

**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, 2017 and 2016

**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, 2017 and 2016, 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, 2017 and 2016, 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 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 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
September 19, 2017

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

**Combined Statements of Financial Position
May 31, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 11,036,819	\$ 10,697,443
Accounts receivable	178,640	196,038
Investments	2,542,760	2,301,491
Prepaid expenses	185,280	238,469
Total current assets	<u>13,943,499</u>	<u>13,433,441</u>
Long-term assets		
Fixed assets - net	1,604,547	1,949,195
Total long-term assets	<u>1,604,547</u>	<u>1,949,195</u>
Total assets	<u>\$ 15,548,046</u>	<u>\$ 15,382,636</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities		
Accounts payable and accrued expenses	\$ 793,194	\$ 833,623
Deferred dues and unearned subscriptions and fees	4,734,346	4,839,044
Deferred rent	9,799	9,799
Loans payable	181,640	173,011
Capital lease obligations	22,956	40,920
Total current liabilities	<u>5,741,935</u>	<u>5,896,397</u>
Long-term liabilities		
Deferred rent	625,235	635,034
Loans payable	878,804	1,060,444
Capital lease obligations	32,897	20,767
Total long-term liabilities	<u>1,536,936</u>	<u>1,716,245</u>
Total liabilities	<u>7,278,871</u>	<u>7,612,642</u>
Commitments		
Net assets		
Unrestricted	6,366,937	5,744,009
Temporarily restricted	1,839,238	1,964,735
Permanently restricted	63,000	61,250
Total net assets	<u>8,269,175</u>	<u>7,769,994</u>
Total liabilities and net assets	<u>\$ 15,548,046</u>	<u>\$ 15,382,636</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, 2017 and 2016**

	2017				2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and other support								
Membership dues	\$ 7,373,183	\$ -	\$ -	\$ 7,373,183	\$ 7,358,126	\$ -	\$ -	\$ 7,358,126
Education fees	2,417,615	-	-	2,417,615	2,640,194	-	-	2,640,194
The CPA Journal	1,106,063	-	-	1,106,063	1,088,466	-	-	1,088,466
Member services	891,916	-	-	891,916	958,853	-	-	958,853
Chapter activities	528,177	-	-	528,177	584,271	-	-	584,271
The Trusted Professional	371,481	-	-	371,481	380,656	-	-	380,656
Contributions	4,500	129,088	1,750	135,338	3,501	250,433	1,750	255,684
Special events	-	212,025	-	212,025	-	140,566	-	140,566
Investment income (loss), net	7,271	238,925	-	246,196	(12,009)	(251)	-	(12,260)
Other revenues	225,912	-	-	225,912	155,609	-	-	155,609
Net assets released from restrictions	705,535	(705,535)	-	-	381,097	(381,097)	-	-
Total revenues and other support	13,631,653	(125,497)	1,750	13,507,906	13,538,764	9,651	1,750	13,550,165
Expenses								
Program services								
Membership	726,541	-	-	726,541	648,269	-	-	648,269
Education	2,363,013	-	-	2,363,013	2,645,003	-	-	2,645,003
The CPA Journal	1,194,597	-	-	1,194,597	1,206,483	-	-	1,206,483
Member services	2,504,287	-	-	2,504,287	2,546,151	-	-	2,546,151
Chapter activities	956,054	-	-	956,054	990,224	-	-	990,224
The Trusted Professional	448,623	-	-	448,623	469,146	-	-	469,146
Career Opportunities in the Accounting Profession (COAP) Program	270,850	-	-	270,850	281,831	-	-	281,831
Scholarship Program	223,763	-	-	223,763	218,155	-	-	218,155
The Moynihan Fund	151,368	-	-	151,368	48,604	-	-	48,604
Advocacy - CPA PAC	5,719	-	-	5,719	2,802	-	-	2,802
Total program services	8,844,815	-	-	8,844,815	9,056,668	-	-	9,056,668
Supporting services								
General and administrative	4,095,906	-	-	4,095,906	4,172,572	-	-	4,172,572
Fundraising	68,004	-	-	68,004	79,339	-	-	79,339
Total supporting services	4,163,910	-	-	4,163,910	4,251,911	-	-	4,251,911
Total expenses	13,008,725	-	-	13,008,725	13,308,579	-	-	13,308,579
Changes in net assets	622,928	(125,497)	1,750	499,181	230,185	9,651	1,750	241,586
Net assets, beginning	5,744,009	1,964,735	61,250	7,769,994	5,513,824	1,955,084	59,500	7,528,408
Net assets, end	\$ 6,366,937	\$ 1,839,238	\$ 63,000	\$ 8,269,175	\$ 5,744,009	\$ 1,964,735	\$ 61,250	\$ 7,769,994

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, 2017 and 2016**

	2017	2016
Operating activities		
Changes in net assets	\$ 499,181	\$ 241,586
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	456,982	706,705
Permanently restricted contributions	(1,750)	(1,750)
Realized and unrealized (gain) loss on investments	(206,133)	50,860
Changes in assets and liabilities		
Accounts receivable	17,398	(5,468)
Prepaid expenses	53,189	(79,872)
Accounts payable and accrued expenses	(40,429)	(241,886)
Deferred dues and unearned subscriptions and fees	(104,698)	(225,540)
Deferred rent	(9,799)	(9,800)
Net cash provided by operating activities	663,941	434,835
Investing activities		
Purchases of fixed assets	(77,247)	(37,281)
Proceeds from sales of investments	430,595	2,998,073
Purchases of investments	(465,731)	(762,724)
Net cash (used in) provided by investing activities	(112,383)	2,198,068
Financing activities		
Principal payments on loan	(173,011)	(173,351)
Principal payments on capital lease obligations	(40,921)	(113,906)
Permanently restricted contributions	1,750	1,750
Net cash used in financing activities	(212,182)	(285,507)
Net increase in cash and cash equivalents	339,376	2,347,396
Cash and cash equivalents, beginning	10,697,443	8,350,047
Cash and cash equivalents, end	\$ 11,036,819	\$ 10,697,443
Supplemental cash flow disclosures		
Cash paid during the year for interest	\$ 57,801	\$ 68,061
Noncash investing and financing activities		
Purchase of equipment through capital lease obligations	\$ 35,087	\$ 23,188
Disposal of fully depreciated fixed assets	\$ 79,023	\$ 108,955

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, 2017 and 2016**

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 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, 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
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**Notes to Combined Financial Statements
May 31, 2017 and 2016**

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, 2017 and 2016. The Organization's federal and state income tax returns prior to fiscal year 2014 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, 2017 and 2016, the Organization had cash and cash equivalents that exceed these limits in the amount of approximately \$9,961,000 and \$9,621,000, respectively.

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

**Notes to Combined Financial Statements
May 31, 2017 and 2016**

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, 2017 and 2016.

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, 2017 and 2016.

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

**Notes to Combined Financial Statements
May 31, 2017 and 2016**

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 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 2017 and 2016, 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, 2017 and 2016, advertising expense amounted to \$91,610 and \$71,260, 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.

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

**Notes to Combined Financial Statements
May 31, 2017 and 2016**

Reclassification

Certain amounts in the 2016 financial statements have been reclassified to conform to the current year presentation.

Subsequent events

Management has evaluated subsequent events through September 19, 2017, 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 102,470	\$ 68,521
Equity securities	1,122,984	1,001,119
Fixed income securities	741,287	710,412
Mutual funds		
Fixed income	164,128	154,990
Equity	<u>411,891</u>	<u>366,449</u>
	<u>\$ 2,542,760</u>	<u>\$ 2,301,491</u>

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

**Notes to Combined Financial Statements
May 31, 2017 and 2016**

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

	2017			2016		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Interest and dividend income	\$ 7,293	\$ 58,034	\$ 65,327	\$ 6,078	\$ 61,157	\$ 67,235
Net realized gains (losses)	-	45,837	45,837	(12,754)	65,413	52,659
Net unrealized gains (losses)	594	159,702	160,296	(268)	(103,251)	(103,519)
Investment fees	(616)	(24,648)	(25,264)	(5,065)	(23,570)	(28,635)
Total investment return	<u>\$ 7,271</u>	<u>\$ 238,925</u>	<u>\$ 246,196</u>	<u>\$ (12,009)</u>	<u>\$ (251)</u>	<u>\$ (12,260)</u>

Note 4 - Fixed assets

Fixed assets consist of the following:

	May 31,	
	2017	2016
Furniture and equipment	\$ 1,924,739	\$ 1,968,675
Data processing system	2,829,322	2,752,075
Leasehold improvements	995,208	995,208
	<u>5,749,269</u>	<u>5,715,958</u>
Less accumulated depreciation and amortization	<u>(4,144,722)</u>	<u>(3,766,763)</u>
	<u>\$ 1,604,547</u>	<u>\$ 1,949,195</u>

Note 5 - Capital lease obligations

The Organization has entered into several capital equipment leases expiring at various dates through March 2020, with interest rates ranging from 3.50% to 4.00%. The cost of the equipment was \$148,342 with an accumulated amortization of \$94,965 at May 31, 2017. Interest expense in 2017 and 2016 totaled \$1,454 and \$3,292, respectively.

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

**Notes to Combined Financial Statements
May 31, 2017 and 2016**

The future lease payments are as follows:

Year ending <u>May 31,</u>	
2018	\$ 24,703
2019	18,610
2020	15,509
	<u>58,822</u>
Less amount representing interest	(2,969)
Present value of net minimum lease payments	<u>55,853</u>
Less current portion	(22,956)
	<u><u>\$ 32,897</u></u>

Note 6 - Loans payable

In fiscal year 2016, the Society and Foundation, as co-borrowers, obtained two separate working capital lines of credit facilities of \$480,000 and \$20,000 from a bank, with variable interest rates of 4.00% and 12.25%, respectively, as of May 31, 2017. A \$250,000 five year, fixed term loan at 3.67% was obtained in fiscal year 2010 with the same bank. There were no drawdowns against these lines of credit and loan as of May 31, 2017 and 2016.

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, 2017 and 2016 amounted to \$1,060,444 and \$1,233,455, respectively.

The working capital lines of credit facilities 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 New York State Society of
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**Notes to Combined Financial Statements
May 31, 2017 and 2016**

There were no amounts outstanding under the working capital lines of credit facilities at May 31, 2017. The required principal payments on the term loan are as follows:

Year ending <u>May 31,</u>	
2018	\$ 181,640
2019	190,699
2020	200,137
2021	210,191
2022	220,674
Thereafter	57,103
	<u>\$ 1,060,444</u>

Interest expense in 2017 and 2016 totaled \$56,347 and \$64,769, 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>2017</u>	<u>2016</u>
Undergraduate scholarships	\$ 1,573,678	\$ 1,544,412
Member financial assistance	81,607	82,107
The Moynihan Fund	-	182,961
CPA PAC	171,403	144,339
Lecture series	12,550	10,916
	<u>\$ 1,839,238</u>	<u>\$ 1,964,735</u>

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

	<u>2017</u>	<u>2016</u>
Career opportunities in the accounting profession	\$ -	\$ 12,917
Undergraduate scholarships	220,625	218,174
Member financial assistance	500	-
The Moynihan Fund	462,675	127,944
CPA PAC	21,735	22,062
	<u>\$ 705,535</u>	<u>\$ 381,097</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.

**The New York State Society of
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**Notes to Combined Financial Statements
May 31, 2017 and 2016**

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:

	2017	2016
Lecture series	\$ 15,000	\$ 15,000
Undergraduate scholarships	48,000	46,250
	\$ 63,000	\$ 61,250

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 \$256,534 and \$278,953 for the fiscal years ended May 31, 2017 and 2016, 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 \$1,332,102 and \$1,306,956 for the fiscal years ended May 31, 2017 and 2016, respectively. Pursuant to the lease, the Organization has a letter of credit agreement totaling approximately \$400,000. This agreement guarantees the lease rental obligations. There were no payments drawn against this letter of credit by the beneficiary during 2017 and 2016.

Minimum future payments under the lease are summarized as follows:

Year ending May 31,	
2018	\$ 1,210,195
2019	1,305,282
2020	1,313,926
2021	1,313,926
2022	1,313,926
Thereafter	2,080,383
	\$ 8,537,638

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, 2017**

	The New York State Society of Certified Public Accountants				Foundation for Accounting Education, Inc.			CPA PAC		Eliminations	Total
	Unrestricted	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Total			
Revenues and other support											
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	-	-	212,025	-	212,025	-	-	-	-	-	212,025
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	-	683,800	(683,800)	-	-	21,735	(21,735)	-	-	-	-
Total revenues and other support	10,506,374	3,850,495	(152,561)	1,750	3,699,684	21,735	27,064	48,799	(746,951)		13,507,906
Expenses											
Program services											
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 Program	-	223,763	-	-	223,763	-	-	-	-	-	223,763
The Moynihan Fund	-	151,368	-	-	151,368	-	-	-	-	-	151,368
Advocacy - CPA PAC	-	-	-	-	-	5,719	-	5,719	-	-	5,719
Total program services	6,577,053	3,008,994	-	-	3,008,994	5,719	-	5,719	(746,951)		8,844,815
Supporting services											
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
Total supporting services	3,306,393	841,501	-	-	841,501	16,016	-	16,016	-		4,163,910
Total expenses	9,883,446	3,850,495	-	-	3,850,495	21,735	-	21,735	(746,951)		13,008,725
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.

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

**Combining Schedules of Activities by Entity
Year Ended May 31, 2016**

	The New York State Society of Certified Public Accountants				Foundation for Accounting Education, Inc.			CPA PAC		Eliminations	Total
	Unrestricted	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Total			
Revenues and other support											
Membership dues	\$ 7,358,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,358,126
Education fees	-	2,640,194	-	-	2,640,194	-	-	-	-	-	2,640,194
The CPA Journal	1,088,466	-	-	-	-	-	-	-	-	-	1,088,466
Member services	958,853	-	-	-	-	-	-	-	-	-	958,853
Chapter activities	584,271	-	-	-	-	-	-	-	-	-	584,271
The Trusted Professional	380,656	-	-	-	-	-	-	-	-	-	380,656
Contributions	3,501	1,195,489	211,043	1,750	1,408,282	-	39,390	39,390	(1,195,489)	-	255,684
Special events	-	-	140,566	-	140,566	-	-	-	-	-	140,566
Investment loss, net	(11,739)	(270)	(251)	-	(521)	-	-	-	-	-	(12,260)
Other revenues	155,203	406	-	-	406	-	-	-	-	-	155,609
Net assets released from restrictions	-	359,035	(359,035)	-	-	22,062	(22,062)	-	-	-	-
Total revenues and other support	10,517,337	4,194,854	(7,677)	1,750	4,188,927	22,062	17,328	39,390	(1,195,489)	-	13,550,165
Expenses											
Program services											
Membership	648,269	-	-	-	-	-	-	-	-	-	648,269
Education	-	2,645,003	-	-	2,645,003	-	-	-	-	-	2,645,003
The CPA Journal	1,206,483	-	-	-	-	-	-	-	-	-	1,206,483
Member services	3,741,640	-	-	-	-	-	-	-	(1,195,489)	-	2,546,151
Chapter activities	990,224	-	-	-	-	-	-	-	-	-	990,224
The Trusted Professional	469,146	-	-	-	-	-	-	-	-	-	469,146
Career Opportunities in the Accounting Profession (COAP) Program	-	281,831	-	-	281,831	-	-	-	-	-	281,831
Scholarship Program	-	218,155	-	-	218,155	-	-	-	-	-	218,155
The Moynihan Fund	-	48,604	-	-	48,604	-	-	-	-	-	48,604
Advocacy - CPA PAC	-	-	-	-	-	2,802	-	2,802	-	-	2,802
Total program services	7,055,762	3,193,593	-	-	3,193,593	2,802	-	2,802	(1,195,489)	-	9,056,668
Supporting services											
General and administrative	3,231,390	921,922	-	-	921,922	19,260	-	19,260	-	-	4,172,572
Fund raising	-	79,339	-	-	79,339	-	-	-	-	-	79,339
Total supporting services	3,231,390	1,001,261	-	-	1,001,261	19,260	-	19,260	-	-	4,251,911
Total expenses	10,287,152	4,194,854	-	-	4,194,854	22,062	-	22,062	(1,195,489)	-	13,308,579
Changes in net assets	230,185	-	(7,677)	1,750	(5,927)	-	17,328	17,328	-	-	241,586
Net assets, beginning	5,513,824	-	1,828,073	59,500	1,887,573	-	127,011	127,011	-	-	7,528,408
Net assets, end	\$ 5,744,009	\$ -	\$ 1,820,396	\$ 61,250	\$ 1,881,646	\$ -	\$ 144,339	\$ 144,339	\$ -	\$ -	\$ 7,769,994

See Independent Auditor's Report.

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