

**Beta Alpha Psi**  
**Financial Statements**  
**and Independent Auditor's Report**  
**April 30, 2020 and 2019**

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# Beta Alpha Psi

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## Independent Auditor's Report

To the Board of Directors  
Beta Alpha Psi

We have audited the accompanying financial statements of Beta Alpha Psi, which comprise the statements of financial position as of April 30, 2020 and 2019, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beta Alpha Psi as of April 30, 2020 and 2019, 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.



Roseland, New Jersey  
August 18, 2020

## Beta Alpha Psi

### Statements of Financial Position April 30, 2020 and 2019

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current assets		
Cash and equivalents	\$ 2,298,399	\$ 1,591,121
Investments	749,891	758,719
Accounts and other receivables	44,742	13,898
Prepaid expense and other assets	45,912	46,132
	<u>3,138,944</u>	<u>2,409,870</u>
Total current assets		
	3,138,944	2,409,870
Long-term assets		
Investments	99,835	301,922
Website development, net of accumulated amortization of \$267,573 and \$264,938	7,905	-
	<u>107,740</u>	<u>-</u>
Total	<u>\$ 3,246,684</u>	<u>\$ 2,711,792</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts and other payables	\$ 873,166	\$ 87,659
Unearned revenue	315,210	366,107
	<u>1,188,376</u>	<u>453,766</u>
Total liabilities		
	1,188,376	453,766
Net assets		
Without donor restrictions	2,009,337	2,140,478
With donor restrictions	48,971	117,548
	<u>2,058,308</u>	<u>2,258,026</u>
Total net assets		
	2,058,308	2,258,026
Total	<u>\$ 3,246,684</u>	<u>\$ 2,711,792</u>

See Notes to Financial Statements.

**Beta Alpha Psi**

**Statements of Activities  
Years Ended April 30, 2020 and 2019**

	2020	2019
Changes in net assets without donor restrictions		
Revenue and support		
Chapter fees	\$ 698,398	\$ 719,287
Annual and regional meetings	442,377	474,234
Professional partners and other contributions	216,273	196,105
Interest income	31,985	23,090
Contributed services	52,576	51,385
Net assets released from restrictions	303,077	262,184
Total revenue and other support without donor restrictions	1,744,686	1,726,285
Expenses		
Program expenses		
Chapter programs	97,511	108,561
Annual and regional meetings	1,261,602	1,276,909
Awards	249,957	238,618
Total program expenses	1,609,070	1,624,088
Supporting services		
Contributed services	52,576	51,385
General and administrative	214,181	191,382
Total supporting services	266,757	242,767
Total expenses	1,875,827	1,866,855
Change in net assets without donor restrictions	(131,141)	(140,570)
Change in net assets with donor restriction		
Contributions	234,500	284,192
Net assets released from restriction	(303,077)	(262,184)
Change in net assets with donor restriction	(68,577)	22,008
Change in net assets	(199,718)	(118,562)
Net assets, beginning	2,258,026	2,376,588
Net assets, ending	\$ 2,058,308	\$ 2,258,026

See Notes to Financial Statements.

**Beta Alpha Psi**

**Statements of Cash Flows**  
**Years Ended April 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (199,718)	\$ (118,562)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization	2,635	1,678
Changes in operating assets and liabilities		
Accounts and other receivables	(30,844)	(11,560)
Prepaid expenses and other assets	220	8,959
Accounts and other payables	785,507	(2,228)
Unearned revenue	(50,897)	(46,069)
	506,903	(167,782)
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Capital expenditures	(10,540)	-
Proceed from maturity of investments	991,120	754,191
Purchase of investments	(780,205)	(756,861)
	200,375	(2,670)
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	707,278	(170,452)
Cash and cash equivalents, beginning	1,591,121	1,761,573
Cash and cash equivalents, end	\$ 2,298,399	\$ 1,591,121

See Notes to Financial Statements.

## Beta Alpha Psi

### Notes to Financial Statements April 30, 2020 and 2019

#### Note 1 - Purpose and summary of accounting policies

##### **Purpose**

Beta Alpha Psi (the "Organization") is a not-for-profit international honor and service organization for accounting, finance, and business analytics and digital technology students at "AACSB" (Association to Advance Collegiate Schools of Business) or EQUIS (European Quality Improvement System) accredited universities. The Organization provides opportunities for development of technical and professional skills to complement university education; participation in community service; and interaction among students, faculty and professionals. The Organization's objectives are accomplished through the activities of its chapters. Financial resources to promote these activities are provided by the chapters and various public and private firms.

##### **Adoption of accounting standard**

In May 2014, the Financial Accounting Standards Board ("FASB") issued 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 revenue. The Organization adopted ASU 2014-09 on May 1, 2018.

On June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU was issued to provide guidance to not-for-profit entities as they adopt ASU 2014-09. The Organization applies ASU 2018-08 in determining if grants and similar contracts with resource providers should be accounted as contributions or exchange transactions. If it is determined that an external resource provider does not receive commensurate value in return, the transactions are deemed nonreciprocal and should be accounted as contributions.

In addition, the Organization evaluates whether a contribution is conditional which affects the timing of the revenue recognized. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions received are accounted for as a liability initially, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

##### **Accounting method**

The accompanying financial statements are prepared on the accrual basis of accounting.

##### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Cash and cash equivalents**

The Organization considers instruments with an original maturity of 90 days or less when purchased to be cash equivalents. As of April 30, 2020 and 2019, the Organization's cash equivalents consisted primarily of money market funds.

## **Beta Alpha Psi**

### **Notes to Financial Statements April 30, 2020 and 2019**

#### **Investments**

Short and long-term investments at April 30, 2020 and 2019 consist of certificates of deposit with varying maturity lengths. Certificates of deposit with maturities of greater than 90 days, but less than one year, are considered short-term. Certificates of deposit with maturities greater than one year from the current fiscal year end are considered held long-term.

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

Financial instruments, which potentially subject the Organization to concentrations of credit risk, include cash and cash equivalents and investments. The Organization considers investments with an original maturity of 90 days or less when purchased to be cash equivalents. At times, for the years ended April 30, 2020 and 2019, balances on deposit at financial institutions exceeded Federal Deposit Insurance Corporation ("FDIC") insured limits. Cash equivalent amounts invested in the sweep investment accounts are not insured nor guaranteed by the FDIC. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

#### **Accounts and other receivables**

Credit risk with respect to accounts and other receivables is limited because the Organization deals with a large number of members in a wide geographic area. The Organization closely monitors the extension of credit to its members. On a periodic basis, the Organization evaluates its accounts and other receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit considerations. As of April 30, 2020 and 2019, the Organization has no significant concentrations of credit risk and there is no allowance for doubtful accounts established as management believes that all amounts are collectible.

#### **Web site development costs**

All costs incurred in planning the development of a website are expensed as incurred. Costs, other than general and administrative and overhead costs, incurred in the website application and infrastructure development stage, which involve acquiring or developing hardware and software to operate the website, are capitalized. Fees paid to an Internet service provider for hosting a website on its server(s) connected to the Internet are expensed over the estimated period of benefit. Other costs incurred during the operating stage, such as training, administration and maintenance costs, are expensed as incurred. Costs incurred during the operating stage for upgrades and enhancements of a website are capitalized if it is probable that they will result in added functionality. Capitalized website development costs are amortized on a straight-line basis over their estimated useful life. The unamortized costs remaining as of April 30, 2020 and 2019 represent outsourced costs associated with new site development and enhancements. Impairment analysis is performed when triggering events occur for finite-lived intangibles. As of April 30, 2020 and 2019, there have been no indicators of impairment.

#### **Net assets**

The Organization's financial resources have been combined into two net asset classes (without and with donor restrictions) based upon stipulations imposed by donors.

Net assets without donor restriction include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its by-laws.

Net assets with donor restrictions include resources expendable only for those purposes specified by a donor or grantor. The restrictions are satisfied by specific expenditures of the Organization.



## **Beta Alpha Psi**

### **Notes to Financial Statements April 30, 2020 and 2019**

#### **Contributed services**

The Organization recognizes contribution revenue for certain contributed services received at the fair value of those services. Those services include attest services, facilities and organizational support valued at \$52,576 and \$51,385 for the years ended April 30, 2020 and 2019, respectively, furnished by CohnReznick LLP, by the Association of International Certified Professional Accountants (the "Association") and the American Institute of Certified Public Accountants (the "AICPA"). See Note 6 for additional services provided by the Association and AICPA. In addition, a significant amount of time, for which no value has been assigned as it does not meet the criteria for recognition, was volunteered by professionals, professors and students to the activities of the Organization.

#### **Revenue recognition**

##### **Chapter fees**

Revenue consists of member dues and chapter maintenance fees. Dues revenue from members and chapters include access to a multitude of benefits. Access to these benefits is voluntary and can occur during the membership period and are treated as part of the membership itself, rather than multiple performance obligations. The Organization recognizes revenue over the membership period.

For membership-based revenue recognized over time, the straight-line method is used to allocate the performance obligations over the performance measurement period. The Organization determined that this method provides a faithful depiction of the transfer of goods or services because the customer is required to pay regardless of how frequently the product or membership benefits are used, and the Organization stands ready to make its goods or services available to the customer on a constant basis over the contract period.

##### **Annual and regional meetings**

Revenue received from the annual conference, regional meetings and other in-person conferences and is recognized at a point in time, in the period in which the event occurs.

##### **Income taxes**

Beta Alpha Psi is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a charitable organization that qualifies for the maximum charitable contribution deduction by donors.

The Organization has no unrecognized tax benefits at April 30, 2020 and 2019. The Organization's federal income tax returns prior to fiscal year ended April 30, 2017 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

As of April 30, 2020 and 2019, the Organization did not incur any interest and penalties associated with tax matters.

##### **Cost allocations**

Management has reviewed all overhead costs and determined that it is appropriate to allocate a portion of these costs to the program expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Administrative salaries are allocated on the basis of total employee time. Travel expenses and the AICPA administrative fee are allocated based on estimated usage by the different programs.

## Beta Alpha Psi

### Notes to Financial Statements April 30, 2020 and 2019

#### Subsequent events

The Organization has evaluated subsequent events through August 18, 2020, the date which the financial statements were available to be issued. No subsequent events requiring disclosure were noted by management.

#### Note 2 - Liquidity resources

Beta Alpha Psi's primary revenue sources to fund its operations come from student fees, professional partners contributions and Chapter fees. The Organization has sources of liquidity at its disposal, including cash and investments, that it has acquired over time.

The following table reflects the Organization's financial assets as of April 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of donor restrictions.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,298,399	\$ 1,591,121
Investments	849,726	1,060,641
Receivables, net	<u>44,742</u>	<u>13,898</u>
Total financial assets	3,192,867	2,665,660
Net assets with donor restrictions	<u>48,971</u>	<u>117,548</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,143,896</u>	<u>\$ 2,548,112</u>

#### Note 3 - Investments

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Certificates of deposit - short term	\$ 749,891	\$ 758,719
Certificates of deposit - long term	<u>99,835</u>	<u>301,922</u>
Total	<u>\$ 849,726</u>	<u>\$ 1,060,641</u>

The certificates of deposit are valued at cost plus accrued interest.

## Beta Alpha Psi

### Notes to Financial Statements April 30, 2020 and 2019

#### Note 4 - Website development

Investment in website development, at cost, consists of the following as of April 30, 2020 and 2019:

	2020	2019	Estimated useful lives
Website development	\$ 275,478	\$ 264,938	3 years
Less accumulated amortization	267,573	264,938	
 Total	 \$ 7,905	 \$ -	

Amortization expense was \$2,635 for the year ended April 30, 2020. There was no amortization expense for the year ended April 30, 2019.

The website, reporting intranet and alumni network were placed in service April 2013, August 2013 and August 2019, respectively. The estimated aggregate amortization expense in each of the fiscal years subsequent to April 30, 2020 is as follows:

2021	\$ 3,513
2022	3,513
2023	879
	\$ 7,905

#### Note 5 - Net assets with donor restrictions

Net assets with donor restrictions were released from restrictions in fiscal years 2020 and 2019 in fulfillment of the following purposes:

	2020	2019
Best Practice Awards	\$ 28,625	\$ 30,000
Faculty Advisor Awards	30,000	25,000
Community Service Day	59,000	35,000
Superior Chapter Awards	77,000	73,000
Inclusive Leadership Awards	13,250	13,250
Project Run With It and Program Expenses	46,702	37,434
Gold Challenge Awards	22,500	22,500
Ethics Awards	20,000	20,000
Business Information Professional of the Year Awards	6,000	6,000
 Total	 \$ 303,077	 \$ 262,184

All net assets with donor restriction are restricted for use for specific program activities in future periods.

**Beta Alpha Psi**

**Notes to Financial Statements  
April 30, 2020 and 2019**

Net assets with donor restriction as of the end of the fiscal year consist of funds restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Best Practice Awards	\$ 11,125	\$ 9,750
Faculty Advisor Awards	3,800	8,800
Gold Challenge Awards	-	2,500
Superior Chapter Awards	150	150
Inclusive Leadership Awards	23,250	10,000
Project Run With It and Program Expenses	3,298	50,000
Community Service Day	2,348	36,348
Student Travel	5,000	-
	<u>5,000</u>	<u>-</u>
Total	<u>\$ 48,971</u>	<u>\$ 117,548</u>

**Note 6 - Related party**

General and administrative expenses include charges from the Association and AICPA for payroll, benefits, conference support and out-of-pocket expenses, which amounted to \$402,506 and \$877,960 for the years ended April 30, 2020 and 2019, respectively. For the year ended April 30, 2020, the Organization owed \$724,895 to the Association and \$51,341 to the AICPA. The net amount was included in accounts and other payables. For the year ended April 30, 2019, the Organization owed \$26,438 to the Association and was due \$28,074 from the AICPA. The net amount was included in accounts and other receivables.

## Beta Alpha Psi

### Notes to Financial Statements April 30, 2020 and 2019

#### Note 7 - Functional expenses

The following table presents the natural classification detail of expense by function:

	2020				
	Awards	Chapter Programs	Supporting Services	Annual and Regional Meetings	Total
People Costs	\$ 41,889	\$ 16,341	\$ 36,993	\$ 209,917	\$ 305,140
Meetings and Travel	1,427	75,929	1,206	827,008	905,570
Professional Fees	-	-	75,104	67,123	142,227
Office Expense	-	-	5,489	12,073	17,562
Organizational Support	-	-	1,643	69,000	70,643
Promotion	-	-	22,298	5,928	28,226
Chapter Prizes	197,375	-	-	24,119	221,494
Other	9,266	5,241	124,024	46,434	184,965
Total	\$ 249,957	\$ 97,511	\$ 266,757	\$ 1,261,602	\$ 1,875,827
	2019				
	Awards	Chapter Programs	Supporting Services	Annual and Regional Meetings	Total
People Costs	\$ 38,420	\$ 17,479	\$ 31,967	\$ 205,594	293,460
Meetings and Travel	1,576	78,290	1,265	849,304	930,435
Professional Fees	-	1,000	70,070	71,904	142,974
Office Expense	-	1,724	6,076	2,867	10,667
Organizational Support	-	-	100	48,000	48,100
Amortization	-	-	1,678	-	1,678
Promotion	-	-	17,468	32,876	50,344
Chapter Prizes	189,750	-	-	12,824	202,574
Other	8,872	10,068	114,143	53,540	186,623
Total	\$ 238,618	\$ 108,561	\$ 242,767	\$ 1,276,909	\$ 1,866,855

#### Note 8 - Subsequent events

In early 2020, the coronavirus virus that causes COVID-19 spread to the United States and caused business disruption in the area in which the Organization primarily operates. While disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. At this time, the financial impact and duration cannot be reasonably estimated.



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