

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.**

**CONSOLIDATING FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2015 AND 2014**

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2015 AND 2014**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditor's Report	1-2
Financial Statements	
Consolidating Statements of Financial Position	3
Consolidating Statements of Activities	4
Consolidating Statements of Cash Flows	5
Notes to Consolidating Financial Statements	6-9
Supplemental Information	
Consolidating Statements of Functional Expenses	10

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
New York State Academy of Family Physicians, Inc.  
260 Osborne Road  
Loudonville, NY 12211

We have audited the accompanying consolidating financial statements of the New York State Academy of Family Physicians, Inc. as of December 31, 2015 and 2014, 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's evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York State Academy of Family Physicians, Inc. as of December 31, 2015 and 2014, 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.

## Report on Summarized Comparative Information

We have previously audited the New York State Academy of Family Physicians, Inc. 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, on page 10, are presented for the purposes of additional analysis and are 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.

*Slocum, DeAngelus & Associates, P.C.*  
**SLOCUM, DeANGELUS & ASSOCIATES, P.C.**

Albany, New York  
June 13, 2016

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015  
With Summarized Financial Information for December 31, 2014**

**ASSETS**

	<u>Academy</u>	<u>Foundation</u>	<u>2015 Total</u>	<u>2014 Total</u>
Current Assets				
Cash and Cash Equivalents	\$ 94,508	\$ 18,611	\$ 113,119	\$ 95,824
Restricted Cash	3,050	-	3,050	3,069
Due to/from Related Party	7,470	(7,470)	-	-
Accounts Receivable	172,340	-	172,340	171,060
Prepaid Expenses	7,201	-	7,201	11,867
Total Current Assets	<u>284,569</u>	<u>11,141</u>	<u>295,710</u>	<u>281,820</u>
Investments	<u>677,916</u>	<u>31,479</u>	<u>709,395</u>	<u>810,349</u>
Furniture and Equipment	155,094	-	155,094	155,094
Less: Accumulated Depreciation	<u>(151,991)</u>	<u>-</u>	<u>(151,991)</u>	<u>(149,235)</u>
Property and Equipment , Net	<u>3,103</u>	<u>-</u>	<u>3,103</u>	<u>5,859</u>
Total Assets	<u>\$ 965,588</u>	<u>42,620</u>	<u>1,008,208</u>	<u>1,098,028</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 86,876	\$ 20,000	\$ 106,876	\$ 135,330
Unearned Dues	376,748	-	376,748	365,894
Other Unearned Income	<u>23,895</u>	<u>-</u>	<u>23,895</u>	<u>24,710</u>
Total Current Liabilities	<u>487,519</u>	<u>20,000</u>	<u>507,519</u>	<u>525,934</u>
Net Assets, Temporarily Restricted	2,970	-	2,970	2,989
Net Assets, Unrestricted	<u>475,099</u>	<u>22,620</u>	<u>497,719</u>	<u>569,105</u>
Total Net Assets	<u>478,069</u>	<u>22,620</u>	<u>500,689</u>	<u>572,094</u>
Total Liabilities and Net Assets	<u>\$ 965,588</u>	<u>\$ 42,620</u>	<u>\$ 1,008,208</u>	<u>\$ 1,098,028</u>

See accompanying notes and Independent Auditor's Report.

Page 3

NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
With Summarized Financial Information for December 31, 2014

	<u>Academy</u>			<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u> <u>Foundation</u>		
Revenue					
Membership Dues, Net	\$ 664,798	-	\$ 664,798	\$ 664,798	\$ 632,242
Conventions, Meetings and Seminars	125,689	-	125,689	125,689	121,939
Advertising	20,876	-	20,876	20,876	24,275
Educational Grants, Contributions and Fundra	1,500	-	1,500	6,732	43,370
Endorsement Contracts	26,650	-	26,650	26,650	29,150
Dividend and Interest Income	10,906	-	10,906	11,379	15,220
Gain (Loss) on Investments	(32,443)	-	(32,443)	(33,910)	25,055
Other Income	52,907	-	52,907	55,407	55,034
Other Income - Political Action Committee	-	241	241	241	2,472
<b>Total Revenue</b>	<b>870,883</b>	<b>241</b>	<b>871,124</b>	<b>877,862</b>	<b>948,757</b>
Net Assets Released from Restriction	260	(260)	-	-	-
Expenses					
Program Expenses	680,496	-	680,496	686,831	662,767
Administrative Expenses	260,987	-	260,987	262,436	298,471
<b>Total Expenses</b>	<b>941,483</b>	<b>-</b>	<b>941,483</b>	<b>949,267</b>	<b>961,238</b>
Increase (Decrease) in Net Assets	(70,340)	(19)	(70,359)	(71,405)	(12,481)
Net Assets, Beginning of Year	545,439	2,989	548,428	572,094	584,575
Net Assets, End of Year	\$ 475,099	\$ 2,970	\$ 478,069	\$ 500,689	\$ 572,094

See accompanying notes and Independent Auditor's Report.

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
With Summarized Financial Information for December 31, 2014**

	<u>2015</u>			<u>2014</u>
	<u>Academy</u>	<u>Foundation</u>	<u>Total</u>	
Cash Flows from Operating Activities:				
Increase (Decrease) in Net Assets	\$ (70,359)	\$ (1,046)	\$ (71,405)	\$ (12,481)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities				
Depreciation	2,756	-	2,756	2,796
Net (Gain) Loss in Investments	32,443	1,467	33,910	(25,055)
 (Increase) Decrease in Assets:				
Accounts Receivable	(1,279)	-	(1,279)	(21,686)
Prepaid Expenses	4,666	-	4,666	(164)
 Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Expenses	(28,194)	(260)	(28,454)	34,911
Unearned Dues	10,853	-	10,853	29,635
Unearned Income	(815)	-	(815)	(29,845)
 Net Cash Provided by (Used in) Operating Activities	<u>(49,929)</u>	<u>161</u>	<u>(49,768)</u>	<u>(21,889)</u>
 Cash Flows from Investing Activities				
Purchase of Investment Securities	(201,005)	(473)	(201,478)	(421,612)
Proceeds from Sale of Investments	268,522	-	268,522	413,068
 Net Cash Provided by (Used in) Investing Activities	<u>67,517</u>	<u>(473)</u>	<u>67,044</u>	<u>(8,544)</u>
 Net Increase (Decrease) in Cash	17,588	(312)	17,276	(30,433)
 Cash Beginning of Year	<u>79,970</u>	<u>18,923</u>	<u>98,893</u>	<u>129,326</u>
 Cash End of Year	<u>\$ 97,558</u>	<u>\$ 18,611</u>	<u>\$ 116,169</u>	<u>\$ 98,893</u>

See Accompanying Notes and Independent Auditors' Report.

Page 5

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. Summary of Significant Accounting Policies**

Description of Organization

New York State Academy of Family Physicians, Inc. (the Academy) is an association of members engaged in the practice of family medicine. The objectives of the Academy are to encourage the improvement of health of the public, to promote the art and science of family practice, and to represent the interests of the members of the profession to the public which it serves. The Academy is tax exempt under Section 501(c)(6) of the Internal Revenue Code. The Academy's major source of revenue is from membership dues.

The New York State Academy of Family Physicians Foundation, Inc. (the Foundation) is a 501(c)(3) tax exempt entity founded by the Academy to enhance health care delivery in New York State by promoting research and education in the areas of family practice. Grants and contributions are primarily from individuals and corporations.

Basis of Accounting

The consolidated financial statements of New York Academy of Family Physicians, Inc. have been prepared using the accrual basis in conformity with the Statements of Financial Accounting Standards. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of New York State Academy of Family Physicians, Inc. and the New York State Academy of Family Physicians Foundation, Inc. The Academy and its affiliate share common management, facilities and personnel. Consequently, consolidation of the individual financial statements provides a more meaningful financial presentation. All material inter-company transactions have been eliminated.

Cash

For purposes of the statement of cash flows, the Academy considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

Accounts Receivable

At December 31, 2015, accounts receivable consisted of \$146,840 of dues receivable and \$25,500 of trade receivables. Based upon historical performance, no allowance for bad debts was considered necessary by management.

Investments

Investments are comprised of securities and are carried at market value. Realized and unrealized gains and losses are reflected in the statement of activities.

See Independent Auditor's Report.

Page 6



**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014**

**1. Summary of Significant Accounting Policies (Continued)**

Income Taxes

The Organizations are exempt from income taxes under Section 501(c)(3) and 501(c)(6). The Organization accounts for income taxes in accordance with GAAP. With few exceptions, the Organizations are no longer subject to Federal, state or local tax examinations by tax authorities for the years before 2012.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations using the straight-line method ranging from three to twelve years.

Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved and any gain or loss is included in operations.

Unearned Dues

Members' dues are generally remitted to the Academy on a monthly basis. Membership dues are recognized as income during the membership year which ends on December 31. Dues received in advance for the following year are reflected as unearned membership dues in the accompanying statement of financial position.

Other Unearned Income

Other unearned income is recognized as income during the year in which the event occurs or as grant project requirements are met. Money received in advance for the following year are reflected as unearned income in the accompanying statement of financial position.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses

The costs of providing the various programs and other 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 based upon an analysis of direct costs, personnel time and space utilized for the related activities.

See Independent Auditor's Report.

Page 7

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014**

**1. Summary of Significant Accounting Policies (Continued)**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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 the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

Subsequent Events

Subsequent events have been evaluated through June 13, 2016, which is the date the financial statements were available to be issued.

**2. Investments**

All of the Academy's investments are level 1 inputs for fair value measurement (market value) under generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets that the Organization has the ability to access at the measurement date (December 31).

Investments consisting of publicly traded securities, mutual funds and U.S. treasury bonds are stated at fair value at December 31 and are summarized as follows:

	<u>2015</u>	<u>2014</u>
Investment Returns (Unrestricted):		
Realized Gains (Losses)	\$ 12,613	\$ 71,245
Unrealized Gains (Losses)	<u>(46,523)</u>	<u>(46,190)</u>
Total Return on investments	\$ <u>(33,910)</u>	\$ <u>25,055</u>
Investment Carrying Value, End of Year	\$709,395	\$810,349
Investments at Cost	<u>713,048</u>	<u>748,495</u>
Unrealized Appreciation (Depreciation)	\$ <u>(3,653)</u>	\$ <u>61,854</u>

**3. Pension Plan**

The Academy has a defined contributions pension plan which covers all full-time employees who meet eligibility requirements. Contributions by the Academy for the current years were \$29,165 and \$32,185, for 2015 and 2014, respectively.

See Independent Auditor's Report.

Page 8

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014**

**4. Commitments**

During 2015, the Academy renewed a lease for office space for a 5-year operating lease for \$2,610 per month and expires April 30, 2018.

Total rent expense for the years ended December 31, 2015 and 2014 was \$36,613 and \$36,602, respectively.

Also, the Academy currently leases a copier for lease terms of five years and expires in May 2017. Total future minimum lease payments are as follows:

2016	\$39,840
2017	34,870
2018	<u>10,440</u>
	<u>\$85,150</u>

**5. Temporarily Restricted Net Assets**

In 2003, the Academy established a political action committee (PAC) as a segregated fund. The funds are recorded as restricted assets until used for their restricted purpose.

**6. Contingencies**

The Academy receives funding for various programs that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Academy's management, such disallowances, if any, will not be significant to the Academy's financial statements.

**7. Concentration of Credit Risk**

The Academy maintains bank accounts which are insured by the Federal Deposit Insurance Corporation up to \$250,000 and money market accounts are not insured. Cash may exceed the Federally insured limit at various times during the year.

See Independent Auditor's Report.

Page 9

**SUPPLEMENTAL INFORMATION**

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
With Summarized Financial Information for December 31, 2014**

	Academy		Foundation		2015 Total Expenses	2014 Total Expenses
	Program	Administrative	Program	Administrative		
Salaries and Related Benefits	\$ 205,288	\$ 166,477	\$ -	\$ -	\$ 371,765	\$ 423,637
Research Grants and Projects	-	-	6,335	-	6,335	32,907
Conventions, Meetings and Seminars	151,326	-	-	-	151,326	121,626
Contributions	3,500	3,500	-	1,000	4,500	8,817
Rent and Maintenance	-	36,613	-	-	36,613	36,602
Resident and Student Expenses	14,199	-	-	-	14,199	14,641
Board of Directors' and Officers' Expense:	34,565	-	-	-	34,565	35,227
Presidents' Expenses	14,172	-	-	-	14,172	11,511
Legislative Activities	55,000	-	-	-	55,000	50,000
Travel and Entertainment	28,855	-	-	-	28,855	35,132
Committee Expenses	12,921	-	-	-	12,921	10,236
Telephone	5,980	-	-	-	5,980	6,501
Insurance	-	9,783	-	-	9,783	10,699
Investment Expenses	-	3,411	-	-	3,411	6,644
Consulting Expenses	-	-	-	-	-	-
Equipment Leases	104,490	-	-	-	104,490	63,875
Professional Fees	-	8,434	-	-	8,434	9,201
Printing	11,892	-	-	-	11,892	12,867
Postage and Mailings	27,264	-	-	-	27,264	25,543
Office and Administrative Expenses	9,130	-	-	-	9,130	9,757
Other Expenses	-	32,126	-	199	32,325	32,001
Unrelated Business Income Tax	-	3,090	-	-	3,090	2,445
Political Expenses	-	(49)	-	250	201	(4,248)
Depreciation	260	-	-	-	260	2,821
	1,654	1,102	-	-	2,756	2,796
	\$ 680,496	\$ 260,987	\$ 6,335	\$ 1,449	\$ 949,267	\$ 961,238

See accompanying notes and Independent Auditors' Report.