

**UNITED COUNCIL FOR  
NEUROLOGIC SUBSPECIALTIES**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAAconnect.com](https://CLAAconnect.com)

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Council for Neurologic Subspecialties  
Minneapolis, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of United Council for Neurologic Subspecialties, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Council for Neurologic Subspecialties as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Council for Neurologic Subspecialties 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 United Council for Neurologic Subspecialties' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 United Council for Neurologic Subspecialties' 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 United Council for Neurologic Subspecialties' 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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 24, 2023

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,950,332	\$ 1,583,419
Investments Held with Others	882,145	1,022,524
Accounts Receivable, Net	80,298	5,075
Prepaid Expenses and Other	<u>7,282</u>	<u>6,398</u>
Total Current Assets	2,920,057	2,617,416
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>535</u>	<u>16,839</u>
Total Assets	<u><u>\$ 2,920,592</u></u>	<u><u>\$ 2,634,255</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 206,999	\$ 146,953
Deferred Revenue	<u>233,140</u>	<u>220,040</u>
Total Current Liabilities	440,139	366,993
<b>NET ASSETS</b>		
Without Donor Restrictions	2,388,700	2,175,509
With Donor Restrictions	<u>91,753</u>	<u>91,753</u>
Total Net Assets	<u>2,480,453</u>	<u>2,267,262</u>
Total Liabilities and Net Assets	<u><u>\$ 2,920,592</u></u>	<u><u>\$ 2,634,255</u></u>

See accompanying Notes to Financial Statements.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Certification Fees	\$ 862,090	\$ -	\$ 862,090	\$ 700,020	\$ -	\$ 700,020
Accreditation Fees	468,000	-	468,000	451,000	-	451,000
Membership Dues and Seat Fees	18,500	-	18,500	16,500	-	16,500
Net Investment Income (Loss)	(118,124)	-	(118,124)	87,594	-	87,594
Other Income	70,134	-	70,134	81	-	81
Total Support and Revenue	<u>1,300,600</u>	<u>-</u>	<u>1,300,600</u>	<u>1,255,195</u>	<u>-</u>	<u>1,255,195</u>
<b>EXPENSES</b>						
Program Services	609,840	-	609,840	572,217	-	572,217
Support Services - General and Administrative	477,569	-	477,569	395,415	-	395,415
Total Expenses	<u>1,087,409</u>	<u>-</u>	<u>1,087,409</u>	<u>967,632</u>	<u>-</u>	<u>967,632</u>
<b>CHANGE IN NET ASSETS</b>	213,191	-	213,191	287,563	-	287,563
Net Assets - Beginning of Year	<u>2,175,509</u>	<u>91,753</u>	<u>2,267,262</u>	<u>1,887,946</u>	<u>91,753</u>	<u>1,979,699</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,388,700</u>	<u>\$ 91,753</u>	<u>\$ 2,480,453</u>	<u>\$ 2,175,509</u>	<u>\$ 91,753</u>	<u>\$ 2,267,262</u>

See accompanying Notes to Financial Statements.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Certification</u>	<u>Program Accreditation</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Total</u>
<b>EXPENSES</b>					
Salaries and Benefits	\$ 269,521	\$ 109,799	\$ 379,320	\$ 315,465	\$ 694,785
Management Fee and Contracted Services	50,845	20,785	71,630	57,722	129,352
Professional Services	38,172	29,546	67,718	11,550	79,268
Travel	18,683	-	18,683	9,397	28,080
Lodging	3,636	-	3,636	2,351	5,987
Food and Beverage	6,071	1,939	8,010	5,929	13,939
Decorator and Space Rental	500	-	500	5,270	5,770
Postage	2,259	-	2,259	-	2,259
Telephone	-	-	-	1,379	1,379
Insurance	-	-	-	12,951	12,951
Software Maintenance	9,787	6,374	16,161	22,856	39,017
Credit Card and Bank Fees	27,789	12,773	40,562	14,231	54,793
Depreciation	-	-	-	16,304	16,304
Office Supplies	1,007	354	1,361	2,164	3,525
Total Expenses	<u>\$ 428,270</u>	<u>\$ 181,570</u>	<u>\$ 609,840</u>	<u>\$ 477,569</u>	<u>\$ 1,087,409</u>

See accompanying Notes to Financial Statements.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Certification</u>	<u>Program Accreditation</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Total</u>
<b>EXPENSES</b>					
Salaries and Benefits	\$ 280,606	\$ 111,626	\$ 392,232	\$ 257,489	\$ 649,721
Management Fee and Contracted Services	66,499	26,619	93,118	59,283	152,401
Professional Services	33,409	2,055	35,464	8,809	44,273
Travel	-	-	-	2,431	2,431
Lodging	-	-	-	1,088	1,088
Food and Beverage	-	-	-	2,565	2,565
Decorator and Space Rental	175	-	175	3,476	3,651
Postage	5,541	-	5,541	-	5,541
Telephone	-	-	-	1,472	1,472
Insurance	-	-	-	11,595	11,595
Software Maintenance	9,500	17,501	27,001	21,324	48,325
Credit Card and Bank Fees	11,233	6,863	18,096	3,742	21,838
Depreciation	-	-	-	21,256	21,256
Office Supplies	-	65	65	885	950
Other Expenses	525	-	525	-	525
Total Expenses	<u>\$ 407,488</u>	<u>\$ 164,729</u>	<u>\$ 572,217</u>	<u>\$ 395,415</u>	<u>\$ 967,632</u>

See accompanying Notes to Financial Statements.



**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 213,191	\$ 287,563
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Depreciation	16,304	21,256
Net Realized/Unrealized (Gains) Losses on Investments		
Held With Others	140,379	(85,217)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(75,223)	(2,900)
Prepaid Expenses and Other	(884)	(3,301)
Increase (Decreases) in Current Liabilities:		
Accounts Payable and Accrued Expenses	60,046	(16,318)
Deferred Revenue	13,100	(4,340)
Net Cash Provided by Operating Activities	<u>366,913</u>	<u>196,743</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments Held with Others	<u>-</u>	<u>(937,307)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	366,913	(740,564)
Cash and Cash Equivalents - Beginning	<u>1,583,419</u>	<u>2,323,983</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 1,950,332</u></u>	<u><u>\$ 1,583,419</u></u>

See accompanying Notes to Financial Statements.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

United Council for Neurologic SubsPECIALTIES (UCNS) began operations on May 1, 2003 as a nonprofit which provides certification and accreditation with the goal of enhancing the quality of training for physicians in neurological subspecialties and improving the quality of patient care.

UCNS was formed by five organizations, including the American Academy of Neurology Institute, American Neurological Association, Association of University Professors of Neurology, Child Neurology Society, and Professors of Child Neurology.

**Financial Statement Presentation**

Net assets, revenue, expenses, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of UCNS and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources.

*With Donor Restrictions* – Those resources subject to donor-imposed restrictions which will be satisfied by action of UCNS or the passage of time.

**Cash and Cash Equivalents**

UCNS considers all highly liquid debt instruments with original maturities of 12 months or less to be cash equivalents. UCNS maintains cash in bank accounts which, at times, may exceed federally insured limits. UCNS has not experienced any losses in such accounts.

**Receivables**

Accounts receivable are stated at net realizable value. Accordingly, the Organization accounts for uncollectible accounts by the reserve method, which is based on management's judgement considering historical information. Individual accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the receivable is written off against the reserve. The Organization has determined no allowance for doubtful accounts is necessary at December 31, 2022. The Organization had \$-0- in allowance recorded at December 31, 2021.

**Property and Equipment**

Property and equipment costing more than \$1,000 are capitalized at original cost. Additions, improvements, or major renewals are capitalized. Any gains or losses on property and equipment retirements are reflected in the current year operations.

Depreciation is computed using the straight-line method at rates based on estimated service lives as follows:

Software	3 Years
----------	---------

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments Held With Others**

Investment funds held with others are made up of investments held at the American Academy of Neurology Institute for purposes of earning long-term investment income. These funds are pooled with the investments at the American Academy of Neurology Institute. UCNS has the ability to liquidate their investments at any time subject to the redemption restrictions on the individual investments. These investments in marketable securities are recorded at fair value and consist primarily of equity and fixed income funds. In addition, the investments include a limited partnership that is a diversified fund of hedge funds, reported at the estimated fair value of the UCNS's share of the fund, calculated monthly by the custodian. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility.

**Fair Value Measurement**

UCNS categorizes its investments measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Investments valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, UCNS may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

**Deferred Revenue**

Deferred revenue consists of accreditation, and certification payments received in the current year for future periods and are considered contract liabilities. As of December 31, 2022, deferred revenue included \$226,000 of deferred accreditation revenue and \$7,140 of deferred exam revenue. As of December 31, 2021, deferred revenue included \$218,000 of deferred accreditation revenue and \$2,040 of deferred exam revenue.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accreditation and Certification Fees**

Accreditation fee revenue is recognized over the accreditation time period given to the accredited organization. Accreditation fees received in advance of the accreditation period are included as deferred revenue in the statement of financial position and recognized evenly over the period of accreditation. Certification fees are recognized through a point in time recognition, at the time the exams are provided to the individuals. Revenue received in advance related to certification is included as deferred revenue in the statement of financial position until the time the exam is given.

**Membership Dues and Seat Fees**

Membership dues and seat fees are recognized as revenue when received.

**Functional Allocation of Expenses**

UCNS costs of providing its various services have been classified on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and support services benefited. Expenses are allocated based on management's best estimates unless a direct relationship exists between the expense and a particular functional category. Personnel costs are allocated based on actual time-coding tracked by employees every pay period. The management fees are allocated based on personnel costs.

**Income Taxes**

UCNS is exempt from income taxes under Section 501 (c)(6) of the Internal Revenue Code and applicable state statutes, and generally is not subject to income tax.

UCNS follows the income tax standard for uncertain tax positions. No liability is recognized by UCNS as a result of the standard.

**Use of Estimates**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

In preparing these financial statements, UCNS has evaluated events and transactions for potential recognition or disclosure through April 24, 2023, the date the financial statements were available to be issued.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2 INVESTMENTS HELD WITH OTHERS**

Beginning in 2021, the investments of UCNS are pooled with reserve investments at the American Academy of Neurology Institute and are recorded as investments held with others on the statements of financial position. UCNS does not own specific underlying investments within the investment pool. The custodian has allocated investments based on percentage held by UCNS as follows at December 31:

	2022	2021
Cash and Cash Equivalents	\$ 34,612	\$ 5,227
Fixed Income	120,408	187,430
Non-U.S. Equity	179,700	223,144
Hedge Fund	200,996	115,866
U.S. Equity	328,302	415,505
Private Equity	18,127	75,352
	<u>\$ 882,145</u>	<u>\$ 1,022,524</u>

Investments in the equity and fixed income funds are recorded at fair market value. The fund of hedge funds is recorded at the estimated fair value of UCNS's share of the fund, calculated monthly by the custodian. UCNS's share of investment income (loss) on the investments held with others, which includes earnings on the checking and savings accounts, totaled \$(118,124) and \$87,594 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 3 FAIR VALUE MEASUREMENT**

UCNS uses fair value measurements to record fair value adjustments to certain investments and to determine fair value disclosures. For additional information on how UCNS measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

In determining the appropriate levels, UCNS performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following table presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at December 31:

	2022			
	Level 1	Level 2	Level 3	Fair Value
Funds Held with Others:				
Investments Held with Others	<u>\$ -</u>	<u>\$ 882,145</u>	<u>\$ -</u>	<u>\$ 882,145</u>
	2021			
	Level 1	Level 2	Level 3	Fair Value
Funds Held with Others:				
Investments Held with Others	<u>\$ -</u>	<u>\$ 1,022,524</u>	<u>\$ -</u>	<u>\$ 1,022,524</u>

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	2022	2021
Software	\$ 179,238	\$ 179,238
Less: Accumulated Depreciation	(178,703)	(162,399)
Net Property, Equipment, and Software	<u>\$ 535</u>	<u>\$ 16,839</u>

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for operating support for the following years at December 31:

	2022	2021
Future Operating Deficits	\$ 91,753	\$ 91,753

In the years ended December 31, 2022 and 2021, there were no net assets released from restriction.

**NOTE 6 PARENT ORGANIZATION SUPPORT**

UCNS established a "Policy on Financial Contributions from Parent Organizations (Policy). Each of the five parents shall pay an annual contribution (seat fee) toward the support of UCNS in such an amount as the UCNS board shall establish. The Policy also allows UCNS to assess parent organizations an annual operating support assessment. Any assessment received from the parents, including seat fees, is considered grants to support UCNS. There has been no parent organization assessment for the years ended December 31, 2022 and 2021.

**NOTE 7 MEMBER DUES AND SEAT FEES**

UCNS received seat fees and dues from organizations in the following amounts for the years ended December 31:

	2022	2021
American Academy of Neurology Institute	\$ 1,500	\$ 1,500
American Neurological Association	1,500	1,500
Association of University Professors of Neurology	1,500	1,500
Child Neurology Society	1,500	1,500
Professors of Child Neurology	1,500	1,500
Subtotal Seat Fees	<u>7,500</u>	<u>7,500</u>
Subspecialty Membership Dues	9,000	9,000
Total Membership Dues and Seat Fees	<u>\$ 16,500</u>	<u>\$ 16,500</u>

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 8 RELATED PARTY TRANSACTION**

UCNS purchases various services from American Academy of Neurology (AAN). These services include office space, information technology, financial reporting, and legal services. Total amount of services purchased by UCNS from AAN as of December 31, 2022 and 2021 was approximately \$129,400 and \$152,400, respectively. UCNS leases all its employees from AAN. The total amount of contracted salaries and related benefits as of December 31, 2022 and 2021 was approximately \$694,800 and \$649,000, respectively. UCNS owed the following to the related parties, which are included in accounts payable as of December 31:

	2022	2021
American Academy of Neurology	\$ 52,804	\$ 116,817

**NOTE 9 LIQUIDITY**

UCNS maintains liquid financial assets sufficient to cover two years of general expenditures. Financial assets are defined as cash and cash equivalents and accounts receivable expected to be received within 12 months. UCNS invests cash exceeding daily requirements in certificates of deposit, money market funds and other short-term investments. Management provides the board an annual projection of cash flow to insure funds are available to meet obligations as incurred.

During the years ended December 31, 2022 and 2021, UCNS's liquid financial assets were defined as follows and were sufficient to meet succeeding years budgeted operating expenses:

	2022	2021
Cash and Cash Equivalents	\$ 130,945	\$ 111,286
Accounts Receivable	80,298	5,075
Short-Term Investments	1,819,387	1,472,133
Investments Held for Others	882,145	1,022,524
Assets Restricted by Donor	(91,753)	(91,753)
Excess Operating Reserves	<u>\$ 2,821,022</u>	<u>\$ 2,519,265</u>

Based on analyses of its revenue cycles and per its financial policies, UCNS maintains a minimum net assets without donor restrictions reserve calculated using the following criteria: 75% of the three-year average expense budgets; 50% of the three-year average of accreditation and certification revenue; \$500,000 to cover uninsurable losses. The reserve itself consists of these assets without donor restrictions: cash and cash equivalents, accounts receivable, and short-term investments.

**UNITED COUNCIL FOR NEUROLOGIC SUBSPECIALTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 9 LIQUIDITY (CONTINUED)**

The purpose of the UCNS Net Assets Without Donor Restrictions Reserve Policy is to build and maintain an adequate level of net assets to support the organization's day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. The organization intends for the operating reserves to be used and replenished within a reasonable period of time.

The reserve policy is calculated as follows for the years ended December 31:

	2022	2021
75% of Three-Year Average Expense Budgets	\$778,885	\$ 718,840
50% of Three-Year Average Accreditation and Certification Revenue	576,708	565,197
Uninsurable Losses	500,000	500,000
Operating Reserve Target	<u>\$ 1,855,593</u>	<u>\$ 1,784,037</u>



