



Beta Alpha Psi
**Financial Statements
and Independent Auditor's Report**
April 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 3, 2018

Beta Alpha Psi

**Statements of Financial Position
April 30, 2018 and 2017**

	<u>Assets</u>	
	2018	2017
Current assets		
Cash and cash equivalents	\$ 1,761,573	\$ 1,810,325
Investments	754,191	958,460
Accounts and other receivables	63,804	96,263
Prepaid expenses and other assets	55,091	57,109
Total current assets	2,634,659	2,922,157
Long-term assets		
Investments	303,780	95,933
Website development, net of accumulated amortization of \$263,260 and \$259,903	1,678	5,035
Total	\$ 2,940,117	\$ 3,023,125
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts and other payables	\$ 89,887	\$ 209,753
Unearned revenue	53,733	63,350
Total liabilities	143,620	273,103
Net assets		
Unrestricted	2,700,957	2,669,387
Temporarily restricted	95,540	80,635
Total net assets	2,796,497	2,750,022
Total	\$ 2,940,117	\$ 3,023,125

See Notes to Financial Statements.

Beta Alpha Psi

Statements of Activities Years Ended April 30, 2018 and 2017

	2018	2017
Changes in unrestricted net assets		
Revenue and support		
Chapter fees	\$ 739,570	\$ 816,535
Annual conference and regional meetings	469,629	445,268
Professional partners and other contributions	188,595	195,150
Interest income	12,546	7,955
Contributed services	51,177	50,469
Net assets released from restrictions	262,345	261,744
Total unrestricted revenue and support	1,723,862	1,777,121
Expenses		
Program expenses		
Chapter programs	59,484	80,977
Annual convention and regional meetings	911,947	850,832
Awards	195,750	222,214
Total program expenses	1,167,181	1,154,023
Supporting services		
Contributed services	51,177	50,469
General and administrative	473,934	500,222
Total supporting services	525,111	550,691
Total expenses	1,692,292	1,704,714
Change in unrestricted net assets	31,570	72,407
Change in temporarily restricted net assets		
Contributions	277,250	234,750
Net assets released from restrictions	(262,345)	(261,744)
Change in temporarily restricted net assets	14,905	(26,994)
Change in net assets	46,475	45,413
Net assets, beginning	2,750,022	2,704,609
Net assets, end	\$ 2,796,497	\$ 2,750,022

See Notes to Financial Statements.

Beta Alpha Psi

**Statements of Cash Flows
Years Ended April 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 46,475	\$ 45,413
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization	3,357	23,427
Changes in operating assets and liabilities		
Accounts and other receivables	32,459	(51,846)
Prepaid expenses and other assets	2,018	(5,546)
Accounts and other payables	(119,866)	29,211
Unearned revenue	(9,617)	28,614
	(45,174)	69,273
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Proceeds from maturity of investments	957,398	972,505
Purchase of investments	(960,976)	(881,660)
	(3,578)	90,845
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	(48,752)	160,118
Cash and cash equivalents, beginning	1,810,325	1,650,207
Cash and cash equivalents, end	\$ 1,761,573	\$ 1,810,325

See Notes to Financial Statements.

Beta Alpha Psi

Notes to Financial Statements April 30, 2018 and 2017

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 information systems 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.

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, 2018 and 2017, the Organization's cash equivalents consisted primarily of money market funds.

Investments

Short and long-term investments at April 30, 2018 and 2017 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 consist of cash and cash equivalents. The Organization maintains its cash and cash equivalents in account balances, which may at times exceed the insured amounts under the Federal Deposit Insurance Corporation (the "FDIC"). As of April 30, 2018 and 2017, the Organization's cash balance exceeded the current insured amounts under the FDIC by \$821,558 and \$874,676, respectively.

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, 2018 and 2017, 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.

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Notes to Financial Statements April 30, 2018 and 2017

Website 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, 2018 and 2017 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, 2018 and 2017, there have been no indicators of impairment.

Net assets

The Organization's financial resources have been combined into two net asset classes (unrestricted and temporarily restricted) based upon stipulations imposed by donors.

Unrestricted net assets 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.

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

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 \$51,177 and \$50,469 for the years ended April 30, 2018 and 2017, 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 5 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

Revenue from membership, chapter maintenance, charter and petition fees is recorded in the period the fees are due. Contributions are recognized in the period received. Revenue received from the annual conference, regional meetings and other conferences is recognized 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.

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Notes to Financial Statements April 30, 2018 and 2017

The Organization has no unrecognized tax benefits at April 30, 2018 and 2017. The Organization's federal income tax returns prior to fiscal year ended April 30, 2015 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, 2018 and 2017, the Organization did not incur any interest and penalties associated with tax matters.

Subsequent events

The Organization has evaluated subsequent events through August 3, 2018, the date which the financial statements were available to be issued. No subsequent events requiring disclosure were noted by management.

Note 2 - Investments

Investments consist of the following:

	2018	2017
Certificates of deposit - short-term	\$ 754,191	\$ 958,460
Certificates of deposit - long-term	303,780	95,933
Total	<u>\$ 1,057,971</u>	<u>\$ 1,054,393</u>

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

Note 3 - Temporarily restricted net assets

Temporarily restricted net assets were released from restrictions in fiscal years 2018 and 2017 in fulfillment of the following purposes:

	2018	2017
Best Practice Awards	\$ 30,000	\$ 30,375
Faculty Advisor Awards	25,000	40,000
Community Service Day	35,000	30,000
Superior Chapter Awards	76,500	71,775
Inclusive Leadership Awards	13,250	12,000
Project Run With It Awards and Program Expenses	31,595	31,594
Gold Challenge Awards	25,000	20,000
Ethics Awards	20,000	20,000
Business Information Professional of the Year Awards	6,000	6,000
Total	<u>\$ 262,345</u>	<u>\$ 261,744</u>

All temporarily restricted net assets are restricted for use for specific program activities in future periods.

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Notes to Financial Statements April 30, 2018 and 2017

Temporarily restricted net assets as of the end of the fiscal year consist of funds restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Best Practice Awards	\$ 9,750	\$ 9,750
Faculty Advisor Awards	8,800	8,800
Superior Chapter Awards	650	2,150
Inclusive Leadership Awards	10,000	10,000
Project Run With It	36,126	34,721
Community Service Day	<u>30,214</u>	<u>15,214</u>
Total	<u>\$ 95,540</u>	<u>\$ 80,635</u>

Note 4 - Website development

Investment in website development, at cost, consists of the following at April 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Estimated useful lives</u>
Website development	\$ 264,938	\$ 264,938	3 years
Less accumulated amortization	<u>263,260</u>	<u>259,903</u>	
Total	<u>\$ 1,678</u>	<u>\$ 5,035</u>	

Amortization expense was \$3,357 and \$23,427 for the years ended April 30, 2018 and 2017, respectively.

The website and reporting intranet were placed in service in April 2013 and August 2013, respectively. The estimated aggregate amortization expense for the fiscal year subsequent to April 30, 2018 is \$1,678.

Note 5 - 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 \$376,491 and \$343,911 for the years ended April 30, 2018 and 2017, respectively. For the year ended April 30, 2018, the Organization owed \$13,607 to the Association and \$8,052 to the AICPA Foundation for actual expenses charged exceeding payments made. The amount was included in accounts and other payables. For the year ended April 30, 2017, the Organization was owed \$11,468 from the AICPA for payments made exceeding expenses charged. The amount was included in accounts and other receivables.

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