

THE COPYRIGHT SOCIETY OF THE U.S.A.

Financial Statements
for year ended
September 30, 2005

THE COPYRIGHT SOCIETY OF THE U.S.A.

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PKF
Certified Public Accountants
A Professional Corporation

PKF

29 Broadway
New York, NY 10006
USA

Tel 212 867 8000
Fax 212 687 4346
www pkfnewyork.com
E-mail info@pkfnny.com

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. including the General Fund, Donald C. Brace Memorial Lecture Fund, Charles B. Seton Award Fund and Kaminstein Memorial Fund as of September 30, 2005 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, 2005 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.

PKF

Certified Public Accountants
A Professional Corporation

January 11, 2007

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Financial Position
September 30, 2005

Assets

	General Fund	Donald C. Brace Memorial Lecture Fund	Charles B. Seton Award Fund	Kaminstein Memorial Fund	Total
Cash and cash equivalents (note 1)					
Wachovia Awareness	\$ 4,968	\$ -	\$ -	\$ -	\$ 4,968
Wachovia Chapters	116	-	-	-	116
Wachovia Operating	83,617	-	-	-	83,617
HSBC - checking	1,371	-	-	-	1,371
HSBC - certificate of deposit	26,442	-	-	-	26,442
Cash on hand	250	-	-	-	250
Investments (note 2)	126,627	-	-	-	126,627
Due from Kaminstein Memorial Fund	156	-	-	-	156
Due from Charles B. Seton Award Fund	1,232	-	-	-	1,232
Due from Donald C. Brace Memorial Lecture Fund	12,755	-	-	-	12,755
Other receivables	1,705	-	-	-	1,705
Security deposit	3,200	-	-	-	3,200
Computer equipment, net	1,146	-	-	-	1,146
Total assets	<u>\$ 263,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,585</u>

Liabilities and Net Assets

Accounts payable	\$ 6,764	\$ -	\$ -	\$ -	\$ 6,764
Accrued expenses	6,484	-	-	-	6,484
Due to General Fund	-	12,755	1,232	156	14,143
Deferred revenue	149,886	-	-	-	149,886
Total liabilities	<u>163,134</u>	<u>12,755</u>	<u>1,232</u>	<u>156</u>	<u>177,277</u>
Total unrestricted net assets	<u>100,451</u>	<u>(12,755)</u>	<u>(1,232)</u>	<u>(156)</u>	<u>86,308</u>
Total liabilities and unrestricted net assets	<u>\$ 263,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,585</u>

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Activities
For Year Ended September 30, 2005

	General Fund	Donald C. Brace Memorial Lecture Fund	Charles B. Seton Award Fund	Kaminstein Memorial Fund	Total
Revenue					
Memberships	\$ 206,143	\$ -	\$ -	\$ -	\$ 206,143
Copyright awareness week income	37,704	-	-	-	37,704
Mid-winter meeting	47,053	-	-	-	47,053
Annual meeting	61,678	-	-	-	61,678
Luncheons	74,978	-	-	-	74,978
Interest income	4,987	-	-	-	4,987
Dinners	-	1,552	-	-	1,552
Royalty income	7,346	-	-	-	7,346
Miscellaneous	11,660	-	-	-	11,660
Net unrealized and realized gain on investments	8,273	-	-	-	8,273
Total revenue	459,822	1,552	-	-	461,374
Expenses					
Salaries and related benefits	84,334	-	-	-	84,334
Office rent (note 7)	26,538	-	-	-	26,538
Temporary office services	545	-	-	-	545
Annual meeting	46,304	-	-	-	46,304
Mid-winter meeting	83,432	-	-	-	83,432
Journal printing and distribution	38,103	-	-	-	38,103
Luncheons	73,425	-	-	-	73,425
Website and computer	7,676	-	-	-	7,676
Stationery, supplies and postage	8,330	-	-	-	8,330
Professional fees	6,775	-	-	-	6,775
Credit card expense	4,387	-	-	-	4,387
Outside services	40,545	-	-	-	40,545
Office expense	949	-	-	-	949
Other meetings	2,044	5,874	-	-	7,918
Investment expenses	1,672	-	-	-	1,672
Insurance	8,840	-	-	-	8,840
Telephone and fax	2,795	-	-	-	2,795
Awards	1,275	-	-	-	1,275
Dues and subscriptions	1,692	-	-	-	1,692
Payroll taxes	7,046	-	-	-	7,046
Copyright awareness week expenses	40,744	-	-	-	40,744
Miscellaneous	27,217	-	-	-	27,217
Depreciation	327	-	-	-	327
Total expenses	514,995	5,874	-	-	520,869
Changes in net assets	(55,173)	(4,322)	-	-	(59,495)
Unrestricted net assets - beginning of year	155,624	(8,433)	(1,232)	(156)	145,803
Unrestricted net assets - end of year	\$ 100,451	\$ (12,755)	\$ (1,232)	\$ (156)	\$ 86,308

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Cash Flows
For Year Ended September 30, 2005

Cash flow from operating activities	
Changes in net assets	\$ (59,495)
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	327
Unrealized and realized loss on investments	(8,273)
Change in certain accounts	
Increase in other receivables	1,705
Decrease in prepaid expenses	5,000
Increase in accounts payable	5,564
Decrease in accrued expenses	2,925
Increase in deferred revenue	44,736
Decrease in other assets	(3,380)
Net cash used by operating activities	<u>(10,891)</u>
Cash flow from investing activities	
Purchase and sales of investments - net	<u>28,496</u>
Net cash provided by investing activities	<u>28,496</u>
Increase in cash and cash equivalents	17,605
Cash and cash equivalents, beginning of year	<u>99,159</u>
Cash and cash equivalents, end of year	<u>\$ 116,764</u>

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Notes to Financial Statements
September 30, 2005

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, 2005, the Society's investments consists of:

	<u>Cost</u>	<u>Market (Based on Quoted Market Prices)</u>	<u>Unrealized Appreciation</u>
Mutual Funds	\$ 121,965	\$ 126,627	\$ 4,662

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.

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.

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Notes to Financial Statements (continued)
September 30, 2005

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.

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 May 1, 2004, The Society entered into a two year lease agreement for their office space, which amounts to \$21,120 for the first year and \$22,596 for the second year. Rent expense for the year ended September 30, 2005 amounted to \$26,538.

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, 2005 are as follows:

Program	\$	78,081
Supporting services		<u>442,788</u>
Total functional expenses	\$	<u>520,869</u>
