

NEW YORK STATE COUNCIL OF
HEALTH-SYSTEM PHARMACISTS

FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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Albany, New York
April 3, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of New York State Council of Health-system Pharmacists:

We have audited the accompanying statements of financial position of New York State Council of Health-system Pharmacists (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York State Council of Health-system Pharmacists as of December 31, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of general and administrative expenses on page 11 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. The 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 to 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.

A handwritten signature in cursive script that reads "Lurie & Co., P.C.".

Certified Public Accountants

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

STATEMENTS OF FINANCIAL POSITION

-ASSETS-

	<u>DECEMBER 31,</u>	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 70,813	\$ 117,956
Investments	88,517	139,069
Accounts receivable	2,000	11,875
Prepaid expenses	9,589	9,551
Total current assets	<u>\$ 170,919</u>	<u>\$ 278,451</u>
 PROPERTY AND EQUIPMENT:		
Furniture, fixtures and equipment	<u>\$ 44,039</u>	<u>\$ 44,039</u>
 Total property and equipment	<u>\$ 44,039</u>	<u>\$ 44,039</u>
Less: accumulated depreciation	<u>36,061</u>	<u>33,700</u>
Book value - property and equipment	<u>\$ 7,978</u>	<u>\$ 10,339</u>
 TOTAL ASSETS	<u><u>\$ 178,897</u></u>	<u><u>\$ 288,790</u></u>

- LIABILITIES AND NET ASSETS (DEFICIT) -

	<u>DECEMBER 31,</u>	
	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 42,673	\$ 80,404
Deferred revenue	153,235	131,811
Total current liabilities	<u>\$ 195,908</u>	<u>\$ 212,215</u>
 Total liabilities	<u>\$ 195,908</u>	<u>\$ 212,215</u>
 NET ASSETS:		
Total unrestricted net assets (deficit)	\$ (73,358)	\$ 16,158
Total restricted net assets	<u>56,347</u>	<u>60,417</u>
 TOTAL NET ASSETS (DEFICIT)	<u>\$ (17,011)</u>	<u>\$ 76,575</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 178,897</u></u>	<u><u>\$ 288,790</u></u>

See accompanying independent auditors' report and notes to financial statements.

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

STATEMENTS OF ACTIVITIES AND NET ASSETS

	YEAR ENDED		
	DECEMBER 31, 2014		
	Unrestricted	Restricted	Total
NET ASSETS:			
REVENUES:			
Membership dues	\$ 138,320	\$ -	\$ 138,320
Sponsorship	64,469	-	64,469
Midyear clinical meeting	-	-	-
Other income	49,124	1,655	50,779
Other educational programs	133,802	-	133,802
Annual assembly	213,475	-	213,475
Income from investments	11,140	-	11,140
Total revenue, gains and other support	<u>\$ 610,330</u>	<u>\$ 1,655</u>	<u>\$ 611,985</u>
EXPENSES:			
General and administrative	\$ 326,356	\$ -	\$ 326,356
Annual assembly	137,896	-	137,896
Other educational programs	106,726	-	106,726
Committees	82,913	-	82,913
Publications	19,358	-	19,358
Other expenses	15,164	5,725	20,889
Board meetings - officers and directors	11,433	-	11,433
Midyear clinical meeting	-	-	-
Total expenses	<u>\$ 699,846</u>	<u>\$ 5,725</u>	<u>\$ 705,571</u>
DECREASE IN NET ASSETS	\$ (89,516)	\$ (4,070)	\$ (93,586)
NET ASSETS - BEGINNING	<u>16,158</u>	<u>60,417</u>	<u>76,575</u>
NET ASSETS (DEFICIT) - ENDING	<u>\$ (73,358)</u>	<u>\$ 56,347</u>	<u>\$ (17,011)</u>

See accompanying independent auditors' report and notes to financial statements.

	YEAR ENDED		
	DECEMBER 31, 2013		
	Unrestricted	Restricted	Total
NET ASSETS:			
REVENUES:			
Membership dues	\$ 189,438	\$ -	\$ 189,438
Sponsorship	77,468	-	77,468
Midyear clinical meeting	22,210	-	22,210
Other income	78,426	3,525	81,951
Other educational programs	116,454	-	116,454
Annual assembly	199,796	-	199,796
Income from investments	1,984	-	1,984
Total revenue, gains and other support	<u>\$ 685,776</u>	<u>\$ 3,525</u>	<u>\$ 689,301</u>
EXPENSES:			
General and administrative	\$ 369,214	\$ -	\$ 369,214
Annual assembly	97,017	-	97,017
Other educational programs	120,225	-	120,225
Committees	60,439	-	60,439
Publications	32,592	-	32,592
Other expenses	12,882	-	12,882
Board meetings - officers and directors	7,945	-	7,945
Midyear clinical meeting	9,106	-	9,106
Total expenses	<u>\$ 709,420</u>	<u>\$ -</u>	<u>\$ 709,420</u>
INCREASE (DECREASE) IN NET ASSETS	\$ (23,644)	\$ 3,525	\$ (20,119)
NET ASSETS - BEGINNING	<u>39,802</u>	<u>56,892</u>	<u>96,694</u>
NET ASSETS - ENDING	<u>\$ 16,158</u>	<u>\$ 60,417</u>	<u>\$ 76,575</u>

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

STATEMENTS OF CASH FLOWS

	YEAR ENDED	
	DECEMBER 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (93,586)	\$ (20,119)
ADJUSTMENTS TO RECONCILE DECREASE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	\$ 2,361	\$ 2,209
Unrealized loss on investments	(59)	(5,245)
Realized (gains) losses	(9,135)	5,089
(Increase) decrease in:		
Accounts receivable	9,875	4,436
Prepaid expenses	(38)	(9,551)
Increase (decrease) in:		
Accounts payable and accrued expenses	(37,731)	47,996
Deferred income	21,424	4,601
Total adjustments	\$ (13,303)	\$ 49,535
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (106,889)	\$ 29,416
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ -	\$ (2,877)
Gross proceeds from sale of investments	247,166	134,351
Purchase of investments	(187,420)	(159,542)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 59,746	\$ (28,068)
NET INCREASE (DECREASE) IN CASH	\$ (47,143)	\$ 1,348
CASH - BEGINNING	117,956	116,608
CASH - ENDING	\$ 70,813	\$ 117,956

See accompanying independent auditors' report and notes to financial statements.

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New York State Council of Health-system Pharmacists ("The Council") is organized under the Not-for-Profit Corporation Law of the State of New York. The Council's primary purpose is to establish and maintain high levels of professionalism and education among New York State Pharmacists.

Revenue and Expense Recognition

The accrual basis of accounting is used for recognizing all revenues and expenses. Membership dues, assembly attendance and exhibit charges covering the next fiscal year and received in advance, are reported as deferred revenue. Expenses incurred in the current fiscal year in connection with organization activities planned for a future year are recorded as prepaid expenses.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is determined by management after an analysis of accounts receivable. As accounts are determined to be uncollectible, they are written off against this allowance. At December 31, 2014, management believes all accounts to be collectible.

Equipment and Software

Property, equipment and software are recorded at cost and are depreciated using the straight-line method over their estimated useful lives as follows:

<u>Category</u>	<u>Estimated Useful Life</u>
Furniture, fixtures and equipment	5 – 10 years
Software	3 – 5 years

Expenditures for maintenance and repairs and minor renewals are charged to expense; betterments and major renewals are capitalized. Upon retirement or sale of assets, the cost of the disposed assets and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to income.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC). Under ASC 958-205-05, the New York State Council of Health-system Pharmacists 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. The Council does not have any permanently restricted net assets.

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Tax

The Council is exempt from Federal and State income tax pursuant to Internal Revenue Code Section 501(c)(6).

Prior Year Statements

Certain prior period amounts have been reclassified to conform to current year presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specific areas, among others requiring the application of management's estimates and judgment include useful lives of assets. Accordingly, actual results could differ from those estimates and assumptions.

Fringe Benefits

The previous Executive Director was entitled to paid vacation and paid sick days based on her contract. The contract with the new Executive Director does not allow for the accrual or payout of vacation and sick days.

Cash and Cash Equivalents

The Council considers all highly liquid investments to be cash equivalents.

Financial Instruments Measured at Fair Value

The Council has financial instruments which are recorded at fair value in the accompanying balance sheets. The Council makes estimates regarding the valuation of assets and liabilities measured at fair value in the financial statements.

Fair Value Measurement – Definition and Hierarchy

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Council uses various valuation techniques in determining fair value. Generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

liability developed based on market data obtained from sources independent of the Council. Unobservable inputs are inputs that reflect the Council's assumptions about assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Council has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The Council's investment in mutual funds are valued using Level 1 investments.

Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable directly or indirectly.

The Council currently does not hold any Level 2 investments.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Council does not hold any Level 3 investments.

NOTE 2: INVESTMENTS

At December 31, 2014, the Council's investments are measured at fair value on a recurring basis and are valued as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 4,360	\$ --	\$ --	\$ 4,360
Mutual Funds	<u>84,157</u>	<u>--</u>	<u>--</u>	<u>84,157</u>
Total	<u>\$ 88,517</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 88,517</u>

At December 31, 2013, the Council's investments are measured at fair value on a recurring basis and are valued as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 2,778	\$ --	\$ --	\$ 2,778
Mutual Funds	<u>136,291</u>	<u>--</u>	<u>--</u>	<u>136,291</u>
Total	<u>\$ 139,069</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 139,069</u>

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 2: INVESTMENTS - CONTINUED

Investments are carried at fair market value at the balance sheet date. The details of investments are as follows:

	December 31,	
	2014	2013
Cash and cash equivalents	\$ 4,360	\$ 2,778
Mutual Funds	84,157	136,291
Total	<u>\$ 88,517</u>	<u>\$ 139,069</u>

Investment return was as follows:

	Year Ended	
	December 31,	
	2014	2013
Earnings	\$ 1,945	\$ 1,827
Unrealized gain	59	2,755
Realized gain (loss)	<u>9,135</u>	<u>(2,598)</u>
Total	<u>\$ 11,139</u>	<u>\$ 1,984</u>

NOTE 3: LEASES

Operating Leases

The Council leases office space under a lease that expired January 31, 2012. A new lease was entered into and expires in February 2017. Rent expense was \$12,332 and \$12,165 for the years ended December 31, 2014 and 2013, respectively. Future minimum lease payments are as follows:

Year ending December 31, 2015	\$ 12,517
Year ending December 31, 2016	12,704
Year ending December 31, 2017	<u>2,123</u>
Total	<u>\$ 27,344</u>

The Council leases equipment under operating leases with various terms that extend through 2017. The Council also has a maintenance contract on equipment. Total expense for these items was \$3,686 and \$2,856 for the years ended December 31, 2014 and 2013, respectively.

Future minimum amounts due under these contracts are as follows:

Year ending December 31, 2015	\$ 2,856
Year ending December 31, 2016	2,856
Year ending December 31, 2017	<u>476</u>
Total	<u>\$ 6,188</u>

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 4: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5: COMMITMENTS AND CONTINGENCIES

The Council has a contract with its Executive Director through September 2016. The Council also has ongoing relationships for lobbying services, conference planning, and publications. Future amounts due under these contracts are as follows:

Year ending December 31, 2015	\$ 188,297
Year ending December 31, 2016	<u>109,250</u>
Total	<u>\$ 297,547</u>

The Council has a collective bargaining agreement where the vendor will provide pharmacy accreditation for various programs from January 1, 2015 through December 31, 2015. Payments to be received should not exceed \$20,000. In 2014, only \$10,750 of the maximum \$25,000 was used.

NOTE 6: RETIREMENT PLAN

The Organization adopted a SIMPLE IRA plan effective January 1, 2013. Under plan provisions, the Organization makes matching contributions for each eligible employee equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the year. Retirement plan expenses was \$5,887 and \$5,664 for the years ended December 31, 2014 and 2013, respectively.

NOTE 7: CONCENTRATION OF CREDIT RISK

The Council maintains its cash accounts in a high quality financial institution. The balances, at times, may exceed federally insured limits.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 3, 2015, the date on which the financial statements were available to be issued.

NEW YORK STATE COUNCIL OF HEALTH-SYSTEM PHARMACISTS

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

	YEAR ENDED	
	DECEMBER 31,	
	2014	2013
Salaries and benefits	\$ 224,012	\$ 228,880
Payroll taxes	18,541	15,150
Bank charges	12,440	12,959
Office rent	12,332	12,165
Insurance	11,404	13,429
Audit	10,634	9,600
Postage	6,487	11,895
Employee fringe benefits	5,887	5,664
Telephone and fax	5,035	8,353
Supplies	4,934	5,730
Outside services	4,873	15,760
Office expense	3,783	6,360
Staff travel	3,624	3,202
Depreciation	2,361	2,209
Dues and subscriptions	9	5,302
Compensated leave	-	12,556
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TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 326,356</u>	<u>\$ 369,214</u>

See accompanying independent auditors' report and notes to financial statements.