

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

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

**DECEMBER 31, 2017 AND 2016**

**DRAFT**

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2017 AND 2016**

**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	6-10
Supplemental Information	
Consolidating Statements of Functional Expenses	11

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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, 2017 and 2016, 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, 2017 and 2016, 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. 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 11, 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.**

Albany, New York  
2018

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017  
With Summarized Financial Information for December 31, 2016**

**ASSETS**

	<u>Academy</u>	<u>Foundation</u>	<u>2017 Total</u>	<u>2016 Total</u>
Current Assets				
Cash and Cash Equivalents	\$ 545,421	\$ 7,875	\$ 553,296	\$ 123,279
Restricted Cash	4,273	-	4,273	3,765
Due to/from Related Party	7,470	(7,470)	-	-
Accounts Receivable	181,404	-	181,404	176,713
Prepaid Expenses	6,986	-	6,986	5,192
	<u>745,554</u>	<u>405</u>	<u>745,959</u>	<u>308,949</u>
Total Current Assets				
Investments	<u>267,643</u>	<u>35,745</u>	<u>303,388</u>	<u>734,684</u>
Furniture and Equipment	155,094	-	155,094	155,094
Less: Accumulated Depreciation	(155,021)	-	(155,021)	(153,967)
Property and Equipment, Net	<u>73</u>	<u>-</u>	<u>73</u>	<u>1,127</u>
Total Assets	<u>\$1,013,270</u>	<u>\$ 36,150</u>	<u>\$1,049,420</u>	<u>\$1,044,760</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 120,313	\$ 8,333	\$ 128,646	\$ 126,022
Unearned Dues	438,264	-	438,264	392,398
Other Unearned Income	-	-	-	32,724
	<u>558,577</u>	<u>8,333</u>	<u>566,910</u>	<u>551,144</u>
Total Current Liabilities				
Net Assets, Temporarily Restricted	4,193	-	4,193	3,684
Net Assets, Unrestricted	<u>450,500</u>	<u>27,817</u>	<u>478,317</u>	<u>489,932</u>
Total Net Assets	<u>454,693</u>	<u>27,817</u>	<u>482,510</u>	<u>493,616</u>
Total Liabilities and Net Assets	<u>\$1,013,270</u>	<u>\$ 36,150</u>	<u>\$1,049,420</u>	<u>\$1,044,760</u>

See accompanying notes and Independent Auditor's Report.

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
With Summarized Financial Information for December 31, 2016**

	<u>Academy</u>			<u>Foundation</u>	<u>2017</u>	<u>2016</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>		<u>Total</u>	<u>Total</u>
Revenue						
Membership Dues, Net	\$ 667,105	\$ -	\$ 667,105	\$ -	\$ 667,105	\$ 712,999
Conventions, Meetings and Seminars	93,346	-	93,346	-	93,346	93,280
Advertising	19,415	-	19,415	-	19,415	13,705
Educational Grants, Contributions and Fundraising	11,208	-	11,208	9,872	21,080	12,755
Endorsement Contracts	26,650	-	26,650	-	26,650	29,150
Dividend and Interest Income	11,174	-	11,174	439	11,613	11,271
Gain (Loss) on Investments	73,121	-	73,121	2,489	75,610	17,184
Other Income	30,796	-	30,796	-	30,796	36,320
Other Income - Political Action Committee	-	1,769	1,769	-	1,769	974
Total Revenue	<u>932,815</u>	<u>1,769</u>	<u>934,584</u>	<u>12,800</u>	<u>947,384</u>	<u>927,638</u>
Net Assets Released from Restriction	<u>1,260</u>	<u>(1,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses						
Program Expenses	662,709	-	662,709	5,000	667,709	653,019
Administrative Expenses	286,886	-	286,886	3,895	290,781	281,691
Total Expenses	<u>949,595</u>	<u>-</u>	<u>949,595</u>	<u>8,895</u>	<u>958,490</u>	<u>934,710</u>
Change in Net Assets	(15,520)	509	(15,011)	3,905	(11,106)	(7,072)
Net Assets, Beginning of Year	<u>466,020</u>	<u>3,684</u>	<u>469,704</u>	<u>23,912</u>	<u>493,616</u>	<u>500,688</u>
Net Assets, End of Year	<u>\$ 450,500</u>	<u>\$ 4,193</u>	<u>\$ 454,693</u>	<u>\$ 27,817</u>	<u>\$ 482,510</u>	<u>\$ 493,616</u>

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, 2017  
With Summarized Financial Information for December 31, 2016**

	<u>2017</u>			<u>2016</u>
	<u>Academy</u>	<u>Foundation</u>	<u>Total</u>	
Cash Flows from Operating Activities:				
Change in Net Assets	\$ (15,011)	\$ 3,905	\$ (11,106)	\$ (7,072)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities				
Depreciation	1,054	-	1,054	1,976
Net (Gain) Loss in Investments	(73,121)	(2,489)	(75,610)	(17,184)
(Increase) Decrease in Assets:				
Accounts Receivable	(4,691)	-	(4,691)	(4,373)
Prepaid Expenses	(1,794)	-	(1,794)	2,009
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Expenses	7,624	(5,000)	2,624	19,146
Unearned Dues	45,866	-	45,866	15,650
Unearned Income	-	-	-	8,829
Net Cash Provided by (Used in) Operating Activities	<u>(40,073)</u>	<u>(3,584)</u>	<u>(43,657)</u>	<u>18,981</u>
Cash Flows from Investing Activities				
Purchase of Investment Securities	(680,617)	(439)	(681,056)	(158,022)
Proceeds from Sale of Investments	<u>1,146,692</u>	<u>-</u>	<u>1,146,692</u>	<u>149,916</u>
Net Cash Provided by (Used in) Investing Activities	<u>466,075</u>	<u>(439)</u>	<u>465,636</u>	<u>(8,106)</u>
Net Change in Cash	426,002	(4,023)	421,979	10,875
Cash Beginning of Year	<u>115,146</u>	<u>11,898</u>	<u>127,044</u>	<u>116,169</u>
Cash End of Year	<u>\$ 541,148</u>	<u>\$ 7,875</u>	<u>\$ 549,023</u>	<u>\$ 127,044</u>

See Accompanying Notes and Independent Auditors' Report.

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**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, 2017, accounts receivable consisted of \$167,466 of dues receivable and \$13,938 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.



**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**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 2014.

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.

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**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, which is the date the financial statements were available to be issued.

**2. Fair Value Measurements**

Investments

The Organization accounts for its investments in accordance with the ASC regarding Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the advantageous market.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets which the Food Pantries has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

See Independent Auditor's Report.

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**Fair Value Measurements (Continued)**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- Investments in equities are valued at the quoted market price of the issuer's value at year end.
- Investments in mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are required to publish their net asset value (NAV) and to transact at that price.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Unrealized gains (losses) recognized by the Organization are included in the statement of activities with realized and unrealized gains (losses) on investments. There were no changes to the valuation techniques used to value level 2 or 3 investments during 2017 or 2016.

The following table presents the Organization's fair value hierarchy for investments and unconditional promises to give measured at fair value on a recurring basis as of December 31, 2017

	<u>2017</u>	<u>2016</u>
Investment Returns (Unrestricted):		
Realized Gains (Losses)	\$ 92,185	\$ (2,361)
Unrealized Gains (Losses)	<u>(16,575)</u>	<u>19,545</u>
Total Return on investments	<u>\$ 75,610</u>	<u>\$ 17,184</u>
Investment Carrying Value, End of Year	\$ 303,388	\$ 734,684
Investments at Cost	<u>285,676</u>	<u>715,987</u>
Unrealized Appreciation (Depreciation)	<u>\$ 17,712</u>	<u>\$ 18,697</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 \$30,838 and \$31,230 for 2017 and 2016, respectively.

See Independent Auditor's Report.

**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017 AND 2016**

**4. Commitments**

During 2017, 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, 2017 and 2016 was \$33,060 and \$33,060, respectively.

Total future minimum lease payments are as follows:

2018	<u>\$10,440</u>
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**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.

**SUPPLEMENTAL INFORMATION**

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**NEW YORK STATE  
ACADEMY OF FAMILY PHYSICIANS, INC.  
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
With Summarized Financial Information for December 31, 2016**

	<u>Academy</u>			<u>Foundation</u>			<u>2017</u>	<u>2016</u>
	<u>Program</u>	<u>Administrative</u>	<u>Total</u>	<u>Program</u>	<u>Administrative</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
							<u>Expenses</u>	<u>Expenses</u>
Salaries and Related Benefits	\$ 199,682	\$ 195,793	\$ 395,475	\$ -	\$ -	\$ -	\$ 395,475	\$ 391,772
Research Grants and Projects	-	-	-	5,000	-	5,000	5,000	5,025
Conventions, Meetings and Seminars	187,488	-	187,488	-	-	-	187,488	148,061
Contributions	1,000	-	1,000	-	3,380	3,380	4,380	3,497
Rent and Maintenance	-	36,430	36,430	-	-	-	36,430	36,624
Resident and Student Expenses	5,540	-	5,540	-	-	-	5,540	7,635
Board of Directors' and Officers' Expenses	36,871	-	36,871	-	-	-	36,871	42,811
Presidents' Expenses	5,702	-	5,702	-	-	-	5,702	10,293
Legislative Activities	60,100	-	60,100	-	-	-	60,100	60,100
Travel and Entertainment	35,480	-	35,480	-	-	-	35,480	33,725
Committee Expenses	10,492	-	10,492	-	-	-	10,492	18,574
Telephone	6,412	-	6,412	-	-	-	6,412	6,311
Insurance	-	8,846	8,846	-	-	-	8,846	9,635
Investment Expenses	-	3,711	3,711	-	-	-	3,711	3,149
Consulting Expenses	64,516	-	64,516	-	-	-	64,516	69,553
Equipment Leases	-	7,336	7,336	-	-	-	7,336	7,181
Professional Fees	11,791	-	11,791	-	260	260	12,051	9,982
Printing	28,088	-	28,088	-	-	-	28,088	29,329
Postage and Mailings	7,233	-	7,233	-	-	-	7,233	8,304
Office and Administrative Expenses	-	31,196	31,196	-	-	-	31,196	28,953
Other Expenses	-	3,216	3,216	-	255	255	3,471	1,710
Unrelated Business Income Tax	-	358	358	-	-	-	358	250
Political Expenses	1,260	-	1,260	-	-	-	1,260	260
Depreciation	1,054	-	1,054	-	-	-	1,054	1,976
	<u>\$ 662,709</u>	<u>\$ 286,886</u>	<u>\$ 949,595</u>	<u>\$ 5,000</u>	<u>\$ 3,895</u>	<u>\$ 8,895</u>	<u>\$ 958,490</u>	<u>\$ 934,710</u>

See accompanying notes and Independent Auditors' Report.