

**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, 2020 and 2019

**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, 2020 and 2019, 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 combined 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, 2020 and 2019, 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 supplemental combining information on pages 19 and 20 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 3, 2020

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

**Combined Statements of Financial Position
May 31, 2020 and 2019**

	<u>Assets</u>	
	2020	2019
Current assets		
Cash and cash equivalents	\$ 4,705,875	\$ 7,458,581
Accounts receivable	266,162	157,272
Investments	8,183,025	7,093,773
Prepaid expenses	289,279	218,194
Total current assets	13,444,341	14,927,820
Long-term assets		
Fixed assets - net	935,924	1,117,557
Total long-term assets	935,924	1,117,557
Total assets	\$ 14,380,265	\$ 16,045,377
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 1,083,621	\$ 796,858
Deferred dues and unearned subscriptions and fees	2,598,141	4,084,168
Deferred rent	113,530	113,530
Loans payable	331,641	200,137
Capital lease obligations	27,989	34,822
Total current liabilities	4,154,922	5,229,515
Long-term liabilities		
Deferred rent	293,288	406,818
Loans payable	399,227	487,968
Capital lease obligations	25,975	22,796
Total long-term liabilities	718,490	917,582
Total liabilities	4,873,412	6,147,097
Commitments		
Net assets		
Without donor restrictions	8,180,321	8,275,758
With donor restrictions	1,326,532	1,622,522
Total net assets	9,506,853	9,898,280
Total liabilities and net assets	\$ 14,380,265	\$ 16,045,377

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, 2020 and 2019**

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues and other support						
Membership dues	\$ 7,756,122	\$ -	\$ 7,756,122	\$ 7,971,122	\$ -	\$ 7,971,122
Education fees	1,988,390	-	1,988,390	2,580,921	-	2,580,921
The CPA Journal	1,006,230	-	1,006,230	1,075,374	-	1,075,374
Member services	284,617	-	284,617	215,519	-	215,519
Chapter activities	288,653	-	288,653	436,334	-	436,334
The Trusted Professional Contributions	351,593	-	351,593	367,050	-	367,050
	-	135,053	135,053	-	126,089	126,089
Investment income, net	123,203	116,297	239,500	137,368	63,207	200,575
Other revenues	184,125	-	184,125	168,229	-	168,229
Net assets released from restrictions	547,340	(547,340)	-	445,295	(445,295)	-
Total revenues and other support	12,530,273	(295,990)	12,234,283	13,397,212	(255,999)	13,141,213
Expenses						
Program services						
Membership and member services	2,900,852	-	2,900,852	2,824,421	-	2,824,421
Education	3,015,866	-	3,015,866	2,888,982	-	2,888,982
The CPA Journal	1,241,461	-	1,241,461	1,303,220	-	1,303,220
Chapter activities	815,066	-	815,066	959,929	-	959,929
The Trusted Professional Career Opportunities in the Accounting Profession (COAP) and scholarship programs	388,785	-	388,785	500,642	-	500,642
	531,969	-	531,969	397,066	-	397,066
Advocacy - CPA PAC	12,500	-	12,500	16,250	-	16,250
Total program services	8,906,499	-	8,906,499	8,890,510	-	8,890,510
Supporting services						
General and administrative	3,719,211	-	3,719,211	3,997,704	-	3,997,704
Total supporting services	3,719,211	-	3,719,211	3,997,704	-	3,997,704
Total expenses	12,625,710	-	12,625,710	12,888,214	-	12,888,214
Changes in net assets	(95,437)	(295,990)	(391,427)	508,998	(255,999)	252,999
Net assets, beginning	8,275,758	1,622,522	9,898,280	7,766,760	1,878,521	9,645,281
Net assets, end	\$ 8,180,321	\$ 1,326,532	\$ 9,506,853	\$ 8,275,758	\$ 1,622,522	\$ 9,898,280

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, 2020**

	Program services							Supporting services		Total
	Membership and member services	Education	The CPA Journal	Chapter activities	The Trusted Professional	COAP and scholarship	Advocacy	Total programs	Management and general	
Salaries, employee benefits and taxes	\$ 1,545,489	\$ 1,192,823	\$ 566,512	\$ 227,893	\$ 231,426	\$ 210,256	\$ -	\$ 3,974,399	\$ 2,422,967	\$ 6,397,366
Occupancy	370,660	286,078	135,868	54,656	55,503	50,491	-	953,256	581,107	1,534,363
Cost of sales	-	1,257,749	290,178	-	43,722	-	-	1,591,649	-	1,591,649
Professional fees	165,189	83,371	145,773	15,928	20,137	14,714	-	445,112	409,946	855,058
Meetings and events	117,200	-	-	421,220	-	48,251	-	586,671	-	586,671
Information technology	90,125	69,558	33,036	13,289	13,495	12,277	-	231,780	141,295	373,075
Contributions and awards	-	-	-	-	-	163,650	12,500	176,150	-	176,150
Depreciation and amortization	70,922	54,740	25,997	10,458	10,620	9,661	-	182,398	125,299	307,697
Other	541,267	71,547	44,097	71,622	13,882	22,669	-	765,084	38,597	803,681
Total expenses	\$ 2,900,852	\$ 3,015,866	\$ 1,241,461	\$ 815,066	\$ 388,785	\$ 531,969	\$ 12,500	\$ 8,906,499	\$ 3,719,211	\$ 12,625,710

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

**Combined Statement of Functional Expenses
Year Ended May 31, 2019**

	Program services							Supporting services		Total
	Membership and member services	Education	The CPA Journal	Chapter activities	The Trusted Professional	COAP and scholarship	Advocacy	Total programs	Management and general	
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
Occupancy	360,136	279,453	143,668	60,425	69,219	27,067	-	939,968	575,532	1,515,500
Cost of sales	-	1,099,288	298,501	-	60,127	-	-	1,457,916	-	1,457,916
Professional fees	218,458	139,751	171,399	30,303	44,473	13,672	-	618,056	468,960	1,087,016
Meetings and events	275,150	-	-	489,314	-	-	-	764,464	-	764,464
Information technology	69,895	53,854	27,781	11,636	13,377	5,275	-	181,818	111,279	293,097
Contributions and awards	-	-	-	-	-	154,158	16,250	170,408	-	170,408
Depreciation and amortization	75,744	58,459	30,161	12,693	14,526	5,716	-	197,299	147,168	344,467
Other	420,130	183,103	73,781	121,050	30,532	84,702	-	913,298	459,153	1,372,451
Total expenses	\$ 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

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, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (391,427)	\$ 252,999
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	307,697	344,467
Bad debt expense	12,061	8,377
Contributions to be held in perpetuity	(1,750)	(1,750)
Realized and unrealized gain on investments	(90,523)	(73,230)
Changes in assets and liabilities		
Accounts receivable	(120,951)	188,492
Prepaid expenses	(71,085)	(44,110)
Accounts payable and accrued expenses	286,763	(193,684)
Deferred dues and unearned subscriptions and fees	(1,486,027)	(1,066,198)
Deferred rent	(113,530)	(104,887)
	<u>(1,668,772)</u>	<u>(689,524)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchases of fixed assets	(92,106)	(56,176)
Proceeds from sales of investments	2,541,099	3,085,642
Purchases of investments	(3,539,828)	(4,214,737)
	<u>(1,090,835)</u>	<u>(1,185,271)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from loan	242,900	-
Principal payments on loan	(200,137)	(190,699)
Principal payments on capital lease obligations	(37,612)	(31,850)
Proceeds from contributions to be held in perpetuity	1,750	1,750
	<u>6,901</u>	<u>(220,799)</u>
Net cash provided by (used in) financing activities		
Net decrease in cash and cash equivalents	(2,752,706)	(2,095,594)
Cash and cash equivalents, beginning	<u>7,458,581</u>	<u>9,554,175</u>
Cash and cash equivalents, end	<u>\$ 4,705,875</u>	<u>\$ 7,458,581</u>
Supplemental cash flow disclosures		
Cash paid during the year for interest	<u>\$ 31,220</u>	<u>\$ 41,711</u>
Noncash investing and financing activities		
Purchase of equipment through capital lease obligations	<u>\$ 33,958</u>	<u>\$ -</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, 2020 and 2019**

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, 2020 and 2019**

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 \$1,326,532 and \$1,622,522 as of May 31, 2020 and 2019, respectively.

Use of estimates

The preparation of combined 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, 2020 and 2019. The Organization's federal and state income tax returns prior to fiscal year 2017 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, 2020, the Organization had cash and cash equivalents that exceed these limits in the amount of approximately \$3,637,000.

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

**Notes to Combined Financial Statements
May 31, 2020 and 2019**

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, 2020 and 2019.

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, 2020 and 2019.

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 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, 2020 and 2019**

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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived by the donor.

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 2020 and 2019, 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, 2020 and 2019, advertising expense amounted to \$76,782 and \$49,187, 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 statements 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 New York State Society of
Certified Public Accountants and Related Entities**

**Notes to Combined Financial Statements
May 31, 2020 and 2019**

Adoption of new accounting pronouncement

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying combined financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Organization's implementation of ASU 2018-08.

Reclassifications

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

Subsequent events

Management has evaluated subsequent events through November 3, 2020, the date the combined financial statements were available to be issued. No adjustments have been recorded in 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, 2020 and 2019:

	2020			2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	\$ 278,095	\$ -	\$ 278,095	\$ 242,487	\$ -	\$ 242,487
Certificates of deposit	-	1,028,049	1,028,049	-	1,007,835	1,007,835
Equity securities	2,454,558	-	2,454,558	2,259,858	-	2,259,858
Fixed income securities	2,269,539	-	2,269,539	2,005,505	-	2,005,505
Mutual funds						
Fixed income	986,580	-	986,580	686,329	-	686,329
Equity	1,166,204	-	1,166,204	891,759	-	891,759
	<u>\$ 7,154,976</u>	<u>\$ 1,028,049</u>	<u>\$ 8,183,025</u>	<u>\$ 6,085,938</u>	<u>\$ 1,007,835</u>	<u>\$ 7,093,773</u>

Note 4 - Fixed assets

Fixed assets consist of the following:

	May 31,	
	2020	2019
Furniture and equipment	\$ 1,956,873	\$ 1,922,915
Data processing system	3,145,904	3,053,798
Leasehold improvements	995,208	995,208
	6,097,985	5,971,921
Less accumulated depreciation and amortization	<u>(5,162,061)</u>	<u>(4,854,364)</u>
	<u>\$ 935,924</u>	<u>\$ 1,117,557</u>

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

**Notes to Combined Financial Statements
May 31, 2020 and 2019**

Note 5 - Capital lease obligations

The Organization has entered into several capital equipment leases expiring at various dates through February 2023, with interest rates ranging from 3.25% to 4.25%. The cost of the equipment was \$156,928 with an accumulated amortization of \$103,936 at May 31, 2020. Interest expense in 2020 and 2019 totaled \$1,868 and \$3,052, respectively.

The future lease payments are as follows:

Year ending May 31,		
2021	\$	29,479
2022		17,735
2023		8,897
		56,111
Less amount representing interest		(2,147)
Present value of net minimum lease payments		53,964
Less current portion		(27,989)
	\$	25,975

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 had a variable interest rate of 3.25% and 5.5% as of May 31, 2020 and 2019, respectively. There were no drawdowns against this line of credit as of May 31, 2020 and 2019.

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, 2020 and 2019 amounted to \$487,968 and \$688,105, 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.

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

**Notes to Combined Financial Statements
May 31, 2020 and 2019**

There was no amount outstanding under the working capital line of credit at May 31, 2020. The required principal payments on the term loan are as follows:

<u>Year ending May 31,</u>	
2021	\$ 210,191
2022	220,674
2023	<u>57,103</u>
	<u>\$ 487,968</u>

On May 6, 2020, the Organization received \$242,900 as part of its application submission under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. One-half of the loan amount, \$121,450, has been classified as current loan payable.

Interest expense in 2020 and 2019 totaled \$29,352 and \$38,659, respectively.

Note 7 - Net assets with donor restrictions

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

	2020	2019
The Moynihan Fund	\$ 955,519	\$ 1,283,662
Member financial assistance	81,607	81,607
CPA PAC	207,710	177,307
Lecture series	<u>13,446</u>	<u>13,446</u>
	<u>\$ 1,258,282</u>	<u>\$ 1,556,022</u>

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:

	2020	2019
Lecture series	\$ 15,000	\$ 15,000
The Moynihan Fund	<u>53,250</u>	<u>51,500</u>
	<u>\$ 68,250</u>	<u>\$ 66,500</u>

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

**Notes to Combined Financial Statements
May 31, 2020 and 2019**

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

	2020	2019
The Moynihan Fund	\$ 531,969	\$ 397,591
CPA PAC	15,371	47,704
	\$ 547,340	\$ 445,295

During the year ended May 31, 2020, the Foundation transferred all assets intended for the purpose of the Moynihan Fund operations to the recently formed Moynihan Scholarship Fund organization.

The Moynihan Fund supports 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 Moynihan Fund awarded scholarships amounting to approximately \$164,000 and \$154,000 in fiscal years ended May 31, 2020 and 2019, respectively.

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 \$245,101 and \$233,914 for the fiscal years ended May 31, 2020 and 2019, 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 \$1,508,202 and \$1,436,157 for the fiscal years ended May 31, 2020 and 2019, 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 2020 and 2019.

Minimum future payments under the lease are summarized as follows:

Year ending May 31,	
2021	\$ 1,313,926
2022	1,313,926
2023	1,313,926
2024	766,457
	\$ 4,708,235

**The New York State Society of
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**Notes to Combined Financial Statements
May 31, 2020 and 2019**

Note 10 - Availability and liquidity

The following represents the Organization's financial assets at May 31, 2020 and 2019:

	2020	2019
Financial assets, at year end		
Cash and cash equivalents	\$ 4,705,875	\$ 7,458,581
Accounts receivable	266,162	157,272
Investments	8,183,025	7,093,773
Total financial assets	13,155,062	14,709,626
Less amounts not available to be used within one year		
Net assets with donor restrictions	1,326,532	1,622,522
Financial assets available to meet general expenditures over the next 12 months	\$ 11,828,530	\$ 13,087,104

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.

Note 11 - Risks and uncertainties

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred, including mandates from federal, state and local authorities, significantly constraining the Organization's ability to raise funds. The significant reduction in income, including education fees, member services, chapter activities, and contributions, caused by COVID-19 has resulted in a loss of income and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to draw on borrowing capacity available under the Organization's revolving credit facility (see Note 10), and to suspend or reduce spending for certain programs and adjust its operations accordingly, including taking cost saving measures and finding funding alternatives. If the length of the outbreak and related effects on the Organization's operations continues for an extended period of time, the Organization may seek alternative measures to finance its operations.

Supplemental Combining Information

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

**Schedule of Activities by Entity
Year Ended May 31, 2020**

	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				
Revenues and other support														
Membership dues	\$ 7,756,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,756,122
Education fees	-	1,988,390	-	1,988,390	-	-	-	-	-	-	-	-	-	1,988,390
The CPA Journal	1,006,230	-	-	-	-	-	-	-	-	-	-	-	-	1,006,230
Member services	284,617	-	-	-	-	-	-	-	-	-	-	-	-	284,617
Chapter activities	288,653	-	-	-	-	-	-	-	-	-	-	-	-	288,653
The Trusted Professional	351,593	-	-	-	-	-	-	-	-	-	-	-	-	351,593
Contributions	-	1,914,950	28,535	1,943,485	-	45,774	45,774	60,000	60,744	120,744	(1,974,950)	-	135,053	
Investment income, net	123,203	-	119,339	119,339	-	-	-	-	(3,042)	(3,042)	-	-	239,500	
Other revenues	184,125	-	-	-	-	-	-	-	-	-	-	-	-	184,125
Net assets released from restrictions	-	51,636	(51,636)	-	15,371	(15,371)	-	480,333	(480,333)	-	-	-	-	-
Total revenues and other support	9,994,543	3,954,976	96,238	4,051,214	15,371	30,403	45,774	540,333	(422,631)	117,702	(1,974,950)	-	12,234,283	
Expenses														
Program services														
Membership and member services	4,875,802	-	-	-	-	-	-	-	-	-	(1,974,950)	-	2,900,852	
Education	-	3,015,866	-	3,015,866	-	-	-	-	-	-	-	-	3,015,866	
The CPA Journal	1,241,461	-	-	-	-	-	-	-	-	-	-	-	1,241,461	
Chapter activities	815,066	-	-	-	-	-	-	-	-	-	-	-	815,066	
The Trusted Professional	388,785	-	-	-	-	-	-	-	-	-	-	-	388,785	
Career Opportunities in the Accounting Profession (COAP) and scholarship programs	-	51,636	-	51,636	-	-	-	480,333	-	480,333	-	-	531,969	
Advocacy - CPA PAC	-	-	-	-	12,500	-	12,500	-	-	-	-	-	12,500	
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total program services	7,321,114	3,067,502	-	3,067,502	12,500	-	12,500	480,333	-	480,333	(1,974,950)	-	8,906,499	
Supporting services														
General and administrative	2,768,911	887,474	-	887,474	2,871	-	2,871	59,955	-	59,955	-	-	3,719,211	
Total supporting services	2,768,911	887,474	-	887,474	2,871	-	2,871	59,955	-	59,955	-	-	3,719,211	
Total expenses	10,090,025	3,954,976	-	3,954,976	15,371	-	15,371	540,288	-	540,288	(1,974,950)	-	12,625,710	
Changes in net assets before transfer of net assets	(95,482)	-	96,238	96,238	-	30,403	30,403	45	(422,631)	(422,586)	-	-	(391,427)	
Transfer of net assets	-	(1,207,862)	(1,459,782)	(2,667,644)	-	-	-	1,207,862	1,459,782	2,667,644	-	-	-	
Total changes in net assets	(95,482)	(1,207,862)	(1,363,544)	(2,571,406)	-	30,403	30,403	1,207,907	1,037,151	2,245,058	-	-	(391,427)	
Net assets, beginning	8,270,758	-	1,445,151	1,445,151	5,000	177,307	182,307	-	64	64	-	-	9,898,280	
Net assets, end	\$ 8,175,276	\$ (1,207,862)	\$ 81,607	\$ (1,126,255)	\$ 5,000	\$ 207,710	\$ 212,710	\$ 1,207,907	\$ 1,037,215	\$ 2,245,122	\$ -	\$ -	\$ 9,506,853	

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

**Schedule 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				
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 Contributions	367,050	-	-	-	-	-	-	-	-	-	-	-	367,050	
Investment income, net	-	1,344,676	80,272	1,424,948	5,000	45,692	50,692	-	125	125	(1,349,676)	-	126,089	
Other revenues	137,405	(37)	63,207	63,170	-	-	-	-	-	-	-	-	200,575	
Net assets released from restrictions	168,229	-	-	-	-	-	-	-	-	-	-	-	168,229	
	-	397,530	(397,530)	-	47,704	(47,704)	-	61	(61)	-	-	-	-	
Total revenues and other support	10,371,033	4,323,090	(254,051)	4,069,039	52,704	(2,012)	50,692	61	64	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 Career Opportunities in the Accounting Profession (COAP) and scholarship programs	500,642	-	-	-	-	-	-	-	-	-	-	-	500,642	
Advocacy - CPA PAC	-	397,005	-	397,005	-	-	-	61	-	61	-	-	397,066	
	-	-	-	-	16,250	-	16,250	-	-	-	-	-	16,250	
Total program services	6,937,888	3,285,987	-	3,285,987	16,250	-	16,250	61	-	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	
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	-	61	(1,349,676)	-	12,888,214	
Changes in net assets	503,998	-	(254,051)	(254,051)	5,000	(2,012)	2,988	-	64	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	\$ 5,000	\$ 177,307	\$ 182,307	\$ -	\$ 64	\$ 64	\$ -	\$ -	\$ 9,898,280	

See Independent Auditor's Report.



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