



To the Members of the New York State Nurses Association

From Chief Executive Officer
Tina Gerardi, MS, RN, CAE
October 2007



This year has been one of progress, success, and change for the New York State Nurses Association.

The audited financial report for fiscal year 2007 is included with this letter. The Association is financially sound and at the end of the fiscal year, the Board was able to transfer \$600,000 into reserves. Total revenue at the end of the year was \$31,512,389 and expenses totaled \$28,941,541.

Through the efforts of staff, auditors, and legal counsel, the Association was able to recover \$867,079 of the funds embezzled by a former Chief Financial Officer. The remaining \$213,054 due as restitution to the Association must be collected via garnishments and judgments in the future. The recovered funds were transferred into the NYSNA Pension Fund.

The Board of Directors has created an Audit Committee, which is scheduled to have its first meeting in November 2007. The committee is charged with assessing internal controls, antifraud programs, financial reporting, and risk oversight. An independent certified public accountant will serve on the committee.

Please see pages 4 through 8 for the audited financial statements as of the end of the fiscal year on March 31, 2007.

The Board of Directors, with broad input from Association members and staff, has adopted a three-year Strategic Plan. This road map will help guide us toward the future as we build an ever-stronger Nurses Association. The Strategic Plan includes four major goals, which were identified in November 2006 at a retreat attended by both members and RN staff.

Goal 1: Engage in effective political action.

With a fully staffed Governmental Affairs Department in place, the Nurses Association is ready to promote key legislation to protect nurses and their patients. During the past year, members participated in events designed to raise public awareness of issues such as mandatory overtime and staffing ratios.

Members and staff met with key executive, legislative, and regulatory leaders at both the state and local levels. Victories included an increase of more than \$1 million in the state budget in grant money for nursing education programs and the allocation of \$2 million of the Patricia K. McGee Nursing Faculty Scholarship and Loan Forgiveness Program specifically for scholarships.

In December 2006, hundreds of members came to Albany to protest the recommendations of the Berger Commission, or “hospital closing commission.” Many of the facilities where our members provide care will be affected by these recommendations, which were upheld by the Governor and the New York State Legislature.

As of this writing, Cabrini Medical Center and Westchester Square Medical Center may close before June



NYSNA members at the State Capitol protesting hospital closings call for by the Berger Commission.

2008 and other facilities will be merged and downsized. Greenville Hospital, one of our represented facilities in the Garden State, also is scheduled to close within the coming year.

We are seeking new ways to increase Association non-dues revenues. A Nurses Association Buying Group, headed by NYSNA, is a multi-state consortium that makes it possible for state associations to purchase office supplies at discount prices. Members also can take advantage of six new discount programs that benefit both themselves and the Association.

The e-leaRN™ online continuing education program has expanded since its launch a year ago. In just three months, more than 3,000 healthcare professionals had logged in to earn CE credits at their own pace, on their own time. Last year online CE generated \$539,591 in non-dues revenue for the Association and its members.

Goal 3: Educate, engage, and mobilize members and develop leaders.

We are finding new ways to inform and educate both our members and nurses who are not yet members of the Association. It is now possible to do webcasts of educational offerings and an online forum has been launched on the Members Only section of the NYSNA website.

Literally dozens of workshops and seminars have been offered through both the EGW Program's Resource Team and the Education, Practice & Research Program (formerly Nursing



Nursing students participate in lobby day.

Goal 2: Grow the organization.

As approved by the Voting Body in 2006, registered nurses now have the option to become “direct members” (NYSNA members only) at a fixed dues rate of \$300 per year. In addition, we will soon be able to offer nursing organizations the opportunity to become affiliates of NYSNA. These groups will receive benefits from the Association for an annual fee based on their organizational size.

Advocacy and Information). Topics ranged from *Diversity in the Workplace*, *Emergency Preparedness*, and *Preventing Violence*. Many of these events were held at nurses' workplaces and many were offered free of charge to NYSNA members.

In addition to traditional direct mailings, we have the capability to contact members through automated telephone messages and e-mail messages. Members are urged to provide their e-mail addresses to NYSNA and keep them current so they will be able to receive these instant notices.

Both the NYSNA website and the Association newsletter were redesigned this year, with the goal of making information more accessible and relevant to members.

Grassroots activities for members continued at both the state and local levels. Lobby days were held in Albany and at New York City Hall. At the Nurses Rally on the steps of the State Capitol in May, nurses from NYSNA and four other nurses' unions joined to demand legislation that would ban mandatory overtime.

Goal 4: Be the public voice for all nurses in New York State.

Our Association continues to be the "go-to" organization for lawmakers, regulator agencies, coalitions, and journalists who want to know about nurses and nursing. This year, representatives from NYSNA have been appointed to several statewide healthcare task forces.

We have collaborated with other unions, professional organizations, and consumer groups to raise public awareness of the need for healthcare reform. Notably, NYSNA members participated in advance showings of the Michael Moore film *SICKO* in California, New York City, and Albany.

In March 2007, NYSNA hosted an historic gathering of nurses from a wide range of practice settings. The forum on the Advancement of Nursing Education focused on the pros and cons of proposed legislation that would require RNs to obtain



Voting at the spring Congress of Bargaining Unit Leaders.

bachelor's degrees within ten years of initial licensure. The measure is supported by NYSNA, the State Board for Nursing, the New York

accounting for the national union's actions during a recent poll of NYSNA members. The Board has stated strongly that it will seek the best interest of NYSNA and its collective bargaining

unit members as it considers these issues.

As we discuss these and other issues, we must be respectful of others and be willing to support diverse opinions within the Association.

In accordance with the Strategic Plan, we must work to recognize and meet the needs of *all* registered nurses and find places for them within the house of NYSNA.

Finally, I appreciate all the expressions of support I have received from members following my appointment as Chief Executive Officer. I pledge to give my best, each and every day, and to encourage and expect the best from others. Please contact me at the Executive Office at NYSNA (executive@nysna.org) if you have concerns, questions, or suggestions. Together, we will build an even better future for the New York State Nurses Association.



Michael Moore thanks NYSNA for its support during the Manhattan opening of his movie, *sICKO*.

Organization of Nurse Executives, and other nursing organizations.

Challenges for the future

In the coming year, we will continue to work toward the organizational goals defined by our members. Several challenges exist:

The Association's future relationship with the United American Nurses remains in question, as the Board of Directors and local bargaining unit leaders have demanded an

To the Board of Directors
New York State Nurses Association

We have audited the accompanying statement of financial position of the New York State Nurses Association (a New York not-for-profit corporation) as of March 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the New York State Nurses Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's March 31, 2006 financial statements and, in our report dated May 15, 2006, except for Note L which was as of August 15, 2006, we expressed an unqualified opinion on those financial statements.

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 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 Nurses Association as of March 31, 2007, and the change 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.

Belleam Shady Taremi & Co LLP

Albany, New York
May 30, 2007

NEW YORK STATE NURSES ASSOCIATION
STATEMENT OF FINANCIAL POSITION

March 31, 2007

(with comparative totals for 2006)

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 1,734,218	\$ 755,713
Accounts receivable	3,773,551	3,373,503
Other receivable	90,049	-
Prepaid expenses	122,383	151,241
Investments	6,422,795	5,872,997
Land, building, and equipment, net	5,824,196	6,259,033
Note receivable	38,899	46,660
Deposits	118,525	111,844
Intangible pension asset	-	1,855,181
Total assets	<u>\$ 18,124,616</u>	<u>\$ 18,426,172</u>
LIABILITIES		
Accounts payable	\$ 497,775	\$ 395,818
Dues and collections payable	1,249,736	1,114,779
Accrued payroll and payroll taxes	1,075,780	543,562
Accrued compensated absences	1,189,815	1,014,232
Unearned revenues	146,945	197,513
Accrued pension cost	2,726,608	2,325,822
Long-term debt	1,812,023	1,896,732
	<u>8,698,682</u>	<u>7,488,458</u>
NET ASSETS		
Unrestricted	7,985,326	9,875,586
Temporarily restricted	1,440,608	1,062,128
	<u>9,425,934</u>	<u>10,937,714</u>
Total liabilities and net assets	<u>\$ 18,124,616</u>	<u>\$ 18,426,172</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

NEW YORK STATE NURSES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2007
(with comparative notes for 2006)

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Organization

The New York State Nurses Association (NYSNA) is a not-for-profit organization incorporated in New York State during April 1902. The purpose of NYSNA is to promote the advancement of the profession of nursing for approximately 200,000 registered professional nurses throughout New York State and represents the interest of its approximately 34,000 members.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

2. Accounting Method

The financial statements are prepared on the accrual basis of accounting in accordance with the AICPA Audit and Accounting Guide Not-for-Profit Organizations. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

3. Cash and Cash Equivalents

For the purpose of the statement of cash flows, NYSNA considers all highly liquid investments with an initial maturity with three months or less to be cash equivalents.

4. Accounts Receivable

Accounts receivable are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis.

Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. NYSNA considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required at March 31, 2007 and 2006, other than the allowance for the restitution receivable noted in Note B. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received.

A receivable is considered past due if any portion of the receivable balance is outstanding for more than 120 days. NYSNA does not charge interest on any past due receivables.

5. Land, Building, and Equipment, Net

Acquisition of land, buildings, and equipment and expenditures which materially change capacities or extend useful lives are reported at cost, net of accumulated depreciation. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. When land, building, and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is included in NYSNA's change in net assets. Depreciation is provided for in amounts to relate the cost of depreciable assets to expenses over their estimated useful lives on the straight-line method. The estimated lives used in determining depreciation vary from three to twenty-five years.

6. Dues and Collections Payable

Members who belong to both NYSNA and the Constituent District Nurses Association (CDNA) may send combined NYSNA and CDNA dues to NYSNA. NYSNA then remits the CDNA dues portion of the amount collected to CDNA. NYSNA

accounts for these receipts and payments as agency transactions and, accordingly, these transactions are not recorded in the statement of activities. CDNA does not pay a fee to NYSNA for this service.

NYSNA also pays a percentage of all dues collected from NYSNA members as its assessments to the American Nurses Association (ANA) and United American Nurses (UAN).

7. Unearned Revenue

Unearned revenue represents members' dues and grant funds received in advance of the period to which they relate.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets represent funds restricted for the operations of the Political Action Committee (PAC), the Protected Action Fund (PAF), and Academic Scholarship Pre/Post Registered Nurse (RN) Students. PAC was formed to support state political candidates in the form of campaign contributions. PAF was formed to provide support for bargaining units engaged in labor activities. Academic Scholarship Pre/Post RN Students represents a bequest received from a retired RN to provide scholarships for pre/post RN students. Support for these services are reported as an increase in temporarily restricted net assets. When the restriction on these assets expires, temporarily restricted net assets are reclassified as unrestricted net assets.

9. Advertising

Advertising costs are expensed when incurred. Advertising costs were approximately \$66,300 for the year ended March 31, 2007.

10. Tax Status

NYSNA is exempt from income tax under Section 501(c)(5) of the Internal Revenue Code.

NEW YORK STATE NURSES ASSOCIATION – STATEMENT OF ACTIVITIES
March 31, 2007
(with comparative totals for 2006)

	Unrestricted	Temporarily Restricted	Total 2007	Total 2006
REVENUES, GAINS, AND OTHER SUPPORT				
Dues and service charges	\$ 28,086,079	\$ 473,365	\$ 28,559,444	\$ 26,802,762
Agency shop and nonmember service fees	733,383	-	733,383	545,126
Administrative fees	211,997	-	211,997	214,027
Meetings and workshops	620,092	-	620,092	468,691
Convention revenue	211,493	-	211,493	233,198
Investment earnings, net	381,918	33,663	415,581	271,366
Other	649,898	110,501	760,399	683,841
Net assets released from restrictions	<u>245,651</u>	<u>(245,651)</u>	<u>-</u>	<u>-</u>
	31,140,511	371,878	31,512,389	29,219,011
Unrealized gains on investments	<u>205,007</u>	<u>6,680</u>	<u>211,687</u>	<u>208,415</u>
Total revenues, gains, and other support	<u>31,345,518</u>	<u>378,558</u>	<u>31,724,076</u>	<u>29,427,426</u>
EXPENSES AND LOSSES				
Program	18,461,488	-	18,461,488	17,890,112
Constituent	4,355,642	-	4,355,642	4,069,942
Convention	261,958	-	261,958	195,295
Administration	<u>5,862,453</u>	<u>-</u>	<u>5,862,453</u>	<u>6,037,255</u>
Total expenses	28,941,541	-	28,941,541	28,192,604
Unrealized losses on investments	<u>-</u>	<u>78</u>	<u>78</u>	<u>46</u>
Total expenses and losses	<u>28,941,541</u>	<u>78</u>	<u>28,941,619</u>	<u>28,192,650</u>
CHANGE IN NET ASSETS	<u>2,403,977</u>	<u>378,480</u>	<u>2,782,457</u>	<u>1,234,776</u>
OTHER CHANGES IN NET ASSETS				
Additional pension asset in excess of unrecognized prior service cost	-	-	-	1,454,968
Incremental effect of applying FAS 158	(5,161,316)	-	(5,161,316)	-
Loss recovery, net	<u>867,079</u>	<u>-</u>	<u>867,079</u>	<u>-</u>
	<u>(4,294,237)</u>	<u>-</u>	<u>(4,294,237)</u>	<u>1,454,968</u>
	<u>(1,890,260)</u>	<u>378,480</u>	<u>(1,511,780)</u>	<u>2,689,744</u>
NET ASSETS, beginning of year	<u>9,875,586</u>	<u>1,062,128</u>	<u>10,937,714</u>	<u>8,247,970</u>
NET ASSETS, end of year	<u>\$ 7,985,326</u>	<u>\$ 1,440,608</u>	<u>\$ 9,425,934</u>	<u>\$ 10,937,714</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

11. Comparative Totals Summarized Financial Information for 2006

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NYSNA's financial statements for the year ended March 31, 2006, from which the summarized information was derived.

NOTE B - OTHER RECEIVABLE

In May 2006, it was discovered that one of NYSNA's employees had misappropriated certain NYSNA funds. Upon discovering this, the employee involved was relieved of his duties and NYSNA, the local police, and forensic accounting consultants retained by NYSNA, conducted an in-depth investigation of the related accounting books and records starting with the date the employee was first hired. As a result, it was determined that over the period January 2002 through May 2006, this employee had misappropriated approximately \$1,194,000.

During the year ended March 31, 2007, NYSNA collected approximately \$891,000 of the total misappropriated funds from its insurance carrier and its former employee. The remaining balance of approximately \$303,000, net of an allowance of approximately \$213,000, is recorded herein as "other receivable."

The total amount recovered, plus an estimate for the remaining balance to be recovered, net of cost, total approximately \$867,100 and is recorded herein as "loss recovery, net."

NOTE C - INVESTMENTS

A summary of NYSNA's investments follows:

	March 31, 2007			
	Original Cost	Unrealized Gains	Unrealized Losses	Fair Value
Fixed income securities	\$ 2,394,253	\$ -	\$ (18,480)	\$ 2,375,773
Equity securities	2,596,055	1,042,051	-	3,638,106
Mutual funds	<u>414,359</u>	<u>-</u>	<u>(5,443)</u>	<u>408,916</u>
	<u>\$ 5,404,667</u>	<u>\$ 1,042,051</u>	<u>\$ (23,923)</u>	<u>\$ 6,422,795</u>
	March 31, 2006			
	Original Cost	Unrealized Gains	Unrealized Losses	Fair Value
Fixed income securities	\$ 2,349,722	\$ 141	\$ (73,822)	\$ 2,276,041
Equity securities	2,322,748	885,678	-	3,208,426
Mutual funds	<u>394,006</u>	<u>60</u>	<u>(5,536)</u>	<u>388,530</u>
	<u>\$ 5,066,476</u>	<u>\$ 885,879</u>	<u>\$ (79,358)</u>	<u>\$ 5,872,997</u>

NYSNA uses the specific identification method to determine the cost of securities sold. The fair value was obtained from the published market prices at March 31, 2007 and 2006.

A summary of investment earnings, net, is as follows:

	Years Ended March 31,	
	2007	2006
Dividends and interests	\$ 262,553	\$ 207,465
Net realized gains	180,567	99,107
Investment fees	<u>(27,539)</u>	<u>(35,206)</u>
Investments earnings, net	<u>\$ 415,581</u>	<u>\$ 271,366</u>

**NEW YORK STATE NURSES ASSOCIATION
STATEMENT OF CASH FLOWS
Year Ended March 31, 2007
(with comparative totals for 2006)**

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
	2007	2006
Change in net assets	\$ (1,511,780)	\$ 2,689,744
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	534,086	588,553
Unrealized gains on investments	(211,609)	(208,3690)
Realized gains on investments	(180,567)	(99,107)
Reinvested dividends	(47,606)	(12,805)
Incremental effect of applying FAS 158	5,161,316	-
Accrued pension cost, effect of applying FAS 158	(2,504,563)	-
Additional pension asset in excess of unrecognized prior service cost	-	(1,454,968)
(Increase) decrease in		
Accounts receivable	(400,048)	(294,864)
Other receivable	(90,049)	-
Prepaid expenses	28,858	37,831
Deposits	(6,681)	3,013
Intangible pension asset	-	179,350
Increase (decrease) in		
Accounts payable	101,957	93,989
Dues and collection payable	134,957	(20,159)
Accrued payroll and payroll taxes	532,218	117,690
Accrued compensated absences	175,583	83,010
Unearned revenues	(50,568)	(31,784)
Accrued pension cost	(400,786)	(960,551)
	<u>1,264,718</u>	<u>710,573</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of investments	5,124,576	9,115,207
Purchases of investments	(5,234,592)	(9,188,951)
Purchase of building, improvements, and equipment	(99,249)	(127,708)
Repayments of note receivable	7,761	7,164
	<u>(201,504)</u>	<u>(194,288)</u>
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Line-of-credit, net	-	(179,791)
Principal payments on long-term debt	(84,709)	(1,838,751)
	<u>(84,709)</u>	<u>(2,018,542)</u>
 Net increase (decrease) in cash and cash equivalents	 978,505	 (1,502,257)
 CASH AND CASH EQUIVALENTS, beginning of year	 755,713	 2,257,970
 CASH AND CASH EQUIVALENTS, end of year	 <u>\$ 1,734,218</u>	 <u>\$ 755,713</u>

*The accompanying Notes to Financial Statements
are an integral part of these statements.*

**NEW YORK STATE NURSES ASSOCIATION
UNRESTRICTED REVENUES
Year Ended March 31, 2007
(with comparative totals for 2006)**

	2007	2006
Dues and service charges	\$28,086,079	\$26,348,538
Agency shop and nonmember service fees	733,383	545,126
Administrative fees		
New York State Nurses Association Welfare Plan	174,998	175,000
Westchester County New York State Nurses Association Welfare Plan	9,999	11,247
Political Action Committee	12,000	12,000
Protected Action Fund	15,000	15,780
	<u>211,997</u>	<u>214,027</u>
Meetings and workshops	620,092	468,691
Convention revenues	211,493	233,198
Investment earnings, net	381,918	248,902
Other revenue		
Continuing education fees	84,965	55,395
Conference revenue, net	142,265	130,769
Credit card revenue	263,864	188,956
Publications		
Advertising	21,243	28,410
Subscriptions	2,299	2,455
Sale of pamphlets and reprints	1,842	1,077
Miscellaneous	133,420	86,632
	<u>649,898</u>	<u>493,694</u>
Net assets released from restrictions	245,651	586,543
	<u>\$31,140,511</u>	<u>\$29,138,719</u>

*The accompanying Notes to Financial Statements
are an integral part of these statements.*

**NEW YORK STATE NURSES ASSOCIATION — EXPENSES
Year Ended March 31, 2007
(with comparative totals 2006)**

	2007	2006
Program expenses		
Communications and publications	\$ 998,567	\$ 933,458
Depreciation	479,504	532,337
Economic and general welfare	14,071,751	13,136,894
Membership services	567,287	601,958
Nursing education	-	523,426
Organization services	348,191	360,401
Planning and research	423,563	465,056
Practice and governmental affairs	1,567,625	1,331,585
SPAN, net	5,000	4,999
	<u>18,461,488</u>	<u>17,890,114</u>
Constituent	4,355,642	4,069,942
Convention	261,958	195,295
Administrative expenses		
Corporate committees and matters	157,954	112,864
Data processing	522,564	614,660
Depreciation	54,585	56,216
General and administration	3,915,726	3,946,461
Political Action Committee	153,632	72,913
Protected Action Fund	35,387	473,670
Special services	1,022,605	760,469
	<u>5,862,453</u>	<u>6,037,253</u>
	<u>\$28,941,541</u>	<u>\$28,192,604</u>

*The accompanying Notes to Financial Statements
are an integral part of these statements.*

NOTE D - LAND, BUILDING, AND EQUIPMENT, NET

A summary of NYSNA's land, building, and equipment, net, is as follows:

	Years Ended March 31,	
	2007	2006
Land	\$ 1,297,202	\$ 1,297,202
Building	6,911,643	6,896,353
Office furnishings and equipment	<u>3,665,960</u>	<u>3,582,001</u>
	11,874,805	11,775,556
Less accumulated depreciation	<u>6,050,609</u>	<u>5,516,523</u>
Land, building, and equipment, net	<u>\$ 5,824,196</u>	<u>\$ 6,259,033</u>

NOTE E - NOTE RECEIVABLE

NYSNA has an unsecured, non-interest bearing note receivable of \$38,899 and \$46,660 from the Foundation of the New York State Nurses Association, Inc. at March 31, 2007 and 2006, respectively. NYSNA receives monthly principal installments of \$597. The note matures October 2, 2012.

For the year ending March 31,	2008	\$ 7,164
	2009	7,164
	2010	7,164
	2011	7,164
	2012	7,164
Thereafter		<u>3,079</u>
		<u>\$ 38,899</u>

NOTE F - LINE-OF-CREDIT

NYSNA has available a \$1,000,000 unsecured line-of-credit with KeyBank National Association (KeyBank), of which \$-0- was outstanding at both March 31, 2007 and 2006. The current line is renewable August 31, 2007. Interest is charged at the KeyBank base rate (8.25% and 7.50% at March 31, 2007 and 2006, respectively).

NOTE G - LONG-TERM DEBT

A summary of NYSNA's long-term debt follows:

March 31,	2007	2006
<i>KeyBank National Association</i>		
Payable in monthly installments of \$6,364, plus interest at LIBOR plus 240 basis points (7.72% and 7.23% at March 31, 2007 and 2006, respectively), maturing September 2014 (a)(b)	<u>\$ 1,812,023</u>	<u>\$ 1,896,732</u>

(a) Secured by the land, building, and equipment.

(b) NYSNA has an interest rate Swap agreement to reduce the impact of changes in interest rates on its floating rate loan. The agreement has a total notional principal amount of approximately \$1,804,000 and \$1,889,000 at March 31, 2007 and 2006, respectively. The agreement effectively changes NYSNA's interest rate exposure on its floating rate to a fixed 7.29%. The Swap agreement matures at the time the related notes mature. NYSNA is exposed to credit loss in the event of nonperformance by the counter parties to the interest rate Swap agreement. However, NYSNA does not anticipate nonperformance by the counter parties. The fair value of the Swap agreement was a receivable of approximately \$5,500 and \$34,000 at March 31, 2007 and 2006, respectively. The loan agreement requires NYSNA to meet certain covenants. As of March 31, 2007, NYSNA was in violation of a technical covenant. NYSNA received a waiver for this violation from KeyBank National Association.

A summary of NYSNA's future minimum maturities of long-term debt follows:

For the year ending March 31,	2008	\$ 76,368
	2009	76,368
	2010	76,368
	2011	76,368
	2012	76,368
Thereafter		<u>1,430,183</u>
		<u>\$ 1,812,023</u>

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

March 31,	2007	2006
PAC	\$ 99,181	\$ 139,402
PAF	1,070,837	748,326
Academic Scholarship Pre/Post RN Students	<u>270,590</u>	<u>174,400</u>
	<u>\$ 1,440,608</u>	<u>\$ 1,062,128</u>

NOTE I - PENSION PLAN

NYSNA has a noncontributory, defined benefit pension plan covering substantially all of its employees. Benefits are based on the employee's years of service and the employee's compensation. NYSNA's funding policy is to contribute annually an amount within ranges established by the Employee Retirement Income Security Act (ERISA) of 1974. NYSNA uses the Projected Unit Credit Actuarial Cost Method to determine its annual contribution to the pension plan. The Plan's assets are held in Mellon Financial's general account and consist primarily of cash equivalents, equity securities, and fixed income securities. NYSNA's funding policy is to contribute funds to a trust as necessary to provide for current service and for any unfunded projected benefit obligations over a reasonable period as actuarially determined by Milliman Consultants and Actuaries (Milliman) and Harbridge Consulting Group (Harbridge), the Plan's consulting actuaries for the years ended March 31, 2007 and 2006, respectively. To the extent that these requirements are fully covered by assets in the trust, a contribution may not be necessary in a particular year.

In September 2006, the FASB issued FASB Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (FASB No. 158), which amends FASB Statement No. 87, 88, 106, and 132R. FASB No. 158 requires employers to recognize the overfunded or underfunded status of a single-employer defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in comprehensive income or changes in unrestricted net assets in the year in which the changes occur, and measure the funded status of a plan as of the date of its year-end statement of financial position. FASB No. 158 is effective for fiscal years ending after June 15, 2007; however, NYSNA has elected early adoption as of March 31, 2007.

The following table sets forth the Plan's funded status and amounts recognized on the statement of financial position under SFAS No. 87, Employers' Accounting for Pension, and SFAS No. 132 and No. 132R and SFAS No. 158, Employers' Disclosures about Pensions and Other Postretirement Benefits, as reported by Milliman and Harbridge for the years ended March 31, 2007 and 2006, respectively.

March 31,	2007	2006
Benefit obligation	\$ 24,738,203	\$ 22,023,988
Fair value of plan assets	<u>22,011,595</u>	<u>16,723,429</u>
Funded status	<u>\$ (2,726,608)</u>	<u>\$ (5,300,559)</u>
Intangible asset	<u>\$ -</u>	<u>\$ 1,855,181</u>
Accrued pension cost		
Current portion	-	517,778
Long-term portion	<u>2,726,608</u>	<u>1,808,044</u>
Accrued pension cost	<u>\$ 2,726,608</u>	<u>\$ 2,325,822</u>

March 31,	2007	2006
Weighted average assumptions used in the accounting for net pension cost were:		
Discount rate	6.00%	6.00%
Expected return on assets	8.50%	8.50%
Rate of compensation increase	3.50%	3.50%

March 31,	2007	2006
Net periodic pension cost (annual expense)	\$ 1,376,136	\$ 1,677,896
NYSNA's contributions	4,281,485	2,459,097
Benefits paid	845,711	890,671

The Plan's investments by asset category are as follows:

March 31,	2007	2006
<u>Asset Category</u>		
Cash and cash equivalents	0.00%	3.50%
Debt securities	49.00%	41.00%
Equity funds	<u>51.00%</u>	<u>55.50%</u>
	<u>100.00%</u>	<u>100.00%</u>

Management of the Plan's assets is designed to maximize total return (income plus capital change) while preserving the capital values of the funds, protecting

NOTE I - PENSION PLAN - continued

the funds from inflation, and providing liquidity as needed for Plan benefits. NYSNA's Plan trustees determine the specific investments held by the Plan and promote a reasonable degree of diversification. The investments are reviewed at least annually.

NYSNA expects to contribute \$2,500,000 to the Plan during the year ending March 31, 2008.

The following benefit payments, which reflect expected future service as appropriate, are expected to be made to participants:

2008	\$	866,686
2009		874,351
2010		885,002
2011		927,330
2012		989,989
2013 through 2016		<u>7,087,329</u>
		<u>\$ 11,630,687</u>

In accordance with SFAS No. 87, an intangible asset equal to the additional pension liability shall be recognized, provided that the asset recognized does not exceed the amount of unrecognized prior service cost. SFAS No. 158 makes this requirement unnecessary. The excess of the minimum pension liability over the unrecognized prior service cost for the Plan is reported herein as of March 31, 2006, as an addition to net assets as follows:

Additional minimum pension liability	\$	(2,654,847)
Unrecognized prior service cost		<u>1,855,181</u>
Cumulative reduction to net assets		(799,666)
Less prior year's cumulative reduction to net assets		<u>(2,254,634)</u>
Current year addition to net assets	\$	<u>1,454,968</u>

Assumed Retirement Age

Participants not covered by the Communication Workers of America (CWA) Collective Bargaining Agreement are assumed to retire at age 62 with a minimum of 10 years of service. Participants covered by the CWA Collective Bargaining Agreement are assumed to retire at age 65 with a minimum of three years of participation.

NOTE J - RELATED PARTY TRANSACTIONS

NYSNA provides management, facilities, and personnel services to the New York State Nurses Association Welfare Plan and the Westchester County New York State Nurses Association Welfare Plan. The reimbursement to NYSNA for these services was approximately \$185,000 and \$186,000 for the years ended March 31, 2007 and 2006, respectively.

NYSNA pays an assessment to ANA and UAN for membership privileges which are based on a percentage of member dues collected by NYSNA. The assessments totaled \$4,355,642 and \$4,069,942 for the years ended March 31, 2007 and 2006, respectively, and are recorded herein as "constituent expenses."

NOTE K - COMMITMENT AND CONTINGENCIES

1. Operating Leases

NYSNA has entered into various lease agreements for the use of office space, automobiles, and equipment. The agreements require payments ranging from \$232 to \$62,458 per month and expire at various times from December 2007 through February 2013. NYSNA also rents various equipment on a month-to-month basis. These leases are reported herein as "operating leases."

During 2006, NYSNA entered into an eight-year sublease agreement for the use of certain office space in its New York City location, expiring February 2013. The subleasee is required to pay monthly rental payments of \$4,500.

A summary of the future minimum lease and sublease payments are as follows:

		<u>Lease Payments</u>	<u>Sublease Payments</u>
For the year ending March 31,	2008	\$ 925,031	\$ 54,000
	2009	927,785	54,000
	2010	868,268	54,000
	2011	800,485	54,000
	2012	757,831	54,000
	2013	<u>687,039</u>	<u>49,500</u>
		<u>\$ 4,966,439</u>	<u>\$ 319,500</u>

Total rent expense on these operating leases, net of sublease revenue, was approximately \$940,000 and \$954,000 for the years ended March 31, 2007 and 2006, respectively.

2. Concentration of Credit Risk

NYSNA maintains cash balances in one financial institution located in the Northeast. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At times, NYSNA has bank deposits in excess of amounts insured by the FDIC.

3. Grants

During the years ended March 31, 2007 and 2006, PAF had issued approximately \$172,000 and \$266,000, respectively, in grants to three bargaining units for various advertising costs, of which approximately \$28,000 and \$127,000 had not been requested by the bargaining units as of March 31, 2007 and 2006, respectively.

NOTE L - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest was \$138,989 and \$219,101 for the years ended March 31, 2007 and 2006, respectively. Interest expense was \$138,989 and \$202,971 for the years ended March 31, 2007 and 2006, respectively.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION**

Board of Directors
New York State Nurses Association

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of the New York State Nurses Association as of and for the year ended March 31, 2007, which are presented in the preceding section of this report. The supplemental information listed in the Contents of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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.

The prior year summarized comparative information has been derived from NYSNA's March 31, 2006, financial statements and, in our report dated May 15, 2006, except for Note L which was as of August 15, 2006, we expressed an unqualified opinion on those financial statements.

Bellam Shady Taremi & Co. CP

Albany, New York
May 30, 2007