

THE COPYRIGHT SOCIETY OF THE U.S.A.

Financial Statements
for year ended
September 30, 2004

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@pkfny.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, 2004 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, 2004 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 10, 2006

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Financial Position
September 30, 2004

Assets

	General Fund	Donald C. Brace Memorial Lecture Fund	Charles B. Seton Award Fund	Kaminstein Memorial Fund	Total
Cash and cash equivalents (note 1)					
Prudential operating	\$ 71,336	\$ -	\$ -	\$ -	\$ 71,336
HSBC - checking	1,594	-	-	-	1,594
HSBC - certificate of deposit	25,979	-	-	-	25,979
Cash on hand	250	-	-	-	250
	<u>99,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,159</u>
Investments (note 2)	149,349	-	-	-	149,349
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	8,433	-	-	-	8,433
Prepaid expenses	5,000	-	-	-	5,000
Security deposit	6,580	-	-	-	6,580
Computer equipment, net	1,474	-	-	-	1,474
Total assets	<u>\$ 271,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,383</u>

Liabilities and Net Assets

Accounts payable	\$ 1,200	\$ -	\$ -	\$ -	\$ 1,200
Accrued expenses	9,409	-	-	-	9,409
Due to General Fund	-	8,433	1,232	156	9,821
Deferred revenue	105,150	-	-	-	105,150
Total liabilities	<u>115,759</u>	<u>8,433</u>	<u>1,232</u>	<u>156</u>	<u>125,580</u>
Total unrestricted net assets	<u>155,624</u>	<u>(8,433)</u>	<u>(1,232)</u>	<u>(156)</u>	<u>145,803</u>
Total liabilities and unrestricted net assets	<u>\$ 271,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,383</u>

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Activities
For Year Ended September 30, 2004

	General Fund	Donald C. Brace Memorial Lecture Fund	Charles B. Seton Award Fund	Kaminstein Memorial Fund	Total
Revenue					
Memberships	\$ 221,012	\$ -	\$ -	\$ -	\$ 221,012
Gala income	2,300	-	-	-	2,300
Mid-winter meeting	73,497	-	-	-	73,497
Annual meeting	94,806	-	-	-	94,806
Luncheons	56,721	-	-	-	56,721
Interest income	5,050	-	-	-	5,050
Subscriptions	3,761	-	-	-	3,761
Dinners	-	3,280	-	-	3,280
Royalty income	4,084	-	-	-	4,084
Miscellaneous	4,406	-	-	-	4,406
Net unrealized and realized gain on investments	1,013	-	-	-	1,013
Total revenue	466,650	3,280	-	-	469,930
Expenses					
Salaries and related benefits	57,848	-	-	-	57,848
Office rent (note 8)	28,858	-	-	-	28,858
Annual meeting	84,767	-	-	-	84,767
Mid-winter meeting	72,004	-	-	-	72,004
Journal printing and distribution	69,567	-	-	-	69,567
Luncheons	53,402	-	-	-	53,402
Honorariums (note 6)	39,500	-	-	-	39,500
Website and computer	8,850	-	-	-	8,850
Stationery, supplies and postage	13,418	-	-	-	13,418
Professional fees	4,100	-	-	-	4,100
Credit card expense	7,643	-	-	-	7,643
Outside services	16,356	-	-	-	16,356
Office expense	4,598	-	-	-	4,598
Other meetings	9,615	7,252	-	-	16,867
Investment expenses	2,045	-	-	-	2,045
Insurance	4,485	-	-	-	4,485
Telephone and fax	5,300	-	-	-	5,300
Awards	1,250	-	-	-	1,250
Dues and subscriptions	1,108	-	-	-	1,108
Payroll taxes	5,145	-	-	-	5,145
Miscellaneous	17,466	-	-	-	17,466
Depreciation	164	-	-	-	164
Total expenses	507,489	7,252	-	-	514,741
Changes in net assets	(40,839)	(3,972)	-	-	(44,811)
Unrestricted net assets - beginning of year	196,463	(4,461)	(1,232)	(156)	190,614
Unrestricted net assets - end of year	\$ 155,624	\$ (8,433)	\$ (1,232)	\$ (156)	\$ 145,803

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Statement of Cash Flows
For Year Ended September 30, 2004

Cash flow from operating activities	
Changes in net assets	\$ (44,811)
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Depreciation	164
Change in certain accounts	
Unrealized and realized loss on investments	(1,013)
Decrease in other receivables	77
Decrease in prepaid expenses	4,467
Increase in accounts payable	1,200
Increase in accrued expenses	(11,214)
Increase in deferred revenue	30,849
Increase in other assets	3,200
Net cash used by operating activities	<u>(17,081)</u>
Cash flow from investing activities	
Purchase and sales of investments - net	20,181
Purchase of computer equipment	<u>(1,474)</u>
Net cash provided by investing activities	<u>18,707</u>
Increase in cash and cash equivalents	1,626
Cash and cash equivalents, beginning of year	<u>97,533</u>
Cash and cash equivalents, end of year	<u>\$ 99,159</u>

See notes to financial statements

THE COPYRIGHT SOCIETY OF THE U.S.A.

Notes to Financial Statements
September 30, 2004

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, 2004, the Society's investments consists of:

	<u>Cost</u>	<u>Market (Based on Quoted Market Prices)</u>	<u>Unrealized Appreciation</u>
Mutual Funds	\$ 139,756	\$ 149,216	\$ 9,460
Money Market Funds	133	133	-
	<u>\$ 139,889</u>	<u>\$ 149,349</u>	<u>\$ 9,460</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. In 1994, an additional grant of \$10,000 was contributed by Donna Brace Ogilvie for the funding of lectures. The fiscal 2004 lecture was held in April 27, 2004.

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Notes to Financial Statements (continued)
September 30, 2004

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. During the year ended September 30, 2004, an award was presented to William Manz for \$1,000.

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 - Grants and honorariums

During the year ended September 30, 2004, the Society made honorariums totaling \$29,500 to Joseph J. Beard for his services as Editor-in-Chief of the Society's Journal and \$10,000 to William Manz.

Note 7 - 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 8 - 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, 2004 and 2003 amounted to \$28,858 and \$26,311, respectively.

Note 9 - 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, 2004 are as follows:

Program	\$	377,724
Supporting services		136,853
Total functional expenses	\$	<u>514,577</u>
