

THE NEW YORK STATE FORUM, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

LURIE & Co., P.C.
Certified Public Accountants

CONTENTS

	<u>PAGES</u>
Independent auditors' report	1
Statement of financial position	2
Statement of activities and net assets	3
Statement of cash flows	4
Notes to financial statements	5 - 8
Independent auditors' report on additional information	9
Schedule of general and administrative expenses	10

Albany, New York
January 29, 2010

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The New York State Forum, Inc:

We have audited the accompanying statement of financial position of The New York State Forum, Inc. for the period December 26, 2008 (inception) through September 30, 2009, and the related statement of activities and net assets, and cash flows for the short year then ended. These financial statements are the responsibility of the management of The New York State Forum, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the overall accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New York State Forum, Inc. for the period December 26, 2008 (inception) through September 30, 2009, and the results of its activities, changes in net assets and cash flows for the short year then ended, in conformity with accounting principles generally accepted in the United States of America.

Lurie & Co., P.C.

Certified Public Accountants

THE NEW YORK STATE FORUM, INC.

STATEMENT OF FINANCIAL POSITION

-ASSETS-

	<u>September 30,</u> <u>2009</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 846,921
Accounts receivable net of allowance for doubtful accounts of \$16,453	148,073
Prepaid expenses	<u>1,303</u>
Total current assets	<u>\$ 996,297</u>
 PROPERTY AND EQUIPMENT:	
Furniture, fixtures and equipment	\$ 30,179
Leasehold improvements	<u>2,500</u>
Total property and equipment	\$ 32,679
Less: accumulated depreciation	<u>2,303</u>
Book value - property and equipment	<u>\$ 30,376</u>
 OTHER ASSETS:	
Intangible assets net of accumulated amortization of \$1,596 at September 30, 2009	<u>\$ 30,318</u>
 TOTAL ASSETS	 <u><u>\$ 1,056,991</u></u>

- LIABILITIES AND NET ASSETS -

	<u>September 30,</u> <u>2009</u>
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 71,276
Deferred revenue	<u>393,673</u>
Total current liabilities	\$ 464,949
 UNRESTRICTED NET ASSETS:	
Operating	<u>592,042</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,056,991</u></u>

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

THE NEW YORK STATE FORUM, INC.

STATEMENT OF ACTIVITIES AND NET ASSETS

	<u>PERIOD</u>
	<u>DECEMBER 26, 2008</u>
	<u>(INCEPTION)</u>
	<u>THROUGH</u>
	<u>SEPTEMBER 30, 2009</u>
	<u>Unrestricted</u>
NET ASSETS	
REVENUES:	
SUNY Research Foundation grant	\$ 930,857
Program revenue	55,822
Investment income	2,810
Total revenues and other support	<u>\$ 989,489</u>
EXPENSES:	
General and administrative	<u>\$ 235,593</u>
Program:	
Outside contract services	\$ 111,872
Meetings and conferences	48,157
Travel	1,825
Total program expenses	<u>\$ 161,854</u>
Total expenses	<u>\$ 397,447</u>
INCREASE IN NET ASSETS	\$ 592,042
NET ASSETS - BEGINNING	<u> --</u>
NET ASSETS - ENDING	<u>\$ 592,042</u>

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

THE NEW YORK STATE FORUM, INC.

STATEMENT OF CASH FLOWS

	<u>PERIOD</u>
	<u>DECEMBER 26, 2008</u>
	<u>(INCEPTION)</u>
	<u>THROUGH</u>
	<u>SEPTEMBER 30, 2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ <u>592,042</u>
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation and amortization	\$ 3,899
(Increase) decrease in:	
Accounts receivable	(148,073)
Prepaid expenses	(1,303)
Increase (decrease) in:	
Accounts payable and accrued expenses	71,276
Deferred income	393,673
Total adjustments	\$ <u>319,472</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>911,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	\$ (32,679)
Purchase of intangible	<u>(31,914)</u>
NET CASH USED BY INVESTING ACTIVITIES	\$ <u>(64,593)</u>
NET INCREASE IN CASH	\$ 846,921
CASH AND CASH EQUIVALENTS - BEGINNING	<u>—</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 846,921</u>

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

THE NEW YORK STATE FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New York State Forum, Inc. is organized under the Not-for-Profit Corporation Law of the State of New York. The Forum's primary purpose is to foster a better understanding of information resource technologies and practices by government officials in New York State, and to assist State governmental entities and others in the development and utilization of policies, practices, and technologies for the effective and secure management use of government officials and others to otherwise lessen the burdens of government.

Revenue and Expense Recognition

The accrual basis of accounting is used for recognizing all revenues and expenses. Membership dues 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.

Property and Equipment

Property and equipment 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
Leasehold improvements	5 – 39 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.

Intangibles

The details of intangible assets which are amortized using the straight-line method are as follows:

<u>Description</u>	<u>Cost September 30, 2009</u>	<u>Life</u>	<u>Accumulated Amortization September 30, 2009</u>
Organization costs	\$ 31,914	180 months	\$ 1,596

THE NEW YORK STATE FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the New York State Forum, Inc. 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 Forum does not have any temporarily restricted or permanently restricted net assets.

Income Tax

The Forum is exempt from Federal and State income tax pursuant to Internal Revenue Code Section 501(c)(3).

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.

Cash and Cash Equivalents

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

NOTE 2: LEASES

Operating Leases

The Forum leases office space under a lease effective March 1, 2009 and expiring February 28, 2011. Rent expense was \$15,570 for the short year ended September 30, 2009. Future minimum lease payments are as follows:

Year ending September 30, 2010	\$ 20,764
Year ending September 30, 2011	<u>5,380</u>
Total	<u>\$ 26,144</u>

THE NEW YORK STATE FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 3: COMMITMENTS AND CONTINGENCIES

The Forum has an ongoing relationship with Cogent Technologies Inc. for technology support services. The contract between The Forum and Cogent Technologies ended on March 2, 2009. A new contract was signed for the period January 1, 2010 through December 31, 2010. The contract is paid monthly up to a maximum of \$145,000.

The Forum signed a Memorandum of Understanding with The International Corporation for Organizational Resilience. The total cost of the contract is \$7,890 and the agreement terminates November 30, 2010.

NOTE 4: CONCENTRATION OF CREDIT RISK

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

NOTE 5: RETIREMENT PLAN

The Organization has established a 401(k) and profit sharing plan for employees meeting certain requirements. The profit sharing plan allows for discretionary matching and profit sharing contributions for each eligible employee. The Board of Directors approved a retirement plan contribution based on calendar year 2009 wages, of which \$12,984 was for the nine months ended September 30, 2009.

NOTE 6: 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 7: SUNY RESEARCH FOUNDATION

Prior to January 1, 2009 The Forum was a research project administered by the Research Foundation. The Research Foundation helps the State University of New York (SUNY) manage grants and contracts from external sponsors and create an environment where SUNY staff can collaborate with private and public organizations. By taking care of the day-to-day administration of sponsored programs, the Research Foundation allowed The New York State Forum's Executive staff to devote more time to program activities.

The Research Foundation awarded a onetime grant of program revenue to The New York State Forum in exchange for no longer providing administrative support to the Organization. The amount of the grant was determined by the Research Foundation and was an award of The New York State Forum's program revenue held in custody by the Research Foundation.

THE NEW YORK STATE FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 7: SUNY RESEARCH FOUNDATION - CONTINUED

In conjunction with the onetime transfer of funds from the SUNY Research Foundation to The New York State Forum, the Board has approved carrying over certain amounts of The Forum employees' vacation and sick time earned for services performed during their employment at the SUNY Research Foundation. Those benefits have been assumed by The Forum and certain portions have been recorded as a liability in the current period and other portions will be recognized as a liability in future years in accordance with a motion adopted by the Board on January 29, 2010. As of September 30, 2009, future sick accruals to be recognized are as follows:

January 1, 2010	\$ 24,428
January 1, 2011	<u>24,428</u>
Total	<u>\$ 48,856</u>

Albany, New York
January 29, 2010

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of The New York State Forum, Inc.:

Our report on our audit of the basic financial statements of The New York State Forum, Inc. for the period December 26, 2008 (inception) through September 30, 2009 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of general and administrative expenses are presented for additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lurie & Co., P.C.

Certified Public Accountants

THE NEW YORK STATE FORUM, INC.

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

	<u>PERIOD</u>	
	<u>DECEMBER 26, 2008</u>	<u>(INCEPTION)</u>
	<u>THROUGH</u>	<u>SEPTEMBER 30, 2009</u>
Salaries and benefits	\$	126,461
Unused vacation and sick time from predecessor employer		26,963
Office rent		15,570
Profit sharing contribution		12,984
Payroll taxes		9,078
Depreciation and amortization		8,899
Telephone and fax		8,128
Professional fees		6,586
Printing		5,240
Meals and entertainment		4,948
Insurance		3,122
Supplies		2,332
Office expense		2,111
Utilities		1,127
Bank charges		710
Postage		460
Dues and subscriptions		424
Equipment rental		375
Fees and registrations		75
		<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	<u>235,593</u>

See accompanying independent auditors' report on additional information.