

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

**COMBINED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEARS ENDED MAY 31, 2012 AND 2011

AND

INDEPENDENT AUDITORS' REPORT



FRIEDMAN LLP

ACCOUNTANTS AND ADVISORS

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

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FRIEDMAN LLP
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined statements of financial position of The New York State Society of Certified Public Accountants and Related Entities (the "Organization") as of May 31, 2012 and 2011, and the related combined statements of activities and cash flows for the years 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 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

September 24, 2012

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

COMBINED STATEMENTS OF FINANCIAL POSITION

	May 31,	
	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,422,768	\$ 4,308,129
Accounts receivable - net of allowances for doubtful accounts of \$-0- and \$15,412	157,937	137,410
Investments	3,421,885	3,546,898
Prepaid expenses	133,507	173,724
Total current assets	9,136,097	8,166,161
Long-term assets		
Fixed assets - net	2,020,081	2,598,070
Total assets	\$ 11,156,178	\$ 10,764,231
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 662,054	\$ 1,314,489
Deferred dues and unearned subscriptions and fees	5,410,184	5,584,284
Deferred rent	118,214	118,214
Grant payable	10,000	10,000
Loan payable	49,636	47,808
Capital lease obligations	130,870	157,686
Total current liabilities	6,380,958	7,232,481
Long-term liabilities		
Deferred rent	29,553	147,767
Grant payable	-	10,000
Loan payable	113,701	163,338
Capital lease obligations	278,764	200,967
Total long-term liabilities	422,018	522,072
Total liabilities	6,802,976	7,754,553
Commitments		
Net assets		
Unrestricted	2,545,945	987,914
Temporarily restricted	1,752,557	1,967,664
Permanently restricted	54,700	54,100
Total net assets	4,353,202	3,009,678
Total liabilities and net assets	\$ 11,156,178	\$ 10,764,231

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,							
	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support								
Membership dues	\$ 7,268,158	\$ -	\$ -	\$ 7,268,158	\$ 7,602,530	\$ -	\$ -	\$ 7,602,530
Education fees	4,050,019	-	-	4,050,019	4,052,898	-	-	4,052,898
The CPA Journal	1,163,875	-	-	1,163,875	835,071	-	-	835,071
Member services	933,101	-	-	933,101	937,459	-	-	937,459
Chapter activities	703,711	-	-	703,711	721,476	-	-	721,476
The Trusted Professional	366,337	-	-	366,337	136,962	-	-	136,962
Contributions	-	145,153	600	145,753	-	81,415	100	81,515
Special events	-	81,681	-	81,681	-	44,250	-	44,250
Investment income (loss)	3,943	(129,219)	-	(125,276)	14,870	290,708	-	305,578
Other revenues	74,773	-	-	74,773	39,262	-	-	39,262
Net assets released from restrictions	312,722	(312,722)	-	-	232,874	(232,874)	-	-
Total revenues and other support	14,876,639	(215,107)	600	14,662,132	14,573,402	183,499	100	14,757,001
Expenses								
Program services								
Membership	537,066	-	-	537,066	870,184	-	-	870,184
Education	4,144,342	-	-	4,144,342	3,324,552	-	-	3,324,552
The CPA Journal	972,124	-	-	972,124	1,205,401	-	-	1,205,401
Member services	2,213,362	-	-	2,213,362	4,009,312	-	-	4,009,312
Chapter activities	1,040,683	-	-	1,040,683	1,028,467	-	-	1,028,467
The Trusted Professional	461,345	-	-	461,345	626,726	-	-	626,726
Career Opportunities in the Accounting Profession (COAP) Program	249,893	-	-	249,893	206,685	-	-	206,685
Scholarship Program	133,993	-	-	133,993	144,002	-	-	144,002
Advocacy - CPA PAC	25,148	-	-	25,148	51,686	-	-	51,686
Total program services	9,777,956	-	-	9,777,956	11,467,015	-	-	11,467,015
Supporting services								
General and administrative	3,500,526	-	-	3,500,526	2,956,389	-	-	2,956,389
Fund raising	40,126	-	-	40,126	12,828	-	-	12,828
Total supporting services	3,540,652	-	-	3,540,652	2,969,217	-	-	2,969,217
Total expenses	13,318,608	-	-	13,318,608	14,436,232	-	-	14,436,232
Change in net assets	1,558,031	(215,107)	600	1,343,524	137,170	183,499	100	320,769
Net assets, beginning of year	987,914	1,967,664	54,100	3,009,678	850,744	1,784,165	54,000	2,688,909
Net assets, end of year	\$ 2,545,945	\$ 1,752,557	\$ 54,700	\$ 4,353,202	\$ 987,914	\$ 1,967,664	\$ 54,100	\$ 3,009,678

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,	
	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 1,343,524	\$ 320,769
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	837,190	766,014
Allowance for doubtful accounts	(15,412)	(79,225)
Permanently restricted contributions	(600)	(100)
Realized and unrealized loss (gain) on investments	159,585	(284,186)
Changes in assets and liabilities		
Accounts receivable	(5,115)	250,068
Prepaid expenses	40,217	(776)
Accounts payable and accrued expenses	(652,435)	(330,496)
Deferred dues and unearned subscriptions and fees	(174,100)	(153,763)
Deferred rent	(118,214)	(118,214)
Grant payable	(10,000)	(10,000)
Net cash provided by operating activities	1,404,640	360,091
Cash flows from investing activities		
Purchases of fixed assets	(64,909)	(226,309)
Proceeds from sales of investments	2,253,622	877,997
Purchases of investments	(2,288,194)	(1,299,124)
Net cash used in investing activities	(99,481)	(647,436)
Cash flows from financing activities		
Proceeds from loan	-	250,000
Principal payments on loan	(47,809)	(38,854)
Principal payments on capital lease obligations	(143,311)	(145,728)
Permanently restricted contributions	600	100
Net cash (used in) provided by financing activities	(190,520)	65,518
Net increase (decrease) in cash and cash equivalents	1,114,639	(221,827)
Cash and cash equivalents, beginning of year	4,308,129	4,529,956
Cash and cash equivalents, end of year	\$ 5,422,768	\$ 4,308,129
Supplemental cash flow disclosures		
Cash paid during the year for interest	\$ 20,601	\$ 26,793
Noncash investing and financing activities		
Purchase of equipment through capital lease obligations	\$ 325,248	\$ 89,797

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.

New York State Society CPA PAC, Inc. (“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.

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. 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 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 CPA PAC is subject to corporate tax on its taxable income.

The Organization's tax filings for years prior to fiscal 2009 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. The Organization has determined that no allowance was required as of May 31, 2012.

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, 2012 and 2011, the Organization 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, 2012 and 2011.

Cash Equivalents, Fixed Income Securities and United States (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. 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)

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. In fiscal year 2012, the Organization allocated \$30 and \$15 (\$15 and \$5 in fiscal year 2011) from each member's dues for *The CPA Journal* and the *Trusted Professional*, respectively.

Advertising Costs

Costs of promotion and advertising are expensed as incurred. For the fiscal years ended May 31, 2012 and 2011, advertising expense amounted to \$135,555 and \$271,594, 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. In fiscal year 2012, the Organization revised its cost allocation methodology to more accurately reflect resources used across program and functional units benefited.

Subsequent Events

These combined financial statements were approved by management and available for issuance on September 24, 2012. 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, within the fair value hierarchy, the investments, all of which are Level 1 (see Note 2), at fair value:

	May 31,	
	2012	2011
Cash and cash equivalents	\$ 215,213	\$ 143,988
U.S. equity securities	1,299,981	1,111,434
Fixed income securities	574,802	-
Mutual funds		
International equity	-	342,941
Government short duration	1,283,775	1,870,072
Emerging markets	-	28,039
Fixed income	-	16,136
Equity	48,114	34,288
	<u>\$ 3,421,885</u>	<u>\$ 3,546,898</u>

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

	Year Ended May 31,					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 8,935	\$ 42,803	\$ 51,738	\$ 11,639	\$ 30,542	\$ 42,181
Net realized gains	9,419	3,290	12,709	4,606	89,130	93,736
Net unrealized gains (losses)	(11,299)	(160,995)	(172,294)	1,370	189,080	190,450
Investment fees	(3,112)	(14,317)	(17,429)	(2,745)	(18,044)	(20,789)
Total investment return	<u>\$ 3,943</u>	<u>(\$ 129,219)</u>	<u>(\$ 125,276)</u>	<u>\$ 14,870</u>	<u>\$ 290,708</u>	<u>\$ 305,578</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,	
	2012	2011
Furniture and equipment	\$ 935,257	\$ 1,119,734
Data processing system	2,761,792	2,717,011
Leasehold improvements	1,740,420	1,722,918
	5,437,469	5,559,663
Less - Accumulated depreciation and amortization	(3,417,388)	(2,961,593)
	<u>\$ 2,020,081</u>	<u>\$ 2,598,070</u>

5 - CAPITAL LEASE OBLIGATIONS

The Organization has entered into several capital equipment leases expiring at various dates through February 2017, with interest ranging from 3.25% through 5.00%. The cost of the equipment is \$578,179 with an accumulated amortization of \$177,946 at May 31, 2012. Interest expense in 2012 and 2011 was \$13,531 and \$19,916, respectively.

The future lease payments are as follows:

Year Ending May 31,	
2013	\$ 142,732
2014	108,010
2015	103,008
2016	67,578
2017	17,976
	439,304
Less - Amount representing interest	(29,670)
Present value of net minimum lease payments	<u>\$ 409,634</u>

**THE NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
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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 a bank, 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. There are no amounts outstanding under the working capital line of credit facility at May 31, 2012. The required principal payments on the term loan are as follows:

Year Ending May 31,	
2013	\$ 49,636
2014	51,515
2015	53,465
2016	8,721
	<hr/> \$ 163,337

Interest expense in 2012 and 2011 was \$7,070 and \$6,877, respectively.

7 - GRANT PAYABLE

As of May 31, 2012, the Organization had a grant payable in the amount of \$10,000 for the Accounting Doctoral Scholarship Program.

**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,	
	2012	2011
Undergraduate scholarships	\$ 1,531,269	\$ 1,715,428
Member financial assistance	91,510	100,000
CPA PAC	124,085	146,337
Lecture series	5,693	5,899
	<u>\$ 1,752,557</u>	<u>\$ 1,967,664</u>

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

	Year Ended May 31,	
	2012	2011
Career opportunities in the accounting profession	\$ 140,044	\$ 30,825
Undergraduate scholarships	133,993	144,002
Member financial assistance	8,490	-
CPA PAC	30,195	58,047
	<u>\$ 312,722</u>	<u>\$ 232,874</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:

	May 31,	
	2012	2011
Lecture series	\$ 15,000	\$ 15,000
Undergraduate scholarships	39,700	39,100
	<u>\$ 54,700</u>	<u>\$ 54,100</u>

**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 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 \$241,381 and \$261,883 for the fiscal years ended May 31, 2012 and 2011, 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
2013	\$ 1,386,000	\$ (281,000)	\$ 1,105,000
2014	346,500	(70,250)	276,250
	<u>\$ 1,732,500</u>	<u>\$ (351,250)</u>	<u>\$ 1,381,250</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 \$1,947,109 and \$1,955,993 for the fiscal years ended May 31, 2012 and 2011, respectively.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the combined financial statements of The New York State Society of Certified Public Accountants and Related Entities as of and for the years ended May 31, 2012 and 2011, and have issued our report thereon dated September 24, 2012, which contained an unqualified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining supplementary information shown on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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.



Certified Public Accountants

New York, New York
September 24, 2012

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

COMBINING SCHEDULES OF ACTIVITIES BY ENTITY

YEAR ENDED MAY 31, 2012

	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	\$ 7,268,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,268,158
Education fees	-	4,050,019	-	-	4,050,019	-	-	-	-	4,050,019
The CPA Journal	1,163,875	-	-	-	-	-	-	-	-	1,163,875
Member services	933,101	-	-	-	-	-	-	-	-	933,101
Chapter activities	703,711	-	-	-	-	-	-	-	-	703,711
The Trusted Professional	366,337	-	-	-	-	-	-	-	-	366,337
Contributions	-	1,102,628	137,003	600	1,240,231	-	8,150	8,150	(1,102,628)	145,753
Special events	-	-	81,681	-	81,681	-	-	-	-	81,681
Investment income (loss)	3,943	-	(129,013)	-	(129,013)	-	(206)	(206)	-	(125,276)
Other revenues	45,258	29,515	-	-	29,515	-	-	-	-	74,773
Net assets released from restrictions	-	282,527	(282,527)	-	-	30,195	(30,195)	-	-	-
Total revenues and other support	10,484,383	5,464,689	(192,856)	600	5,272,433	30,195	(22,251)	7,944	(1,102,628)	14,662,132
Expenses										
Program services										
Membership	537,066	-	-	-	-	-	-	-	-	537,066
Education	-	4,144,342	-	-	4,144,342	-	-	-	-	4,144,342
The CPA Journal	972,124	-	-	-	-	-	-	-	-	972,124
Member services	3,315,990	-	-	-	-	-	-	-	(1,102,628)	2,213,362
Chapter activities	1,040,683	-	-	-	-	-	-	-	-	1,040,683
The Trusted Professional	461,345	-	-	-	-	-	-	-	-	461,345
Career Opportunities in the Accounting Profession (COAP) Program	-	249,893	-	-	249,893	-	-	-	-	249,893
Scholarship Program	-	133,993	-	-	133,993	-	-	-	-	133,993
Advocacy - CPA PAC	-	-	-	-	-	25,148	-	25,148	-	25,148
Total program services	6,327,208	4,528,228	-	-	4,528,228	25,148	-	25,148	(1,102,628)	9,777,956
Supporting services										
General and administrative	2,599,144	896,335	-	-	896,335	5,047	-	5,047	-	3,500,526
Fund raising	-	40,126	-	-	40,126	-	-	-	-	40,126
Total supporting services	2,599,144	936,461	-	-	936,461	5,047	-	5,047	-	3,540,652
Total expenses	8,926,352	5,464,689	-	-	5,464,689	30,195	-	30,195	(1,102,628)	13,318,608
Change in net assets	1,558,031	-	(192,856)	600	(192,256)	-	(22,251)	(22,251)	-	1,343,524
Net assets, beginning of year	987,914	-	1,821,328	54,100	1,875,428	-	146,336	146,336	-	3,009,678
Net assets, end of year	\$ 2,545,945	\$ -0-	\$ 1,628,472	\$ 54,700	\$ 1,683,172	\$ -0-	\$ 124,085	\$ 124,085	\$ -0-	\$ 4,353,202

See Independent Auditors' Report on Supplementary Information.

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

COMBINING SCHEDULES OF ACTIVITIES BY ENTITY

YEAR ENDED MAY 31, 2011

	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	\$ 7,602,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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 - CPA 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

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