



Financial Statements  
and  
Accountants' Compilation Report



BMW Motorcycle Owners of America, Inc.

December 31, 2024 and 2023

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### Accountants' Compilation Report

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Board of Directors  
BMW Motorcycle Owners of America, Inc.

Management is responsible for the accompanying financial statements of BMW Motorcycle Owners of America, Inc. (a California corporation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We are not independent with respect to BMW Motorcycle Owners of America, Inc.

*Kerber, Eck & Braeckel LLP*

Springfield, Illinois  
April 22, 2025

**BMW Motorcycle Owners of America, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31**  
**See Accountants' Compilation Report**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 113,149	\$ 118,122
Accounts receivable, less allowance for doubtful accounts of \$ 3,666 at December 31, 2024 and 2023	53,918	47,506
Related party receivable	1,909	-
Prepaid expenses	60,046	133,354
Investments	686,659	690,859
Total current assets	915,681	989,841
<b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation of \$ 50,681 and \$ 37,843 at December 31, 2024 and 2023	55,543	44,484
<b>OTHER ASSETS</b>		
Right of use asset - operating	228,059	-
Deferred income taxes	423,000	442,000
	651,059	442,000
	<u>\$ 1,622,283</u>	<u>\$ 1,476,325</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of operating lease liability	\$ 69,787	\$ -
Accounts payable	56,388	83,007
Accrued expenses	43,432	47,118
Contract liabilities		
Membership dues	69,136	117,809
Rally	214,387	284,117
Other	87,765	146,262
Total current liabilities	540,895	678,313
<b>DEFERRED MEMBERSHIP DUES</b>	166,654	116,043
<b>OPERATING LEASE LIABILITIES</b> , less current portion	173,272	-
<b>NET ASSETS</b>		
Net assets without donor restrictions	741,462	681,969
	<u>\$ 1,622,283</u>	<u>\$ 1,476,325</u>

The accompanying notes are an integral part of these statements.

**BMW Motorcycle Owners of America, Inc.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Years ended December 31**  
**See Accountants' Compilation Report**

	<b>2024</b>	<b>2023</b>
<b>REVENUE</b>		
Membership dues	\$ 1,007,264	\$ 967,730
Annual rally	656,144	662,115
Gear store	40,356	42,869
Advertising	419,048	477,570
Other income	480,346	521,379
Investment income	85,233	95,865
Gain on disposal of assets	4,200	-
Total revenue	2,692,591	2,767,528
<b>EXPENSES</b>		
Program services		
Member services	431,921	480,184
Publications	756,756	747,674
Events	628,831	830,002
Gear store	92,341	72,467
Total program services	1,909,849	2,130,327
Supporting services		
Management and administration	703,402	756,066
Total expenses	2,613,251	2,886,393
<b>CHANGE IN NET ASSETS BEFORE INCOME TAXES</b>	79,340	(118,865)
<b>Income tax benefit (expense)</b>	(19,847)	33,175
<b>CHANGE IN NET ASSETS</b>	59,493	(85,690)
<b>Net assets at beginning of year</b>	681,969	767,659
<b>Net assets at end of year</b>	\$ 741,462	\$ 681,969

The accompanying notes are an integral part of these statements.

**BMW Motorcycle Owners of America, Inc.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended December 31**  
**See Accountants' Compilation Report**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 59,493	\$ (85,690)
<b>Adjustments to reconcile change in net assets to cash used in operating activities</b>		
Depreciation	17,038	14,878
Gain on investments	(74,075)	(85,045)
Gain on disposal of asset	(4,200)	-
Deferred income taxes	19,000	(34,000)
Accretion of lease liabilities	15,000	-
<b>Changes in assets and liabilities</b>		
Accounts receivable	(8,321)	(25,423)
Prepaid expenses	73,308	107,564
Accounts payable	(26,619)	(56,234)
Accrued expenses	(3,686)	1,997
Contract liabilities	(126,289)	(32,874)
<b>Net cash used in operating activities</b>	(59,351)	(194,827)
<b>Cash flow from investing activities</b>		
Purchase of equipment	(31,457)	-
Proceeds from the sale of equipment	7,560	-
Purchase of investments	(470,499)	(860,595)
Proceeds from the sale of investments	548,774	1,001,940
<b>Net cash provided by investing activities</b>	54,378	141,345
<b>Net decrease in cash</b>	(4,973)	(53,482)
<b>Cash and cash equivalents at beginning of year</b>	118,122	171,604
<b>Cash and cash equivalents at end of year</b>	<u>\$ 113,149</u>	<u>\$ 118,122</u>
<b>Cash paid during the year for:</b>		
State taxes	\$ 847	\$ 825

The accompanying notes are an integral part of these statements.

**BMW Motorcycle Owners of America, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years ended December 31**  
**See Accountants' Compilation Report**

	Program Services				Supporting Services	
	Member Services	Publication	Events	Gear Store	Management and Administration	Total
<u>2024</u>						
Annual rally expense	\$ -	\$ -	\$ 445,450	\$ -	\$ -	\$ 445,450
Publication printing	-	276,689	-	-	-	276,689
Membership promotions	137,208	-	-	-	-	137,208
Regional events	-	-	154,280	-	-	154,280
Salaries and wages	58,582	255,274	-	-	254,530	568,386
Payroll taxes and employee benefits	31,220	19,575	-	-	46,246	97,041
Occupancy	-	-	-	-	80,219	80,219
Postage	-	174,463	-	-	14,067	188,530
Insurance	-	-	7,198	-	52,785	59,983
Bank fees	57,154	-	3,008	-	-	60,162
Professional fees	87,000	22,200	-	-	112,099	221,299
Office expenses	44,804	-	-	-	82,624	127,428
Travel and entertainment	1,234	8,555	-	-	40,721	50,510
Merchandise	-	-	18,895	92,341	-	111,236
Depreciation	-	-	-	-	17,038	17,038
Prizes and awards	14,719	-	-	-	-	14,719
Administration	-	-	-	-	2,813	2,813
Miscellaneous	-	-	-	-	260	260
	<u>\$ 431,921</u>	<u>\$ 756,756</u>	<u>\$ 628,831</u>	<u>\$ 92,341</u>	<u>\$ 703,402</u>	<u>\$ 2,613,251</u>
<u>2023</u>						
Annual rally expense	\$ -	\$ -	\$ 558,546	\$ -	\$ -	\$ 558,546
Publication printing	-	297,632	-	-	-	297,632
Membership promotions	111,961	-	-	-	-	111,961
Regional events	-	-	253,568	-	-	253,568
Salaries and wages	156,584	250,278	-	-	301,724	708,586
Payroll taxes and employee benefits	41,932	19,366	-	-	53,163	114,461
Occupancy	-	-	-	-	54,341	54,341
Postage	-	168,291	-	-	19,844	188,135
Insurance	-	-	6,209	-	45,533	51,742
Bank fees	55,812	-	2,937	-	-	58,749
Professional fees	36,000	7,200	-	-	103,466	146,666
Office expenses	70,673	-	-	-	78,368	149,041
Travel and entertainment	1,633	4,907	-	-	74,987	81,527
Merchandise	-	-	8,742	72,467	-	81,209
Depreciation	-	-	-	-	14,878	14,878
Prizes and awards	5,589	-	-	-	-	5,589
Donations	-	-	-	-	100	100
Administration	-	-	-	-	6,356	6,356
Miscellaneous	-	-	-	-	3,306	3,306
	<u>\$ 480,184</u>	<u>\$ 747,674</u>	<u>\$ 830,002</u>	<u>\$ 72,467</u>	<u>\$ 756,066</u>	<u>\$ 2,886,393</u>

The accompanying notes are an integral part of these statements.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**  
**See Accountants' Compilation Report**

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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

*1. Nature of Operations*

BMW Motorcycle Owners of America, Inc. (the Association) is a corporation whose primary objective is to operate and maintain a National BMW motorcycle owners club for the pleasure, recreation, safety, information, and furtherance of goals and interests of more than 30,000 members. The Association also promotes camaraderie and friendship of individual members and BMW motorcycle clubs wherever they may be located.

*2. Basis of Presentation*

The Association 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.

Net Assets without Donor Restrictions: These net assets generally result from revenue generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, or permanently, in which the donor has stipulated the funds be maintained in perpetuity.

The Association did not have any net assets with donor restrictions at December 31, 2024 or 2023.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*3. Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Association considers cash on hand, cash in bank and short-term money market funds to be cash equivalents.

*4. Accounts Receivable*

Accounts receivable and revenue for advertising are recorded in the month the advertisement appears in the magazine. The Association determines the allowance for credit losses by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding more than 30 days.

*5. Property and Equipment*

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed principally using the straight-line and accelerated methods over the estimated useful lives of the depreciable assets. Estimated useful lives for leasehold improvements are 15 years. Estimated useful lives for office furniture and equipment range from 3 to 10 years.

*6. Investments*

Investments consist of common stock, exchange traded and closed-end funds, corporate bonds and mutual funds which are comprised of stocks or bonds in a proportion consistent with the Association's investment policy. Investments are carried at fair value based on quoted values as listed on various national markets.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**  
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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*7. Revenue Recognition and Deferred Revenue*

The Association recognizes annual membership dues as revenue in the year received. Multi-year membership dues are deferred and recognized as revenue over the multi-year membership term. Lifetime membership dues are deferred and recognized as revenue over a 20-year period. Amounts collected for the annual rally, gear store, and advertising are recorded in revenue in the period in which the related services are rendered. Additionally, the Association has deferred event revenue and deferred advertising revenue reported as other deferred revenue. Amounts collected for events or advertising to occur in a subsequent fiscal year are deferred accordingly.

Included in contract liabilities are the following amounts that have been received in advance from contracts with members at December 31:

	<u>January 1</u>	<u>December 31</u>
<u>2024</u>		
Membership dues	\$ 233,852	\$ 235,790
Rally	284,117	214,387
Other	146,262	87,765
<u>2023</u>		
Membership dues	\$ 368,883	\$ 233,852
Rally	220,888	284,117
Other	107,334	146,262

*8. Income Taxes*

Although the Association is incorporated as a not-for-profit organization, the Internal Revenue Service has determined that the Association does not qualify as an exempt organization under Section 501 of the Internal Revenue Code and, accordingly, is subject to both Federal and state income taxes due to non-traditional advertising revenues. A provision for income taxes is recorded for the tax effects of transactions reported in the financial statements and consists of taxes currently due as well as deferred taxes.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*8. Income Taxes*

The Association accounts for income taxes using the liability method. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. The principal differences between the financial statement and tax bases of assets and liabilities are net operating loss carryforwards and unrealized gains and losses on investments.

The Association has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Association is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the statement of financial position's date. Penalties and interest assessed by taxing authorities are included in the provision for income taxes, if applicable. There were no interest or penalties paid during 2024 or 2023.

*9. Use of Estimates*

The preparation 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 as of the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*10. Functional Expense Allocations*

Certain costs have been allocated among program services and supporting services categories based on the actual direct expenditures and cost allocations based upon management's estimates of time spent by Association personnel.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE A | SUMMARY OF ACCOUNTING POLICIES**

*11. Subsequent Events*

Management has evaluated subsequent events for recognition and disclosure in the financial statements through April 22, 2025, which is the date the financial statements were available to be issued. Through April 22, 2025, no subsequent events required recognition or disclosure in the financial statements.

**NOTE B | PROPERTY AND EQUIPMENT**

Property and equipment balances at December 31 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 19,510	\$ 19,510
Office furniture and equipment	<u>86,714</u>	<u>62,817</u>
	106,224	82,327
Accumulated depreciation	<u>(50,681)</u>	<u>(37,843)</u>
	<u>\$ 55,543</u>	<u>\$ 44,484</u>

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE C | INVESTMENTS**

The Association's investments at December 31 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
<u>2024</u>			
Common stock	\$ 186,452	\$ 250,196	\$ 63,744
Exchange traded and closed-end funds	73,094	89,815	16,721
Corporate bonds	228,190	231,837	3,647
Mutual funds	<u>106,749</u>	<u>114,811</u>	<u>8,062</u>
Total	<u>\$ 594,485</u>	<u>\$ 686,659</u>	<u>\$ 92,174</u>
<u>2023</u>			
Common stock	\$ 213,045	\$ 266,147	\$ 53,102
Exchange traded and closed-end funds	82,070	92,199	10,129
Corporate bonds	218,441	221,170	2,729
Mutual funds	<u>106,984</u>	<u>111,343</u>	<u>4,359</u>
Total	<u>\$ 620,540</u>	<u>\$ 690,859</u>	<u>\$ 70,319</u>

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE D | FAIR VALUE**

The Association follows the fair value measurement guidance for financial assets and financial liabilities. The guidance defines fair value, establishes a framework for measuring value and expands disclosure about fair value measurements.

Fair value is defined to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy has been established for fair value measurements based upon the inputs to the valuation of an asset or liability as follows:

Level 1 - Valuation is based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuation is derived from inputs, other than quoted prices included in Level 1, which are observable for the asset or liability either directly or indirectly. Investments classified as Level 2 are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The significant inputs used in this approach include interest rates, prepayment timing, yield spreads, maturities, credit losses and credit ratings of the securities.

Level 3 - Valuation is derived from unobservable inputs that are not corroborated by market data.

Fair values of common stock, exchange traded and closed-end funds, and mutual funds have been determined by the custodian from observable market quotations, when available.

Fair values of corporate bonds are based on prices provided by the Association's custodian. Prices are determined using Level 2 inputs, including market quotations of similar financial instruments.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE D | FAIR VALUE**

The following tables present the Association's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2024</u>				
Investments				
Common stock	\$ 250,196	\$ 250,196	\$ -	\$ -
Exchange traded and closed-end funds	89,815	89,815	-	-
Corporate bonds	231,837	-	231,837	-
Mutual funds	<u>114,811</u>	<u>114,811</u>	<u>-</u>	<u>-</u>
	<u>\$ 686,659</u>	<u>\$ 454,822</u>	<u>\$ 231,837</u>	<u>\$ -</u>
<u>2023</u>				
Investments				
Common stock	\$ 266,147	\$ 266,147	\$ -	\$ -
Exchange traded and closed-end funds	92,199	92,199	-	-
Corporate bonds	221,170	-	221,170	-
Mutual funds	<u>111,343</u>	<u>111,343</u>	<u>-</u>	<u>-</u>
	<u>\$ 690,859</u>	<u>\$ 469,689</u>	<u>\$ 221,170</u>	<u>\$ -</u>

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE E | INCOME TAXES**

The provision for income taxes consists of the following for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Current expense		
State	\$ 847	\$ 825
Deferred tax	<u>19,000</u>	<u>(34,000)</u>
	<u>\$ 19,847</u>	<u>\$ (33,175)</u>

Deferred tax assets (liabilities) at December 31 consist of the following:

	<u>2024</u>	<u>2023</u>
Net operating loss carryforward	\$ 453,000	\$ 469,000
Depreciation differences	(7,000)	(10,000)
Unrealized appreciation of investments	<u>(23,000)</u>	<u>(17,000)</u>
	<u>\$ 423,000</u>	<u>\$ 442,000</u>

At December 31, 2024 and 2023, respectively, the Association has approximately \$ 1,743,000 and \$ 1,802,000 of unused operating loss carryforwards to use in the future. The unused operating loss carryforwards will expire in the years from 2025 to 2032.

**NOTE F | RELATED PARTY**

The Association is related to The BMW Motorcycle Owners of America Foundation (Foundation) through common management and administrative support.

The Foundation is formed exclusively for charitable, scientific, testing for public safety, and educational purposes, all within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986.

The Association takes an active role in the operation of the Foundation, providing administrative support to the Foundation. The property and business of the Foundation are managed under the direction of the Foundation's Board of Directors. On December 31, 2024, the Association had a receivable of \$ 1,909 from the Foundation. There was no balance receivable from the Foundation on December 31, 2023.

**BMW Motorcycle Owners of America, Inc.**  
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**NOTE G | LEASES**

The Association is a lessee in a non-cancelable lease agreement for real estate. The lease is an operating lease.

The Association recognizes right of use assets and lease liabilities for its operating leases at the commencement date equal to the present value of the contractual minimum lease payments over the lease term. The present value is calculated using the rate implicit in the lease, if known, or the risk-free rate. The discount rate used for operating leases is primarily determined based on the risk-free rate.

The related lease payments are expensed on a straight-line basis over the lease term, including, as applicable, any free-rent period during which the Association has the right to use the asset. For leases with renewal options where the renewal is reasonably assured, the lease term, including the renewal period, is used to determine the appropriate lease classification and to compute periodic rental expense. Leases with initial terms shorter than 12 months are not recognized on the statement of financial position, and lease expense is recognized on a straight line basis. The Association groups lease and non-lease components for its real estate leases into a single lease component.

The Association entered into a non-cancelable operating lease for office space with monthly payments of \$ 5,500 as of December 31, 2024. Rental payments incrementally increase over the life of the lease. The Association recognized on January 1, 2024, (a) an increase in the lease liability of \$ 292,825, which represents the present value of the remaining lease payments of \$ 324,000, discounted using the risk-free rate of 4.01%, and (b) a right-to-use asset of \$ 298,325. Lease expense for the office space for the year ended December 31, 2024 was \$ 80,000.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE G | LEASES**

Other information

Cash paid for amounts included in the measurement  
of lease liabilities

Operating cash flows from operating leases	\$ 80,000
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Weighted average remaining lease term (in years):

Operating leases	3.0
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Weighted average discount rates:

Operating leases	4.01%
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The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2024:

2025	\$ 78,000
2026	90,000
2027	<u>90,000</u>
Total lease payments	258,000
Less: Amounts representing interest	<u>(14,941)</u>
Total lease liabilities	<u>\$ 243,059</u>

**NOTE H | CONCENTRATION OF CREDIT RISK**

The Association maintains cash deposits in various financial institutions, which at times may exceed the federally insured limits. As of December 31, 2024, and through the date of this report, the Association has not experienced any losses in such accounts.

**BMW Motorcycle Owners of America, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE I | LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Association's financial assets available within one year for general expenses as of December 31. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 113,149	\$ 118,122
Accounts receivable, net	55,827	47,506
Investments	<u>686,659</u>	<u>690,859</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 855,635</u>	<u>\$ 856,487</u>

The Association's goal is to maintain sufficient financial assets on hand to meet normal operating expenses. None of the financial assets are restricted for donor or contractual obligations. The Association's investments, while considered a noncurrent asset, are liquid investments and are available to meet general obligations should the need arise.