

THE COPYRIGHT SOCIETY OF THE U.S.A.

Financial Statements  
for year ended  
September 30, 2006

THE COPYRIGHT SOCIETY OF THE U.S.A.

Table of Contents

	Page
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5

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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. including the General Fund, Donald C. Brace Memorial Lecture Fund, Charles B. Seton Award Fund and Kaminstein Memorial Fund as of September 30, 2006 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, 2006 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 16, 2007

## THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Financial Position  
September 30, 2006

## 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	\$ 6,092	\$ -	\$ -	\$ -	\$ 6,092
Wachovia operating	89,356	-	-	-	89,356
Cash on hand	250	-	-	-	250
Investments (note 2)	85,632	-	-	-	85,632
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	13,022	-	-	-	13,022
Other receivables	1,655	-	-	-	1,655
Security deposit	3,200	-	-	-	3,200
Computer equipment, net	819	-	-	-	819
Total assets	<u>\$ 201,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,414</u>

## Liabilities and Net Assets

Accounts payable	\$ 7,197	\$ -	\$ -	\$ -	\$ 7,197
Accrued expenses	1,419	-	-	-	1,419
Due to General Fund	-	13,022	1,232	156	14,410
Deferred revenue	80,845	-	-	-	80,845
Total liabilities	<u>89,461</u>	<u>13,022</u>	<u>1,232</u>	<u>156</u>	<u>103,871</u>
Total unrestricted net assets	<u>111,953</u>	<u>(13,022)</u>	<u>(1,232)</u>	<u>(156)</u>	<u>97,543</u>
Total liabilities and unrestricted net assets	<u>\$ 201,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,414</u>

See notes to financial statements

## THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Activities  
For Year Ended September 30, 2006

	General Fund	Donald C. Brace Memorial Lecture Fund	Charles B. Seton Award Fund	Kaminstein Memorial Fund	Total
<b>Revenue</b>					
Memberships	\$ 219,569	\$ -	\$ -	\$ -	\$ 219,569
Copyright awareness week income	56,360	-	-	-	56,360
Mid-winter meeting	31,751	-	-	-	31,751
Annual meeting	80,488	-	-	-	80,488
Luncheons	49,549	-	-	-	49,549
Interest income	5,630	-	-	-	5,630
Dinners	-	4,748	-	-	4,748
Royalty income	3,467	-	-	-	3,467
Miscellaneous	4,296	-	-	-	4,296
Net unrealized and realized gain on investments	1,631	-	-	-	1,631
<b>Total revenue</b>	<b>452,741</b>	<b>4,748</b>	<b>-</b>	<b>-</b>	<b>457,489</b>
<b>Expenses</b>					
Salaries and related benefits	80,965	-	-	-	80,965
Office rent (note 7)	24,777	-	-	-	24,777
Annual meeting	50,943	-	-	-	50,943
Mid-winter meeting	20,709	-	-	-	20,709
Journal printing and distribution	33,881	-	-	-	33,881
Luncheons	64,515	-	-	-	64,515
Website and computer	11,297	-	-	-	11,297
Stationery, supplies and postage	7,899	-	-	-	7,899
Professional fees	20,552	-	-	-	20,552
Credit card expense	4,217	-	-	-	4,217
Outside services	40,000	-	-	-	40,000
Office expense	1,043	-	-	-	1,043
Other meetings	679	5,015	-	-	5,694
Investment expenses	1,304	-	-	-	1,304
Insurance	6,424	-	-	-	6,424
Telephone and fax	1,041	-	-	-	1,041
Awards	1,800	-	-	-	1,800
Payroll taxes	6,179	-	-	-	6,179
Copyright awareness week expenses	38,500	-	-	-	38,500
Miscellaneous	24,187	-	-	-	24,187
Depreciation	327	-	-	-	327
<b>Total expenses</b>	<b>441,239</b>	<b>5,015</b>	<b>-</b>	<b>-</b>	<b>446,254</b>
<b>Changes in net assets</b>	<b>11,502</b>	<b>(267)</b>	<b>-</b>	<b>-</b>	<b>11,235</b>
Unrestricted net assets - beginning of year	100,451	(12,755)	(1,232)	(156)	86,308
Unrestricted net assets - end of year	\$ 111,953	\$ (13,022)	\$ (1,232)	\$ (156)	\$ 97,543

See notes to financial statements

## THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Cash Flows  
For Year Ended September 30, 2006

Cash flow from operating activities	
Changes in net assets	\$ 11,235
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	327
Unrealized and realized loss on investments	(1,631)
Change in certain accounts	
Decrease in other receivables	50
Increase in accounts payable	433
Increase in accrued expenses	(5,065)
Decrease in deferred revenue	(69,041)
Net cash used by operating activities	<u>(63,692)</u>
Cash flow from investing activities	
Purchase and sales of investments - net	<u>42,626</u>
Net cash provided by investing activities	<u>42,626</u>
Decrease in cash and cash equivalents	(21,066)
Cash and cash equivalents, beginning of year	<u>116,764</u>
Cash and cash equivalents, end of year	\$ <u>95,698</u>

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Notes to Financial Statements  
September 30, 2006

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, 2006, the Society's investments consists of:

	Cost	Market (Based on Quoted Market Prices)	Unrealized Depreciation
Mutual Funds	\$ 86,118	\$ 85,591	\$ 527
Money Market Funds	41	41	-
	<u>\$ 86,159</u>	<u>\$ 85,632</u>	<u>\$ 527</u>

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 COPYRIGHT SOCIETY OF THE U.S.A.

Notes to Financial Statements (continued)  
September 30, 2006

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.

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, 2006 amounted to \$24,777.

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, 2006 are as follows:

Program	\$ 66,889
Supporting services	379,365
Total functional expenses	<u>\$ 446,254</u>

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