

**The New York State Society of
Certified Public Accountants and Related Entities**

**Combined Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

May 31, 2019 and 2018

**The New York State Society of
Certified Public Accountants and Related Entities**

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Independent Auditor's Report

To the Board of Directors
The New York State Society of Certified Public Accountants

We have audited the accompanying combined financial statements of The New York State Society of Certified Public Accountants and Related Entities (the "Organization") which comprise the combined statements of financial position as of May 31, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2019 and 2018, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining supplementary information on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* as of and for the year ended May 31, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



New York, New York
October 16, 2019

**The New York State Society of
Certified Public Accountants and Related Entities**

**Combined Statements of Financial Position
May 31, 2019 and 2018**

Assets

	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 7,458,581	\$ 9,554,175
Accounts receivable	157,272	354,141
Investments	7,093,773	5,891,448
Prepaid expenses	218,194	174,084
	<u>14,927,820</u>	<u>15,973,848</u>
Total current assets		
Long-term assets		
Fixed assets - net	1,117,557	1,405,848
	<u>1,117,557</u>	<u>1,405,848</u>
Total long-term assets		
Total assets	<u>\$ 16,045,377</u>	<u>\$ 17,379,696</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 796,858	\$ 990,542
Deferred dues and unearned subscriptions and fees	4,084,168	5,150,366
Deferred rent	113,530	104,886
Loans payable	200,137	190,699
Capital lease obligations	34,822	35,162
	<u>5,229,515</u>	<u>6,471,655</u>
Total current liabilities		
Long-term liabilities		
Deferred rent	406,818	520,349
Loans payable	487,968	688,105
Capital lease obligations	22,796	54,306
	<u>917,582</u>	<u>1,262,760</u>
Total long-term liabilities		
Total liabilities	<u>6,147,097</u>	<u>7,734,415</u>
Commitments		
Net assets		
Without donor restrictions	8,275,697	7,766,760
With donor restrictions	1,622,583	1,878,521
	<u>9,898,280</u>	<u>9,645,281</u>
Total net assets		
Total liabilities and net assets	<u>\$ 16,045,377</u>	<u>\$ 17,379,696</u>

See Notes to Combined Financial Statements.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Combined Statements of Activities
Years Ended May 31, 2019 and 2018**

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues and other support						
Membership dues	\$ 7,971,122	\$ -	\$ 7,971,122	\$ 8,106,348	\$ -	\$ 8,106,348
Education fees	2,580,921	-	2,580,921	2,570,581	-	2,570,581
The CPA Journal	1,075,374	-	1,075,374	1,135,496	-	1,135,496
Member services	215,519	-	215,519	919,953	-	919,953
Chapter activities	436,334	-	436,334	518,663	-	518,663
The Trusted Professional	367,050	-	367,050	384,817	-	384,817
Contributions	-	126,089	126,089	3,000	196,300	199,300
Special events	-	-	-	-	222,000	222,000
Less cost of direct benefits to donors	-	-	-	-	(79,615)	(79,615)
Investment income, net	137,368	63,207	200,575	52,842	163,723	216,565
Other revenues	168,229	-	168,229	236,286	-	236,286
Net assets released from restrictions	445,234	(445,234)	-	526,125	(526,125)	-
Total revenues and other support	13,397,151	(255,938)	13,141,213	14,454,111	(23,717)	14,430,394
Expenses						
Program services						
Membership and member services	2,824,421	-	2,824,421	3,417,203	-	3,417,203
Education	2,888,982	-	2,888,982	2,367,613	-	2,367,613
The CPA Journal	1,303,220	-	1,303,220	1,292,058	-	1,292,058
Chapter activities	959,929	-	959,929	987,515	-	987,515
The Trusted Professional	500,642	-	500,642	428,992	-	428,992
Career Opportunities in the Accounting Profession (COAP) and scholarship programs	397,066	-	397,066	523,646	-	523,646
Advocacy - CPA PAC	16,250	-	16,250	17,250	-	17,250
Total program services	8,890,510	-	8,890,510	9,034,277	-	9,034,277
Supporting services						
General and administrative	3,997,704	-	3,997,704	4,002,911	-	4,002,911
Fundraising	-	-	-	17,100	-	17,100
Total supporting services	3,997,704	-	3,997,704	4,020,011	-	4,020,011
Total expenses	12,888,214	-	12,888,214	13,054,288	-	13,054,288
Changes in net assets	508,937	(255,938)	252,999	1,399,823	(23,717)	1,376,106
Net assets, beginning	7,766,760	1,878,521	9,645,281	6,366,937	1,902,238	8,269,175
Net assets, end	\$ 8,275,697	\$ 1,622,583	\$ 9,898,280	\$ 7,766,760	\$ 1,878,521	\$ 9,645,281

See Notes to Combined Financial Statements.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Combined Statement of Functional Expenses
Year Ended May 31, 2019
With Comparative Totals for the Year Ended May 31, 2018**

	Program services							Supporting services		2019 Totals	2018 Totals	
	Membership and member services	Education	CPA Journal	Chapter activities	Trusted Professional	COAP and scholarship	Advocacy	Total programs	Management and general			Fundraising
Salaries, employee benefits and taxes	\$ 1,404,908	\$ 1,075,074	\$ 557,929	\$ 234,508	\$ 268,388	\$ 106,476	\$ -	\$ 3,647,283	\$ 2,235,612	\$ -	\$ 5,882,895	\$ 5,971,419
Occupancy	360,136	279,453	143,668	60,425	69,219	27,067	-	939,968	575,532	-	1,515,500	1,414,095
Cost of sales	-	1,099,288	298,501	-	60,127	-	-	1,457,916	-	-	1,457,916	1,289,834
Professional fees	218,458	139,751	171,399	30,303	44,473	13,672	-	618,056	468,960	-	1,087,016	1,158,088
Meetings and events	275,150	-	-	489,314	-	-	-	764,464	-	-	764,464	824,286
Information technology	69,895	53,854	27,781	11,636	13,377	5,275	-	181,818	111,279	-	293,097	404,408
Contributions and awards	-	-	-	-	-	154,158	16,250	170,408	-	-	170,408	198,250
Depreciation and amortization	75,744	58,459	30,161	12,693	14,526	5,716	-	197,299	147,168	-	344,467	455,241
Other	420,130	183,103	73,781	121,050	30,532	84,702	-	913,298	459,153	-	1,372,451	1,338,667
Total expenses, year ended May 31, 2019	\$ 2,824,421	\$ 2,888,982	\$ 1,303,220	\$ 959,929	\$ 500,642	\$ 397,066	\$ 16,250	\$ 8,890,510	\$ 3,997,704	\$ -	\$ 12,888,214	
Total expenses, year ended May 31, 2018	\$ 3,417,203	\$ 2,367,613	\$ 1,292,058	\$ 987,515	\$ 428,992	\$ 523,646	\$ 17,250	\$ 9,034,277	\$ 4,002,911	\$ 17,100		\$ 13,054,288

See Notes to Combined Financial Statements.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Combined Statements of Cash Flows
Years Ended May 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Operating activities		
Change in net assets	\$ 252,999	\$ 1,376,106
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	344,467	455,242
Bad debt expense	8,377	-
Permanently restricted contributions	(1,750)	(1,750)
Realized and unrealized gain on investments	(73,230)	(151,983)
Changes in assets and liabilities		
Accounts receivable	188,492	(175,501)
Prepaid expenses	(44,110)	11,196
Accounts payable and accrued expenses	(193,684)	197,348
Deferred dues and unearned subscriptions and fees	(1,066,198)	416,020
Deferred rent	(104,887)	(9,799)
	<u>(689,524)</u>	<u>2,116,879</u>
Net cash (used in) provided by operating activities		
Investing activities		
Purchases of fixed assets	(56,176)	(191,848)
Proceeds from sales of investments	3,085,642	1,738,450
Purchases of investments	(4,214,737)	(4,935,155)
	<u>(1,185,271)</u>	<u>(3,388,553)</u>
Net cash used in investing activities		
Financing activities		
Principal payments on loan	(190,699)	(181,640)
Principal payments on capital lease obligations	(31,850)	(31,080)
Permanently restricted contributions	1,750	1,750
	<u>(220,799)</u>	<u>(210,970)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(2,095,594)	(1,482,644)
Cash and cash equivalents, beginning	<u>9,554,175</u>	<u>11,036,819</u>
Cash and cash equivalents, end	<u>\$ 7,458,581</u>	<u>\$ 9,554,175</u>
Supplemental cash flow disclosures		
Cash paid during the year for interest	<u>\$ 41,711</u>	<u>\$ 51,020</u>
Noncash investing and financing activities		
Purchase of equipment through capital lease obligations	<u>\$ -</u>	<u>\$ 64,695</u>
Disposal of fully depreciated fixed assets	<u>\$ -</u>	<u>\$ 90,067</u>

See Notes to Combined Financial Statements.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Note 1 - Nature and purposes of the organization

The New York State Society of Certified Public Accountants (the "Society") is a not-for-profit membership organization, the purpose of which is to provide its members with the following broad areas of service: education, publications, ethical practice, protection of the profession, advancement of the profession and other membership benefits. The accompanying combined financial statements reflect the assets, liabilities and net assets, revenues, expenses and cash flows of the Society and its related entities described in the following paragraphs, as well as those of the Society's various chapters. The primary sources of revenue of the Society are membership dues, publications and services to members.

Related entities

The Foundation for Accounting Education, Inc. (the "Foundation") is a not-for-profit organization, the purpose of which is to engage in education, research and related activities in the field of accountancy, including the sponsorship of courses and seminars to provide continuing education for members of the profession. In addition, the Foundation provides information on career opportunities in the profession and scholarship assistance at the undergraduate level. The primary sources of revenue of the Foundation are education fees and contributions.

New York State Society CPA PAC, Inc. (the "CPA PAC") is a not-for-profit organization, the purpose of which is to provide for the mutual assistance, advancement and recognition of its members and the profession of public accounting by promoting participation in political activities in New York State. The primary source of revenue of the CPA PAC is contributions.

The Moynihan Scholarship Fund, Inc. (the "Moynihan Fund") is a not-for-profit organization, the purpose of which is to engage in charitable and education purposes and activities, and to provide assistance to individuals and students in pursuing their professional and personal ambitions in the field of accountancy. As discussed in Note 7, the Moynihan Fund originally operated as a program of the Foundation and was incorporated in July 2017. The Moynihan Fund provides financing, scholarships, social events, education, and internship opportunities, as well as providing other services, programs and tools to achieve them.

Note 2 - Summary of significant accounting policies

Principles of combination

The accompanying combined financial statements include the financial position, operating activities and cash flows of the Society, the Foundation, the CPA PAC, and the Moynihan Fund (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in combination. The individual entities have interrelated directors/trustees and share common facilities and personnel. Various expenses, including occupancy costs, salaries and certain administrative expenses, have been allocated among the Society, the Foundation, the CPA PAC, and the Moynihan Fund based upon services rendered by common personnel and usage of common facilities.

Basis of accounting

The accompanying combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Classification of net assets

Net assets and revenues, gain and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported in two categories of net assets as follows:

Without donor restrictions - net assets that are not subject to donor-imposed stipulations.

With donor restrictions - net assets that are restricted by donor for use for a specific purpose or in a future period. Some donor-imposed restrictions are temporary in nature and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions on net assets included in this category are permanent in nature. These net assets have been restricted by donor to be maintained by the Organization either in perpetuity or until released by specific action by the Organization's Board of Directors in accordance with applicable law.

The Organization has net assets with donor restrictions amounting to \$1,622,583 and \$1,878,521 as of May 31, 2019 and 2018.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax-exempt status

The Society has been recognized as an organization exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (the "Code"). However, revenue earned on activities which are unrelated to the Society's exempt purpose is taxable. The Foundation and the Moynihan Fund are exempt from federal taxes under Section 501(c)(3) of the Code and from state and local taxes under comparable laws. As a political organization, the CPA PAC is subject to corporate tax on its taxable income.

If applicable, the Organization recognizes interest and penalties associated with tax matters as general and administrative expense and includes accrued interest and penalties with accrued expenses in the combined statements of financial position.

There are no unrecognized tax benefits at May 31, 2019 and 2018. The Organization's federal and state income tax returns prior to fiscal year 2016 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Concentrations of credit risk

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. Cash equivalents include highly liquid investments with an original maturity date of three months or less when acquired. Cash and cash equivalents held as part of the Organization's investments are deemed to be held for long-term purposes. The Organization places its cash and cash equivalents with high credit quality financial institutions. At times, such amounts may exceed federally insured limits. At May 31, 2019, the Organization had cash and cash equivalents that exceed these limits in the amount of approximately \$6,669,000.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Accounts receivable

Accounts receivable are reported at their outstanding unpaid principal balances, reduced by an allowance for doubtful accounts. The Organization estimates doubtful accounts based on historical bad debts, factors related to specific members' and customers' ability to pay and current economic trends. The Organization writes off accounts receivable against the allowance when a balance is determined to be uncollectible. Interest is not accrued or recorded on outstanding receivables. The Organization has determined that no allowance was required as of May 31, 2019 and 2018.

Investment valuation

The Organization values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used at May 31, 2019 and 2018.

Investments in cash equivalents, fixed income and equity securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds 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 held are deemed to be actively traded daily and there are no lockup periods or redemption frequency limitations (Level 1). Certificates of deposit are valued at amortized cost, which approximates fair value (Level 2).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Fixed assets

Fixed assets, including furniture and equipment, data processing systems, and leasehold improvements, are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of three to ten years for furniture and equipment and three to five years for data processing systems. Capital leases and leasehold improvements are amortized over either the remaining term of the underlying lease or the useful lives of the improvements, whichever is shorter, using the straight-line method.

Deferred rent

Deferred rent reflects the excess of rent expensed on the straight-line basis over rent payments made under the terms of the lease.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included in support until the conditions are substantially met.

Deferred dues and unearned subscriptions and fees

The Society receives dues from its members. Dues received for the current year's memberships are recognized as revenue in the current year. The revenue arising from dues received for a future year's memberships are deferred until that year. Revenue from amounts received in advance for *The CPA Journal* subscriptions and for other purposes (e.g., fees for future conferences) is deferred to the applicable year. In both fiscal years 2019 and 2018, from each member's dues, the Organization allocated \$30 to *The CPA Journal* and \$15 to *The Trusted Professional*, representing the value of each publication.

Advertising costs

Costs of promotion and advertising are expensed as incurred. For the fiscal years ended May 31, 2019 and 2018, advertising expense amounted to \$49,187 and \$89,085, respectively.

Functional expenses

The costs of supporting the various programs and other activities of the Society have been summarized on a functional basis in the combined statement of functional expenses. Costs that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the program services, management and general, and fundraising categories based on time and effort measurements. Management and general expenses include costs not identifiable with any specific program, but which provide for the overall support and direction of the Society. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

The combined statement of functional expenses include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended May 31, 2018, from which the summarized information was derived.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Adoption of new accounting pronouncement

For the year ended May 31, 2019, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The purpose of the ASU 2016-14 is to improve and simplify the current net assets classification requirements and require certain disclosures with respect to liquidity, financial performance, and cash flows. The new standard changes the following aspects of the Organization's financial statements as outlined below:

1. The unrestricted net asset class has been renamed net assets without donor restrictions. The temporarily restricted net assets and permanently restricted net assets have been renamed net assets with donor restrictions.
2. The notes to the financial statements include a new disclosure about liquidity and availability of resources (refer to Note 10).
3. The financial statements include a new statement of expenses by nature as well as function and enhanced disclosures about cost allocations (refer to Note 2).
4. Investment expenses are recorded against investment returns in the combined statement of activities.

Reclassifications

Certain prior year numbers have been reclassified to conform to current year presentations.

Subsequent events

Management has evaluated subsequent events through October 16, 2019, the date the combined financial statements were available to be issued. No adjustments have been booked to the combined financial statements as a result of management's evaluation.

Note 3 - Investments

The following table sets forth, within the fair value hierarchy, the investments (see Note 2), at fair value at May 31, 2019 and 2018:

	Level 1	Level 2	2019 Total	2018 (Level 1)
Cash and cash equivalents	\$ 242,487	\$ -	\$ 242,487	\$ 221,322
Certificates of deposit	-	1,007,835	1,007,835	-
Equity securities	2,259,858	-	2,259,858	2,203,610
Fixed income securities	2,005,505	-	2,005,505	1,896,035
Mutual funds				
Fixed income	686,329	-	686,329	565,831
Equity	891,759	-	891,759	1,004,650
	<u>\$ 6,085,938</u>	<u>\$ 1,007,835</u>	<u>\$ 7,093,773</u>	<u>\$ 5,891,448</u>

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Note 4 - Fixed assets

Fixed assets consist of the following:

	May 31,	
	2019	2018
Furniture and equipment	\$ 1,922,915	\$ 1,919,023
Data processing system	3,053,798	3,001,514
Leasehold improvements	995,208	995,208
	5,971,921	5,915,745
Less accumulated depreciation and amortization	(4,854,364)	(4,509,897)
	<u>\$ 1,117,557</u>	<u>\$ 1,405,848</u>

Note 5 - Capital lease obligations

The Organization has entered into several capital equipment leases expiring at various dates through September 2021, with interest rates ranging from 3.50% to 4.25%. The cost of the equipment was \$122,970 with an accumulated amortization of \$70,536 at May 31, 2019. Interest expense in 2019 and 2018 totaled \$3,052 and \$3,301, respectively.

The future lease payments are as follows:

Year ending May 31,	
2020	\$ 36,658
2021	17,616
2022	5,872
	60,146
Less amount representing interest	(2,528)
Present value of net minimum lease payments	57,618
Less current portion	(34,822)
	<u>\$ 22,796</u>

Note 6 - Loans payable

In fiscal year 2016, the Society and Foundation, as co-borrowers, obtained a working capital line of credit of \$480,000 from a bank. The working line of credit was increased to \$500,000 in January 2019. The line of credit has a variable interest rate of 5.5% as of May 31, 2019. There were no drawdowns against this line of credit as of May 31, 2019 and 2018.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

In fiscal year 2013, the Society and Foundation, as co-borrowers, obtained a term loan from the same bank above for the purpose of financing the Organization's office relocation expenses. The loan had a borrowing limit of \$2,000,000 and was available in one or multiple advances until August 21, 2013, on which date the loan had an outstanding principal balance of \$1,668,108. The loan has a maturity of 108 equal monthly installments and expires in August 2022. The loan bears a fixed interest rate of 4.81%. The balance due as of May 31, 2019 and 2018 amounted to \$688,105 and \$878,804, respectively.

The working capital line of credit and the term loan are collateralized with a first position security interest on the assets of the Society and Foundation, excluding net assets with donor restrictions. The term loan is subject to certain conditions and covenants.

There was no amount outstanding under the working capital line of credit at May 31, 2019. The required principal payments on the term loan are as follows:

Year ending May 31,	
2020	\$ 200,137
2021	210,191
2022	220,674
2023	57,103
	<u>\$ 688,105</u>

Interest expense in 2019 and 2018 totaled \$38,659 and \$47,718, respectively.

Note 7 - Net assets with donor-restriction

Net assets with donor-restrictions for programs at each fiscal year-end were available for the following activities:

	2019	2018
The Moynihan Fund	\$ 1,278,723	\$ 1,539,399
Member financial assistance	81,607	81,607
CPA PAC	182,307	179,319
Lecture series	13,446	13,446
	<u>\$ 1,556,083</u>	<u>\$ 1,813,771</u>

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Donor-restricted net assets in perpetuity at each fiscal year-end represent endowment corpus to be held in perpetuity. The income from these net assets is expendable to support the following career development activities:

	2019	2018
Lecture series	\$ 15,000	\$ 15,000
The Moynihan Fund	51,500	49,750
	<u>\$ 66,500</u>	<u>\$ 64,750</u>

Net assets released from restrictions during each fiscal year consist of the following:

	2019	2018
The Moynihan Fund	\$ 397,530	\$ 475,818
CPA PAC	47,704	50,307
	<u>\$ 445,234</u>	<u>\$ 526,125</u>

The Moynihan Fund supports the Foundation's student programs - the Career Opportunities in the Accounting Profession and the Excellence in Accounting Scholarship programs, and provides voluntary financial aid and other assistance to members of the Society in need. The Foundation awarded scholarships amounting to approximately \$154,000, and \$181,000 in fiscal years ended May 31, 2019 and 2018, respectively.

The Moynihan Fund was subsequently incorporated in July 2017 as a separate entity and renamed to Moynihan Scholarship Fund, Inc. This new organization has not yet commenced operations as of the date of these financial statements. Once operations commence, all assets and liabilities, if any, intended for the purpose of the Moynihan Fund, will be transferred to the new organization.

Note 8 - Retirement plan

The Organization maintains a deferred compensation 401(k) retirement plan for all qualifying employees. Participants may elect to have a portion of their salaries deferred in an amount equal to but not less than 1%, nor exceed 100% of annual compensation, or the maximum limits allowed by the Code. The Organization is required to make a contribution equal to 3% of all eligible employees' salaries; the Organization is also required to make a matching contribution equal to 50% of each participating employee's deferral amount, limited to 10% of their salaries. Amounts contributed by the Organization to this plan totaled \$233,914 and \$240,234 for the fiscal years ended May 31, 2019 and 2018, respectively.

**The New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2019 and 2018**

Note 9 - Commitments

The Organization occupies office space under a 10.5-year lease agreement expiring in December 2024. Office space rental expense (including charges for operating expenses and taxes) is recognized using the straight-line method over the term of the lease, and amounted to \$1,436,157 and \$1,453,330 for the fiscal years ended May 31, 2019 and 2018, respectively. Pursuant to the lease, the Organization has a letter of credit agreement totaling approximately \$300,000. This agreement guarantees the lease rental obligations. There were no payments drawn against this letter of credit by the beneficiary during 2019 and 2018.

Minimum future payments under the lease are summarized as follows:

Year ending May 31,	
2020	\$ 1,313,926
2021	1,313,926
2022	1,313,926
2023	1,313,926
2024	766,457
	<u>\$ 6,022,161</u>

Note 10 - Availability and liquidity

The following represents the Organization's financial assets at May 31, 2019:

Financial assets, at year end	
Cash and cash equivalents	\$ 7,458,581
Accounts receivable	157,272
Investments	<u>7,093,773</u>
Total financial assets	14,709,626
Less amounts not available to be used within one year	
Net assets with donor restrictions	<u>1,622,583</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,087,043</u>

As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. If the need arises, the Organization is also able to liquidate these short-term investments quickly and without incurring significant fees. The Organization has a \$500,000 line of credit available to meet cash flow needs.

Combining Supplementary Information

**The New York State Society of
Certified Public Accountants and Related Entities**

**Schedules of Activities by Entity
Year Ended May 31, 2019**

	The New York State Society of Certified Public Accountants				Foundation for Accounting Education, Inc.			CPA PAC			Moynihan Fund		Eliminations	Total
	Without donor restrictions	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	With donor restrictions			
Revenues and other support														
Membership dues	\$ 7,971,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,971,122
Education fees	-	2,580,921	-	2,580,921	-	-	-	-	-	-	-	-	-	2,580,921
The CPA Journal	1,075,374	-	-	-	-	-	-	-	-	-	-	-	-	1,075,374
Member services	215,519	-	-	-	-	-	-	-	-	-	-	-	-	215,519
Chapter activities	436,334	-	-	-	-	-	-	-	-	-	-	-	-	436,334
The Trusted Professional	367,050	-	-	-	-	-	-	-	-	-	-	-	-	367,050
Contributions	-	1,344,676	80,272	1,424,948	-	50,692	50,692	-	125	(1,349,676)	-	-	-	126,089
Special events	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment income, net	137,405	(37)	63,207	63,170	-	-	-	-	-	-	-	-	-	200,575
Other revenues	168,229	-	-	-	-	-	-	-	-	-	-	-	-	168,229
Net assets released from restrictions	-	397,530	(397,530)	-	47,704	(47,704)	-	-	-	-	-	-	-	-
Total revenues and other support	10,371,033	4,323,090	(254,051)	4,069,039	47,704	2,988	50,692	125	(1,349,676)	13,141,213				
Expenses														
Program services														
Membership and member services	4,174,097	-	-	-	-	-	-	-	-	-	-	(1,349,676)	-	2,824,421
Education	-	2,888,982	-	2,888,982	-	-	-	-	-	-	-	-	-	2,888,982
The CPA Journal	1,303,220	-	-	-	-	-	-	-	-	-	-	-	-	1,303,220
Chapter activities	959,929	-	-	-	-	-	-	-	-	-	-	-	-	959,929
The Trusted Professional	500,642	-	-	-	-	-	-	-	-	-	-	-	-	500,642
Career Opportunities in the Accounting Profession (COAP) and scholarship programs	-	397,005	-	397,005	-	-	-	61	-	397,066	-	-	-	397,066
Advocacy - CPA PAC	-	-	-	-	16,250	-	16,250	-	-	16,250	-	-	-	16,250
Total program services	6,937,888	3,285,987	-	3,285,987	16,250	-	16,250	61	(1,349,676)	8,890,510				
Supporting services														
General and administrative	2,929,147	1,037,103	-	1,037,103	31,454	-	31,454	-	-	3,997,704	-	-	-	3,997,704
Fund raising	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total supporting services	2,929,147	1,037,103	-	1,037,103	31,454	-	31,454	-	-	3,997,704				
Total expenses	9,867,035	4,323,090	-	4,323,090	47,704	-	47,704	61	(1,349,676)	12,888,214				
Changes in net assets	503,998	-	(254,051)	(254,051)	-	2,988	2,988	64	-	252,999				
Net assets, beginning	7,766,760	-	1,699,202	1,699,202	-	179,319	179,319	-	-	9,645,281				
Net assets, end	\$ 8,270,758	\$ -	\$ 1,445,151	\$ 1,445,151	\$ -	\$ 182,307	\$ 182,307	\$ 64	\$ -	\$ 9,898,280				

**The New York State Society of
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**Schedules of Activities by Entity
Year Ended May 31, 2018**

	The New York State Society of Certified Public Accountants	Foundation for Accounting Education, Inc.			CPA PAC				
	Without donor restrictions	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Eliminations	Total
Revenues and other support									
Membership dues	\$ 8,106,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,106,348
Education fees	-	2,570,581	-	2,570,581	-	-	-	-	2,570,581
The CPA Journal	1,135,496	-	-	-	-	-	-	-	1,135,496
Member services	919,953	-	-	-	-	-	-	-	919,953
Chapter activities	518,663	-	-	-	-	-	-	-	518,663
The Trusted Professional	384,817	-	-	-	-	-	-	-	384,817
Contributions	3,000	836,769	138,077	974,846	-	58,223	58,223	(836,769)	199,300
Special events	-	-	222,000	222,000	-	-	-	-	222,000
Less cost of direct benefits to donors	-	-	(79,615)	(79,615)	-	-	-	-	(79,615)
Investment income, net	52,272	570	163,723	164,293	-	-	-	-	216,565
Other revenues	232,304	3,982	-	3,982	-	-	-	-	236,286
Net assets released from restrictions	-	475,818	(475,818)	-	50,307	(50,307)	-	-	-
Total revenues and other support	11,352,853	3,887,720	(31,633)	3,856,087	50,307	7,916	58,223	(836,769)	14,430,394
Expenses									
Program services									
Membership and member services	4,253,972	-	-	-	-	-	-	(836,769)	3,417,203
Education	-	2,367,613	-	2,367,613	-	-	-	-	2,367,613
The CPA Journal	1,292,058	-	-	-	-	-	-	-	1,292,058
Chapter activities	987,515	-	-	-	-	-	-	-	987,515
The Trusted Professional	428,992	-	-	-	-	-	-	-	428,992
Career Opportunities in the Accounting Profession (COAP) and scholarship programs	-	523,646	-	523,646	-	-	-	-	523,646
Advocacy - CPA PAC	-	-	-	-	17,250	-	17,250	-	17,250
Total program services	6,962,537	2,891,259	-	2,891,259	17,250	-	17,250	(836,769)	9,034,277
Supporting services									
General and administrative	2,990,493	979,361	-	979,361	33,057	-	33,057	-	4,002,911
Fund raising	-	17,100	-	17,100	-	-	-	-	17,100
Total supporting services	2,990,493	996,461	-	996,461	33,057	-	33,057	-	4,020,011
Total expenses	9,953,030	3,887,720	-	3,887,720	50,307	-	50,307	(836,769)	13,054,288
Changes in net assets	1,399,823	-	(31,633)	(31,633)	-	7,916	7,916	-	1,376,106
Net assets, beginning	6,366,937	-	1,730,835	1,730,835	-	171,403	171,403	-	8,269,175
Net assets, end	\$ 7,766,760	\$ -	\$ 1,699,202	\$ 1,699,202	\$ -	\$ 179,319	\$ 179,319	\$ -	\$ 9,645,281

See Independent Auditor's Report.

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