

**NEW YORK STATE CONGRESS OF  
PARENTS AND TEACHERS, INC.**

**Financial Statements as of  
June 30, 2018  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

November 2, 2018

To the Board of Directors of  
New York State Congress of Parents and Teachers, Inc.:

We have audited the accompanying financial statements of New York State Congress of Parents and Teachers, Inc. (a New York State not-for-profit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

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## **INDEPENDENT AUDITOR'S REPORT**

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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York State Congress of Parents and Teachers, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the New York State Congress of Parents and Teachers, Inc.'s 2017 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2018 supplementary information in Schedules I and II is presented for purposes of additional analysis and is not a required part of the 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. This information has been subjected to the auditing procedures applied in the audit of the 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 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 financial statements as a whole.

The 2017 supplementary information is presented for purposes of additional analysis and is not a required part of the 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 2017 financial statements. This information has been subjected to the auditing procedures applied in the audit of those 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 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 2017 supplementary information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

# NEW YORK STATE CONGRESS OF PARENTS AND TEACHERS, INC.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 815,533	\$ 635,809
Investments	1,695,604	1,751,054
Prepaid expenses and other assets	<u>43,591</u>	<u>69,634</u>
Total current assets	2,554,728	2,456,497
PROPERTY AND EQUIPMENT, net	<u>345,826</u>	<u>398,012</u>
	<u>\$ 2,900,554</u>	<u>\$ 2,854,509</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 74,962	\$ 102,444
Deferred revenue	17,050	27,200
Current portion of scholarships and fellowships payable	<u>72,700</u>	<u>75,400</u>
Total current liabilities	164,712	205,044
SCHOLARSHIPS AND FELLOWSHIPS PAYABLE, net of current portion	<u>47,000</u>	<u>46,200</u>
Total liabilities	<u>211,712</u>	<u>251,244</u>
NET ASSETS:		
Unrestricted	2,309,668	2,309,910
Temporarily restricted	<u>379,174</u>	<u>293,355</u>
Total net assets	<u>2,688,842</u>	<u>2,603,265</u>
	<u>\$ 2,900,554</u>	<u>\$ 2,854,509</u>

The accompanying notes are an integral part of these statements.

**NEW YORK STATE CONGRESS OF PARENTS AND TEACHERS, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018  
(With Comparative Totals for 2017)**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE:</b>				
Membership dues and assessments	\$ 458,701	\$ -	\$ 458,701	\$ 464,243
Investment income	68,461	76,247	144,708	189,610
Insurance premiums collected	97,468	-	97,468	383,959
Gifts and grants	95,966	-	95,966	63,913
Convention revenue	77,677	-	77,677	127,963
Life memberships	-	38,090	38,090	39,591
Summer institute	36,445	-	36,445	41,701
Legal and educational conference	7,875	-	7,875	1,362
PTA store	5,247	-	5,247	6,352
Miscellaneous	1,075	-	1,075	6,302
Net assets released from restrictions	28,518	(28,518)	-	-
<b>Total support and revenue</b>	<b>877,433</b>	<b>85,819</b>	<b>963,252</b>	<b>1,324,996</b>
<b>PROGRAM EXPENSES:</b>				
Leadership program	170,165	-	170,165	213,442
Structure program	63,385	-	63,385	67,363
Field support program	61,220	-	61,220	54,800
Scholarship and fellowship program	29,728	-	29,728	49,179
Advocacy program	18,922	-	18,922	16,534
PTA store costs	5,970	-	5,970	4,014
Pick a reading partner program	1,004	-	1,004	409
Insurance remittances	-	-	-	316,679
Communications program	-	-	-	38
<b>Total program expenses</b>	<b>350,394</b>	<b>-</b>	<b>350,394</b>	<b>722,458</b>
<b>ADMINISTRATIVE EXPENSES</b>	<b>527,281</b>	<b>-</b>	<b>527,281</b>	<b>507,543</b>
<b>Total expenses</b>	<b>877,675</b>	<b>-</b>	<b>877,675</b>	<b>1,230,001</b>
<b>CHANGE IN NET ASSETS</b>	<b>(242)</b>	<b>85,819</b>	<b>85,577</b>	<b>94,995</b>
<b>NET ASSETS - beginning of year</b>	<b>2,309,910</b>	<b>293,355</b>	<b>2,603,265</b>	<b>2,508,270</b>
<b>NET ASSETS - end of year</b>	<b>\$ 2,309,668</b>	<b>\$ 379,174</b>	<b>\$ 2,688,842</b>	<b>\$ 2,603,265</b>

The accompanying notes are an integral part of these statements.

# NEW YORK STATE CONGRESS OF PARENTS AND TEACHERS, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018 (With Comparative Totals for 2017)

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	<u>2018</u>	<u>2017</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 85,577	\$ 94,995
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	52,186	27,584
Unrealized gain on investments	(57,205)	(122,283)
Changes in:		
Prepaid expenses and other assets	26,043	(11,424)
Accounts payable and accrued expenses	(27,482)	72,499
Deferred revenues	(10,150)	(352,715)
Scholarships and fellowships payable	<u>(1,900)</u>	<u>6,500</u>
Net cash flow from operating activities	<u>67,069</u>	<u>(284,844)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(195,573)
Purchase of investments	-	(228,826)
Proceeds from sale of investments	<u>112,655</u>	<u>-</u>
Net cash flow from investing activities	<u>112,655</u>	<u>(424,399)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	179,724	(709,243)
CASH AND CASH EQUIVALENTS - beginning of year	<u>635,809</u>	<u>1,345,052</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 815,533</u>	<u>\$ 635,809</u>

The accompanying notes are an integral part of these statements.

# NEW YORK STATE CONGRESS OF PARENTS AND TEACHERS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### 1. THE ORGANIZATION

The New York State Congress of Parents and Teachers, Inc. (“the Organization” or “NYSPTA”) is a membership organization which provides service to approximately 300,000 members in New York State. These services include seminars, workshops, special assistance and publications to encourage a more knowledgeable community which recognizes the importance of public education in society. NYSPTA also collects insurance assessments from the members and obtains insurance to cover functions held at member schools.

NYSPTA is affiliated with the National Congress of Parents and Teachers (“National”).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The Organization’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

Cash and cash equivalents includes bank demand deposit accounts, money market accounts and all highly liquid debt instruments purchased with a maturity of three months or less. The Organization’s cash balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

#### **Investments**

Investments in mutual funds are stated at fair value. Fair value is determined using quoted market prices. Certificates of deposit with original maturities greater than three months are classified as investments and are recorded at cost plus accrued interest.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Inventory**

Inventory consists of merchandise that is valued at the lower of cost or net realizable value, determined on the first-in, first-out (FIFO) basis. In years prior to 2018, the Organization stated inventory at the lower of cost or market. The change was made prospectively as of July 1, 2017 in accordance with adoption of the new FASB standard ASU 2015-11, *Simplifying the Measurement of Inventory*. The adoption of this ASU had no impact on the 2018 financial statements.

### **Property and Equipment**

Property and equipment are stated at cost. All significant property and equipment with a value of \$500 and estimated useful life of more than one year is capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Depreciation expense was \$52,186 and \$27,584 for the years ended June 30, 2018 and 2017, respectively.

### **Long-Lived Assets**

The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amount may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of the assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of the assessment, the long-lived assets are considered to not be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2018 or 2017.

### **Financial Reporting**

The Organization reports its activities and the related net assets using three net asset categories: unrestricted, temporarily restricted and permanently restricted.

Unrestricted- This category of net assets is not restricted by donors or other outside agencies. The Board of Directors can authorize use of these assets, as it desires, to carry on the purposes of the Organization according to its by-laws.

Temporarily restricted - This category of net assets represents donor-imposed restrictions that permit the organization to use up or expense the donated assets as specified. This temporary restriction is satisfied either by the passage of time or by actions of the Organization.

As of June 30, 2018 and 2017, there were no permanently restricted net assets.

### **Revenue Recognition**

#### Membership dues and assessments

NYSPTA determines its membership dues each year based upon enrollment. Membership is based on the school year, from July 1 through June 30, and is recognized over the term of the membership.

#### Insurance premiums collected

The Organization contracts with the Association of Insurance Maintenance, Inc. to bill and collect insurance premiums directly from members. NYSPTA recognizes any excess non-dues revenue upon collection.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Revenue Recognition (Continued)**

#### Convention revenue

NYSPTA receives fees to cover the costs of all members attending the annual convention. Revenue is recognized when earned. The portion of revenue received before the year end date that relates to the future event is recorded as deferred revenue.

### **Functional Allocation of Expenses**

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited.

### **Fair Value Measurement – Definition and Hierarchy**

The Organization uses various valuation techniques in determining fair value and classifies them in a three level hierarchy based on the nature of the inputs. Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Level 2 valuations are based on inputs, other than quoted prices included within Level 1 that are observable either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Organization's mutual funds are valued utilizing Level 1 inputs only.

### **Income Taxes**

New York State Congress of Parents and Teachers, Inc. is a New York not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

### **Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

### **Reclassifications**

Certain reclassifications have been made to the 2017 statement of financial position and statement of activities to conform to the current year presentation.

### 3. INVESTMENTS

The following summarizes investments at June 30:

	<u>2018</u>	<u>2017</u>
Certificates of deposit	\$ 372,300	\$ 566,765
Mutual funds	<u>1,323,304</u>	<u>1,184,289</u>
	<u>\$ 1,695,604</u>	<u>\$ 1,751,054</u>

Investment and interest income for the above investments consisted of the following for the year ended June 30:

	<u>2018</u>	<u>2017</u>
Realized gains	\$ 65,570	\$ 52,282
Interest and dividends	21,933	15,045
Unrealized gain	<u>57,205</u>	<u>122,283</u>
	<u>\$ 144,708</u>	<u>\$ 189,610</u>

### 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Land and building	\$ 372,666	\$ 372,666
Equipment	<u>227,997</u>	<u>227,997</u>
	600,663	600,663
Less: Accumulated depreciation	<u>(254,837)</u>	<u>(202,651)</u>
Property and equipment, net	<u>\$ 345,826</u>	<u>\$ 398,012</u>

### 5. SCHOLARSHIPS AND FELLOWSHIPS

Scholarships are awarded to students attending State University of New York colleges, majoring in education, and who agree to teach in New York State public schools.

Fellowships are awarded to teachers who have attained their Master's degree and want to improve their teaching skills, update their professional knowledge and expand their professional horizons.

## 5. SCHOLARSHIPS AND FELLOWSHIPS (Continued)

Awarded scholarships and fellowships are payable as follows for the years ending June 30:

2019	72,700
2020	23,000
2021	16,000
2022	<u>8,000</u>
	<u>\$ 119,700</u>

## 6. DEFERRED COMPENSATION PLAN

The Organization has established a deferred compensation plan effective January 1, 1996. Under this plan, the organization contributes 4.5% of base salary to a 403(b) Defined Contribution Retirement Plan and Tax-Deferred Annuity Plan for each eligible employee. This contribution is based on salary for the preceding calendar year and is made annually following the mid-year meeting. Employees may make additional contributions to their fund through payroll deductions. Employees are considered 100% vested in the Organization's contributions upon completion of three years of service and immediately 100% vested in any employee deferred contributions. Employer contributions were \$9,869 and \$9,074 for the years ended June 30, 2018 and 2017, respectively.

## 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2018 and 2017:

	June 30, <u>2017</u>	Contributions	Investment Income	Releases	June 30, <u>2018</u>
Jenkins Memorial Program	\$ 163,337	\$ 24,945	\$ 7,554	\$ (18,954)	\$ 163,337
Teachers Fellowship Program	85,542	13,145	53,207	(9,040)	85,542
Pick a Reading Partner	<u>44,476</u>	<u>-</u>	<u>15,486</u>	<u>(524)</u>	<u>44,476</u>
	<u>\$ 293,355</u>	<u>\$ 38,090</u>	<u>\$ 76,247</u>	<u>\$ (28,518)</u>	<u>\$ 379,174</u>

Jenkins Memorial Program, represents assets restricted to award scholarships to students attending State University of New York Colleges, majoring in education, and who agree to teach in New York State public schools.

Teachers Fellowship Program, represents assets restricted to award fellowships to teachers who are continuing their education.

Pick a Reading Partner (PARP), represents assets restricted for the support and advancement of the PARP program.

## 8. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at June 30:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
June 30, 2018:				
Mutual funds - large growth	\$ 880,955	\$ -	\$ -	\$ 880,955
Mutual funds - mid-cap	244,738	-	-	244,738
Mutual funds - international	<u>197,609</u>	<u>-</u>	<u>-</u>	<u>197,609</u>
	<u>\$ 1,323,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323,302</u>
June 30, 2017:				
Mutual funds - large growth	\$ 780,167	\$ -	\$ -	\$ 780,167
Mutual funds - mid-cap	228,612	-	-	228,612
Mutual funds - international	<u>175,510</u>	<u>-</u>	<u>-</u>	<u>175,510</u>
	<u>\$ 1,184,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,184,289</u>

For all amounts listed above, fair value is determined by reference to quoted market prices.

## 9. LEASES

The Organization leases office equipment under an operating lease which expires in January 2019. Rent expense for the years ended June 30, 2018 and 2017 was \$18,640 and \$18,875, respectively. Minimum future rental payment for the year ending June 30, 2019 is \$1,924.

## 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 2, 2018, which is the date the financial statements were available to be issued.

NEW YORK STATE CONGRESS OF PARENTS AND TEACHERS, INC.

SCHEDULE I

PROGRAM EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018  
(With Comparative Totals for 2017)

	<u>Advocacy</u>	<u>Field Support</u>	<u>Leadership</u>	<u>Parents as Reading Partners</u>	<u>PTA Store</u>	<u>Scholarship and Fellowship</u>	<u>Structure</u>	<u>2018 Total</u>	<u>2017 Total</u>
Conventions	\$ -	\$ -	\$ 106,908	\$ -	\$ -	\$ -	\$ -	\$ 106,908	\$ 148,741
Region allotments	-	58,801	-	-	-	-	-	58,801	51,885
Training	-	-	58,565	-	-	-	-	58,565	57,628
Meetings	-	-	-	-	-	-	30,569	30,569	43,538
Scholarship and fellowship	-	-	-	-	-	29,163	-	29,163	48,698
Membership	-	-	-	-	-	-	21,912	21,912	14,498
Executive structure expenses	-	-	-	-	-	-	10,724	10,724	9,322
Legislative activity	9,770	-	-	451	-	-	-	10,221	5,689
Education	6,652	-	-	-	8	-	-	6,660	-
PTA store materials	-	-	-	-	5,962	-	-	5,962	4,014
Awards	-	-	4,692	73	-	-	-	4,765	7,073
Committees	2,500	-	-	-	-	-	180	2,680	10,850
Direct service	-	1,912	-	-	-	-	-	1,912	2,915
Bank fees	-	507	-	480	-	565	-	1,552	890
Insurance remittances	-	-	-	-	-	-	-	-	316,679
Annual giving	-	-	-	-	-	-	-	-	38
	<u>\$ 18,922</u>	<u>\$ 61,220</u>	<u>\$ 170,165</u>	<u>\$ 1,004</u>	<u>\$ 5,970</u>	<u>\$ 29,728</u>	<u>\$ 63,385</u>	<u>\$ 350,394</u>	<u>\$ 722,458</u>

The accompanying notes are an integral part of these schedules.

**ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
(With Comparative Totals for 2017)

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	<u>2018</u>	<u>2017</u>
ADMINISTRATIVE EXPENSES:		
Salaries and wages	\$ 310,677	\$ 312,723
Depreciation	52,186	27,584
Occupancy	45,112	45,348
Payroll taxes and benefits	33,479	31,247
Insurance	23,385	18,587
Computer	21,056	24,646
Professional fees	19,496	27,732
Bank and investment fees	11,536	9,367
Supplies	5,398	6,262
Dues and subscriptions	4,217	3,870
Printing and postage	<u>739</u>	<u>177</u>
Total administrative expenses	<u>\$ 527,281</u>	<u>\$ 507,543</u>

The accompanying notes are an integral part of these schedules.