

**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, 2015 and 2014

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

Index

	<u>Page</u>
Independent Auditor's Report	2-3
Combined Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Combined Financial Statements	7-15
Combining Supplementary Information	16
Schedules of Activities by Entity	17-18

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 statement of financial position as of May 31, 2015, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 2015 combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The combined financial statements of the Organization as of and for the year ended May 31, 2014 were audited by other auditors whose report dated September 15, 2014 expressed an unmodified opinion on those statements.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the 2015 combined financial statements as a whole. The combining supplementary information on pages 17 and 18 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 audit 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.

The image shows a handwritten signature in cursive script that reads "CohnReznick LLP". The signature is written in dark ink and is positioned above the typed name and date.

New York, New York
September 18, 2015

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

**Combined Statements of Financial Position
May 31, 2015 and 2014**

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets		
Cash and cash equivalents	\$ 8,350,047	\$ 7,438,983
Accounts receivable	190,570	187,512
Investments	4,587,700	4,332,605
Prepaid expenses	158,597	121,810
Total current assets	<u>13,286,914</u>	<u>12,080,910</u>
Long-term assets		
Fixed assets - net	<u>2,595,431</u>	<u>3,308,298</u>
Total long-term assets	<u>2,595,431</u>	<u>3,308,298</u>
Total assets	<u><u>\$ 15,882,345</u></u>	<u><u>\$ 15,389,208</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,075,509	\$ 854,140
Deferred dues and unearned subscriptions and fees	5,064,584	4,715,912
Deferred rent	9,799	9,799
Loans payable	173,351	210,437
Capital lease obligations	111,542	148,333
Total current liabilities	<u>6,434,785</u>	<u>5,938,621</u>
Long-term liabilities		
Deferred rent	644,834	659,161
Loans payable	1,233,455	1,406,806
Capital lease obligations	40,863	146,090
Total long-term liabilities	<u>1,919,152</u>	<u>2,212,057</u>
Total liabilities	<u>8,353,937</u>	<u>8,150,678</u>
Commitments		
Net assets		
Unrestricted	5,513,824	5,226,026
Temporarily restricted	1,955,084	1,954,604
Permanently restricted	59,500	57,900
Total net assets	<u>7,528,408</u>	<u>7,238,530</u>
Total liabilities and net assets	<u><u>\$ 15,882,345</u></u>	<u><u>\$ 15,389,208</u></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, 2015 and 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support								
Membership dues	\$ 7,592,608	\$ -	\$ -	\$ 7,592,608	\$ 7,600,155	\$ -	\$ -	\$ 7,600,155
Education fees	2,797,233	-	-	2,797,233	3,141,976	-	-	3,141,976
The CPA Journal	1,091,340	-	-	1,091,340	1,007,906	-	-	1,007,906
Member services	1,001,513	-	-	1,001,513	938,656	-	-	938,656
Chapter activities	650,136	-	-	650,136	717,065	-	-	717,065
The Trusted Professional	404,350	-	-	404,350	381,943	-	-	381,943
Contributions	75,000	157,061	1,600	233,661	27,121	109,490	1,600	138,211
Special events	-	-	-	-	-	85,150	-	85,150
Investment income (loss)	(2,100)	102,091	-	99,991	(196)	246,566	-	246,370
Impairment loss	(30,000)	-	-	(30,000)	-	-	-	-
Other revenues	129,509	-	-	129,509	76,891	-	-	76,891
Net assets released from restrictions	258,672	(258,672)	-	-	404,390	(404,390)	-	-
Total revenues and other support	13,968,261	480	1,600	13,970,341	14,295,907	36,816	1,600	14,334,323
Expenses								
Program services								
Membership	565,115	-	-	565,115	583,780	-	-	583,780
Education	3,015,618	-	-	3,015,618	3,296,786	-	-	3,296,786
The CPA Journal	1,207,241	-	-	1,207,241	1,053,949	-	-	1,053,949
Member services	2,421,760	-	-	2,421,760	2,498,376	-	-	2,498,376
Chapter activities	1,041,965	-	-	1,041,965	1,025,807	-	-	1,025,807
The Trusted Professional	538,079	-	-	538,079	593,285	-	-	593,285
Career Opportunities in the Accounting Profession (COAP) Program	332,858	-	-	332,858	310,775	-	-	310,775
Scholarship Program	222,342	-	-	222,342	236,488	-	-	236,488
The Moynihan Fund	1,841	-	-	1,841	-	-	-	-
Advocacy - CPA PAC	5,553	-	-	5,553	20,788	-	-	20,788
Total program services	9,352,372	-	-	9,352,372	9,620,034	-	-	9,620,034
Supporting services								
General and administrative	4,328,091	-	-	4,328,091	3,850,568	-	-	3,850,568
Fundraising	-	-	-	-	64,368	-	-	64,368
Total supporting services	4,328,091	-	-	4,328,091	3,914,936	-	-	3,914,936
Total expenses	13,680,463	-	-	13,680,463	13,534,970	-	-	13,534,970
Changes in net assets	287,798	480	1,600	289,878	760,937	36,816	1,600	799,353
Net assets, beginning of year	5,226,026	1,954,604	57,900	7,238,530	4,465,089	1,917,788	56,300	6,439,177
Net assets, end of year	<u>\$ 5,513,824</u>	<u>\$ 1,955,084</u>	<u>\$ 59,500</u>	<u>\$ 7,528,408</u>	<u>\$ 5,226,026</u>	<u>\$ 1,954,604</u>	<u>\$ 57,900</u>	<u>\$ 7,238,530</u>

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating activities:		
Change in net assets	\$ 289,878	\$ 799,353
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	849,487	829,046
Impairment loss	30,000	-
Permanently restricted contributions	(1,600)	(1,600)
Realized and unrealized gain on investments	(65,650)	(210,136)
Changes in assets and liabilities		
Accounts receivable	(3,058)	23,213
Prepaid expenses	(36,787)	206,186
Accounts payable and accrued expenses	221,369	(52,534)
Deferred dues and unearned subscriptions and fees	348,672	484,320
Deferred rent	(14,327)	639,407
Net cash provided by operating activities	<u>1,617,984</u>	<u>2,717,255</u>
Investing activities:		
Deposits on fixed assets	-	755,295
Purchases of fixed assets	(158,695)	(2,551,051)
Proceeds from sales of investments	497,780	1,794,890
Purchases of investments	(687,225)	(1,706,795)
Net cash used in investing activities	<u>(348,140)</u>	<u>(1,707,661)</u>
Financing activities:		
Proceeds from loan	-	851,108
Principal payments on loan	(210,437)	(164,566)
Principal payments on capital lease obligations	(149,943)	(139,713)
Permanently restricted contributions	1,600	1,600
Net cash provided by (used in) financing activities	<u>(358,780)</u>	<u>548,429</u>
Net increase in cash and cash equivalents	911,064	1,558,023
Cash and cash equivalents, beginning of year	<u>7,438,983</u>	<u>5,880,960</u>
Cash and cash equivalents, end of year	<u><u>\$ 8,350,047</u></u>	<u><u>\$ 7,438,983</u></u>
Supplemental cash flow disclosures		
Cash paid during the year for interest	\$ 81,826	\$ 80,436
Noncash investing and financing activities		
Purchase of equipment through capital lease obligations	\$ 11,407	\$ 104,332
Disposal of fully depreciated fixed assets	\$ -	\$ 2,518,686

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, 2015 and 2014**

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.

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, and the CPA PAC (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated. 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, and the CPA PAC 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, 2015 and 2014**

The Organization's net assets, revenues, expenses, gains 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 as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or passage of time.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. The purposes for which the income and net capital appreciation rising from the underlying assets may be used depend on the wishes of those donors.

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 is 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 statement of financial position.

There are no unrecognized tax benefits at May 31, 2015 and 2014. The Organization's federal and state income tax returns prior to fiscal year 2012 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

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

**Notes to Combined Financial Statements
May 31, 2015 and 2014**

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, 2015, the Organization had cash and cash equivalents that exceed these limits in the amount of approximately \$7,560,000.

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, 2015 and 2014.

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, 2015 and 2014.

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

**Notes to Combined Financial Statements
May 31, 2015 and 2014**

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).

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.

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 temporarily restricted or permanently restricted support 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 membership are recognized as revenue in the current year. The revenue arising from dues received for a future year's membership is 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

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

**Notes to Combined Financial Statements
May 31, 2015 and 2014**

year. In both fiscal years 2015 and 2014, 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, 2015 and 2014, advertising expense amounted to \$100,784 and \$101,093, respectively.

Functional expenses

Expenses are classified according to the categories for which they were incurred and are summarized on a functional basis in the accompanying combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent events

Management has evaluated subsequent events through September 18, 2015, 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, all of which are Level 1 (see Note 2), at fair value at May 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 124,348	\$ 186,997
Equity securities	1,099,128	1,055,407
Fixed income securities	562,695	542,228
Mutual funds		
Government short duration	2,026,439	1,788,584
Fixed income	370,954	376,497
Equity	<u>404,136</u>	<u>382,892</u>
	<u>\$ 4,587,700</u>	<u>\$ 4,332,605</u>

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

**Notes to Combined Financial Statements
May 31, 2015 and 2014**

The following schedule summarizes the Organization's investment return for each fiscal year:

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 2,578	\$ 62,504	\$ 65,082	\$ 8,288	\$ 58,534	\$ 66,822
Net realized gains (losses)	(63)	64,708	64,645	(61)	202,168	202,107
Net unrealized gains (losses)	170	834	1,004	(3,960)	11,989	8,029
Investment fees	(4,785)	(25,955)	(30,740)	(4,463)	(26,125)	(30,588)
Total investment return	<u>\$ (2,100)</u>	<u>\$ 102,091</u>	<u>\$ 99,991</u>	<u>\$ (196)</u>	<u>\$ 246,566</u>	<u>\$ 246,370</u>

Note 4 - Fixed assets

Fixed assets consist of the following:

	May 31,	
	2015	2014
Furniture and equipment	\$ 2,053,616	\$ 2,178,974
Data processing system	2,715,620	2,604,821
Leasehold improvements	995,208	989,224
	<u>5,764,444</u>	<u>5,773,019</u>
Less accumulated depreciation and amortization	<u>(3,169,013)</u>	<u>(2,464,721)</u>
	<u>\$ 2,595,431</u>	<u>\$ 3,308,298</u>

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

**Notes to Combined Financial Statements
May 31, 2015 and 2014**

Note 5 - Capital lease obligations

The Organization has entered into several capital equipment leases expiring at various dates through July 2017, with interest rates ranging from 3.25% to 3.67%. The cost of the equipment was \$450,404 with an accumulated amortization of \$299,016 at May 31, 2015. Interest expense in 2015 and 2014 totaled \$8,027 and \$11,321, respectively.

The future lease payments are as follows:

<u>Year ending May 31, _____</u>	
2016	\$ 114,664
2017	37,652
2018	4,028
	<u>156,344</u>
Less amount representing interest	<u>(3,939)</u>
Present value of net minimum lease payments	152,405
Less current portion	<u>(111,542)</u>
	<u>\$ 40,863</u>

Note 6 - Loans payable

In fiscal year 2010, the Society and Foundation, as co-borrowers, obtained a \$500,000 working capital line of credit facility with interest payable at the prime rate and a \$250,000 five-year, fixed-rate term loan at 3.67% with a bank, paid in full on August 6, 2015. The balance due as of May 31, 2015 and 2014 amounted to \$8,722 and \$62,187, respectively.

In fiscal year 2013, the Society and Foundation, as co-borrowers, obtained a second 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, 2015 and 2014 amounted to \$1,398,084 and \$1,555,056, respectively.

The credit facility and term loans are collateralized with a first position security interest on the assets of the Society and Foundation, excluding temporarily and permanently restricted assets.

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

**Notes to Combined Financial Statements
May 31, 2015 and 2014**

There were no amounts outstanding under the working capital line of credit facility at May 31, 2015. The required principal payments on the term loans are as follows:

Year ending <u>May 31,</u>	
2016	\$ 173,351
2017	173,011
2018	181,640
2019	190,699
2020	200,137
Thereafter	<u>487,968</u>
	<u><u>\$ 1,406,806</u></u>

Interest expense in 2015 and 2014 totaled \$73,799 and \$69,115, respectively.

Note 7 - Temporarily restricted and permanently restricted net assets

Temporarily restricted net assets at each fiscal year-end were available for the following activities:

	<u>2015</u>	<u>2014</u>
Undergraduate scholarships	\$ 1,735,008	\$ 1,750,997
Member financial assistance	82,107	85,510
CPA PAC	127,011	107,880
Lecture series	<u>10,958</u>	<u>10,217</u>
	<u><u>\$ 1,955,084</u></u>	<u><u>\$ 1,954,604</u></u>

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

	<u>2015</u>	<u>2014</u>
Career opportunities in the accounting profession	\$ 13,242	\$ 121,415
Undergraduate scholarships	224,184	236,486
Member financial assistance	3,403	6,572
CPA PAC	<u>17,843</u>	<u>39,917</u>
	<u><u>\$ 258,672</u></u>	<u><u>\$ 404,390</u></u>

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

**Notes to Combined Financial Statements
May 31, 2015 and 2014**

Permanently restricted net assets 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:

	2015	2014
Lecture series	\$ 15,000	\$ 15,000
Undergraduate scholarships	44,500	42,900
	<u>\$ 59,500</u>	<u>\$ 57,900</u>

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 Internal Revenue 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 \$264,052 and \$251,713 for the fiscal years ended May 31, 2015 and 2014, respectively.

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 \$1,298,554 and \$1,760,439 for the fiscal years ended May 31, 2015 and 2014, respectively. Pursuant to the lease, the Organization has a letter of credit agreement totaling approximately \$500,000. This agreement guarantees the lease rental obligations. There were no payments drawn against this letter of credit by the beneficiary during 2015 and 2014.

Minimum future payments under the lease are summarized as follows:

Year ending <u>May 31,</u>	
2016	\$ 1,210,195
2017	1,210,195
2018	1,210,195
2019	1,305,282
2020	1,313,926
Thereafter	<u>4,708,235</u>
	<u>\$10,958,028</u>

COMBINING SUPPLEMENTARY INFORMATION

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

**Combining Schedules of Activities by Entity
Year Ended May 31, 2015**

	The New York State Society of Certified Public Accountants	Foundation for Accounting Education, Inc.				CPA PAC				
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Eliminations	Total
Revenues and other support										
Membership dues	\$ 7,592,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,592,608
Education fees	-	2,797,233	-	-	2,797,233	-	-	-	-	2,797,233
The CPA Journal	1,091,340	-	-	-	-	-	-	-	-	1,091,340
Member services	1,001,513	-	-	-	-	-	-	-	-	1,001,513
Chapter activities	650,136	-	-	-	-	-	-	-	-	650,136
The Trusted Professional	404,350	-	-	-	-	-	-	-	-	404,350
Contributions	75,000	1,549,985	120,071	1,600	1,671,656	-	36,990	36,990	(1,549,985)	233,661
Investment income (loss)	(2,147)	47	102,107	-	102,154	-	(16)	(16)	-	99,991
Impairment loss	(30,000)	-	-	-	-	-	-	-	-	(30,000)
Other revenues	126,042	3,467	-	-	3,467	-	-	-	-	129,509
Net assets released from restrictions	-	240,829	(240,829)	-	-	17,843	(17,843)	-	-	-
Total revenues and other support	10,908,842	4,591,561	(18,651)	1,600	4,574,510	17,843	19,131	36,974	(1,549,985)	13,970,341
Expenses										
Program services										
Membership	565,115	-	-	-	-	-	-	-	-	565,115
Education	-	3,015,618	-	-	3,015,618	-	-	-	-	3,015,618
The CPA Journal	1,207,241	-	-	-	-	-	-	-	-	1,207,241
Member services	3,971,745	-	-	-	-	-	-	-	(1,549,985)	2,421,760
Chapter activities	1,041,965	-	-	-	-	-	-	-	-	1,041,965
The Trusted Professional	538,079	-	-	-	-	-	-	-	-	538,079
Career Opportunities in the Accounting Profession (COAP) Program	-	332,858	-	-	332,858	-	-	-	-	332,858
Scholarship Program	-	222,342	-	-	222,342	-	-	-	-	222,342
The Moynihan Fund	-	1,841	-	-	1,841	-	-	-	-	1,841
Advocacy - CPA PAC	-	-	-	-	-	5,553	-	5,553	-	5,553
Total program services	7,324,145	3,572,659	-	-	3,572,659	5,553	-	5,553	(1,549,985)	9,352,372
Supporting services										
General and administrative	3,296,899	1,018,902	-	-	1,018,902	12,290	-	12,290	-	4,328,091
Total supporting services	3,296,899	1,018,902	-	-	1,018,902	12,290	-	12,290	-	4,328,091
Total expenses	10,621,044	4,591,561	-	-	4,591,561	17,843	-	17,843	(1,549,985)	13,680,463
Changes in net assets	287,798	-	(18,651)	1,600	(17,051)	-	19,131	19,131	-	289,878
Net assets, beginning of year	5,226,026	-	1,846,724	57,900	1,904,624	-	107,880	107,880	-	7,238,530
Net assets, end of year	\$ 5,513,824	\$ -	\$ 1,828,073	\$ 59,500	\$ 1,887,573	\$ -	\$ 127,011	\$ 127,011	\$ -	\$ 7,528,408

See Independent Auditor's Report.

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

**Combining Schedules of Activities by Entity
Year Ended May 31, 2014**

	The New York State Society of Certified Public Accountants	Foundation for Accounting Education, Inc.				CPA PAC				
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Eliminations	Total
Revenues and other support										
Membership dues	\$ 7,600,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,600,155
Education fees	-	3,141,976	-	-	3,141,976	-	-	-	-	3,141,976
The CPA Journal	1,007,906	-	-	-	-	-	-	-	-	1,007,906
Member services	938,656	-	-	-	-	-	-	-	-	938,656
Chapter activities	717,065	-	-	-	-	-	-	-	-	717,065
The Trusted Professional	381,943	-	-	-	-	-	-	-	-	381,943
Contributions	-	1,324,422	73,499	1,600	1,399,521	-	35,991	35,991	(1,297,301)	138,211
Special events	-	-	85,150	-	85,150	-	-	-	-	85,150
Investment income (loss)	(519)	323	246,849	-	247,172	-	(283)	(283)	-	246,370
Other revenues	71,431	5,460	-	-	5,460	-	-	-	-	76,891
Net assets released from restrictions	-	364,473	(364,473)	-	-	39,917	(39,917)	-	-	-
Total revenues and other support	10,716,637	4,836,654	41,025	1,600	4,879,279	39,917	(4,209)	35,708	(1,297,301)	14,334,323
Expenses										
Program services										
Membership	583,780	-	-	-	-	-	-	-	-	583,780
Education	-	3,296,786	-	-	3,296,786	-	-	-	-	3,296,786
The CPA Journal	1,053,949	-	-	-	-	-	-	-	-	1,053,949
Member services	3,795,677	-	-	-	-	-	-	-	(1,297,301)	2,498,376
Chapter activities	1,025,807	-	-	-	-	-	-	-	-	1,025,807
The Trusted Professional	593,285	-	-	-	-	-	-	-	-	593,285
Career Opportunities in the Accounting Profession (COAP) Program	-	310,775	-	-	310,775	-	-	-	-	310,775
Scholarship Program	-	236,488	-	-	236,488	-	-	-	-	236,488
Advocacy - CPA PAC	-	-	-	-	-	20,788	-	20,788	-	20,788
Total program services	7,052,498	3,844,049	-	-	3,844,049	20,788	-	20,788	(1,297,301)	9,620,034
Supporting services										
General and administrative	2,903,202	928,237	-	-	928,237	19,129	-	19,129	-	3,850,568
Fundraising	-	64,368	-	-	64,368	-	-	-	-	64,368
Total supporting services	2,903,202	992,605	-	-	992,605	19,129	-	19,129	-	3,914,936
Total expenses	9,955,700	4,836,654	-	-	4,836,654	39,917	-	39,917	(1,297,301)	13,534,970
Changes in net assets	760,937	-	41,025	1,600	42,625	-	(4,209)	(4,209)	-	799,353
Net assets, beginning of year	4,465,089	-	1,805,699	56,300	1,861,999	-	112,089	112,089	-	6,439,177
Net assets, end of year	\$ 5,226,026	\$ -	\$ 1,846,724	\$ 57,900	\$ 1,904,624	\$ -	\$ 107,880	\$ 107,880	\$ -	\$ 7,238,530

See Independent Auditor's Report.