



Beta Alpha Psi
**Financial Statements
and Independent Auditor's Report**
April 30, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

CohnReznick LLP

Roseland, New Jersey
July 17, 2019

Beta Alpha Psi

**Statements of Financial Position
April 30, 2019 and 2018**

	<u>Assets</u>	
	2019	2018
Current assets		
Cash and cash equivalents	\$ 1,591,121	\$ 1,761,573
Investments	758,719	754,191
Accounts and other receivables	49,588	63,804
Prepaid expenses and other assets	46,132	55,091
Total current assets	2,445,560	2,634,659
Long-term assets		
Investments	301,922	303,780
Website development, net of accumulated amortization of \$264,398 and \$263,260	-	1,678
Total	\$ 2,747,482	\$ 2,940,117
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts and other payables	\$ 87,659	\$ 89,887
Unearned revenue	52,430	53,733
Total liabilities	140,089	143,620
Net assets		
Without donor restrictions	2,489,845	2,700,957
With donor restrictions	117,548	95,540
Total net assets	2,607,393	2,796,497
Total	\$ 2,747,482	\$ 2,940,117

See Notes to Financial Statements.

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**Statements of Activities
Years Ended April 30, 2019 and 2018**

	2019	2018
Changes in net assets without donor restrictions		
Revenue and support		
Chapter fees	\$ 648,745	\$ 739,570
Annual and regional meetings	474,234	469,629
Professional Partners and other contributions	196,105	188,595
Interest income	23,090	12,546
Contributed services	51,385	51,177
Net assets released from restrictions	262,184	195,750
Total revenue and support without donor restrictions	1,655,743	1,657,267
Expenses		
Program expenses		
Chapter programs	108,561	75,238
Annual and regional meetings	1,276,909	1,153,470
Awards	238,618	247,593
Total program expenses	1,624,088	1,476,301
Supporting services		
Contributed services	51,385	51,177
General and administrative	191,382	164,814
Total supporting services	242,767	215,991
Total expenses	1,866,855	1,692,292
Change in net assets without donor restrictions	(211,112)	(35,025)
Change in net assets with donor restrictions		
Contributions	284,192	277,250
Net assets released from restrictions	(262,184)	(195,750)
Change in net assets with donor restrictions	22,008	81,500
Change in net assets	(189,104)	46,475
Net assets, beginning	2,796,497	2,750,022
Net assets, end	\$ 2,607,393	\$ 2,796,497

See Notes to Financial Statements.

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**Statements of Cash Flows
Years Ended April 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (189,104)	\$ 46,475
Adjustments to reconcile change in net assets to net cash used in operating activities		
Amortization	1,678	3,357
Changes in operating assets and liabilities		
Accounts and other receivables	14,216	32,459
Prepaid expenses and other assets	8,959	2,018
Accounts and other payables	(2,228)	(119,866)
Unearned revenue	(1,303)	(9,617)
	(167,782)	(45,174)
Net cash used in operating activities		
Cash flows from investing activities		
Proceeds from maturity of investments	754,191	957,398
Purchase of investments	(756,861)	(960,976)
	(2,670)	(3,578)
Net cash used in investing activities		
Net decrease in cash and cash equivalents	(170,452)	(48,752)
Cash and cash equivalents, beginning	1,761,573	1,810,325
Cash and cash equivalents, end	\$ 1,591,121	\$ 1,761,573

See Notes to Financial Statements.

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Notes to Financial Statements April 30, 2019 and 2018

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.

Adoption of accounting standard

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves the financial reporting of not-for-profit organizations by providing more useful information to donors, grantors, creditors, and other financial statement users. ASU 2016-14 changes the existing classes of net assets, improves the transparency and utility of liquidity information, changes the required presentation of cash flow information and requires the presentation of expenses by both function and natural classification. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. As a result of the adoption of ASU 2016-14, the Organization has changed its net asset classifications and expanded the disclosures related to functional and natural classification, allocation of certain supporting services expenses, and liquidity information.

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, 2019 and 2018, the Organization's cash equivalents consisted primarily of money market funds.

Investments

Short and long-term investments at April 30, 2019 and 2018 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. At times, for the years ended April 30, 2019 and 2018, 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

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Notes to Financial Statements April 30, 2019 and 2018

insured nor guaranteed by the FDIC. The Organization maintains its cash with high quality financial institutions 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, 2019 and 2018, 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.

Net assets

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

Net assets without donor restrictions 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 bylaws.

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.

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 \$51,385 and \$51,177 for the years ended April 30, 2019 and 2018, 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 the 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 or regional meetings is recognized in the period in which the event occurs.

Income taxes

The Organization 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, 2019 and 2018. The Organization's federal income tax returns prior to fiscal year ended April 30, 2016 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, 2019 and 2018, the Organization did not incur any interest or penalties associated with tax matters.

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Notes to Financial Statements April 30, 2019 and 2018

Cost allocation

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.

Subsequent events

The Organization has evaluated subsequent events through July 17, 2019, the date which the financial statements were available to be issued. No subsequent events requiring disclosure were noted by management.

Note 2 - Liquidity resources

The Organization's primary revenue sources to fund its operations come primarily from student registration fees (annual and regional meetings), Professional Partners' contributions and chapter fees. The Organization has sources of liquidity at its disposal, cash and investments, that it has acquired over time.

The following table reflects the Organization's financial assets as of April 30, 2019 and 2018, 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,591,121	\$ 1,761,573
Investments	1,060,641	1,057,971
Accounts and other receivables	<u>49,588</u>	<u>63,804</u>
Total financial assets	2,701,350	2,883,348
Net assets with donor restrictions	<u>117,548</u>	<u>95,540</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,583,802</u>	<u>\$ 2,787,808</u>

Note 3 - Investments

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Certificates of deposit - short-term	\$ 758,719	\$ 754,191
Certificates of deposit - long-term	<u>301,922</u>	<u>303,780</u>
Total	<u>\$ 1,060,641</u>	<u>\$ 1,057,971</u>

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

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Notes to Financial Statements April 30, 2019 and 2018

Note 4 - Net assets with donor restrictions

Net assets with donor restrictions were released from restrictions in fiscal years 2019 and 2018 in fulfillment of the following purposes:

	2019	2018
Best Practice Awards	\$ 30,000	\$ 30,000
Faculty Advisor Awards	25,000	25,000
Community Service Day	35,000	35,000
Superior Chapter Awards	73,000	76,500
Inclusive Leadership Awards	13,250	13,250
Project Run With It Awards and Program Expenses	37,434	31,595
Gold Challenge Awards	22,500	25,000
Ethics Awards	20,000	20,000
Business Information Professional of the Year Awards	6,000	6,000
Total	\$ 262,184	\$ 262,345

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

	2019	2018
Best Practice Awards	\$ 9,750	\$ 9,750
Faculty Advisor Awards	8,800	8,800
Gold Challenge Awards	2,500	-
Superior Chapter Awards	150	650
Inclusive Leadership Awards	10,000	10,000
Project Run With It	50,000	36,126
Community Service Day	36,348	30,214
Total	\$ 117,548	\$ 95,540

Note 5 - Website development

Investment in website development, at cost, consists of the following at April 30, 2019 and 2018:

	2019	2018
Website development	\$ 264,938	\$ 264,938
Less accumulated amortization	264,938	263,260
Total	\$ -	\$ 1,678

Amortization expense was \$1,678 and \$3,357 for the years ended April 30, 2019 and 2018, respectively.

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Notes to Financial Statements April 30, 2019 and 2018

Note 6 - Related party

General and administrative expenses include charges from the Association and the AICPA for payroll, benefits, conference support and out-of-pocket expenses, which amounted to \$877,960 and \$376,491 for the years ended April 30, 2019 and 2018, respectively. As of 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. As of 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.

Note 7 - Functional expenses

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

	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

	2018				
	Awards	Chapter programs	Supporting services	Annual and regional meetings	Total
People costs	\$ 38,828	\$ 12,056	\$ 27,087	\$ 180,887	\$ 258,858
Meetings and travel	2,831	58,698	1,885	789,986	853,400
Professional fees	-	15	64,211	39,893	104,119
Office expense	-	1,364	6,936	3,473	11,773
Organizational support	-	-	1,125	55,202	56,327
Amortization	-	-	3,357	-	3,357
Promotion	-	-	-	17,929	17,929
Chapter prizes	195,750	-	-	12,831	208,581
Other	10,184	3,105	111,390	53,269	177,948
Total	\$ 247,593	\$ 75,238	\$ 215,991	\$ 1,153,470	\$ 1,692,292

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Notes to Financial Statements April 30, 2019 and 2018

Note 8 - Change in accounting principle

The Organization adopted the accounting guidance in ASU 2016-14 and changed its method of allocating certain supporting services expenses to program expenses effective May 1, 2018. Comparative financial statements of the prior year have been adjusted to apply the new method retrospectively. The following financial statement line items for the year ended April 30, 2019 and 2018 was affected by the change in accounting principle:

Statement of Activities, for the year ended April 30, 2019

	Prior to ASU 2016-14 adoption	Subsequent to ASU 2016-14 adoption	Effect of change
Expenses			
Program expenses			
Chapter programs	\$ 86,324	\$ 108,561	\$ 22,237
Annual and regional meetings	1,015,408	1,276,909	261,501
Awards	189,750	238,618	48,868
Total program expenses	1,291,482	1,624,088	332,606
Supporting services			
Contributed services	51,385	51,385	-
General and administrative	523,988	191,382	(332,606)
Total supporting services	575,373	242,767	(332,606)
Total expenses	\$ 1,866,855	\$ 1,866,855	\$ -

Statement of Activities, for the year ended April 30, 2018

	Prior to ASU 2016-14 adoption	Subsequent to ASU 2016-14 adoption	Effect of change
Expenses			
Program expenses			
Chapter programs	\$ 59,484	\$ 75,238	\$ 15,754
Annual and regional meetings	911,947	1,153,470	241,523
Awards	195,750	247,593	51,843
Total program expenses	1,167,181	1,476,301	309,120
Supporting services			
Contributed services	51,177	51,177	-
General and administrative	473,934	164,814	(309,120)
Total supporting services	525,111	215,991	(309,120)
Total expenses	\$ 1,692,292	\$ 1,692,292	\$ -

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