

---

***NATIONAL INSURANCE  
PRODUCER REGISTRY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023***

---

## **Contents**

---

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1 - 3
 <b>Financial Statements</b>	
Statement Of Financial Position.....	4
Statement Of Activities .....	5
Statement Of Cash Flows.....	6
Notes To Financial Statements.....	7 - 19

## Independent Auditors' Report

Audit Committee  
National Insurance  
Producer Registry

### *Opinion*

We have audited the financial statements of National Insurance Producer Registry, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Insurance Producer Registry as of December 31, 2023 and 2022, and the results of their operations 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. 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 National Insurance Producer Registry 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.

### ***Emphasis Of A Matter***

As discussed in Note 1, National Insurance Producer Registry adopted the provisions of Accounting Standards Codification Topic 326, *Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

### ***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 National Insurance Producer Registry's ability to continue as a going concern for one year after the date that 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 National Insurance Producer Registry'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 National Insurance Producer Registry'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.

*RubinBrown LLP*

March 4, 2024

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

**STATEMENT OF FINANCIAL POSITION**

	<b>Assets</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 36,256,298	\$ 38,864,857
Accounts receivable, net of allowance for credit losses of \$16,543 in 2023 and \$14,432 in 2022	7,148,628	5,611,639
Prepaid expenses	1,221,985	1,058,934
Investments	58,679,336	52,263,074
<b>Total Current Assets</b>	<b>103,306,247</b>	<b>97,798,504</b>
<b>Property And Equipment, Net</b>	<b>10,639,032</b>	<b>3,037,195</b>
<b>Total Assets</b>	<b>\$ 113,945,279</b>	<b>\$ 100,835,699</b>
<b>Liabilities And Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 6,052,105	\$ 5,783,820
Accrued expenses	2,727,902	2,016,939
<b>Total Current Liabilities</b>	<b>8,780,007</b>	<b>7,800,759</b>
<b>Net Assets</b>		
<b>Without Donor Restrictions</b>	<b>105,165,272</b>	<b>93,034,940</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 113,945,279</b>	<b>\$ 100,835,699</b>

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

**STATEMENT OF ACTIVITIES**

	December 31,	
	2023	2022
<b>Revenues</b>		
Credentialing and reporting	\$ 72,531,018	\$ 67,467,248
Other income	—	106
<b>Total Revenues</b>	<b>72,531,018</b>	<b>67,467,354</b>
<b>Expenses</b>		
Licensing fee and NAIC services	30,537,211	28,230,232
Salaries	14,406,779	11,495,984
Employee benefits	5,426,287	4,287,081
Professional services	14,672,511	14,036,242
Travel	979,087	660,508
Rental and maintenance	1,551,940	748,915
Depreciation and amortization	222,119	—
Insurance	170,734	152,482
Supplies	170,383	147,128
Bad-debt expense	114,031	232,732
Other expenses	97,632	120,859
<b>Total Expenses</b>	<b>68,348,714</b>	<b>60,112,163</b>
<b>Change In Net Assets Before Net Investment Return</b>	<b>4,182,304</b>	<b>7,355,191</b>
<b>Net Investment Return (Loss)</b>	<b>7,948,028</b>	<b>(6,358,963)</b>
<b>Changes In Net Assets Without Donor Restrictions</b>	<b>12,130,332</b>	<b>996,228</b>
<b>Net Assets - Beginning Of Year</b>	<b>93,034,940</b>	<b>92,038,712</b>
<b>Net Assets - End Of Year</b>	<b>\$ 105,165,272</b>	<b>\$ 93,034,940</b>

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

---

**STATEMENT OF CASH FLOWS**

	<b>For The Years Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets without donor restrictions	\$ 12,130,332	\$ 996,228
Adjustments to reconcile changes in net assets without donor restrictions to net cash from operating activities:		
Depreciation and amortization	222,119	—
Net realized and unrealized (gains) losses on investments	(4,881,335)	7,866,367
Changes in assets and liabilities:		
Accounts receivable, net	(1,536,989)	(367,096)
Prepaid expenses	(163,051)	(103,625)
Accounts payable	(125,488)	(114,482)
Accrued expenses	710,963	604,698
<b>Net Cash Provided By Operating Activities</b>	<b>6,356,551</b>	<b>8,882,090</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(19,870,490)	(9,543,271)
Proceeds from sale of investments	18,335,563	7,197,606
Purchase of property and equipment	(7,430,183)	(2,896,377)
<b>Net Cash Used In Investing Activities</b>	<b>(8,965,110)</b>	<b>(5,242,042)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(2,608,559)</b>	<b>3,640,048</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>38,864,857</b>	<b>35,224,809</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 36,256,298</b>	<b>\$ 38,864,857</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Purchases of property and equipment included in accounts payable	\$ 393,773	\$ 140,818



# NATIONAL INSURANCE PRODUCER REGISTRY

---

## NOTES TO FINANCIAL STATEMENTS December 31, 2023 And 2022

### 1. Summary Of Significant Accounting Policies

#### **Nature Of Operations**

National Insurance Producer Registry (NIPR) is a not-for-profit technology company and affiliate of the National Association of Insurance Commissioners. NIPR provides cost-effective, streamlined and uniform licensing data and compliance services for insurance professionals benefiting insurance regulators, industry and consumers.

#### **Basis Of Accounting**

The accompanying financial statements of NIPR have been prepared on the accrual basis of accounting.

#### **Basis Of Presentation**

The financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, NIPR is required to report information regarding its financial position and activities according to the following classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions but may be subject to board designations. At December 31, 2023 and 2022, there were no board designated net assets.

*Net Assets With Donor Restrictions* - Net assets are subject to donor-imposed restrictions that may or will be met either by actions of NIPR and/or the passage of time. Also included within this category are net assets subject to donor-imposed restrictions to be maintained permanently by NIPR. At December 31, 2023 and 2022, NIPR does not have any net assets with donor restrictions.

#### **Estimates And Assumptions**

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 amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

---

Notes To Financial Statements (*Continued*)

**Cash And Cash Equivalents**

NIPR considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023 and 2022, cash and cash equivalents consisted primarily of money market accounts. NIPR, at times, maintains deposits with banks in excess of the insured limits, but has not experienced any losses in such accounts.

**Accounts Receivable**

As of January 1, 2023, the Company adopted Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*, using a modified retrospective approach. The standard replaces the previous incurred loss model and requires entities to record an estimate of expected losses on financial assets for the remaining estimated life of the asset. This estimate includes consideration of historical experience, current conditions, and reasonable and supportable forecasts. The standard applies to NIPR's accounts receivable. The adoption did not have a material impact on these financial statements.

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. The carrying amount is reduced by a valuation allowance, through a charge to earnings, that reflects management's best estimate of amounts that will not be collected. This assessment considers historical experience, current conditions and, when appropriate, reasonable and supportable forecasts.

To estimate the expected credit losses, receivables have been grouped based on credit risk characteristics including age of the receivable. The allowance is determined by applying an expected credit loss percentage to the carrying value of the assets by categories. The percentages, which are updated at least annually, are based on historical experience and may be adjusted to the extent that future results are expected to differ from past experience. Given that NIPR extends credit terms on a short-term basis, changes to the credit loss percentages due to future events are expected to be rare. Additionally, the allowance is also adjusted due to the changes in the collectability assessment of individual customers.

## NATIONAL INSURANCE PRODUCER REGISTRY

---

Notes To Financial Statements (*Continued*)

### **Prepaid Expenses**

Prepaid expenses include general expenses, insurance, and cloud implementation fees that are amortized to expense ratably over the term of the related arrangement.

### **Investments**

NIPR carries its investments at their fair values. Unrealized gains and losses are included in the change in net assets in the accompanying financial statements.

Investments may be exposed to various risks, such as interest rate, market and credit risks. As a result, it is at least reasonably possible that changes in risks in the near term could affect investment balances, and those effects could be significant.

### **Property And Equipment**

Property and equipment is stated at cost. Routine repairs and maintenance are expensed as incurred. Depreciation is computed by the straight-line method over the estimated useful life of the related assets.

The cost of internally developed software is expensed until the technological feasibility of the software has been established. Thereafter, software development costs are capitalized until such time as the product is available for general release to customers. The development costs of enhancements that extend the life or improve the marketability of the original product are capitalized. The establishment of technological feasibility and the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life, and changes in software and hardware technologies. The cost of capitalized software is amortized on the straight-line method over the products' estimated useful lives.

	<b>Years</b>
Furniture and equipment	5
Computer software	3 - 10
Computer hardware	3

## NATIONAL INSURANCE PRODUCER REGISTRY

---

### Notes To Financial Statements (*Continued*)

#### **Revenues**

Revenue from contracts with customers is derived primarily from credentialing and reporting fees.

NIPR's credentialing revenue is recognized at a point in time and consists of performance obligations that are satisfied when users process transactions through the NIPR Gateway. The NIPR Gateway facilitates the electronic exchange of producer information, including license applications, appointments and terminations. Prices are distinct to a performance obligation. For the years ended December 31, 2023 and 2022, credentialing revenue was \$46,661,245 and \$44,101,231, respectively.

NIPR's reporting revenue is recognized at a point in time and consists of performance obligations that are satisfied when users access NIPR's Producer Database (PDB). The PDB is an electronic database consisting of information relating to insurance producers. The PDB links participating state regulatory licensing systems into one common repository of producer information. Prices are distinct to a performance obligation. For the years ended December 31, 2023 and 2022, reporting revenue was \$25,837,960 and \$23,335,912, respectively.

Associated accounts receivable for revenue from contracts as of December 31, 2023 and 2022, was \$7,148,628 and \$5,611,639, respectively.

NIPR did not have any impairment or credit losses on any receivables arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

#### **Income Taxes**

NIPR has been granted exemption from income taxes by the Internal Revenue Service under the provisions of section 501(c)(6) of the Internal Revenue Code and a similar provision of state law. However, NIPR is subject to federal income tax on any unrelated business taxable income.

Uncertain tax positions, if any, are recorded in accordance with ASC Topic 740, Income Taxes. ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded at December 31, 2023 or 2022.

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

Notes To Financial Statements (*Continued*)

**Reclassifications**

Certain 2022 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2023 financial statements.

**Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available for issue, which is the date of the Independent Auditors' Report.

**2. Investments**

Investments carried at fair value at December 31, 2023 and 2022, consisted of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Fixed-income mutual funds	\$ 22,817,225	\$ 24,098,110	\$ 26,154,874	\$ 24,001,180
Foreign fixed-income funds	1,260,910	1,141,335	2,376,242	1,991,344
Domestic equity mutual funds	11,332,094	10,693,149	3,539,924	4,004,972
Common stock:				
Industrials	970,219	1,490,767	749,465	1,014,041
Consumer discretionary	1,230,350	2,393,535	1,141,145	1,607,396
Financials	900,055	1,615,916	1,268,678	1,875,423
Information technology	1,215,801	1,898,737	2,685,650	3,169,000
Other industries	1,769,285	2,501,368	1,303,506	1,882,917
Foreign equity mutual funds	5,768,649	6,328,777	7,142,384	6,734,664
Alternative equity funds	4,750,000	6,517,642	4,750,000	5,982,137
	<b>\$ 52,014,588</b>	<b>\$ 58,679,336</b>	<b>\$ 51,111,868</b>	<b>\$ 52,263,074</b>

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

---

Notes To Financial Statements (*Continued*)

Total net investment return (loss) comprises the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 3,157,020	\$ 1,629,325
Net realized gains (losses)	(632,208)	893,961
Net unrealized gains (losses)	5,513,542	(8,760,326)
Investment manager fees	(90,326)	(121,923)
	<u>\$ 7,948,028</u>	<u>\$ (6,358,963)</u>

### 3. Fair Value Measurements

NIPR follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under these rules are described below:

- Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that NIPR has the ability to access.
- Level 2* Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

## NATIONAL INSURANCE PRODUCER REGISTRY

---

### Notes To Financial Statements (*Continued*)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology and inputs used for assets measured at fair value:

#### **Common Stock**

Valued at the daily closing price as reported on the active market on which the individual securities are traded.

#### **Mutual Funds**

Valued at the daily closing price as reported by the fund. The mutual funds held by NIPR are open-end investment companies that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded.

#### **Alternative Investments**

NIPR reports the fair value of alternative investments using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by NIPR based on various factors.

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

Notes To Financial Statements (*Continued*)

The following tables summarize the financial investments measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	<b>December 31, 2023</b>			
	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Fixed-income mutual funds	\$ 24,098,110	\$ 24,098,110	\$ —	\$ —
Foreign fixed-income funds	1,141,335	1,141,335	—	—
Domestic equity mutual funds	10,693,149	10,693,149	—	—
Common stock:				
Industrials	1,490,767	1,490,767	—	—
Consumer discretionary	2,393,535	2,393,535	—	—
Financials	1,615,916	1,615,916	—	—
Information technology	1,898,737	1,898,737	—	—
Other industries	2,501,368	2,501,368	—	—
Foreign equity mutual funds	6,328,777	6,328,777	—	—
	<u>52,161,694</u>	<u>\$ 52,161,694</u>	<u>\$ —</u>	<u>\$ —</u>
Investments measured at net asset value:				
Alternative equity funds	<u>6,517,642</u>			
 Total investments	 <u>\$ 58,679,336</u>			

	<b>December 31, 2022</b>			
	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Fixed-income mutual funds	\$ 24,001,180	\$ 24,001,180	\$ —	\$ —
Foreign fixed-income funds	1,991,344	1,991,344	—	—
Domestic equity mutual funds	4,004,972	4,004,972	—	—
Common stock:				
Industrials	1,014,041	1,014,041	—	—
Consumer discretionary	1,607,396	1,607,396	—	—
Financials	1,875,423	1,875,423	—	—
Information technology	3,169,000	3,169,000	—	—
Other industries	1,882,917	1,882,917	—	—
Foreign equity mutual funds	6,734,664	6,734,664	—	—
	<u>46,280,937</u>	<u>\$ 46,280,937</u>	<u>\$ —</u>	<u>\$ —</u>
Investments measured at net asset value:				
Alternative equity funds	<u>5,982,137</u>			
 Total investments	 <u>\$ 52,263,074</u>			



**NATIONAL INSURANCE  
PRODUCER REGISTRY**

---

Notes To Financial Statements (*Continued*)

The following table sets forth additional disclosures of NIPR's investments whose fair value is estimated using NAV per share (or its equivalent) as of December 31, 2023 and 2022:

	Fair Value At		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	December 31, 2023	2022			
Magnitude International (A)	\$ 6,517,642	\$ 5,982,137	\$ —	Quarterly	65 days

(A) This fund's investment objective is to deliver a 5% return over SOFR, net of fees, over an extended market cycle with a target of achieving 5% annual volatility. The fund is a globally diversified, multistrategy, multimanager portfolio that seeks to maximize expected active return from investing in hedge funds while minimizing passive risk and managing exposure to shock risk.

Alternative investments are redeemable with the fund at NAV under the original terms of the partnership and/or subscription agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future, in accordance with the fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of NIPR's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is therefore reasonably possible that if NIPR were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

---

Notes To Financial Statements (*Continued*)

**4. Property And Equipment**

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

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 19,930	\$ 19,930
Computer hardware	12,674	12,673
Computer software	91,369	91,369
Software upgrades in progress	10,861,150	3,037,195
	<u>10,985,123</u>	<u>3,161,167</u>
Less: accumulated depreciation and amortization	346,091	123,972
	<u>\$ 10,639,032</u>	<u>\$ 3,037,195</u>

Software upgrades include a variety of ongoing technical projects which include the development of an identity management solution for customers and the creation of an enterprise data warehouse to store and retrieve producer information. Other technical projects include a software which allows for producers to update licensee information outside the application process, a user interface to more easily make state licensing changes and a re-platform of web services to enable the services to run in the cloud. These projects were still in process at December 31, 2023 and are expected to be completed in 2024.

**5. Related-Party Transactions**

NIPR and the NAIC executed a License and Services Agreement (the Agreement) effective January 1, 2023, for an initial term of five years. The terms of the Agreement provide for (1) a 38% license fee for NIPR's use of the NAIC's producer data; (2) the reimbursement of the actual cost of services, facilities and equipment provided to NIPR by the NAIC; and (3) a service fee for administrative and technical services provided by NAIC staff.

## NATIONAL INSURANCE PRODUCER REGISTRY

---

### Notes To Financial Statements (*Continued*)

The total amount charged during the year and amounts owed at year-end are as follows:

	<u>2023</u>	<u>2022</u>
Administrative services provided by the NAIC	<u>\$ 3,018,756</u>	<u>\$ 2,681,116</u>
License fee	<u>\$ 27,518,455</u>	<u>\$ 25,549,116</u>
Amounts owed to the NAIC included in accounts payable	<u>\$ 2,453,974</u>	<u>\$ 2,521,608</u>

## 6. Defined Contribution Plan

NIPR has a defined contribution 401(k) plan (the Plan), which covers substantially all employees. Each year, the Board of Directors determines the contribution for the next year. In 2023 and 2022, NIPR matched up to 3.5% of contributions of those employees who contributed to the Plan and contributed 5.0% of all employees' annual compensation. Contribution expense was \$1,129,462 and \$842,473 for the years ended December 31, 2023 and 2022, respectively.

## 7. Concentrations

U.S. GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Approximately 41% of all revenues for the years ended December 31, 2023 and 2022, were received from two business partners.

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

---

Notes To Financial Statements (*Continued*)

**8. Liquidity And Availability Of Resources**

NIPR regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2023 and 2022, the following financial assets are available to meet annual operating needs of the subsequent fiscal year:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 36,256,298	\$ 38,864,857
Accounts receivable, net	7,148,628	5,611,639
Investments	<u>58,679,336</u>	<u>52,263,074</u>
<b>Total Financial Assets</b>	<b>\$ 102,084,262</b>	<b>\$ 96,739,570</b>

NIPR has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and marketable debt and equity securities. See Note 3 for information about NIPR's investments.

**9. Statement Of Functional Expenses**

Expenses for the years ending December 31, 2023 and 2022 are presented in the following tables according to both functional and natural classifications. Certain expenses including salaries, benefits and payroll taxes are allocated on the basis of time and effort. Expenses including professional services and travel are split based upon the review of the underlying nature of the expense.

**NATIONAL INSURANCE  
PRODUCER REGISTRY**

Notes To Financial Statements (*Continued*)

The following table provides both functional and natural classifications for the year ending December 31, 2023:

	<b>Program Services</b>	<b>Management And General</b>	<b>Total Expenses</b>
Licensing fee and NAIC services	\$ 29,693,357	\$ 843,854	\$ 30,537,211
Salaries, benefits and payroll taxes	18,898,196	934,870	19,833,066
Professional services	14,259,717	412,794	14,672,511
Travel	943,712	35,375	979,087
Rental and maintenance	1,547,453	4,487	1,551,940
Depreciation and amortization	222,119	—	222,119
Insurance	170,734	—	170,734
Office services	—	170,383	170,383
Other expenses	179,426	32,237	211,663
	<u>\$ 65,914,714</u>	<u>\$ 2,434,000</u>	<u>\$ 68,348,714</u>

The following table provides both functional and natural classifications for the year ending December 31, 2022:

	<b>Program Services</b>	<b>Management And General</b>	<b>Total Expenses</b>
Licensing fee and NAIC services	\$ 27,678,534	\$ 551,698	\$ 28,230,232
Salaries, benefits and payroll taxes	15,104,394	678,671	15,783,065
Professional services	13,627,193	409,049	14,036,242
Travel	651,785	8,723	660,508
Rental and maintenance	742,139	6,776	748,915
Insurance	152,482	—	152,482
Office services	—	147,128	147,128
Other expenses	346,534	7,057	353,591
	<u>\$ 58,303,061</u>	<u>\$ 1,809,102</u>	<u>\$ 60,112,163</u>