

**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSOLIDATED ENTITIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

MAY 31, 2008 AND 2007

**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSOLIDATED ENTITIES**

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LOEB & TROPPE R LLP

Independent Auditor's Report

**Board of Directors
New York State Society of
Certified Public Accountants
and Consolidated Entities**

We have audited the accompanying consolidated balance sheet of New York State Society of Certified Public Accountants and Consolidated Entities ("the Organization") as of May 31, 2008, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year comparative information has been derived from the Organization's 2007 financial statements, which were reported on by other auditors, whose report dated October 4, 2007 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New York State Society of Certified Public Accountants and Consolidated Entities' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York State Society of Certified Public Accountants and Consolidated Entities as of May 31, 2008, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of New York State Society of Certified Public Accountants and Consolidated Entities taken as a whole. The information in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Steel & Taylor LLP

August 15, 2008

NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSOLIDATED ENTITIES

EXHIBIT A

CONSOLIDATED BALANCE SHEET

MAY 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 5,764,694	\$ 5,940,285
Accounts receivable - net (Note 3)	243,199	210,380
Investments (Note 4)	3,108,813	2,963,326
Prepaid expenses	203,243	203,483
Security deposit	2,996	2,996
Fixed assets - net (Note 5)	<u>1,336,375</u>	<u>1,535,263</u>
Total assets	<u>\$ 10,659,320</u>	<u>\$ 10,855,733</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 730,867	\$ 1,152,599
Deferred dues and unearned subscriptions and fees	5,051,413	5,013,308
Deferred rent (Note 9)	593,123	601,337
Capital lease obligations (Note 10)	<u>20,466</u>	<u>53,587</u>
Total liabilities	<u>6,395,869</u>	<u>6,820,831</u>
Net assets (Exhibit B)		
Unrestricted	1,771,666	1,441,168
Temporarily restricted (Note 7)	2,439,985	2,543,034
Permanently restricted (Note 7)	<u>51,800</u>	<u>50,700</u>
Total net assets	<u>4,263,451</u>	<u>4,034,902</u>
Total liabilities and net assets	<u>\$ 10,659,320</u>	<u>\$ 10,855,733</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NEW YORK STATE SOCIETY OF
 CERTIFIED PUBLIC ACCOUNTANTS
 AND CONSOLIDATED ENTITIES
 CONSOLIDATED STATEMENT OF ACTIVITIES
 YEARS ENDED MAY 31, 2008 AND 2007

	2008		2007	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Permanently Restricted
Revenues and other support	\$ 7,265,721	\$ 7,265,721	\$ 7,141,351	\$ 7,141,351
Membership dues	4,379,856	4,379,856	4,081,631	4,081,631
Education fees	1,088,397	1,088,397	1,067,225	1,067,225
The CPA Journal	957,937	957,937	835,411	835,411
Member services	919,124	919,124	779,936	779,936
Chapter activities	156,383	156,383	155,189	155,189
The Trusted Professional	323,081	323,081	762,754	762,754
Shows and exhibits			12,200	12,200
Rental income	236,272	236,272	233,298	233,298
Contributions	90,150	90,150	127,400	127,400
Special events	178,084	178,084	193,178	193,178
Investment income (Note 4)	65,117	65,117	65,150	65,150
Other revenues	342,913	(342,913)	403,322	(403,322)
Net assets released from restrictions (Note 7)	15,676,613	(103,049)	15,574,664	15,497,347
Total revenues and other support	12,102,497	12,102,497	12,111,585	12,111,585
Expenses				
Program services	2,665,467	2,665,467	2,507,609	2,507,609
Advocacy	6,955,262	6,955,262	7,241,290	7,241,290
Professional competency	669,172	669,172	751,412	751,412
Public trust	1,674,625	1,674,625	1,536,383	1,536,383
Recognition and visibility	137,971	137,971	74,891	74,891
Total program services	12,102,497	12,102,497	12,111,585	12,111,585
Supporting services	3,230,692	3,230,692	3,160,334	3,160,334
Governance and administration	12,926	12,926	12,517	12,517
Fund raising	3,243,618	3,243,618	3,172,851	3,172,851
Total supporting services	15,346,115	15,346,115	15,284,436	15,284,436
Total expenses	330,498	(103,049)	1,100	1,100
Change in net assets (Exhibit C)	1,441,168	2,543,034	1,228,257	2,260,697
Net assets - beginning of year	\$ 1,771,666	\$ 2,439,985	\$ 4,263,451	\$ 1,441,168
Net assets - end of year (Exhibit A)	\$ 3,212,834	\$ 4,983,019	\$ 5,491,708	\$ 3,701,865

See independent auditor's report.
 The accompanying notes are an integral part of these statements.

NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSOLIDATED ENTITIES

EXHIBIT C

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED MAY 31, 2008 AND 2007

	2008	2007
Cash flows from operating activities	\$ 228,549	\$ 496,348
Change in net assets (Exhibit B)		
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	352,008	350,566
Permanently restricted contributions	(1,100)	(1,100)
Realized and unrealized loss (gain) in investments	171,521	(239,149)
Decrease (increase) in assets		
Accounts receivable	(32,819)	(79,351)
Prepaid expenses	240	148,552
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(421,732)	213,954
Deferred member dues and unearned subscription and fees	38,105	847,996
Deferred rent	(8,214)	95,952
Net cash provided by operating activities	326,558	1,833,768
Cash flows from investing activities		
Purchases of fixed assets	(153,120)	(121,058)
Proceeds from sales of investments	696,841	554,706
Purchases of investments	(1,013,849)	(847,273)
Net cash used by investing activities	(470,128)	(413,625)
Cash flows from financing activities		
Principal payments on capital lease obligations	(33,121)	(30,791)
Permanently restricted contributions	1,100	1,100
Net cash used by financing activities	(32,021)	(29,691)
Net increase (decrease) in cash and cash equivalents	(175,591)	1,390,452
Cash and cash equivalents - beginning of year	5,940,285	4,549,833
Cash and cash equivalents - end of year	\$ 5,764,694	\$ 5,940,285
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 2,827	\$ 5,157

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

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 consolidated financial statements reflect the revenue, expenses, assets, liabilities and net assets of the Society and its affiliated entities described in the following paragraphs, as well as those of the Society’s various chapters. The Society is exempt from federal taxes under section 501(c)(6) of the U.S. Internal Revenue Code (the “Code”) and from state and local taxes under comparable laws. The primary sources of revenue are membership dues, publications and services to members.

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 Foundation is exempt from federal taxes under section 501(c)(3) of the Code and from state and local taxes under comparable laws. The primary source of revenue is contributions.

The New York State Society of Certified Public Accountants Benevolent Fund, Inc. (the “Benevolent Fund”) is a not-for-profit organization, the purpose of which is to aid members and their families who are in need of financial assistance and to provide referral services for members suffering from substance-abuse disorders. The primary sources of revenue are contributions and bequests from members of the Society and income derived from investments. The Benevolent Fund is exempt from federal taxes under section 501(c)(3) of the Code and from state and local taxes under comparable laws.

The New York State Society CPA PAC, Inc. (the “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. As a political organization, the PAC is subject to corporate tax on its taxable income. The primary source of revenue is contributions.

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

2.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation - The accompanying consolidated financial statements include the financial position, operating activities and cash flows of the Society, the Foundation, the Benevolent Fund and the PAC (together, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation. The individual entities have interrelated directors/trustees and share common facilities and personnel. Various expenses, including occupancy costs and salaries, have been allocated among the Society, the Foundation, the Benevolent Fund and the PAC based upon services rendered by common personnel and usage of common facilities. The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

Functional expenses - Expenses are classified according to the categories for which they were incurred and are summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization has moved towards a comprehensive system of strategic planning which is based on five major goals - Advocacy, Professional Competency, Public Trust, Recognition and Visibility, Recruitment and Retention and an additional goal for administrative support covering the five main goals, referred to as Governance and Administrative. Expenses for both fiscal 2008 and 2007 are now classified according to these strategic budget categories. The purposes of these various categories are as follows:

Advocacy

To promote the professional interests of its members in pursuit of the interests of the profession and the public, and to develop the grassroots process, impact legislation, impact regulations, impact public policy and increase recruitment programs.

Professional Competency

To enable members to have access to resources to realize their full potential as competent, educated, ethical and trusted professionals. This program strengthens the peer review process, strengthens the ethics process, strengthens *The CPA Journal*, develops thought-leading forums, and provides a meaningful education program to provide the most current information for the industry members and the most current information about ethics and fraud prevention.

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Trust

The Public Trust will be maintained through the Society's commitment to its ethics enforcement program, which disciplines those members who violate or ignore the Society's Code of Professional Conduct; and through effective execution in New York State of the AICPA's practice monitoring program.

Recognition and Visibility

To ensure that the value and contribution of CPAs are universally recognized. This program strengthens *The Trusted Professional* by including committee and chapter materials, strengthens the Web site by including legislative, legal and ethical materials, and increases media visibility.

Recruitment and Retention

The Society will use the four previous strategic goals to create a compelling value proposition to convince high school students to pursue the CPA profession; convince eligible non-members to join the Organization; and convince exiting members to retain membership in the Organization.

Governance and Administration

To ensure that the Organization has the appropriate governing structure to serve the membership's services and needs, as well as capture the costs associated with the common management and general expenses of the Organization.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - The Organization considers all highly liquid financial instruments purchased with original maturities of three months or less to be cash equivalents.

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.

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Investments in securities are reported at their quoted market values, with gains and losses included in the consolidated statement of activities.

Fixed assets - Fixed assets are recorded at cost. Purchases of furniture and equipment, data processing systems and leasehold improvements are capitalized, whereas costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided for using 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. 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.

Net assets - The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted
Unrestricted net assets represent those resources that are not subject to donor restrictions.

Temporarily Restricted
Temporarily restricted net assets represent those resources that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes.

Permanently Restricted
Permanently restricted net assets represent those resources that are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

The net assets of the Benevolent Fund and the PAC are classified as temporarily restricted as they arise from contributions made for the restricted purposes of these entities.

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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unconditional promises to give are recorded as receivables and revenues and are recognized when the promises are made, at their net present value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The amounts are computed using risk-free interest rates. Conditional promises to give are not included in support until the conditions are substantially met.

Dues and dues receivable - The Society receives dues from its members. Dues received for the current year's membership are recognized as revenue in the current year. The revenue arising from dues received for a future year's membership is deferred until that year. Revenue from amounts received in advance for *The CPA Journal* subscriptions and for other purposes (e.g., fees for future conferences) is deferred to the applicable year.

Advertising costs - Costs of promotion and advertising are expensed as incurred. For the fiscal years ended May 31, 2008 and 2007, advertising expense amounted to \$423,428 and \$448,463, respectively.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2008</u>	<u>2007</u>
Advertising	\$ 131,008	\$ 125,814
Membership dues	120,470	17,851
Peer review administration fees	5,423	10,538
Educational classes	5,576	12,821
Other	<u>46,205</u>	<u>55,939</u>
Total accounts receivable	308,682	222,963
Less allowance for doubtful accounts	<u>(65,483)</u>	<u>(12,583)</u>
Net accounts receivable	\$ <u>243,199</u>	\$ <u>210,380</u>

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 4 - INVESTMENTS

At each fiscal year end, the fair value of the Organization's investments was as follows:

	2008	2007
Mutual funds	\$ 2,009,487	\$ 1,785,486
Equity securities	<u>1,099,326</u>	<u>1,177,840</u>
	<u>\$ 3,108,813</u>	<u>\$ 2,963,326</u>

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

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 172,646	\$ 114,231	\$ 286,877	\$ 191,664	\$ 108,206	\$ 299,870
Net realized gains (losses)	6	60,345	60,351	(10)	76,713	76,703
Net unrealized gains (losses)	7,303	(239,175)	(231,872)	2,845	159,601	162,446
Investment fees	<u>(1,871)</u>	<u>(20,859)</u>	<u>(22,730)</u>	<u>(1,321)</u>	<u>(19,559)</u>	<u>(20,880)</u>
Total investment return	<u>\$ 178,084</u>	<u>\$ (85,458)</u>	<u>\$ 92,626</u>	<u>\$ 193,178</u>	<u>\$ 324,961</u>	<u>\$ 518,139</u>

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's balance sheet.

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 5 - FIXED ASSETS

Fixed assets consist of the following:

	2008	2007
Furniture and equipment	\$ 292,932	\$ 289,439
Data processing system	494,250	462,009
Leasehold improvements	<u>1,687,180</u>	<u>1,687,180</u>
	2,474,362	2,438,628
Less accumulated depreciation and amortization	<u>(1,137,987)</u>	<u>(903,365)</u>
	<u>\$ 1,336,375</u>	<u>\$ 1,535,263</u>

Depreciation and amortization of property and equipment amounted to \$352,008 and \$350,566 for the fiscal years ended May 31, 2008 and 2007, respectively. During fiscal year 2008, the Organization wrote off fully depreciated property and equipment amounting to \$117,386.

NOTE 6 - BANK CREDIT FACILITY

The Society maintains a credit facility with a bank whereby it is permitted to borrow up to a maximum of \$500,000 under a line of credit facility for working capital purposes. Additionally, the Society can borrow \$500,000 under a term loan facility for a period of two years. Interest is payable on any outstanding balances of the line of credit and term loan at the bank's prime rate. The credit facility is guaranteed by the Foundation and secured by substantially all of the Society and Foundation's unrestricted assets. There were no outstanding balances under all existing credit facilities as of May 31, 2008 and 2007.

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

**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>2008</u>	<u>2007</u>
Career opportunities in the accounting profession	\$ 48,518	\$ 48,519
Undergraduate scholarships	1,602,691	1,684,954
Benevolent Fund	579,104	594,472
PAC	204,469	208,634
Lecture series	<u>5,203</u>	<u>6,455</u>
	<u>\$ 2,439,985</u>	<u>\$ 2,543,034</u>

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

	<u>2008</u>	<u>2007</u>
Career opportunities in the accounting profession	\$ 188,728	\$ 182,597
Undergraduate scholarships	82,706	106,592
Benevolent Fund	110	1,910
PAC	<u>71,369</u>	<u>112,223</u>
	<u>\$ 342,913</u>	<u>\$ 403,322</u>

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:

	<u>2008</u>	<u>2007</u>
Lecture series	\$ 15,000	\$ 15,000
Scholarships	<u>36,800</u>	<u>35,700</u>
	<u>\$ 51,800</u>	<u>\$ 50,700</u>

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 8 - RETIREMENT PLAN

The Organization maintains a deferred-compensation 401(k) retirement plan for all qualifying employees. Qualifying employees may elect to contribute up to the federal tax law limitations. The Organization contributes 3% of all eligible employees' salaries and, subject to a matching contribution limitation of 50% of the respective employee's salary, matches one-half of these employees' elective contributions. Amounts contributed by the Organization to this plan totaled \$272,823 and \$250,683 for the fiscal years ended May 31, 2008 and 2007, respectively.

NOTE 9 - COMMITMENTS

The Organization has a lease agreement that expires in August 2013. Provisions of the lease include incentives covering \$500,000 for construction allowance payable from November 2004 through October 2006, a rental subsidy of \$74,709 through October 2004 and sublease payments throughout the life of the lease. In addition, the lease requires payment of escalation rentals for certain operating expenses and real estate taxes. Also, the Organization has a standby letter of credit in the amount of \$1,166,000 with the same bank providing its other credit facilities in lieu of providing a security deposit. The sublease provides for the Organization to charge for increases in real estate taxes and operating costs in addition to minimum rentals. Minimum future rental payments under this lease and sublease are summarized as follows:

	Gross	Sublease	Net
2009	\$ 1,358,500	\$ 271,477	\$ 1,087,023
2010	1,386,000	281,000	1,105,000
2011	1,386,000	281,000	1,105,000
2012	1,386,000	281,000	1,105,000
2013	1,386,000	281,000	1,105,000
Thereafter	346,500	70,250	276,250

Rent expense (including charges for operating expenses and taxes) is recognized using the straight-line method over the term of the lease, and amounted to \$1,759,437 and \$1,630,094 for the fiscal years ended May 31, 2008 and 2007, respectively.

The Society entered into an employment agreement dated June 1, 2006 with its Executive Director. The agreement originally provided for a two-year term with two one-year extensions, but was amended effective May 17, 2007 to extend the original term so that it now runs from June 1, 2006 through May 31, 2010.

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NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS AND CONSOLIDATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2008 AND 2007

NOTE 10 - CAPITAL LEASE OBLIGATION

The Society leases four computers under a capital lease that is payable in aggregate monthly installments of \$2,996, including interest imputed at 7.32% per annum, maturing in December 2008. These computers had a carrying value of \$19,064, net of accumulated amortization of \$35,197 at May 31, 2008. Interest expense for 2008 and 2007 was \$2,827 and \$5,157, respectively.

The future minimum lease payments under the capital lease are as follows:

2009	\$ 20,969
Less amount representing interest	<u> (503)</u>
Capital lease obligation	<u>\$ 20,466</u>

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions which, from time to time, exceed federal insurance limits. The Organization does not have a material concentration of credit risk with respect to accounts receivable due to its large number of members and generally short payment terms.

NOTE 12 - MERGER OF BENEVOLENT FUND

Subsequent to the balance sheet date, the Board of Directors voted to merge the Benevolent Fund into the Foundation. This will be effective in fiscal year 2008-2009.

NOTE 13 - FUNCTIONAL EXPENSES

	<u>2008</u>	<u>2007</u>
Program services	\$ 12,102,497	\$ 12,111,585
Supporting services	3,243,618	3,172,851
Investment fees	<u>22,730</u>	<u>20,880</u>
	<u>\$ 15,368,845</u>	<u>\$ 15,305,316</u>

NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSOLIDATED ENTITIES

YEAR ENDED MAY 31, 2008

ACTIVITIES BY ENTITY

New York State Society of Certified Public Accountants	Foundation for Accounting Education, Inc.				Eliminations	Total
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Total		
Revenues and other support	\$ 7,265,721	\$ 4,379,856	\$ 4,379,856	\$ 7,265,721		\$ 7,265,721
Membership dues	1,088,397			1,088,397		1,088,397
Education fees	957,937			957,937		957,937
The CPA Journal	919,124			919,124		919,124
Chapter activities	156,383			156,383		156,383
The Trusted Professional	323,081			323,081		323,081
Shows and exhibits	452,201	\$ 1,100	\$ 1,100	452,201		452,201
Contributions	24,187	(75,203)	90,150	236,272	(452,201)	236,272
Special events	74,456	(51,016)	90,150	92,826		92,826
Investment income	63,161	74,456	74,456	92,826	(72,500)	65,117
Other revenues	271,434	(271,434)				
Net assets released from restrictions	10,604,620	5,525,215	(83,516)	1,100	5,442,799	(15,258)
Expenses						
Program services	2,372,950	293,899	293,899	110	71,008	(72,500)
Advocacy	2,549,818	4,857,645	4,857,645			6,955,262
Professional competency	669,172					669,172
Public trust	1,674,625					1,674,625
Recognition and visibility	137,971					137,971
Total program services	7,404,536	5,151,544	5,151,544	110	71,008	(524,701)
Supporting services	2,856,660	373,671	373,671		361	3,230,692
Governance and administration	12,926					12,926
Fund raising	2,869,586	373,671	373,671		361	3,243,618
Total supporting services	10,274,122	5,525,215	5,525,215	110	71,369	(524,701)
Change in net assets	330,498	(83,516)	1,100		(4,165)	228,549
Net assets - beginning of year	1,441,168	1,739,928	1,790,628	50,700	208,634	4,034,902
Net assets - end of year	\$ 1,771,666	\$ 1,656,412	\$ 1,708,212	\$ 51,800	\$ 204,469	\$ 4,263,451

See independent auditor's report.