

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
New York State Chapter

Financial Statements
and
Report of Independent Auditor

June 30, 2009

LUBBE & HOSEY, PC
CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

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Report of Independent Auditor

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REPORT OF INDEPENDENT AUDITOR

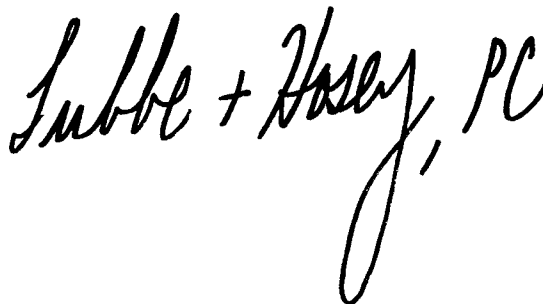
The Board of Directors
National Association of Social Workers, Inc.
New York State Chapter:

We have audited the accompanying statement of financial position of **National Association of Social Workers, Inc., New York State Chapter** (the "Association") (a not-for-profit organization) as of June 30, 2009, and the related statements of activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 as established by the American Institute of Certified Public Accountants. 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 Association'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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **National Association of Social Workers, Inc., New York State Chapter** as of June 30, 2009, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Albany, New York
September 29, 2009

A large, stylized handwritten signature in black ink that reads "Lubbe + Hosey, PC". The signature is written in a cursive, flowing style with a long, sweeping tail on the "y".

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

Statement of Financial Position

June 30, 2009

<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$255,077
Investments	214,880
Accounts receivable:	
Membership dues	60,913
Other	3,949
Prepaid expenses	<u>4,579</u>
Total current assets	<u>539,398</u>
Property and equipment:	
Land	27,734
Buildings and improvements	540,987
Office equipment, furniture and fixtures	<u>34,842</u>
	603,563
Less accumulated depreciation	<u>349,812</u>
Net property and equipment	<u>253,751</u>
Total assets	<u>\$793,149</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable and accrued expenses	29,887
Income tax payable	250
Salaries and annual leave payable	60,122
Deferred revenue	<u>607,593</u>
Total current liabilities	<u>697,852</u>
Commitments	
Net assets:	
Unrestricted:	
General	(41,787)
Board-designated	<u>137,084</u>
Total net assets	<u>95,297</u>
Total liabilities and net assets	<u>\$793,149</u>

See accompanying notes to financial statements.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER**

Statement of Activities

Year ended June 30, 2009

Revenue:

Membership dues	\$ 815,608
Advertising and newsletter	18,678
Certification and related test fees	72,805
CE Approval program	23,025
CE Recognition program	945
Mailing list income	1,314
Investment income, net of expenses of \$4,584	(17,941)
Conference fees	32,370
Annual awards dinner, net of expenses of \$10,609	(2,319)
Contributions	4,679
Governmental contract	37,462
Loss on disposal of property and equipment	(1,305)
Other revenue	<u>5,751</u>
Total revenue	<u>991,072</u>

Expenses:

Operating expenses:

Staff salaries	530,844
Staff benefits and payroll taxes	125,106
Staff travel and meals	17,821
Volunteer travel, meals and accommodations	77,232
Contract services and professional fees	98,934
Occupancy, including utilities	26,091
Telephone	11,966
Office supplies	12,176
Printing	31,238
Materials and media service	6,229
Postage and mailing services	32,543
Subscriptions and publications	551
Outside organization and membership dues	2,430
Awards and grants, including special projects	2,825
Expendable equipment	1,845
Depreciation	18,006
Insurance	3,309
Bank charges and credit card fees	4,359
Personnel recruitment and advertising expenses	394
Equipment rentals and maintenance	15,886
Conferences, meetings and workshops	14,166
Miscellaneous	525
Taxes	<u>(974)</u>
Total operating expenses	1,033,502
Division activities net of revenue of \$36,568	<u>45,767</u>
Total expenses	<u>1,079,269</u>
Change in net assets	<u>\$ (88,197)</u>

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

Statement of Changes in Net Assets

Year ended June 30, 2009

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$171,988	11,506	183,494
Change in net assets	<u>(76,691)</u>	<u>(11,506)</u>	<u>(88,197)</u>
Net assets, end of year	<u>\$ 95,297</u>	<u>-</u>	<u>95,297</u>

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

Statement of Cash Flows

Year ended June 30, 2009

Cash flows from operating activities:	
Change in net assets	\$ (88,197)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Net loss on investments	21,853
Depreciation	18,006
Loss on disposal of property and equipment	1,305
Changes in operating assets and liabilities:	
Accounts receivable	(5,796)
Prepaid expenses	(939)
Accounts payable and accrued expenses	(23,054)
Income tax payable	(450)
Salaries and annual leave payable	4,027
Deferred revenue	<u>133,624</u>
Net cash from operating activities	<u>60,379</u>
Cash flows from investing activities:	
Investment purchases	(226,866)
Investment sales	223,529
Purchases of property and equipment	<u>(60,637)</u>
Net cash used in investing activities	<u>(63,974)</u>
Net decrease in cash and cash equivalents	(3,595)
Cash and cash equivalents, beginning of year	<u>258,672</u>
Cash and cash equivalents, end of year	\$ <u><u>255,077</u></u>
Supplemental disclosure:	
Income taxes paid on unrelated business income	\$ <u><u>650</u></u>

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

Notes to Financial Statements

June 30, 2009

(1) Organization and Summary of Significant Accounting Policies

(a) Organization and Income Tax Status

The National Association of Social Workers, Inc., New York State Chapter (the "Association") is a professional not-for-profit organization formed to advance the local and state level purposes of the National Association of Social Workers, Inc. which are to promote, strengthen and unify the social work profession. The Association's primary functions include government relations, professional development of its members, and provision of membership services. The Association began operations on July 1, 1976 as successor to ten existing regional chapters located throughout New York State. Identity of the local chapters has been retained in the form of divisions. Primary sources of revenue are membership dues.

The Association is exempt from federal income tax in accordance with Section 501(c)(6) of the Internal Revenue Code. Revenue unrelated to the exempt purpose of the Association, such as advertising, is subject to taxation.

(b) Basis of Presentation and Using Estimates

The financial statements have been prepared on the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if any.

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Contributions and Grants

Funds restricted by the donor or other outside party for particular purposes are reported as revenue when received in compliance with the donor's specific restriction. Amounts received but not yet spent are reported as temporarily restricted net assets.

(d) Membership Dues

Membership dues revenues are recognized ratably over the membership period beginning with the members' anniversary date. Dues not recognized as earned are recorded as deferred revenue.

(Continued)

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

Notes to Financial Statements (Continued)

- (1) Organization and Summary of Significant Accounting Policies (Continued)
- (e) Certification and Related Test Fees
Revenue from certification and related test fees is recognized in the year the test is administered.
- (f) Investments
Investments, consisting of publicly traded securities, are recorded at fair market value, with realized and unrealized gains and losses included in the statement of activities.
- (g) Property and Equipment
Property and equipment are recorded at cost on the date of acquisition, or fair value on the date of donation. The Association's policy is to capitalize property and equipment expenditures with a useful life of greater than one year and a unit value greater than \$1,000. Depreciation is provided over the estimated useful lives of the respective assets, on a straight-line basis. Estimated useful lives range from five (5) to thirty (30) years. Maintenance and repairs are charged to operations as incurred. When units of property and equipment are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations.
- (h) Compensated Absences-Annual Leave
The Association accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. These conditions arise from vacation benefits that employees have earned but not yet taken. The accrued vacation liability totaled \$46,221 at June 30, 2009.
- (i) Cash and Cash Equivalents
The Association defines cash and cash equivalents as demand, savings, and money market accounts with banks and brokers, and investments with original maturities of less than three months.
- (j) Advertising Costs
Advertising costs are expensed as incurred. Advertising costs totaled \$125 during the year ended June 30, 2009.
- (k) Functional Expenses
The Association allocates its expenses on a functional basis among its various programs and support service. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based upon a determination by management. Expenses were incurred in the following functional areas during the year ended June 30, 2009:

(Continued)

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

Notes to Financial Statements (Continued)

(1) Organization and Summary of Significant Accounting Policies (Continued)

(k) Functional Expenses (Continued)

Program services

Government relations, including advocacy	\$ 197,644
Professional development/public affairs	307,971
Membership services	<u>412,318</u>
	917,933

Support service

Management and administrative services	<u>161,336</u>
	<u>\$1,079,269</u>

(l) Donated Services

No amounts have been reflected in the financial statements for contributed services during 2009; however, a substantial number of volunteers have donated significant amounts of their time to the activities of the Association.

(2) Net Assets

Board-designated net assets include unrestricted membership dues the Board of Directors has designated for specific use and activities as follows:

Special projects	\$ 2,000
Division activities	50,084
Capital expenditures	<u>85,000</u>
	<u>\$137,084</u>

(3) Investments

Investments recorded at fair market value are summarized as follows at June 30, 2009, according to the Association's investment policy.

Publicly Traded Securities:	
Unified managed account(s)	\$155,536
Mutual fund account(s)	<u>59,344</u>
	<u>\$214,880</u>

Investment income consists of the following:

Interest and dividend income	\$ 8,496
Net loss on investments	<u>(21,853)</u>
Subtotal	(13,357)
Investment expenses	<u>(4,584)</u>
	<u>\$ (17,941)</u>

(4) Deferred Revenue

Deferred revenue consists of amounts from the following sources at June 30, 2009:

Membership dues	\$457,055
Governmental contract	<u>150,538</u>
	<u>\$607,593</u>

(Continued)

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.
NEW YORK STATE CHAPTER

Notes to Financial Statements (Continued)

(5) Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed insured limits. There were no uninsured balances at June 30, 2009. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(6) Retirement Plan

The Association has a defined contribution plan which qualifies under Section 401(k) of the Internal Revenue Code. The Plan allows eligible employees to contribute a percentage of their compensation. The Plan covers regular employees who are at least 21 years of age and who have finished one year of service. The Association's contributions are a specified percentage, currently 10%, of eligible employees' salaries. Contributions to the plan for the year ended June 30, 2009 totaled \$50,643.

(7) Related Party - Political Action for Candidate Election (PACE)

PACE is a political action committee affiliated with the Association. PACE was established under provisions of the New York State Election Law and is exempt under Internal Revenue Code Section 527 from paying federal income taxes. The purpose of PACE is to make expenditures to support the nomination and election of candidates for New York State office who support policy priorities of the Association. PACE has certain members in common with, and is operated by, the Association's management. Personnel and other administrative costs of PACE totaling \$10,144 were paid by the Association. There is no required reimbursement from PACE. There were no administrative fees charged to PACE by the Association. There were no amounts receivable from or payable to PACE at June 30, 2009. A summary of cash transactions of PACE for the year ended June 30, 2009 is as follows:

Cash balance - July 1, 2008	\$ 13,540
Receipts	18,202
Disbursements	<u>(22,758)</u>
Cash balance - June 30, 2009	<u>\$ 8,984</u>

(8) Commitments

Lease Commitments

The Association leases various equipment under noncancellable lease agreements expiring through April 2013. Lease expense totaled \$6,656 during the year ended June 30, 2009. Future minimum rental commitments as of June 30, 2009 are as follows:

2010	\$6,341
2011	5,117
2012	3,893
2013	<u>2,919</u>