

**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, 2018 and 2017**

**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, 2018 and 2017, and the related combined statements of activities and cash flows for the years 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 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, 2018 and 2017, 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 16 and 17 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.

*CohnReznick LLP*

New York, New York  
November 14, 2018

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

**Combined Statements of Financial Position  
May 31, 2018 and 2017**

	<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets			
Cash and cash equivalents	\$	9,554,175	\$ 11,036,819
Accounts receivable		354,141	178,640
Investments		5,891,448	2,542,760
Prepaid expenses		174,084	185,280
Total current assets		<u>15,973,848</u>	<u>13,943,499</u>
Long-term assets			
Fixed assets - net		<u>1,405,848</u>	<u>1,604,547</u>
Total long-term assets		<u>1,405,848</u>	<u>1,604,547</u>
Total assets	\$	<u><u>17,379,696</u></u>	\$ <u><u>15,548,046</u></u>
	<u>Liabilities and Net Assets</u>		
Current liabilities			
Accounts payable and accrued expenses	\$	990,542	\$ 793,194
Deferred dues and unearned subscriptions and fees		5,150,366	4,734,346
Deferred rent		104,886	9,799
Loans payable		190,699	181,640
Capital lease obligations		35,162	22,956
Total current liabilities		<u>6,471,655</u>	<u>5,741,935</u>
Long-term liabilities			
Deferred rent		520,349	625,235
Loans payable		688,105	878,804
Capital lease obligations		54,306	32,897
Total long-term liabilities		<u>1,262,760</u>	<u>1,536,936</u>
Total liabilities		<u>7,734,415</u>	<u>7,278,871</u>
Commitments			
Net assets			
Unrestricted		7,766,760	6,366,937
Temporarily restricted		1,813,771	1,839,238
Permanently restricted		64,750	63,000
Total net assets		<u>9,645,281</u>	<u>8,269,175</u>
Total liabilities and net assets	\$	<u><u>17,379,696</u></u>	\$ <u><u>15,548,046</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, 2018 and 2017**

	2018				2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and other support								
Membership dues	\$ 8,106,348	\$ -	\$ -	\$ 8,106,348	\$ 7,373,183	\$ -	\$ -	\$ 7,373,183
Education fees	2,570,581	-	-	2,570,581	2,417,615	-	-	2,417,615
The CPA Journal	1,135,496	-	-	1,135,496	1,106,063	-	-	1,106,063
Member services	919,953	-	-	919,953	891,916	-	-	891,916
Chapter activities	518,663	-	-	518,663	528,177	-	-	528,177
The Trusted Professional	384,817	-	-	384,817	371,481	-	-	371,481
Contributions	3,000	194,550	1,750	199,300	4,500	129,088	1,750	135,338
Special events revenue	-	222,000	-	222,000	-	212,025	-	212,025
Less: cost of direct benefits to donors		(79,615)		(79,615)		(91,616)		(91,616)
Investment income, net	52,842	163,723	-	216,565	7,271	238,925	-	246,196
Other revenues	236,286	-	-	236,286	225,912	-	-	225,912
Net assets released from restrictions	526,125	(526,125)	-	-	613,919	(613,919)	-	-
<b>Total revenues and other support</b>	<b>14,454,111</b>	<b>(25,467)</b>	<b>1,750</b>	<b>14,430,394</b>	<b>13,540,037</b>	<b>(125,497)</b>	<b>1,750</b>	<b>13,416,290</b>
Expenses								
Program services								
Membership	1,066,667	-	-	1,066,667	726,541	-	-	726,541
Education	2,367,613	-	-	2,367,613	2,363,013	-	-	2,363,013
The CPA Journal	1,292,058	-	-	1,292,058	1,194,597	-	-	1,194,597
Member services	2,350,536	-	-	2,350,536	2,504,287	-	-	2,504,287
Chapter activities	987,515	-	-	987,515	956,054	-	-	956,054
The Trusted Professional	428,992	-	-	428,992	448,623	-	-	448,623
Career Opportunities in the Accounting Profession ("COAP") Program	182,276	-	-	182,276	270,850	-	-	270,850
Scholarship Programs	341,370	-	-	341,370	283,515	-	-	283,515
Advocacy - CPA PAC	17,250	-	-	17,250	5,719	-	-	5,719
<b>Total program services</b>	<b>9,034,277</b>	<b>-</b>	<b>-</b>	<b>9,034,277</b>	<b>8,753,199</b>	<b>-</b>	<b>-</b>	<b>8,753,199</b>
Supporting services								
General and administrative	4,002,911	-	-	4,002,911	4,095,906	-	-	4,095,906
Fundraising	17,100	-	-	17,100	68,004	-	-	68,004
<b>Total supporting services</b>	<b>4,020,011</b>	<b>-</b>	<b>-</b>	<b>4,020,011</b>	<b>4,163,910</b>	<b>-</b>	<b>-</b>	<b>4,163,910</b>
<b>Total expenses</b>	<b>13,054,288</b>	<b>-</b>	<b>-</b>	<b>13,054,288</b>	<b>13,008,725</b>	<b>-</b>	<b>-</b>	<b>13,008,725</b>
Changes in net assets	1,399,823	(25,467)	1,750	1,376,106	622,928	(125,497)	1,750	499,181
Net assets, beginning	6,366,937	1,839,238	63,000	8,269,175	5,744,009	1,964,735	61,250	7,769,994
Net assets, end	<b>\$ 7,766,760</b>	<b>\$ 1,813,771</b>	<b>\$ 64,750</b>	<b>\$ 9,645,281</b>	<b>\$ 6,366,937</b>	<b>\$ 1,839,238</b>	<b>\$ 63,000</b>	<b>\$ 8,269,175</b>

See Notes to Combined Financial Statements.

**The New York State Society of  
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**Combined Statements of Cash Flows  
Years Ended May 31, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 1,376,106	\$ 499,181
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	455,242	456,982
Permanently restricted contributions	(1,750)	(1,750)
Realized and unrealized gain on investments	(151,983)	(206,133)
Changes in assets and liabilities		
Accounts receivable	(175,501)	17,398
Prepaid expenses	11,196	53,189
Accounts payable and accrued expenses	197,348	(40,429)
Deferred dues and unearned subscriptions and fees	416,020	(104,698)
Deferred rent	(9,799)	(9,799)
	<u>2,116,879</u>	<u>663,941</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of fixed assets	(191,848)	(77,247)
Proceeds from sales of investments	1,738,450	430,595
Purchases of investments	(4,935,155)	(465,731)
	<u>(3,388,553)</u>	<u>(112,383)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Principal payments on loan	(181,640)	(173,011)
Principal payments on capital lease obligations	(31,080)	(40,921)
Permanently restricted contributions	1,750	1,750
	<u>(210,970)</u>	<u>(212,182)</u>
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	(1,482,644)	339,376
Cash and cash equivalents, beginning	<u>11,036,819</u>	<u>10,697,443</u>
Cash and cash equivalents, end	<u>\$ 9,554,175</u>	<u>\$ 11,036,819</u>
Supplemental cash flow disclosures		
Cash paid during the year for interest	<u>\$ 51,020</u>	<u>\$ 57,801</u>
Noncash investing and financing activities		
Purchase of equipment through capital lease obligations	<u>\$ 64,695</u>	<u>\$ 35,087</u>
Disposal of fully depreciated fixed assets	<u>\$ 90,067</u>	<u>\$ 79,023</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, 2018 and 2017**

**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, 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. 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").



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**Notes to Combined Financial Statements  
May 31, 2018 and 2017**

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 statements of financial position.

There are no unrecognized tax benefits at May 31, 2018 and 2017. The Organization's federal and state income tax returns prior to fiscal year 2015 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, 2018, the Organization had cash and cash equivalents that exceed these limits in the amount of approximately \$8,730,000.

**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

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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, 2018 and 2017.

**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, 2018 and 2017.

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.

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**Notes to Combined Financial Statements  
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**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 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 2018 and 2017, 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, 2018 and 2017, advertising expense amounted to \$89,085 and \$91,610, 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.

**Reclassifications**

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

**Subsequent events**

Management has evaluated subsequent events through November 14, 2018, 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.

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**Notes to Combined Financial Statements  
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**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, 2018 and 2017:

	2018	2017
Cash and cash equivalents	\$ 221,322	\$ 102,470
Equity securities	2,203,610	1,122,984
Fixed income securities	1,896,035	741,287
Mutual funds		
Fixed income	565,831	164,128
Equity	1,004,650	411,891
	<u>\$ 5,891,448</u>	<u>\$ 2,542,760</u>

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

	2018			2017		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Interest and dividend income	\$ 53,118	\$ 59,706	\$ 112,824	\$ 7,293	\$ 58,034	\$ 65,327
Net realized gains	11,423	192,524	203,947	-	45,837	45,837
Net unrealized gains (losses)	10,621	(62,585)	(51,964)	594	159,702	160,296
Investment fees	(22,320)	(25,922)	(48,242)	(616)	(24,648)	(25,264)
Total investment return	<u>\$ 52,842</u>	<u>\$ 163,723</u>	<u>\$ 216,565</u>	<u>\$ 7,271</u>	<u>\$ 238,925</u>	<u>\$ 246,196</u>

**Note 4 - Fixed assets**

Fixed assets consist of the following:

	May 31,	
	2018	2017
Furniture and equipment	\$ 1,919,023	\$ 1,924,739
Data processing system	3,001,514	2,829,322
Leasehold improvements	995,208	995,208
	5,915,745	5,749,269
Less accumulated depreciation and amortization	(4,509,897)	(4,144,722)
	<u>\$ 1,405,848</u>	<u>\$ 1,604,547</u>

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**Notes to Combined Financial Statements  
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**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 \$36,869 at May 31, 2018. Interest expense in 2018 and 2017 totaled \$3,301 and \$1,454, respectively.

The future lease payments are as follows:

Year ending May 31,	
2019	\$ 38,291
2020	33,125
2021	17,616
2022	5,872
	<u>94,904</u>
Less amount representing interest	(5,436)
Present value of net minimum lease payments	89,468
Less current portion	(35,162)
	<u>\$ 54,306</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, with a variable interest rate of 4.75% as of May 31, 2018. There were no drawdowns against this line of credit as of May 31, 2018 and 2017.

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, 2018 and 2017 amounted to \$878,804 and \$1,060,444, 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 temporarily and permanently restricted assets. The term loan is subject to certain conditions and covenants.

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There was no amount outstanding under the working capital line of credit at May 31, 2018. The required principal payments on the term loan are as follows:

Year ending <u>May 31,</u>	
2019	\$ 190,699
2020	200,137
2021	210,191
2022	220,674
2023	<u>57,103</u>
	<u>\$ 878,804</u>

Interest expense in 2018 and 2017 totaled \$47,718 and \$56,347, 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>2018</u>	<u>2017</u>
Undergraduate scholarships	\$ 1,539,399	\$ 1,573,678
Member financial assistance	81,607	81,607
CPA PAC	179,319	171,403
Lecture series	<u>13,446</u>	<u>12,550</u>
	<u>\$ 1,813,771</u>	<u>\$ 1,839,238</u>

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

	<u>2018</u>	<u>2017</u>
Undergraduate scholarships	\$215,281	\$ 220,625
Member financial assistance	-	500
The Moynihan Fund	340,152	462,675
CPA PAC	<u>50,307</u>	<u>21,735</u>
	<u>\$ 605,740</u>	<u>\$ 705,535</u>

Established in 2015, the Moynihan Fund, subsequently incorporated in July 2017 as a separate entity and renamed to Moynihan Scholarship Fund, Inc., 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. This new organization has not yet commenced operations as of the date of these combined financial statements. Scholarships awarded in fiscal years ending May 31, 2018 and 2017 amounted to approximately \$181,000, and \$176,000, respectively.

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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:

	2018	2017
Lecture series	\$ 15,000	\$ 15,000
Undergraduate scholarships	<u>49,750</u>	<u>48,000</u>
	<u>\$ 64,750</u>	<u>\$ 63,000</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 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 \$240,234 and \$256,534 for the fiscal years ended May 31, 2018 and 2017, 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 \$1,453,330 and \$1,332,102 for the fiscal years ended May 31, 2018 and 2017, 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 2018 and 2017.

Minimum future payments under the lease are summarized as follows:

Year ending May 31,	
2019	\$ 1,305,282
2020	1,313,926
2021	1,313,926
2022	1,313,926
2023	1,313,926
Thereafter	<u>766,457</u>
	<u>\$ 7,327,443</u>

## **Combining Supplementary Information**



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

**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		
	Unrestricted	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Total	Eliminations	Total
<b>Revenues and other support</b>										
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	136,327	1,750	974,846	-	58,223	58,223	(836,769)	199,300
Special events revenue	-	-	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)	-	-	-
<b>Total revenues and other support</b>	<b>11,352,853</b>	<b>3,887,720</b>	<b>(33,383)</b>	<b>1,750</b>	<b>3,856,087</b>	<b>50,307</b>	<b>7,916</b>	<b>58,223</b>	<b>(836,769)</b>	<b>14,430,394</b>
<b>Expenses</b>										
<b>Program services</b>										
Membership	1,066,667	-	-	-	-	-	-	-	-	1,066,667
Education	-	2,367,613	-	-	2,367,613	-	-	-	-	2,367,613
The CPA Journal	1,292,058	-	-	-	-	-	-	-	-	1,292,058
Member services	3,187,305	-	-	-	-	-	-	-	(836,769)	2,350,536
Chapter activities	987,515	-	-	-	-	-	-	-	-	987,515
The Trusted Professional	428,992	-	-	-	-	-	-	-	-	428,992
Career Opportunities in the Accounting Profession ("COAP") Program	-	182,276	-	-	182,276	-	-	-	-	182,276
Scholarship Programs	-	341,370	-	-	341,370	-	-	-	-	341,370
Advocacy - CPA PAC	-	-	-	-	-	17,250	-	17,250	-	17,250
<b>Total program services</b>	<b>6,962,537</b>	<b>2,891,259</b>	<b>-</b>	<b>-</b>	<b>2,891,259</b>	<b>17,250</b>	<b>-</b>	<b>17,250</b>	<b>(836,769)</b>	<b>9,034,277</b>
<b>Supporting services</b>										
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
<b>Total supporting services</b>	<b>2,990,493</b>	<b>996,461</b>	<b>-</b>	<b>-</b>	<b>996,461</b>	<b>33,057</b>	<b>-</b>	<b>33,057</b>	<b>-</b>	<b>4,020,011</b>
<b>Total expenses</b>	<b>9,953,030</b>	<b>3,887,720</b>	<b>-</b>	<b>-</b>	<b>3,887,720</b>	<b>50,307</b>	<b>-</b>	<b>50,307</b>	<b>(836,769)</b>	<b>13,054,288</b>
Changes in net assets	1,399,823	-	(33,383)	1,750	(31,633)	-	7,916	7,916	-	1,376,106
Net assets, beginning	6,366,937	-	1,667,835	63,000	1,730,835	-	171,403	171,403	-	8,269,175
Net assets, end	\$ 7,766,760	\$ -	\$ 1,634,452	\$ 64,750	\$ 1,699,202	\$ -	\$ 179,319	\$ 179,319	\$ -	\$ 9,645,281

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

**Schedules of Activities by Entity  
Year Ended May 31, 2017**

	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
<b>Revenues and other support</b>										
Membership dues	\$ 7,373,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,373,183
Education fees	-	2,417,615	-	-	2,417,615	-	-	-	-	2,417,615
The CPA Journal	1,106,063	-	-	-	-	-	-	-	-	1,106,063
Member services	891,916	-	-	-	-	-	-	-	-	891,916
Chapter activities	528,177	-	-	-	-	-	-	-	-	528,177
The Trusted Professional	371,481	-	-	-	-	-	-	-	-	371,481
Contributions	3,500	747,951	80,289	1,750	829,990	-	48,799	48,799	(746,951)	135,338
Special events revenue	-	-	212,025	-	212,025	-	-	-	-	212,025
Less: cost of direct benefits to donors	-	-	(91,616)	-	(91,616)	-	-	-	-	(91,616)
Investment income, net	6,677	594	238,925	-	239,519	-	-	-	-	246,196
Other revenues	225,377	535	-	-	535	-	-	-	-	225,912
Net assets released from restrictions	-	592,184	(592,184)	-	-	21,735	(21,735)	-	-	-
<b>Total revenues and other support</b>	<b>10,506,374</b>	<b>3,850,495</b>	<b>(152,561)</b>	<b>1,750</b>	<b>3,699,684</b>	<b>21,735</b>	<b>27,064</b>	<b>48,799</b>	<b>(746,951)</b>	<b>13,507,906</b>
<b>Expenses</b>										
<b>Program services</b>										
Membership	726,541	-	-	-	-	-	-	-	-	726,541
Education	-	2,363,013	-	-	2,363,013	-	-	-	-	2,363,013
The CPA Journal	1,194,597	-	-	-	-	-	-	-	-	1,194,597
Member services	3,251,238	-	-	-	-	-	-	-	(746,951)	2,504,287
Chapter activities	956,054	-	-	-	-	-	-	-	-	956,054
The Trusted Professional	448,623	-	-	-	-	-	-	-	-	448,623
Career Opportunities in the Accounting Profession ("COAP") Program	-	270,850	-	-	270,850	-	-	-	-	270,850
Scholarship Programs	-	283,515	-	-	375,131	-	-	-	-	375,131
Advocacy - CPA PAC	-	-	-	-	-	5,719	-	5,719	-	5,719
<b>Total program services</b>	<b>6,577,053</b>	<b>3,008,994</b>	<b>-</b>	<b>-</b>	<b>3,008,994</b>	<b>5,719</b>	<b>-</b>	<b>5,719</b>	<b>(746,951)</b>	<b>8,844,815</b>
<b>Supporting services</b>										
General and administrative	3,306,393	773,497	-	-	773,497	16,016	-	16,016	-	4,095,906
Fund raising	-	68,004	-	-	68,004	-	-	-	-	68,004
<b>Total supporting services</b>	<b>3,306,393</b>	<b>841,501</b>	<b>-</b>	<b>-</b>	<b>841,501</b>	<b>16,016</b>	<b>-</b>	<b>16,016</b>	<b>-</b>	<b>4,163,910</b>
<b>Total expenses</b>	<b>9,883,446</b>	<b>3,850,495</b>	<b>-</b>	<b>-</b>	<b>3,850,495</b>	<b>21,735</b>	<b>-</b>	<b>21,735</b>	<b>(746,951)</b>	<b>13,008,725</b>
Changes in net assets	622,928	-	(152,561)	1,750	(150,811)	-	27,064	27,064	-	499,181
Net assets, beginning	5,744,009	-	1,820,396	61,250	1,881,646	-	144,339	144,339	-	7,769,994
Net assets, end	\$ 6,366,937	\$ -	\$ 1,667,835	\$ 63,000	\$ 1,730,835	\$ -	\$ 171,403	\$ 171,403	\$ -	\$ 8,269,175

See Independent Auditor's Report.