

THE COPYRIGHT SOCIETY OF THE U.S.A.

Financial Statements
for year ended
September 30, 2007

THE COPYRIGHT SOCIETY OF THE U.S.A.

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Independent Auditor's Report

To The Board of Trustees of
The Copyright Society of the U.S.A.

We have audited the accompanying statement of financial position of The Copyright Society of the U.S.A. as of September 30, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 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 Copyright Society of the U.S.A. as of September 30, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature of 'PKF' in black ink, written in a cursive, slightly slanted style.

Certified Public Accountants
A Professional Corporation

January 31, 2008

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Financial Position
September 30, 2007

Assets

| | |
|------------------------------------|-------------------|
| Cash and cash equivalents (note 1) | \$ 6,039 |
| Wachovia awareness | 111,143 |
| Wachovia operating | 250 |
| Cash on hand | <u>117,432</u> |
| Investments (note 2) | 72,335 |
| Membership receivables | 11,525 |
| Security deposit | 3,200 |
| Computer equipment, net | 493 |
| Total assets | <u>\$ 204,985</u> |

Liabilities and Unrestricted Net Assets

| | |
|--|-------------------|
| Accounts payable | \$ 6,120 |
| Accrued expenses | 1,475 |
| Deferred revenue | 132,458 |
| Total liabilities | <u>140,053</u> |
| Total unrestricted net assets | <u>64,932</u> |
| Total liabilities and unrestricted net assets | <u>\$ 204,985</u> |

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Activities
For Year Ended September 30, 2007

| | | |
|--|----|----------------|
| Revenue | | |
| Memberships | \$ | 226,845 |
| Mid-winter meeting | | 42,202 |
| Annual meeting | | 91,540 |
| Luncheons | | 72,038 |
| Interest income | | 4,262 |
| Dinners | | 4,094 |
| Royalty income | | 4,544 |
| Miscellaneous | | 6,364 |
| Net unrealized and realized gain on investments | | 4,191 |
| Total revenue | | <u>456,080</u> |
| Expenses | | |
| Salaries and related benefits | | 84,660 |
| Office rent (note 7) | | 26,043 |
| Annual meeting | | 60,577 |
| Mid-winter meeting | | 41,115 |
| Journal printing and distribution | | 31,430 |
| Luncheons | | 73,411 |
| Website and computer | | 9,714 |
| Stationery, supplies and postage | | 6,594 |
| Professional fees | | 67,140 |
| Credit card expense | | 6,341 |
| Outside services | | 42,500 |
| Office expense | | 1,118 |
| Other meetings | | 10,001 |
| Investment expenses | | 960 |
| Insurance | | 5,439 |
| Telephone and fax | | 2,821 |
| Awards | | 1,300 |
| Payroll taxes | | 6,312 |
| Miscellaneous | | 10,888 |
| Depreciation | | 327 |
| Total expenses | | <u>488,691</u> |
| Changes in net assets | | (32,611) |
| Unrestricted net assets - beginning of year | | <u>97,543</u> |
| Unrestricted net assets - end of year | \$ | <u>64,932</u> |

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Cash Flows
For Year Ended September 30, 2007

| | |
|---|-------------------|
| Cash flow from operating activities | |
| Changes in net assets | \$ (32,611) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | |
| Depreciation | 327 |
| Unrealized and realized gain on investments | (4,191) |
| Change in certain accounts | |
| Decrease in other receivables | 1,655 |
| Increase in membership receivable | (11,525) |
| Decrease in accounts payable | (1,077) |
| Increase in accrued expenses | 56 |
| Increase in deferred revenue | 51,613 |
| Net cash provided by operating activities | <u>4,247</u> |
| Cash flow from investing activities | |
| Purchase and sales of investments - net | <u>17,487</u> |
| Increase in cash and cash equivalents | <u>21,734</u> |
| Cash and cash equivalents, beginning of year | <u>95,698</u> |
| Cash and cash equivalents, end of year | <u>\$ 117,432</u> |

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Notes to Financial Statements
September 30, 2007

Note 1 - Summary of significant accounting policies

Organization

The Copyright Society of the U.S.A. (Society) is a nonprofit corporation organized in 1953. It was established to foster interest in and advance the study of copyright law and of rights in literature, music, art, the theatre, motion pictures and other forms of intellectual property. The Society's membership is comprised of individuals, business organizations, law firms and associations, which are involved in or affected by copyright, including those based on new technologies for creating and using copyrightable works.

Basis of presentation

The Society prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which 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. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Society considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Membership revenue

Membership revenue is recorded as earned over the applicable membership period.

Note 2 - Investments

The Society classifies its investments as available-for-sale securities which are recorded at market value.

At September 30, 2007, the Society's investments consists of:

| | <u>Cost</u> | <u>Market (Based on Quoted Market Prices)</u> | <u>Unrealized Appreciation</u> |
|--------------------|-------------|---|------------------------------------|
| Mutual Funds | \$ 70,155 | \$ 72,252 | \$ 2,097 |
| Money Market Funds | \$ 70,238 | \$ 72,335 | \$ 2,097 |

Note 3 - Donald C. Brace Memorial Lecture Fund

In 1981, a grant in the amount of \$10,000 was received from Donna Brace Ogilvie to continue the funding of lectures. By the terms of this grant, a lecture must be held annually in the City of New York on the subject of United States Copyright and is to be used for the travel and stipend of the lecturer and for the cost of mailing of invitations. The grant's were fully used and now the Society funds the lectures in the name of Donald C. Brace Memorial Fund.

THE COPYRIGHT SOCIETY OF THE U.S.A.

Notes to Financial Statements (continued)
September 30, 2007

Note 4 - Charles B. Seton Award Fund

In 1986, a grant in the amount of \$3,500 was received from Charles B. Seton. By the terms of the grant, the fund and the income generated from it are to be used to fund the annual Charles B. Seton Award. The annual award in the amount of \$1,000 will be given to the person who shall not have attained the age of 40, whose article or other submission published in the "Journal of the Copyright Society of the U.S.A." constitutes the most significant contribution to scholarship in copyright law and displays original and creative ideas not previously published. The grant's funds were completely used and now the Society funds the annual award in the name of Charles b. Seton Award Fund.

Note 5 - Kaminstein Memorial Fund

This fund was established in 1979 for the purpose of preparing a series of volumes dealing with the legislative history of the 1976 Copyright Act. The project has since been completed and the fund was not reestablished.

Note 6 - Income taxes

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society's tax returns are subject to review by the appropriate taxing authorities.

Note 7 - Commitments

On June 1, 2007, the Society entered into a one year lease agreement for their office space, which requires a monthly payment of \$1,900. Rent expense for the year ended September 30, 2007 amounted to \$26,043.

Note 8 - Functional allocation of expenses

The cost of providing the various programs and other activities of the Society have been summarized as follows on a functional basis. Accordingly, certain costs have been allocated among the programs and other activities in reasonable ratios determined by management.

Total functional expenses for the year ended September 30, 2007 are as follows:

| | |
|---------------------------|-------------------|
| Program | \$ 298,542 |
| Supporting services | 190,149 |
| Total functional expenses | <u>\$ 488,691</u> |
