54,674**	**5,303**	**59,977**	58,131	4,525	62,656
Insurance	**34,824**	**28,778**	**63,602**	25,675	23,904	49,579
Telecommunications	**8,617**	**9,815**	**18,432**	8,304	8,766	17,070
Meetings and travel	**429,068**	**52,086**	**481,154**	273,282	72,588	345,870
Office equipment and supplies	**5,289**	**5,405**	**10,694**	5,698	4,958	10,656
Shipping and printing	**4,558**	**6,438**	**10,996**	2,370	625	2,995
Total expenses included in the statements of activities	**$ 4,111,248**	**$ 1,876,133**	**$ 5,987,381**	$ 3,698,554	$ 1,608,832	$ 5,307,386

See notes to consolidated financial statements.

Financial Planning Standards Board Ltd.

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

		2023		2022
Cash flows from operating activities:				
Change in net assets	$	(138,228)	$	(210,863)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization		109,610		136,267
(Gain)/loss on sale of equipment		(133)		2,576
Deferred compensation expense		-		27,948
Net investment loss on deferred compensation investments		18,473		46,552
Net realized and unrealized gains on investments		(84,274)		-
(Increase) decrease on operating assets:				
Funds held on behalf of FPSB		15,543		(3,391)
Accounts receivable		(13,194)		(38,065)
Prepaid expenses		(36,562)		13,507
Deposits		(5,580)		(2,025)
Right of use assets—operating		69,756		65,646
Increase (decrease) on operating liabilities:				
Accounts payable		(108,297)		41,713
Accrued liabilities		189,791		(97,387)
Deferred compensation liability		(91,448)		-
Deferred revenue		262,181		25,000
Operating lease obligations, net		(100,252)		(96,408)
Net cash provided by (used in) operating activities		87,386		(88,930)
Cash flows from investing activities:				
Capitalization of certification materials		(14,627)		-
Purchase of equipment		(11,729)		(11,279)
Proceeds from sale of equipment		-		999
Purchase of deferred compensation investments		(98,249)		(74,500)
Sale of deferred compensation investment		171,224		-
Purchase of investments		(2,262,887)		-
Net cash used in investing activities		(2,216,268)		(84,780)
Net change in cash and cash equivalents		(2,128,882)		(173,710)
Cash and cash equivalents, beginning of year		3,244,098		3,417,808
Cash and cash equivalents, end of year	$	1,115,216	$	3,244,098
Supplemental disclosures of noncash investing activities:				
Right-of-use assets obtained in exchange for new operating lease obligations	$	-	$	193,731

See notes to consolidated financial statements.

Note 1. Principal Activity and Significant Accounting Policies

Organization: Financial Planning Standards Board Ltd. (FPSB) was established as a 501(c)(6) not-for-profit organization for the purpose of managing, developing and operating financial planning certification, education and related programs to benefit the global community of consumers and potential consumers of financial planning services, and any other matters permitted by law. FPSB's goal is to benefit the global community by establishing, upholding and promoting worldwide professional standards in financial planning. Key objectives are:

Leadership: FPSB is the global authority for financial planning and leads the professional financial advice space globally.

Awareness: The public is aware of the value of the financial planning process and of the Certified Financial Planner (CFP) certification.

Standards: FPSB has established, and enforces compliance with, global professional standards and certification requirements for financial planning and financial advice. CFP certification is the standard of excellence for financial planning professionalism worldwide.

Engagement: Affiliates and stakeholders support FPSB's vision and are engaged in FPSB's mission.

Recognition: Financial planning is recognized as a profession.

The Reserve Bank of India issued an approval letter dated December 12, 2019, granting FPSB permission to establish a liaison office in India. The liaison office was registered in India under the Companies Act, 2013 on March 9, 2020, and started hiring personnel in February 2021. The liaison office acted as a communication channel between certified professionals and affiliated institutions in India until FPSB's wholly owned subsidiary was legally formed. The liaison office was then closed in the first quarter of 2023 with legal proceedings finalized in early 2024.

In August 2022, FPSB created a wholly owned subsidiary called FPSB Institute India Private Limited (FIIPL). FIIPL revenues consist of student enrollment fees, education course and educator provider fees. There were $88,374 and $0 revenue generating activities running through this subsidiary for the years ended December 31, 2023 and 2022, respectively.

A summary of FPSB's significant accounting policies is as follows:

Principles of consolidation: The consolidated financial statements (collectively, the financial statements) include the accounts of FPSB and its consolidated wholly owned subsidiary, FPSB Institute India Private Limited. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation: The financial statements have been prepared on the accrual basis of accounting applicable to nonprofit organizations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). As required by the Not-for-Profit Entities Topics of FASB ASC, FPSB is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Note 1. Principal Activity and Significant Accounting Policies (Continued)

Net assets without donor restrictions: Net assets without donor restrictions include undesignated resources, and therefore are available for the general activities of FPSB or designation by the board of directors. All of FPSB's net assets are available for use in general operations. FPSB's board of directors (the Board) has designated an operating reserve from FPSB's net assets without donor restrictions to provide resources to protect FPSB's trademarks and to address unforeseen economic circumstances (see Note 2).

Net assets with donor restrictions: Net assets with donor restrictions are those whose use by FPSB has been limited by donors to a specific time period or purpose or must be maintained in perpetuity by FPSB. FPSB has no net assets with donor restrictions for the years ended December 31, 2023 and 2022.

Use of estimates: In preparing financial statements in conformity with U.S. GAAP, FPSB is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: FPSB considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Funds held on behalf of FPSB: Funds held on behalf of FPSB represent funds collected from students and professionals on FPSB's behalf but not yet remitted to FPSB as of year-end.

Investments and investment return; Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income and unrealized and realized gains and losses on investments carried at fair value. Investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Financial risk: FPSB manages deposit concentration risk by placing cash with financial institutions FPSB believes to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, FPSB has not experienced losses in any of these accounts.

FPSB places investments in a professionally managed portfolio that contains various equity and debt securities. Therefore, investments may be subject to significant fluctuations in fair value and investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because outstanding amounts are generally due from affiliates.

Accounts receivable and allowance for credit losses: Accounts receivable consist of noninterest-bearing amounts due from affiliate organizations for certification program services performed and are presented net of any allowance for credit losses. Where applicable, FPSB determines its allowance by considering a number of factors, including the affiliate organization's economic environment and previous payment history. FPSB writes off accounts receivable when they are determined to be uncollectible. As of December 31, 2023 and 2022, FPSB determined no allowance to be necessary. Recoveries of accounts receivable previously written off are recorded when received. There were no credit loss recoveries or expenses for the years ended December 31, 2023 and 2022. FPSB will continue to monitor and evaluate the adequacy of the allowance for credit losses on accounts receivable on a regular basis and make adjustments as necessary in response to changes in economic conditions and credit quality indicators.

Note 1. Principal Activity and Significant Accounting Policies (Continued)

Receivables from contracts with customers are reported as accounts receivable and contract liabilities are reported as deferred revenue in the accompanying consolidated statements of financial position.

Prepaid expenses: Prepaid expenses consist of expenses paid in advance, but not yet incurred.

Certification materials: Certification materials are reported at cost of capitalized expenditures, with a value greater than $500 and a useful life of more than one year, to create and edit original content including textbooks, case studies, practice examinations and instructor guides. Amortization is computed using the straight-line method, based on an estimated three years of useful life of the materials.

Property and equipment: Property and equipment is stated at cost less accumulated depreciation. In general, FPSB capitalizes equipment with a value greater than $500 and a useful life of more than one year. Major renewals and improvements are also capitalized (general maintenance and repairs which do not improve or extends the lives of the assets are expensed). Depreciation and amortization are charged to expense and computed using the straight-line method, based on estimated useful lives of the assets, which range from three to seven years, or in the case of capitalized leasehold improvements, the lesser of the useful life of the asset or the lease term.

FPSB reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

Leases: FPSB determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. FPSB also considers whether its service arrangements include the right to control the use of an asset.

FPSB recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

FPSB made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, FPSB made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

Note 1. Principal Activity and Significant Accounting Policies (Continued)

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

FPSB has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to FPSB, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Trademarks: Trademarks are considered to have an indefinite life and therefore are not amortized. FPSB records impairment losses on trademarks when events and circumstances indicate that these assets might be impaired and the estimated fair value of the assets is less than its recorded amount. Fair value is estimated using the expected present value of future cash flows. Conditions that would necessitate an impairment assessment include material adverse changes in operations, a decision to abandon acquired products or other significant adverse changes that would indicate the carrying amount of the recorded assets might not be recoverable. As of December 31, 2023 and 2022, the trademarks were not impaired.

Revenue recognition: FPSB's affiliates comprise the leading financial planning organizations on six continents. These organizations are committed to developing, promoting and enforcing world-class standards for financial planning professionalism, and offer the globally recognized CFP certification program in their territories.

Affiliate revenue represents charges to affiliates for the right to administer FPSB's certification programs in their local territory (which includes license rights to FPSB's trademarks and other program intellectual property) and to affiliate with FPSB and participate in the broader FPSB network. The revenue is a contractually specified fixed annual fee or annual per-certified-professional fee and is due in one or more installments as specified in FPSB's agreements. FPSB recognizes these fees over the license and/or affiliation period, typically a calendar year, as the performance of FPSB's license and affiliation obligations are fulfilled. FPSB recognizes research participation fees as services are performed, and Global Meeting revenue at a point in time when FPSB delivers the event. As a result of the COVID-19 pandemic, there was no Global Meeting in 2022, however, the event did resume in 2023.

Direct certification revenue includes student enrollment, examination, certification fees, as well as other education program fees from students and education providers. FPSB recognizes revenue from examination fees at the point in time FPSB's performance obligation to provide access to the exam is met and a student sits for their examination. Student enrollment, certification, and other education program fees are recognized ratably over the applicable period as FPSB meets its performance obligations to provide students with access to education tracks leading to certifications, professionals with access to annual certification rights, or deliver educational programs, respectively. Payments for student enrollment, examinations, certification fees and other educational programs due and received in advance are recorded as deferred revenue in the accompanying consolidated statements of financial position.

Note 1. Principal Activity and Significant Accounting Policies (Continued)

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred revenue, beginning of year	$ 375,990	$ 350,990
Revenue recognized that was included in deferred at the beginning of year	(375,990)	(350,990)
Increases in deferred revenue due to cash received during the year	638,171	375,990
Deferred revenue, end of year	$ 638,171	$ 375,990

Expenses: Expenses are recognized when incurred. Expenses paid in advance but not yet incurred are deferred to the applicable period.

Functional allocation of expenses: The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs incurred related to the natural expense categories of salaries and benefits, depreciation and amortization, information technology, office rent, insurance, telecommunications, and office equipment and supplies are allocated on the basis of time and effort employees spent on program services and management and general activities.

Accounting for uncertain tax positions and goods and services tax (GST): FPSB is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. However, income from activities not directly related to FPSB's tax-exempt purpose is subject to taxation as unrelated business income. FPSB did not have taxable income or income tax expense during the years ended December 31, 2023 and 2022. In addition, FPSB is required to collect and remit GST in India relating to certain streams of revenue. GST is considered a pass-through transaction; as such, no revenues or expenses are recognized when GST is collected from the customer. Furthermore, FPSB pays an equalization levy on revenue streams coming to the United States and also pays a royalty tax on the education provider fees revenue stream which is included in the other education program fees line items on the consolidated statements of activities.

FPSB applied the provisions of the Accounting for Uncertainty in Income Taxes topic of the ASC. Management has evaluated FPSB's tax positions and concluded that FPSB had taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

Note 1. Principal Activity and Significant Accounting Policies (Continued)

Recently adopted accounting standards: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct writedown. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. FPSB adopted the new guidance, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The allowance for credit losses as of December 31, 2023, and change in the allowance for credit losses during the year ended December 31, 2023, was not material to the financial statements.

Prior to adoption of ASC 326, FPSB did not maintain an allowance for doubtful accounts to reserve for potentially uncollectible receivables.

Subsequent events: FPSB has evaluated subsequent events through March 12, 2024, the date on which the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets at December 31, 2023 and 2022, available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, include the following:

	2023	2022
Cash and cash equivalents	$ 1,115,216	$ 1,128,165
Funds held on behalf of FPSB	23,306	38,849
Accounts receivable	51,598	38,404
	$ 1,190,120	$ 1,205,418

The board has designated a reserve fund that is maintained in a segregated cash account. As of December 31, 2023 and 2022, the account had a balance of $2,412,623 and $2,115,933, respectively. The funds were moved to board designated investments for the fiscal year ended December 31, 2023. The board has designated a reserve fund that is maintained in a segregated account.

As part of FPSB's liquidity management plan, FPSB holds appropriate balances of cash and cash equivalents in checking and savings accounts. FPSB also maintains a line of credit available in the event FPSB encounters short-term cash flow needs (see Note 8).

Note 3. Fair Value Measurements and Disclosures

FPSB reports certain assets at fair value in the financial statements. Fair value is the price FPSB would receive to sell an asset in the market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of FPSB. Unobservable inputs are inputs that reflect FPSB's assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that FPSB can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset. In these situations, FPSB develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based on the pricing transparency of the asset and does not necessarily correspond to FPSB's assessment of the quality, risk or liquidity profile of the asset.

The investment assets for FPSB's deferred compensation plans are classified within Level 1 because they are composed of cash accounts, open-end mutual funds and exchange-traded funds with readily determinable fair values based on daily redemption values.

Note 3. Fair Value Measurements and Disclosures (Continued)

The following tables present assets measured at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2023 and 2022:

	2023			
		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash (at cost)	$ 175,091	$ -	$ -	$ -
U.S. treasury bonds	1,520,015	-	1,520,015	-
Fixed income	33,219	-	33,219	-
Equity mutual funds	17,000	17,000	-	-
Bond mutual funds	24	24	-	-
Bond exchange-traded funds	58,997	58,997	-	-
Equity exchange-traded funds	596,690	596,690	-	-
Corporate bonds	294,563	-	294,563	-
	$ 2,695,599	$ 672,711	$ 1,847,797	$ -

	2022			
		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deferred compensation investments:				
Cash (at cost)	$ 193,713	$ -	$ -	$ -
Equity mutual funds	107,600	107,600	-	-
Bond mutual funds	5,474	5,474	-	-
Bond exchange-traded funds	74,175	74,175	-	-
Equity exchange-traded funds	58,924	58,924	-	-
	$ 439,886	$ 246,173	$ -	$ -

Total investment return is composed of the following at December 31:

	2023	2022
Net realized and unrealized gains (losses)	$ 65,801	$ (46,552)
Interest and dividend income, net of fees	55,444	-
	$ 121,245	$ (46,552)

Note 4. Certification Materials

Certification materials consist of the following at December 31, 2023 and 2022:

	2023	2022
Certification materials	$ 194,687	$ 180,060
Less accumulated amortization	(174,159)	(139,187)
	$ 20,528	$ 40,873

Amortization expense for the years ended December 31, 2023 and 2022, was $34,972 and $58,187, respectively.

Estimated future amortization expense related to these intangible assets is as follows:

Years Ending December 31:	
2024	$ 5,903
2025	14,625
	$ 20,528

Note 5. Property and Equipment

Property and equipment consists of the following December 31, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 184,125	$ 184,125
Computer equipment	82,949	82,258
Furniture, fixtures and equipment	111,591	111,591
Software	220,742	223,967
Less accumulated depreciation and amortization	(496,988)	(436,746)
Total	$ 102,419	$ 165,195

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2023 and 2022, was $74,638 and $78,080, respectively.

Note 6. Operating Leases

FPSB rents office space and office equipment under various operating lease agreements expiring through September 2025. The office lease includes an option to renew, generally at FPSB's sole discretion, with renewal terms that can extend the lease term up to five years. In addition, certain leases contain termination options, where the rights to terminate are held by FPSB, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that FPSB will exercise that option. FPSB's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Note 6. Operating Leases (Continued)

Operating lease costs is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease cost	$ 105,744	$ 102,877
Total lease cost	$ 105,744	$ 102,877

Supplemental consolidated statement of financial position information for the year ended December 31, 2023 and 2022, related to operating leases is as follows:

	2023	2022
Lease assets	$ 58,329	$ 128,085
Lease obligations	83,053	183,305
Weighted-average remaining lease terms—years	0.9	2.6
Weighted-average discount rate	4.25%	4.00%

Future undiscounted cash flows for the remainder of the lease terms are as follows as of December 31, 2023:

Years ending December 31:	
2024	$ 80,541
2025	3,841
Total lease payments	84,382
Less imputed interest	(1,329)
Total present value of operating lease liability	$ 83,053

Note 7. Deferred Compensation

457(b) plan: FPSB sponsors a 457(b) deferred compensation plan for a key employee. The assets and related liabilities have been reflected in the accompanying consolidated statements of financial position. During the years ended December 31, 2023 and 2022, FPSB contributed $20,663 and $19,500, respectively, to the plan. Assets and offsetting liabilities for the plan totaled $179,189 and $329,750 for December 31, 2023 and 2022, respectively.

457(f) plan: During 2021, FPSB established a second deferred compensation plan for certain key employees. The assets and related liabilities have been reflected in the accompanying consolidated statements of financial positions. Contributions to this plan under each participant's agreements for the years ended December 31, 2023 and 2022, was $55,000. Assets and offsetting liabilities for the plan totaled $169,249 and $110,136 for December 31, 2023 and 2022, respectively.

Note 7. Deferred Compensation (Continued)

401(k) plan: FPSB sponsors a 401(k) savings plan in which all employees 18 years of age or older, except leased or nonresident alien employees, are eligible to participate on the first day of their employment. FPSB matches up to 6% of the participant's salary up to the maximum contribution allowed by the Internal Revenue Service. Participants are fully vested in their deferrals and company match from the first day of participation in the plan. For the years ended December 31, 2023 and 2022, FSPB contributed $117,088 and $98,214, respectively, to the plan.

Note 8. Line of Credit

FPSB has a revolving credit facility with its bank allowing for advances up to $100,000. Outstanding borrowings bear interest at prime plus 1.00% (9.5% and 8.75% at December 31, 2023 and 2022, respectively). The credit facility has no maturity date and is collateralized by substantially all of FPSB's assets (excluding trademarks and certification materials). At December 31, 2023 and 2022, there were no outstanding borrowings on the credit facility.

Note 9. Concentration of Credit Risk

For year ended December 31, 2023, FPSB's four largest affiliate organizations located in People's Republic of China, Japan, US, and Canada accounted for revenues of approximately $1,425,000, $547,000, $480,000, and $423,000, respectively, or 49% of total revenue collectively.

For year ended December 31, 2022, FPSB's four largest affiliate organizations located in People's Republic of China, Japan, US, and Canada accounted for revenues of approximately $1,278,000, $505,000, $460,000, and $388,000, respectively, or 52% of total revenue collectively.

Note 10. Contingencies

FPSB may be subject to various claims and lawsuits may arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets or cash flows of FPSB. Events could occur that would change this estimate materially in the near term. As of March 12, 2024, management has evaluated and is not aware of any material pending litigation.