

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

**Consolidated and Combined Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**May 31, 2021 and 2020**

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

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## Independent Auditor's Report

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

We have audited the accompanying consolidated and combined financial statements of The New York State Society of Certified Public Accountants and Related Entities (the "Organization") which comprise the consolidated and combined statements of financial position as of May 31, 2021 and 2020, and the related consolidated and combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements.

### *Management's Responsibility for the Consolidated and Combined Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated and combined financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated and combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated and combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The consolidating and combining supplementary information on pages 21 and 22 is presented for purposes of additional analysis and is not a required part of the consolidated and 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 consolidated and combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated and 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 consolidated and combined financial statements or to the consolidated and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated and combined financial statements as a whole.

*CohnReznick LLP*

New York, New York  
December 10, 2021

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

**Consolidated and Combined Statements of Financial Position  
May 31, 2021 and 2020**

<u>Assets</u>		
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 7,589,802	\$ 4,705,875
Accounts receivable	123,314	266,162
Investments	8,293,352	8,183,025
Prepaid expenses	209,141	289,279
	<hr/>	<hr/>
Total current assets	16,215,609	13,444,341
	<hr/>	<hr/>
Long-term assets		
Fixed assets - net	739,771	935,924
	<hr/>	<hr/>
Total long-term assets	739,771	935,924
	<hr/>	<hr/>
Total assets	<u>\$ 16,955,380</u>	<u>\$ 14,380,265</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 774,974	\$ 1,083,621
Deferred dues and unearned subscriptions and fees	2,723,922	2,598,141
Deferred rent	113,530	113,530
Loans payable	463,574	331,641
Capital lease obligations	24,221	27,989
	<hr/>	<hr/>
Total current liabilities	4,100,221	4,154,922
	<hr/>	<hr/>
Long-term liabilities		
Deferred rent	179,757	293,288
Loans payable	962,803	399,227
Capital lease obligations	24,802	25,975
	<hr/>	<hr/>
Total long-term liabilities	1,167,362	718,490
	<hr/>	<hr/>
Total liabilities	5,267,583	4,873,412
	<hr/>	<hr/>
Commitments		
Net assets		
Without donor restrictions	10,253,330	8,180,321
With donor restrictions	1,434,467	1,326,532
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Total net assets	11,687,797	9,506,853
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Total liabilities and net assets	<u>\$ 16,955,380</u>	<u>\$ 14,380,265</u>

See Notes to Consolidated and Combined Financial Statements.

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

**Consolidated and Combined Statements of Activities  
Years Ended May 31, 2021 and 2020**

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Revenues and other support</b>						
Membership dues	\$ 7,998,495	\$ -	\$ 7,998,495	\$ 7,756,122	\$ -	\$ 7,756,122
Education fees	1,590,689	-	1,590,689	1,988,390	-	1,988,390
The CPA Journal	496,312	-	496,312	1,006,230	-	1,006,230
Member services	223,128	-	223,128	284,617	-	284,617
Chapter activities	5,620	-	5,620	288,653	-	288,653
The Trusted Professional	106,697	-	106,697	351,593	-	351,593
Contributions	-	142,271	142,271	-	135,053	135,053
Investment income, net	854,587	445,489	1,300,076	123,203	116,297	239,500
Other revenues	241,271	-	241,271	184,125	-	184,125
Net assets released from restrictions	479,825	(479,825)	-	547,340	(547,340)	-
<b>Total revenues and other support</b>	<b>11,996,624</b>	<b>107,935</b>	<b>12,104,559</b>	<b>12,530,273</b>	<b>(295,990)</b>	<b>12,234,283</b>
<b>Expenses</b>						
<b>Program services</b>						
Membership and member services	2,783,993	-	2,783,993	2,900,852	-	2,900,852
Education	1,898,092	-	1,898,092	3,015,866	-	3,015,866
The CPA Journal	880,748	-	880,748	1,241,461	-	1,241,461
Chapter activities	358,815	-	358,815	815,066	-	815,066
The Trusted Professional	342,481	-	342,481	388,785	-	388,785
Career Opportunities in the Accounting Profession (COAP) and scholarship programs	455,825	-	455,825	531,969	-	531,969
Advocacy - CPA PAC	24,000	-	24,000	12,500	-	12,500
<b>Total program services</b>	<b>6,743,954</b>	<b>-</b>	<b>6,743,954</b>	<b>8,906,499</b>	<b>-</b>	<b>8,906,499</b>
<b>Supporting services</b>						
General and administrative	3,179,661	-	3,179,661	3,719,211	-	3,719,211
<b>Total supporting services</b>	<b>3,179,661</b>	<b>-</b>	<b>3,179,661</b>	<b>3,719,211</b>	<b>-</b>	<b>3,719,211</b>
<b>Total expenses</b>	<b>9,923,615</b>	<b>-</b>	<b>9,923,615</b>	<b>12,625,710</b>	<b>-</b>	<b>12,625,710</b>
Changes in net assets	2,073,009	107,935	2,180,944	(95,437)	(295,990)	(391,427)
Net assets, beginning	8,180,321	1,326,532	9,506,853	8,275,758	1,622,522	9,898,280
Net assets, end	\$ 10,253,330	\$ 1,434,467	\$ 11,687,797	\$ 8,180,321	\$ 1,326,532	\$ 9,506,853

See Notes to Consolidated and Combined Financial Statements.

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

**Consolidated and Combined Statement of Functional Expenses  
Year Ended May 31, 2021**

	Program services							Supporting services		Total
	Membership and member services	Education	The CPA Journal	Chapter activities	The Trusted Professional	COAP and scholarship programs	Advocacy	Total programs	Management and general	
Salaries, employee benefits and taxes	\$ 1,503,602	\$ 1,112,490	\$ 404,205	\$ 194,642	\$ 203,254	\$ 198,621	\$ -	\$ 3,616,814	\$ 2,016,310	\$ 5,633,124
Occupancy	462,508	145,839	124,333	59,872	62,521	50,459	-	905,532	532,237	1,437,769
Cost of sales	-	489,193	161,870	-	8,715	-	-	659,778	-	659,778
Professional fees	241,873	56,038	99,475	23,006	27,466	19,388	-	467,246	368,824	836,070
Meetings and events	3,323	-	-	19,391	-	2,500	-	25,214	-	25,214
Information technology	104,909	33,080	28,202	13,580	14,181	11,444	-	205,396	120,727	326,123
Contributions and awards	-	-	-	-	-	151,875	24,000	175,875	-	175,875
Depreciation and amortization	94,530	29,807	25,412	12,237	12,778	10,313	-	185,077	113,197	298,274
Other	373,248	31,645	37,251	36,087	13,566	11,225	-	503,022	28,366	531,388
<b>Total expenses</b>	<b>\$ 2,783,993</b>	<b>\$ 1,898,092</b>	<b>\$ 880,748</b>	<b>\$ 358,815</b>	<b>\$ 342,481</b>	<b>\$ 455,825</b>	<b>\$ 24,000</b>	<b>\$ 6,743,954</b>	<b>\$ 3,179,661</b>	<b>\$ 9,923,615</b>

See Notes to Consolidated and Combined Financial Statements.

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

**Consolidated and Combined Statement of Functional Expenses  
Year Ended May 31, 2020**

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

See Notes to Consolidated and Combined Financial Statements.



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

**Consolidated and Combined Statements of Cash Flows  
Years Ended May 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating activities		
Changes in net assets	\$ 2,180,944	\$ (391,427)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	298,274	307,697
Bad debt expense	6,108	12,061
Proceeds from contributions to be held in perpetuity	-	(1,750)
Realized and unrealized gain on investments	(1,203,579)	(90,523)
Changes in assets and liabilities		
Accounts receivable	136,740	(120,951)
Prepaid expenses	80,138	(71,085)
Accounts payable and accrued expenses	(308,648)	286,763
Deferred dues and unearned subscriptions and fees	125,781	(1,486,027)
Deferred rent	(113,530)	(113,530)
Net cash provided by (used in) operating activities	<u>1,202,228</u>	<u>(1,668,772)</u>
Investing activities		
Purchases of fixed assets	(73,391)	(92,106)
Proceeds from sales of investments	5,101,674	2,541,099
Purchases of investments	(4,008,422)	(3,539,828)
Net cash provided by (used in) investing activities	<u>1,019,861</u>	<u>(1,090,835)</u>
Financing activities		
Proceeds from loans	905,700	242,900
Principal payments on loan	(210,191)	(200,137)
Principal payments on capital lease obligations	(33,671)	(37,612)
Proceeds from contributions to be held in perpetuity	-	1,750
Net cash provided by financing activities	<u>661,838</u>	<u>6,901</u>
Net increase (decrease) in cash and cash equivalents	2,883,927	(2,752,706)
Cash and cash equivalents, beginning	<u>4,705,875</u>	<u>7,458,581</u>
Cash and cash equivalents, end	<u>\$ 7,589,802</u>	<u>\$ 4,705,875</u>
Supplemental cash flow disclosures		
Cash paid during the year for interest	<u>\$ 21,367</u>	<u>\$ 31,220</u>
Noncash investing and financing activities		
Purchase of equipment through capital lease obligations	<u>\$ 28,730</u>	<u>\$ 33,958</u>

See Notes to Consolidated and Combined Financial Statements.

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

## Notes to Consolidated and Combined Financial Statements May 31, 2021 and 2020

### 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 and combined financial statements reflect the assets, liabilities and net assets, revenues, expenses and cash flows of the Society and its related entities described in the following paragraphs, as well as those of the Society's various chapters. The primary sources of revenue of the Society are membership dues, publications and services to members.

#### Related entities

The Foundation for Accounting Education, Inc. (the "Foundation") is a not-for-profit organization, the purpose of which is to engage in education, research and related activities in the field of accountancy, including the sponsorship of courses and seminars to provide continuing education for members of the profession. In addition, the Foundation provides information on career opportunities in the profession and scholarship assistance at the undergraduate level. The primary sources of revenue of the Foundation are education fees and contributions.

New York State Society CPA PAC, Inc. (the "CPA PAC") is a not-for-profit organization, the purpose of which is to provide for the mutual assistance, advancement and recognition of its members and the profession of public accounting by promoting participation in political activities in New York State. The primary source of revenue of the CPA PAC is contributions.

The Moynihan Scholarship Fund, Inc. (the "Moynihan Fund") is a not-for-profit organization, the purpose of which is to engage in charitable and education purposes and activities, and to provide assistance to individuals and students in pursuing their professional and personal ambitions in the field of accountancy. As discussed in Note 7, the Moynihan Fund originally operated as a program of the Foundation and was incorporated in July 2017. The Moynihan Fund provides financing, scholarships, social events, education, and internship opportunities, as well as providing other services, programs and tools to achieve them.

As of June 1, 2020, the Society is the sole member of the Foundation and the Moynihan Fund.

### Note 2 - Summary of significant accounting policies

#### Principles of consolidation and combination

The accompanying consolidated and combined financial statements include the financial position, operating activities and cash flows of the Society, the Foundation, the CPA PAC, and the Moynihan Fund (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation and combination. The individual entities have interrelated directors/trustees and share common facilities and personnel. Various expenses, including occupancy costs, salaries and certain administrative expenses, have been allocated among the Society, the Foundation, the CPA PAC, and the Moynihan Fund based upon services rendered by common personnel and usage of common facilities.

#### Basis of accounting

The accompanying consolidated and 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 Consolidated and Combined Financial Statements May 31, 2021 and 2020

#### **Classification of net assets**

Net assets and revenues, gain and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported in two categories of net assets as follows:

*Without donor restrictions* - net assets that are not subject to donor-imposed stipulations.

*With donor restrictions* - net assets that are restricted by donor for use for a specific purpose or in a future period. Some donor-imposed restrictions are temporary in nature and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions on net assets included in this category are permanent in nature. These net assets have been restricted by donor to be maintained by the Organization either in perpetuity or until released by specific action by the Organization's Board of Directors in accordance with applicable law.

The Organization has net assets with donor restrictions amounting to \$1,434,467 and \$1,326,532 as of May 31, 2021 and 2020, respectively.

#### **Use of estimates**

The preparation of consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Tax-exempt status**

The Society has been recognized as an organization exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (the "Code"). However, revenue earned on activities which are unrelated to the Society's exempt purpose is taxable. The Foundation and the Moynihan Fund are exempt from federal taxes under Section 501(c)(3) of the Code and from state and local taxes under comparable laws. As a political organization, the CPA PAC is subject to corporate tax on its taxable income.

If applicable, the Organization recognizes interest and penalties associated with tax matters as general and administrative expense and includes accrued interest and penalties with accrued expenses in the consolidated and combined statements of financial position.

There are no unrecognized tax benefits at May 31, 2021 and 2020. The Organization's federal and state income tax returns prior to fiscal year 2018 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

#### **Concentrations of credit risk**

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. Cash equivalents include highly liquid investments with an original maturity date of three months or less when acquired. Cash and cash equivalents held as part of the Organization's investments are deemed to be held for long-term purposes. The Organization places its cash and cash equivalents with high credit quality financial institutions. At times, such amounts may exceed federally insured limits. At May 31, 2021, the Organization had cash and cash equivalents that exceed these limits in the amount of approximately \$6,400,000.

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

## Notes to Consolidated and Combined Financial Statements May 31, 2021 and 2020

### 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, 2021 and 2020.

### Investment valuation

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used at May 31, 2021 and 2020.

Investments in cash and cash equivalents, fixed income and equity securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held are deemed to be actively traded daily and there are no lockup periods or redemption frequency limitations (Level 1). Certificates of deposit are valued at amortized cost, which approximates fair value (Level 2).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

## Notes to Consolidated and Combined Financial Statements May 31, 2021 and 2020

### **Fixed assets**

Fixed assets, including furniture and equipment, data processing systems, and leasehold improvements, are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of three to ten years for furniture and equipment and three to five years for data processing systems. Capital leases and leasehold improvements are amortized over either the remaining term of the underlying lease or the useful lives of the improvements, whichever is shorter, using the straight-line method.

### **Deferred rent**

Deferred rent reflects the excess of rent expensed on the straight-line basis over rent payments made under the terms of the lease.

### **Contributions**

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived by the donor.

### **Deferred dues and unearned subscriptions and fees**

The Society receives dues from its members. The membership period is the same as the Organization's fiscal year and dues received for the current year's membership period are recognized as revenue in the current year as the Organization provides benefits. The revenue arising from dues received for a future year's memberships are deferred until that year. Revenue from amounts received in advance for *The CPA Journal* subscriptions and for other purposes (e.g., fees for future conferences) is deferred to the applicable year. During the fiscal year 2020, from each member's dues, the Organization allocated \$30 to *The CPA Journal* and \$15 to *The Trusted Professional*, representing the value of each publication. During the fiscal year 2021, the Organization allocated \$15 to *The CPA Journal* and \$5 to *The Trusted Professional*.

### **Revenues**

Membership dues include general membership dues for new and renewing members. Membership dues are assessed prior to the beginning of the Organization's fiscal year and are recognized in the year in which the Organization provides benefits. The performance obligations consist primarily of providing members: ongoing advocacy efforts on state and federal issues; discounted fees or complementary access to conferences, events, and education materials; industry publications; research materials and technical guidance; and access to discounted insurance plans and other business products. The portion of dues related to discounted conferences and events are recognized as the conferences and events occur. The remaining portion is recognized ratably as services are simultaneously received and consumed by the members.

Education fees include amounts paid for educational courses. Education fees are recognized when the course occurs.

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

## Notes to Consolidated and Combined Financial Statements May 31, 2021 and 2020

Member services consist of fees paid by to the Organization by insurance providers based on a percentage of the discounted insurance premiums members pay to the partnering third-party insurance providers. Member services revenue is recognized when the members purchase the plans.

Chapter activities consist of fees collected from various events and meetings held by the local chapters. Chapter activities revenue is recognized when the events and meetings occur.

### **Advertising costs**

Costs of promotion and advertising are expensed as incurred. For the fiscal years ended May 31, 2021 and 2020, advertising expense amounted to \$4,998 and \$76,782, respectively.

### **Functional expenses**

The costs of supporting the various programs and other activities of the Society have been summarized on a functional basis in the consolidated and combined statement of functional expenses. Costs that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the program services, management and general, and fundraising categories based on time and effort measurements. Management and general expenses include costs not identifiable with any specific program, but which provide for the overall support and direction of the Society. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

### **Adoption of new accounting pronouncement**

The Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues.

The Organization's revenue for the year ended May 31, 2021 is presented under the new guidance, while financial results for prior periods will continue to be reported in accordance with the prior guidance and the Organization's historical accounting policy. The Organization has not experienced significant changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations, or the measurement of variable consideration. Adopting the new standard did not have a material effect on the timing of the Organization's revenue recognition.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited consolidated and combined financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

### **Subsequent events**

Management has evaluated subsequent events through December 10, 2021, the date the consolidated and combined financial statements were available to be issued. No adjustments have been booked to the consolidated and combined financial statements as a result of management's evaluation.

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

**Notes to Consolidated and Combined Financial Statements  
May 31, 2021 and 2020**

**Note 3 - Investments**

The following table sets forth, within the fair value hierarchy, the investments (see Note 2), at fair value at May 31, 2021 and 2020:

	2021			2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and cash equivalents	\$ 305,166	\$ -	\$ 305,166	\$ 278,095	\$ -	\$ 278,095
Certificates of deposit	-	-	-	-	1,028,049	1,028,049
Equity securities	4,024,183	-	4,024,183	2,454,558	-	2,454,558
Fixed income securities	1,771,110	-	1,771,110	2,269,539	-	2,269,539
Mutual funds						
Fixed income	788,418	-	788,418	986,580	-	986,580
Equity	1,404,475	-	1,404,475	1,166,204	-	1,166,204
	<u>\$ 8,293,352</u>	<u>\$ -</u>	<u>\$ 8,293,352</u>	<u>\$ 7,154,976</u>	<u>\$ 1,028,049</u>	<u>\$ 8,183,025</u>

**Note 4 - Fixed assets**

Fixed assets consist of the following:

	May 31,	
	2021	2020
Furniture and equipment	\$ 1,962,416	\$ 1,956,873
Data processing system	3,219,294	3,145,904
Leasehold improvements	995,208	995,208
	6,176,918	6,097,985
Less accumulated depreciation and amortization	(5,437,147)	(5,162,061)
	<u>\$ 739,771</u>	<u>\$ 935,924</u>

During the year ended May 31, 2021, the Organization disposed of fully depreciated assets in the amount of \$23,188.

**Note 5 - Capital lease obligations**

The Organization has entered into several capital equipment leases expiring at various dates through August 2024, with interest rates ranging from 3.25% to 4.25%. The cost of the equipment was \$162,470 with an accumulated amortization of \$114,144 at May 31, 2021. Interest expense in 2021 and 2020 totaled \$2,200 and \$1,868, respectively.

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

**Notes to Consolidated and Combined Financial Statements  
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The future lease payments are as follows:

Year ending May 31,		
2022	\$	25,404
2023		16,567
2024		7,669
2025		1,278
		50,918
Less amount representing interest		(1,895)
Present value of net minimum lease payments		49,023
Less current portion		(24,221)
	\$	24,802

**Note 6 - Loans payable**

Bank Line of Credit and Term Loan

In fiscal year 2016, the Society and Foundation, as co-borrowers, obtained a working capital line of credit of \$480,000 from a bank. The working line of credit was increased to \$500,000 in January 2019. The line of credit has a variable interest rate of 3.25% as of May 31, 2021 and 2020. There were no drawdowns against this line of credit as of May 31, 2021 and 2020.

In fiscal year 2013, the Society and Foundation, as co-borrowers, obtained a term loan from the same bank above for the purpose of financing the Organization's office relocation expenses. The loan had a borrowing limit of \$2,000,000 and was available in one or multiple advances until August 21, 2013, on which date the loan had an outstanding principal balance of \$1,668,108. The loan has a maturity of 108 equal monthly installments and expires in August 2022. The loan bears a fixed interest rate of 4.81%. The balance due as of May 31, 2021 and 2020 amounted to \$277,777 and \$487,968, respectively.

The working capital line of credit and the term loan are collateralized with a first position security interest on the assets of the Society and Foundation, excluding net assets with donor restrictions. The term loan is subject to certain conditions and covenants.

There was no amount outstanding under the working capital line of credit at May 31, 2021 and 2020. The required principal payments on the term loan are as follows:

Year ending May 31,		
2022	\$	220,674
2023		57,103
	\$	277,777

Interest expense related to loans payable totaled \$21,556 and \$29,352, in 2021 and 2020, respectively.



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

**Notes to Consolidated and Combined Financial Statements  
May 31, 2021 and 2020**

PPP Loans

On May 6, 2020, the Foundation entered into an unsecured promissory note with a commercial bank for an aggregate principal amount of \$242,900 pursuant to the Paycheck Protection Program ("PPP Loan"), which was established by the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") and administered by the U.S. Small Business Administration ("SBA"). The Foundation recognized debt in accordance with Accounting Standards Codification ("ASC") 470, *Debt*. One-half, \$121,450, was classified as current loan payable in 2020.

Under the CARES Act, PPP Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of such loans. On May 13, 2021, the Foundation submitted its PPP loan forgiveness application to its bank. While the Organization believes it met all applicable SBA requirements, including having used the loan proceeds for eligible expenses as of the year ended May 31, 2021, it did not receive notice of forgiveness from its lender until after year end.

Subsequent to year end, the Foundation received notice from its lender on June 7, 2021 that the SBA had approved full forgiveness of the \$242,900 loan and related interest thereon. Accordingly, the Organization will derecognize the entire amount of the PPP Loan and recognize a corresponding gain on debt forgiveness, which will be included in revenue for the year ending May 31, 2022. There is a six-year period during which the SBA can review the Organization's forgiveness calculation.

On March 15, 2021, the Society obtained a PPP Loan for \$679,300. On March 25, 2021, the Foundation obtained a second PPP Loan for \$226,400. The PPP Loans have an annual interest rate of 1% and a maturity date of five years from origination. The Organization has not submitted its application for PPP Loan forgiveness with respect to these amounts as of May 31, 2021 and believes it will qualify for full or partial forgiveness. However, there is no assurance that the Organization's PPP Loan or any portion thereof will be forgiven.

The PPP Loan promissory notes contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding and/or filing suit and obtaining judgment against the Organization.

The required principal payments of all PPP Loans, if not forgiven, are as follows:

<u>Year ending May 31,</u>	
2022	\$ 242,900
2023	231,347
2024	236,270
2025	236,270
2026	<u>201,813</u>
	<u>\$ 1,148,600</u>

Interest expense, accrued and not paid, related to the PPP Loans amounted to \$2,389 in 2021.

The balance of the term loan and PPP Loans amount to \$1,426,377 on the consolidated and combined statement of financial position, of which \$463,574 is due in the subsequent year ending May 31, 2022.

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

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**Note 7 - Net assets with donor-restrictions**

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

	<u>2021</u>	<u>2020</u>
The Moynihan Fund	\$ 1,041,203	\$ 955,519
Member financial assistance	81,607	81,607
CPA PAC	229,961	207,710
Lecture series	<u>13,446</u>	<u>13,446</u>
	<u><u>\$ 1,366,217</u></u>	<u><u>\$ 1,258,282</u></u>

Donor-restricted net assets in perpetuity at each fiscal year-end represent endowment corpus to be held in perpetuity. The income from these net assets is expendable to support the following career development activities:

	<u>2021</u>	<u>2020</u>
Lecture series	\$ 15,000	\$ 15,000
The Moynihan Fund	<u>53,250</u>	<u>53,250</u>
	<u><u>\$ 68,250</u></u>	<u><u>\$ 68,250</u></u>

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

	<u>2021</u>	<u>2020</u>
The Moynihan Fund	\$ 455,825	\$ 531,969
CPA PAC	<u>24,000</u>	<u>15,371</u>
	<u><u>\$ 479,825</u></u>	<u><u>\$ 547,340</u></u>

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

The Moynihan Fund supports the Career Opportunities in the Accounting Profession and the Excellence in Accounting Scholarship programs, and provides voluntary financial aid and other assistance to members of the Society in need. The Moynihan Fund awarded scholarships amounting to approximately \$152,000 and \$164,000 in fiscal years ended May 31, 2021 and 2020, respectively.

**Note 8 - Retirement plan**

The Organization maintains a deferred compensation 401(k) retirement plan for all qualifying employees. Participants may elect to have a portion of their salaries deferred in an amount equal to but not less than 1%, nor exceed 100% of annual compensation, or the maximum limits allowed by the Code. The Organization is required to make a contribution equal to 3% of all eligible employees' salaries; the Organization is also required to make a matching contribution equal to 50% of each

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

**Notes to Consolidated and Combined Financial Statements  
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participating employee's deferral amount, limited to 10% of their salaries. Amounts contributed by the Organization to this plan totaled \$223,187 and \$245,101 for the fiscal years ended May 31, 2021 and 2020, respectively.

**Note 9 - Commitments**

The Organization occupies office space under a 10.5-year lease agreement expiring in December 2024. Office space rental expense (including charges for operating expenses and taxes) is recognized using the straight-line method over the term of the lease and amounted to \$1,399,390 and \$1,508,202 for the fiscal years ended May 31, 2021 and 2020, respectively. Pursuant to the lease, the Organization has a letter of credit agreement totaling approximately \$300,000. This agreement guarantees the lease rental obligations. There were no payments drawn against this letter of credit by the beneficiary during 2021 and 2020.

Minimum future payments under the lease are summarized as follows:

<u>Year ending May 31,</u>	
2022	\$ 1,313,926
2023	1,313,926
2024	<u>766,457</u>
	<u>\$ 3,394,309</u>

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

Notes to Consolidated and Combined Financial Statements  
May 31, 2021 and 2020

**Note 10 - Availability and liquidity**

The following represents the Organization's financial assets at May 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 7,589,802	\$ 4,705,875
Accounts receivable	123,314	266,162
Investments	<u>8,293,352</u>	<u>8,183,025</u>
 Total financial assets	 16,006,468	 13,155,062
 Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>1,434,467</u>	<u>1,326,532</u>
 Financial assets available to meet general expenditures over the next 12 months	 <u>\$ 14,572,001</u>	 <u>\$ 11,828,530</u>

As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. If the need arises, the Organization is also able to liquidate these short-term investments quickly and without incurring significant fees. The Organization has a \$500,000 line of credit available to meet cash flow needs.

**Note 11 - Risks and uncertainties**

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

**Supplemental Consolidating and Combining Information**

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

**Consolidating and Combining Schedule of Activities by Entity  
Year Ended May 31, 2021**

	The New York State Society of Certified Public Accountants			Foundation for Accounting Education, Inc.			CPA PAC			Moynihan Fund			Eliminations	Total
	Without donor restrictions	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total				
<b>Revenues and other support</b>														
Membership dues	\$ 7,998,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,998,495
Education fees	-	1,590,689	-	1,590,689	-	-	-	-	-	-	-	-	-	1,590,689
The CPA Journal	496,312	-	-	-	-	-	-	-	-	-	-	-	-	496,312
Member services	223,128	-	-	-	-	-	-	-	-	-	-	-	-	223,128
Chapter activities	5,620	-	-	-	-	-	-	-	-	-	-	-	-	5,620
The Trusted Professional	106,697	-	-	-	-	-	-	-	-	-	-	-	-	106,697
Contributions	-	908,227	-	908,227	-	46,251	46,251	254,690	96,020	350,710	(1,162,917)	-	142,271	
Investment income, net	833,661	20,926	-	20,926	-	-	-	-	445,489	445,489	-	-	1,300,076	
Other revenues	241,271	-	-	-	-	-	-	-	-	-	-	-	241,271	
Net assets released from restrictions	-	-	-	-	24,000	(24,000)	-	455,825	(455,825)	-	-	-	-	
<b>Total revenues and other support</b>	<b>9,905,184</b>	<b>2,519,842</b>	<b>-</b>	<b>2,519,842</b>	<b>24,000</b>	<b>22,251</b>	<b>46,251</b>	<b>710,515</b>	<b>85,684</b>	<b>796,199</b>	<b>(1,162,917)</b>	<b>-</b>	<b>12,104,559</b>	
<b>Expenses</b>														
Program services														
Membership and member services	3,946,910	-	-	-	-	-	-	-	-	-	(1,162,917)	-	2,783,993	
Education	-	1,898,092	-	1,898,092	-	-	-	-	-	-	-	-	1,898,092	
The CPA Journal	880,748	-	-	-	-	-	-	-	-	-	-	-	880,748	
Chapter activities	358,815	-	-	-	-	-	-	-	-	-	-	-	358,815	
The Trusted Professional	342,481	-	-	-	-	-	-	-	-	-	-	-	342,481	
Career Opportunities in the Accounting Profession (COAP) and scholarship programs	-	-	-	-	-	-	-	455,825	-	455,825	-	-	455,825	
Advocacy - CPA PAC	-	-	-	-	24,000	-	24,000	-	-	-	-	-	24,000	
<b>Total program services</b>	<b>5,528,954</b>	<b>1,898,092</b>	<b>-</b>	<b>1,898,092</b>	<b>24,000</b>	<b>-</b>	<b>24,000</b>	<b>455,825</b>	<b>-</b>	<b>455,825</b>	<b>(1,162,917)</b>	<b>-</b>	<b>6,743,954</b>	
Supporting services														
General and administrative	2,506,646	621,750	-	621,750	364	-	364	50,901	-	50,901	-	-	3,179,661	
<b>Total supporting services</b>	<b>2,506,646</b>	<b>621,750</b>	<b>-</b>	<b>621,750</b>	<b>364</b>	<b>-</b>	<b>364</b>	<b>50,901</b>	<b>-</b>	<b>50,901</b>	<b>-</b>	<b>-</b>	<b>3,179,661</b>	
<b>Total expenses</b>	<b>8,035,600</b>	<b>2,519,842</b>	<b>-</b>	<b>2,519,842</b>	<b>24,364</b>	<b>-</b>	<b>24,364</b>	<b>506,726</b>	<b>-</b>	<b>506,726</b>	<b>(1,162,917)</b>	<b>-</b>	<b>9,923,615</b>	
Changes in net assets	1,869,584	-	-	-	(364)	22,251	21,887	203,789	85,684	289,473	-	-	2,180,944	
Net assets, beginning	8,175,276	(1,207,862)	81,607	(1,126,255)	5,000	207,710	212,710	1,207,907	1,037,215	2,245,122	-	-	9,506,853	
<b>Net assets, end</b>	<b>\$ 10,044,860</b>	<b>\$ (1,207,862)</b>	<b>\$ 81,607</b>	<b>\$ (1,126,255)</b>	<b>\$ 4,636</b>	<b>\$ 229,961</b>	<b>\$ 234,597</b>	<b>\$ 1,411,696</b>	<b>\$ 1,122,899</b>	<b>\$ 2,534,595</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,687,797</b>	

See Independent Auditor's Report.

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

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

	The New York State Society of Certified Public Accountants			Foundation for Accounting Education, Inc.			CPA PAC			Moynihan Fund			Eliminations	Total
	Without donor restrictions	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total				
<b>Revenues and other support</b>														
Membership dues	\$ 7,756,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,756,122	
Education fees	-	1,988,390	-	1,988,390	-	-	-	-	-	-	-	-	1,988,390	
The CPA Journal	1,006,230	-	-	-	-	-	-	-	-	-	-	-	1,006,230	
Member services	284,617	-	-	-	-	-	-	-	-	-	-	-	284,617	
Chapter activities	288,653	-	-	-	-	-	-	-	-	-	-	-	288,653	
The Trusted Professional	351,593	-	-	-	-	-	-	-	-	-	-	-	351,593	
Contributions	-	1,914,950	28,535	1,943,485	-	45,774	45,774	60,000	60,744	120,744	(1,974,950)	-	135,053	
Investment income, net	123,203	-	119,339	119,339	-	-	-	-	(3,042)	(3,042)	-	-	239,500	
Other revenues	184,125	-	-	-	-	-	-	-	-	-	-	-	184,125	
Net assets released from restrictions	-	51,636	(51,636)	-	15,371	(15,371)	-	480,333	(480,333)	-	-	-	-	
<b>Total revenues and other support</b>	<b>9,994,543</b>	<b>3,954,976</b>	<b>96,238</b>	<b>4,051,213</b>	<b>15,371</b>	<b>30,403</b>	<b>45,774</b>	<b>540,333</b>	<b>(422,631)</b>	<b>117,702</b>	<b>(1,974,950)</b>	<b>-</b>	<b>12,234,283</b>	
<b>Expenses</b>														
Program services														
Membership and membership services	4,875,802	-	-	-	-	-	-	-	-	-	(1,974,950)	-	2,900,852	
Education	-	3,015,866	-	3,015,866	-	-	-	-	-	-	-	-	3,015,866	
The CPA Journal	1,241,461	-	-	-	-	-	-	-	-	-	-	-	1,241,461	
Chapter activities	815,066	-	-	-	-	-	-	-	-	-	-	-	815,066	
The Trusted Professional	388,785	-	-	-	-	-	-	-	-	-	-	-	388,785	
Career Opportunities in the Accounting Profession (COAP) and scholarship programs	-	51,636	-	51,636	-	-	-	480,333	-	480,333	-	-	531,969	
Advocacy - CPA PAC	-	-	-	-	12,500	-	12,500	-	-	-	-	-	12,500	
<b>Total program services</b>	<b>7,321,114</b>	<b>3,067,502</b>	<b>-</b>	<b>3,067,502</b>	<b>12,500</b>	<b>-</b>	<b>12,500</b>	<b>480,333</b>	<b>-</b>	<b>480,333</b>	<b>(1,974,950)</b>	<b>-</b>	<b>8,906,499</b>	
Supporting services														
General and administrative	2,768,911	887,474	-	887,474	2,871	-	2,871	59,955	-	59,955	-	-	3,719,211	
<b>Total supporting services</b>	<b>2,768,911</b>	<b>887,474</b>	<b>-</b>	<b>887,474</b>	<b>2,871</b>	<b>-</b>	<b>2,871</b>	<b>59,955</b>	<b>-</b>	<b>59,955</b>	<b>-</b>	<b>-</b>	<b>3,719,211</b>	
<b>Total expenses</b>	<b>10,090,025</b>	<b>3,954,976</b>	<b>-</b>	<b>3,954,976</b>	<b>15,371</b>	<b>-</b>	<b>15,371</b>	<b>540,288</b>	<b>-</b>	<b>540,288</b>	<b>(1,974,950)</b>	<b>-</b>	<b>12,625,710</b>	
Changes in net assets before transfer of net assets	(95,482)	-	96,238	96,238	-	30,403	30,403	45	(422,631)	(422,586)	-	-	(391,427)	
Transfer of net assets	-	(1,207,862)	(1,459,782)	(2,667,644)	-	-	-	1,207,862	1,459,782	2,667,644	-	-	-	
Changes in net assets	(95,482)	(1,207,862)	(1,363,544)	(2,571,406)	-	30,403	30,403	1,207,907	1,037,151	2,245,058	-	-	(391,427)	
Net assets, beginning	8,270,758	-	1,445,151	1,445,151	5,000	177,307	182,307	-	64	64	-	-	9,898,280	
Net assets, end	\$ 8,175,276	\$ (1,207,862)	\$ 81,607	\$ (1,126,255)	\$ 5,000	\$ 207,710	\$ 212,710	\$ 1,207,907	\$ 1,037,215	\$ 2,245,122	\$ -	\$ -	\$ 9,506,853	

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