

**THE NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

**COMBINED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEARS ENDED MAY 31, 2011 AND 2010

AND

INDEPENDENT AUDITORS' REPORT

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The New York State Society of
Certified Public Accountants

We have audited the accompanying combined statement of financial position of The New York State Society of Certified Public Accountants and Related Entities (the "Organization") as of May 31, 2011, and the related combined 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 combined financial statements based on our audit. The combined financial statements of the Organization as of and for the year ended May 31, 2010 were audited by other auditors whose report dated September 29, 2010 expressed an unqualified opinion.

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 the Organization's 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 combined 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 2011 combined financial statements referred to above present fairly, in all material respects, the financial position of The New York State Society of Certified Public Accountants and Related Entities as of May 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

September 15, 2011

**THE NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

COMBINED STATEMENTS OF FINANCIAL POSITION

	May 31,	
	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,308,129	\$ 4,529,956
Accounts receivable - net of allowances for doubtful accounts of \$15,412 and \$94,637 for 2011 and 2010, respectively	137,410	308,253
Investments	3,546,898	2,841,585
Prepaid expenses	173,724	172,948
Total current assets	8,166,161	7,852,742
Long-term assets		
Fixed assets - net	2,598,070	3,047,978
Total assets	\$ 10,764,231	\$ 10,900,720
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,314,489	\$ 1,644,985
Deferred dues and unearned subscriptions and fees	5,584,284	5,738,047
Deferred rent	118,214	118,214
Grant payable	10,000	10,000
Loan payable	47,808	-
Capital lease obligations	157,686	137,330
Total current liabilities	7,232,481	7,648,576
Long-term liabilities		
Deferred rent	147,767	265,981
Grant payable	10,000	20,000
Loan payable	163,338	-
Capital lease obligations	200,967	277,254
Total long-term liabilities	522,072	563,235
Total liabilities	7,754,553	8,211,811
Commitments		
Net assets		
Unrestricted	987,914	850,744
Temporarily restricted	1,967,664	1,784,165
Permanently restricted	54,100	54,000
Total net assets	3,009,678	2,688,909
Total liabilities and net assets	\$ 10,764,231	\$ 10,900,720

See notes to combined financial statements.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

COMBINED STATEMENTS OF ACTIVITIES

	Year Ended May 31,							
	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support								
Membership dues	\$ 7,602,530	\$ -	\$ -	\$ 7,602,530	\$ 7,410,553	\$ -	\$ -	\$ 7,410,553
Education fees	4,052,898	-	-	4,052,898	4,749,935	-	-	4,749,935
The CPA Journal	835,071	-	-	835,071	925,748	-	-	925,748
Member services	937,459	-	-	937,459	896,644	-	-	896,644
Chapter activities	721,476	-	-	721,476	527,648	-	-	527,648
The Trusted Professional	136,962	-	-	136,962	164,692	-	-	164,692
Contributions	-	81,415	100	81,515	-	171,045	2,100	173,145
Special events	-	44,250	-	44,250	-	49,163	-	49,163
Investment income	14,870	290,708	-	305,578	27,991	183,517	-	211,508
Other revenues	39,262	-	-	39,262	53,770	-	-	53,770
Net assets released from restrictions	232,874	(232,874)	-	-	347,584	(347,584)	-	-
Total revenues and other support	14,573,402	183,499	100	14,757,001	15,104,565	56,141	2,100	15,162,806
Expenses								
Program services								
Membership	870,184	-	-	870,184	629,403	-	-	629,403
Education	3,324,552	-	-	3,324,552	3,555,027	-	-	3,555,027
The CPA Journal	1,205,401	-	-	1,205,401	1,598,596	-	-	1,598,596
Member services	4,009,312	-	-	4,009,312	4,619,315	-	-	4,619,315
Chapter activities	1,028,467	-	-	1,028,467	1,015,611	-	-	1,015,611
The Trusted Professional	626,726	-	-	626,726	769,181	-	-	769,181
Career Opportunities in the Accounting Profession (COAP) Program	206,685	-	-	206,685	250,369	-	-	250,369
Scholarship Program	144,002	-	-	144,002	155,548	-	-	155,548
Advocacy - PAC	51,686	-	-	51,686	24,491	-	-	24,491
Total program services	11,467,015	-	-	11,467,015	12,617,541	-	-	12,617,541
Supporting services								
General and administrative	2,956,389	-	-	2,956,389	3,302,690	-	-	3,302,690
Fund raising	12,828	-	-	12,828	19,761	-	-	19,761
Total supporting services	2,969,217	-	-	2,969,217	3,322,451	-	-	3,322,451
Total expenses	14,436,232	-	-	14,436,232	15,939,992	-	-	15,939,992
Change in net assets	137,170	183,499	100	320,769	(835,427)	56,141	2,100	(777,186)
Net assets, beginning of year	850,744	1,784,165	54,000	2,688,909	1,686,171	1,728,024	51,900	3,466,095
Net assets, end of year	\$ 987,914	\$ 1,967,664	\$ 54,100	\$ 3,009,678	\$ 850,744	\$ 1,784,165	\$ 54,000	\$ 2,688,909

See notes to combined financial statements.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended May 31,	
	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 320,769	\$ (777,186)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	766,014	632,080
Allowance for doubtful accounts	(79,225)	(16,565)
Permanently restricted contributions	(100)	(2,100)
Realized and unrealized gain on investments	(284,186)	(182,036)
Changes in assets and liabilities		
Accounts receivable	250,068	(18,716)
Prepaid expenses	(776)	23,168
Accounts payable and accrued expenses	(330,496)	882,870
Deferred dues and unearned subscriptions and fees	(153,763)	981,512
Deferred rent	(118,214)	(118,214)
Grant payable	(10,000)	(10,000)
Net cash provided by operating activities	360,091	1,394,813
Cash flows from investing activities		
Purchases of fixed assets	(226,309)	(866,711)
Proceeds from sales of investments	877,997	1,208,962
Purchases of investments	(1,299,124)	(987,031)
Net cash used in investing activities	(647,436)	(644,780)
Cash flows from financing activities		
Proceeds from loan	250,000	-
Principal payments on loan	(38,854)	-
Principal payments on capital lease obligations	(145,728)	(124,241)
Permanently restricted contributions	100	2,100
Net cash provided by (used in) financing activities	65,518	(122,141)
Net increase (decrease) in cash and cash equivalents	(221,827)	627,892
Cash and cash equivalents, beginning of year	4,529,956	3,902,064
Cash and cash equivalents, end of year	\$ 4,308,129	\$ 4,529,956
Supplemental cash flow disclosures		
Cash paid during the year for interest	\$ 26,793	\$ 24,954
Noncash investing and financing activities		
Purchase of equipment through lease obligations	\$ 89,797	\$ -0-

See notes to combined financial statements.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

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.

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. The primary source of revenue of the PAC is contributions.

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 PAC (collectively, the “Organization”). All significant intercompany accounts and transactions have been eliminated. The individual entities have interrelated directors/trustees and share common facilities and personnel. Various expenses, including occupancy costs, salaries and certain administrative expenses, have been allocated among the Society, the Foundation, and the PAC based upon services rendered by common personnel and usage of common facilities.

Basis of Accounting

The accompanying combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The Organization's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions into the following three categories:

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 may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Tax Status

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 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 PAC is subject to corporate tax on its taxable income.

The Organization's tax filings for years prior to fiscal 2008 are no longer subject to examination by tax authorities.

Concentrations of Credit Risk for Cash

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held as part of the Organization's investments are deemed to be held for long-term purposes.

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.

Investment Valuation

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires certain disclosures. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Under GAAP, the three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that reflect management's own assumptions.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. As of May 31, 2011 and 2010, the Society invested only in investments that are designated as Level 1 (see Note 3). There have been no changes in the methodologies used at May 31, 2011 and 2010.

Cash Equivalents and U.S. Equity Securities

Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds

Valued at the net asset value of shares held at year-end.

Fixed Assets

Fixed assets and leasehold improvements are recorded at cost. Purchases of furniture and equipment, data processing systems and leasehold improvements in excess of \$500 with an estimated useful life of more than one year are capitalized, whereas costs of maintenance and repairs are charged to expense as incurred. 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.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses include an accrual for the resignation of an executive employee who was covered by an employment contract.

Deferred Dues and Unearned Subscriptions and Fees

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

Advertising Costs

Costs of promotion and advertising are expensed as incurred. For the fiscal years ended May 31, 2011 and 2010, advertising expense amounted to \$271,594 and \$272,811, respectively.

Functional Expenses

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

Subsequent Events

These combined financial statements were approved by management and available for issuance on September 15, 2011. Management has evaluated subsequent events through this date.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

3 - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of May 31:

	2011 (Level 1)	2010 (Level 1)
Cash and cash equivalents	\$ 143,988	\$ 141,173
U.S. equity securities	1,111,434	941,745
Mutual funds		
International equity	342,941	343,547
Government short duration	1,870,072	1,415,120
Emerging markets	28,039	-
Fixed income	16,136	-
Equity	34,288	-
	<u>\$ 3,546,898</u>	<u>\$ 2,841,585</u>

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

	Year Ended May 31,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 11,639	\$ 30,542	\$ 42,181	\$ 17,825	\$ 31,901	\$ 49,726
Net realized gains	4,606	89,130	93,736	8,836	31,248	40,084
Net unrealized gains	1,370	189,080	190,450	4,078	137,874	141,952
Investment fees	(2,745)	(18,044)	(20,789)	(2,748)	(17,506)	(20,254)
Total investment return	<u>\$ 14,870</u>	<u>\$ 290,708</u>	<u>\$ 305,578</u>	<u>\$ 27,991</u>	<u>\$ 183,517</u>	<u>\$ 211,508</u>

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

4 - FIXED ASSETS

Fixed assets consist of the following:

	May 31,	
	2011	2010
Furniture and equipment	\$ 1,119,734	\$ 1,028,195
Data processing system	2,717,011	2,492,444
Leasehold improvements	1,722,918	1,722,918
	<u>5,559,663</u>	<u>5,243,557</u>
Less - Accumulated depreciation and amortization	(2,961,593)	(2,195,579)
	<u>\$ 2,598,070</u>	<u>\$ 3,047,978</u>

Depreciation and amortization of property and equipment amounted to \$766,014 and \$632,080 for the fiscal years ended May 31, 2011 and 2010, respectively.

5 - CAPITAL LEASE OBLIGATIONS

The Organization has entered into several capital equipment leases expiring at various dates through December 2015, with interest ranging from 3.25% through 8.25%. The cost of the equipment is \$870,871 with an accumulated amortization of \$535,101 at May 31, 2011. Interest expense in 2011 and 2010 was \$19,916 and \$24,954, respectively.

The future lease payments are as follows:

Year Ending May 31,	
2012	\$ 171,073
2013	153,185
2014	24,484
2015	19,482
2016	11,365
	<u>379,589</u>
Less - Amount representing interest	(20,936)
Present value of net minimum lease payments	<u>\$ 358,653</u>

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

6 - LOAN PAYABLE

In fiscal 2010, the Society and Foundation, as co-borrowers, obtained a \$500,000 working capital line of credit facility with interest payable at the prime rate and a \$250,000 five-year, fixed-rate term loan at 3.67% with Citibank, expiring in July 2015. The credit facilities are collateralized with a first position security interest in the assets of the Society and Foundation, excluding temporarily and permanently restricted assets. The required principal payments on the term loan are as follows:

Year Ending May 31,	
2012	\$ 47,808
2013	49,636
2014	51,515
2015	53,465
2016	8,722
	<hr/> \$ 211,146 <hr/>

7 - GRANT PAYABLE

As of May 31, 2011, the Organization had a grant payable in the amount of \$20,000 for the Accounting Doctoral Scholarship Program. The grant is payable in installments of \$10,000 per year over the next two years.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

**8 - TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED
NET ASSETS**

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

	May 31,	
	2011	2010
Undergraduate scholarships	\$ 1,715,428	\$ 1,492,950
Member financial assistance	100,000	100,000
PAC	146,337	187,901
Lecture series	5,899	3,314
	\$ 1,967,664	\$ 1,784,165

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

	Year Ended May 31,	
	2011	2010
Career opportunities in the accounting profession	\$ 30,825	\$ 148,398
Undergraduate scholarships	144,002	168,538
PAC	58,047	30,648
	\$ 232,874	\$ 347,584

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:

	May 31,	
	2011	2010
Lecture series	\$ 15,000	\$ 15,000
Undergraduate scholarships	39,100	39,000
	\$ 54,100	\$ 54,000

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

NOTES TO COMBINED FINANCIAL STATEMENTS

9 - RETIREMENT PLAN

The Organization maintains a deferred compensation 401(k) retirement plan for all qualifying employees. Participants may elect to have a portion of their salaries deferred in an amount equal to but not less than 1% nor exceed 100% of annual compensation, or the maximum limits allowed by the Internal Revenue Code. The Organization makes a contribution equal to 3% of all eligible employees' salaries; the Organization also makes 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 \$261,883 and \$305,403 for the fiscal years ended May 31, 2011 and 2010, respectively.

10 - COMMITMENTS

The Organization rents its office space under a lease agreement that expires in August 2013. The lease requires payment of escalation rentals for certain operating expenses and real estate taxes. Also, the Organization has a standby letter of credit for the lease in the amount of \$1,166,000 with a bank, in lieu of providing a security deposit. The Organization subleases a portion of its office space. That agreement allows for the Organization to charge for increases in real estate taxes and operating costs in addition to minimum rentals.

Minimum future payments under these leases and sublease are summarized as follows:

Year Ending May 31,	Office Lease	Sublease Income	Net
2012	\$ 1,386,000	\$ (281,000)	\$ 1,105,000
2013	1,386,000	(281,000)	1,105,000
2014	346,500	(70,250)	276,250
	<u>\$ 3,118,500</u>	<u>\$ (632,250)</u>	<u>\$ 2,486,250</u>

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 \$1,955,993 and \$1,934,384 for the fiscal years ended May 31, 2011 and 2010, respectively.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
The New York State Society of
Certified Public Accountants

Our report on our audit of the basic combined financial statements of The New York State Society of Certified Public Accountants and Related Entities for the year ended May 31, 2011 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplementary information for the year ended May 31, 2011 shown on page 16 is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

The supplementary information for the year ended May 31, 2010 was audited by other auditors whose report dated September 29, 2010 stated that the information was fairly stated in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

September 15, 2011

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

SCHEDULE OF ACTIVITIES BY ENTITY

YEAR ENDED MAY 31, 2011

	The New York State Society of Certified Public Accountants	Foundation for Accounting Education, Inc.				PAC			Eliminations	Total
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenues and other support										
Membership dues	\$ 7,602,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,602,530
Education fees	-	4,052,898	-	-	4,052,898	-	-	-	-	4,052,898
The CPA Journal	835,071	-	-	-	-	-	-	-	-	835,071
Member services	937,459	-	-	-	-	-	-	-	-	937,459
Chapter activities	721,476	-	-	-	-	-	-	-	-	721,476
The Trusted Professional	136,962	-	-	-	-	-	-	-	-	136,962
Contributions	-	607,959	64,771	100	672,830	-	16,644	16,644	(607,959)	81,515
Special events	-	-	44,250	-	44,250	-	-	-	-	44,250
Investment income (loss)	14,948	(78)	290,871	-	290,793	-	(163)	(163)	-	305,578
Other revenues	24,732	14,530	-	-	14,530	-	-	-	-	39,262
Net assets released from restrictions	-	174,827	(174,827)	-	-	58,047	(58,047)	-	-	-
Total revenues and other support	10,273,178	4,850,136	225,065	100	5,075,301	58,047	(41,566)	16,481	(607,959)	14,757,001
Expenses										
Program services										
Membership	870,184	-	-	-	-	-	-	-	-	870,184
Education	-	3,324,552	-	-	3,324,552	-	-	-	-	3,324,552
The CPA Journal	1,205,401	-	-	-	-	-	-	-	-	1,205,401
Member services	4,617,271	-	-	-	-	-	-	-	(607,959)	4,009,312
Chapter activities	1,028,467	-	-	-	-	-	-	-	-	1,028,467
The Trusted Professional	626,726	-	-	-	-	-	-	-	-	626,726
Career Opportunities in the Accounting Profession (COAP) Program	-	206,685	-	-	206,685	-	-	-	-	206,685
Scholarship Program	-	144,002	-	-	144,002	-	-	-	-	144,002
Advocacy - PAC	-	-	-	-	-	51,686	-	51,686	-	51,686
Total program services	8,348,049	3,675,239	-	-	3,675,239	51,686	-	51,686	(607,959)	11,467,015
Supporting services										
General and administrative	1,787,959	1,162,069	-	-	1,162,069	6,361	-	6,361	-	2,956,389
Fund raising	-	12,828	-	-	12,828	-	-	-	-	12,828
Total supporting services	1,787,959	1,174,897	-	-	1,174,897	6,361	-	6,361	-	2,969,217
Total expenses	10,136,008	4,850,136	-	-	4,850,136	58,047	-	58,047	(607,959)	14,436,232
Change in net assets	137,170	-	225,065	100	225,165	-	(41,566)	(41,566)	-	320,769
Net assets, beginning of year	850,744	-	1,596,263	54,000	1,650,263	-	187,902	187,902	-	2,688,909
Net assets, end of year	\$ 987,914	\$ -0-	\$ 1,821,328	\$ 54,100	\$ 1,875,428	\$ -0-	\$ 146,336	\$ 146,336	\$ -0-	\$ 3,009,678

See Independent Auditors' Report on Supplementary Information.

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
AND RELATED ENTITIES**

SCHEDULE OF ACTIVITIES BY ENTITY

YEAR ENDED MAY 31, 2010

	The New York State Society of Certified Public Accountants		Foundation for Accounting Education, Inc.			PAC			Eliminations	Total
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenues and other support										
Membership dues	\$ 7,410,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,410,553
Education fees	-	4,749,935	-	-	4,749,935	-	-	-	-	4,749,935
The CPA Journal	925,748	-	-	-	-	-	-	-	-	925,748
Member services	896,644	-	-	-	-	-	-	-	-	896,644
Chapter activities	527,648	-	-	-	-	-	-	-	-	527,648
The Trusted Professional	164,692	-	-	-	-	-	-	-	-	164,692
Contributions	-	56,641	121,027	2,100	179,768	-	50,018	50,018	(56,641)	173,145
Special events	-	-	49,163	-	49,163	-	-	-	-	49,163
Investment income (loss)	27,907	84	183,631	-	183,715	-	(114)	(114)	-	211,508
Other revenues	29,558	24,212	-	-	24,212	-	-	-	-	53,770
Net assets released from restrictions	-	316,936	(316,936)	-	-	30,648	(30,648)	-	-	-
Total revenues and other support	9,982,750	5,147,808	36,885	2,100	5,186,793	30,648	19,256	49,904	(56,641)	15,162,806
Expenses										
Program services										
Membership	629,403	-	-	-	-	-	-	-	-	629,403
Education	-	3,555,027	-	-	3,555,027	-	-	-	-	3,555,027
The CPA Journal	1,598,596	-	-	-	-	-	-	-	-	1,598,596
Member services	4,675,956	-	-	-	-	-	-	-	(56,641)	4,619,315
Chapter activities	1,015,611	-	-	-	-	-	-	-	-	1,015,611
The Trusted Professional	769,181	-	-	-	-	-	-	-	-	769,181
Career Opportunities in the Accounting Profession (COAP) Program	-	250,369	-	-	250,369	-	-	-	-	250,369
Scholarship Program	-	155,548	-	-	155,548	-	-	-	-	155,548
Advocacy - PAC	-	-	-	-	-	24,491	-	24,491	-	24,491
Total program services	8,688,747	3,960,944	-	-	3,960,944	24,491	-	24,491	(56,641)	12,617,541
Supporting services										
General and administrative	2,129,430	1,167,103	-	-	1,167,103	6,157	-	6,157	-	3,302,690
Fund raising	-	19,761	-	-	19,761	-	-	-	-	19,761
Total supporting services	2,129,430	1,186,864	-	-	1,186,864	6,157	-	6,157	-	3,322,451
Total expenses	10,818,177	5,147,808	-	-	5,147,808	30,648	-	30,648	(56,641)	15,939,992
Change in net assets	(835,427)	-	36,885	2,100	38,985	-	19,256	19,256	-	(777,186)
Net assets, beginning of year	1,686,171	-	1,559,378	51,900	1,611,278	-	168,646	168,646	-	3,466,095
Net assets, end of year	\$ 850,744	\$ -0-	\$ 1,596,263	\$ 54,000	\$ 1,650,263	\$ -0-	\$ 187,902	\$ 187,902	\$ -0-	\$ 2,688,909

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