

**THE NEW YORK SOCIETY
OF
SECURITY ANALYSTS, INC.**

**Financial Statements
for the years ended
August 31, 2011
and
August 31, 2010**

**CONDON
O'MEARA
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Independent Auditors' Report

To the Board of Directors of
The New York Society of Security Analysts, Inc.

We have audited the accompanying statements of financial position of The New York Society of Security Analysts, Inc. (the "Society") as of August 31, 2011 and August 31, 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on those financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Society of Security Analysts, Inc. at August 31, 2011 and August 31, 2010 and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

December 5, 2011

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Financial Position

Assets

	August 31	
	2011	2010
Current assets		
Cash and cash equivalents	\$2,639,527	\$5,060,148
Investments, at fair value	2,928,459	-
Accounts receivable	669,343	827,768
Prepaid expenses and other current assets	163,849	256,545
Total current assets	6,401,178	6,144,461
Restricted cash and cash equivalents	204,732	204,732
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization	3,247,581	3,455,565
Total assets	\$9,853,491	\$9,804,758

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 26,874	\$ 136,227
Accrued expenses and taxes	69,066	171,780
Unearned dues revenue	1,775,975	1,508,350
Unearned revenue	308,426	550,024
Current portion of deferred lease incentive	65,376	65,376
Total current liabilities	2,245,717	2,431,757
Deferred lease incentive, net of current portion	1,668,534	1,697,748
Total liabilities	3,914,251	4,129,505
Net assets		
Unrestricted		
Operating fund	1,868,101	1,678,655
Board designated		
Building fund	3,427,344	3,323,271
Initiatives fund	250,000	300,000
Total unrestricted	5,545,445	5,301,926
Temporarily restricted	393,795	373,327
Total net assets	5,939,240	5,675,253
Total liabilities and net assets	\$9,853,491	\$9,804,758

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Activities

For the Year Ended August 31

	2011			2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue						
Membership dues and fees	\$ 2,025,940	\$ -	\$ 2,025,940	\$ 1,836,090	\$ -	\$ 1,836,090
Education	2,322,686	-	2,322,686	2,635,062	-	2,635,062
Presentations	480,135	-	480,135	555,517	-	555,517
Seminars	108,620	-	108,620	205,252	-	205,252
Contributions	-	30,789	30,789	50	11,910	11,960
Special activity dinners	8,275	-	8,275	-	-	-
Other operating revenue	451,917	-	451,917	354,408	-	354,408
Net assets released from restrictions	11,150	(11,150)	-	150	(150)	-
Total support and revenue	<u>5,408,723</u>	<u>19,639</u>	<u>5,428,362</u>	<u>5,586,529</u>	<u>11,760</u>	<u>5,598,289</u>
Expenses						
Program services						
Education	2,453,675	-	2,453,675	2,574,290	-	2,574,290
Presentations	686,143	-	686,143	827,532	-	827,532
Seminars	670,157	-	670,157	731,562	-	731,562
Membership	1,257,668	-	1,257,668	1,503,622	-	1,503,622
Magazine	-	-	-	292,441	-	292,441
Total program services	<u>5,067,643</u>	<u>-</u>	<u>5,067,643</u>	<u>5,929,447</u>	<u>-</u>	<u>5,929,447</u>
Supporting services						
Management and general	110,773	-	110,773	433,194	-	433,194
Total expenses	<u>5,178,416</u>	<u>-</u>	<u>5,178,416</u>	<u>6,362,641</u>	<u>-</u>	<u>6,362,641</u>
Increase (decrease) in net assets before other addition (deduction)	230,307	19,639	249,946	(776,112)	11,760	(764,352)
Investment income	47,741	829	48,570	7,440	60	7,500
Unrealized (loss) on investments	(34,529)	-	(34,529)	-	-	-
Increase (decrease) in net assets	243,519	20,468	263,987	(768,672)	11,820	(756,852)
Net assets, beginning of year	<u>5,301,926</u>	<u>373,327</u>	<u>5,675,253</u>	<u>6,070,598</u>	<u>361,507</u>	<u>6,432,105</u>
Net assets, end of year	<u>\$ 5,545,445</u>	<u>\$ 393,795</u>	<u>\$ 5,939,240</u>	<u>\$ 5,301,926</u>	<u>\$ 373,327</u>	<u>\$ 5,675,253</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2011
(with summarized comparative information for 2010)**

	<u>Program Services</u>					<u>Supporting Services</u>	<u>2011 Total</u>	<u>2010 Total</u>
	<u>Education</u>	<u>Presentations</u>	<u>Seminars</u>	<u>Membership</u>	<u>Total</u>	<u>Management and General</u>		
Staff payroll and benefits	\$ 782,399	\$ 259,783	\$ 354,174	\$ 552,763	\$ 1,949,119	\$ 21,080	\$ 1,970,199	\$ 2,337,246
Temporary help	17,729	6,891	1,385	3,093	29,098	-	29,098	50,774
Professional fees	500,145	175,266	27,882	75,165	778,458	1,179	779,637	1,021,708
Scholarships granted	-	-	-	16,000	16,000	-	16,000	9,000
Books and publications	223,435	-	2,199	228	225,862	-	225,862	307,577
Printed marketing materials	37,531	750	1,271	2,896	42,448	-	42,448	73,935
Printing and stationery	3,514	-	-	8,248	11,762	718	12,480	10,679
Office expenses	117,635	23,318	31,358	67,501	239,812	4,925	244,737	363,309
Data processing	51,565	16,405	22,599	39,834	130,403	841	131,244	186,417
Delivery and mail handling	55,239	1,131	1,826	24,489	82,685	16	82,701	89,982
Catering	40	27,777	19,039	17,199	64,055	23,740	87,795	143,643
Promotional activities	26,751	11,385	13,484	23,193	74,813	3,606	78,419	63,264
Newsletter	19,711	2,197	4,910	19,490	46,308	289	46,597	12,854
Occupancy	395,966	102,751	112,454	195,376	806,547	50,325	856,872	1,121,705
Rental expenses	30,082	-	-	29,621	59,703	-	59,703	60,403
Equipment rentals	-	-	-	-	-	-	-	60
Depreciation and amortization	135,748	43,188	59,494	104,864	343,294	2,213	345,507	343,035
Bank and credit card service charges	49,341	15,239	17,887	40,648	123,115	986	124,101	139,054
Miscellaneous	6,844	62	195	37,060	44,161	855	45,016	27,996
Total expenses	\$ 2,453,675	\$ 686,143	\$ 670,157	\$ 1,257,668	\$ 5,067,643	\$ 110,773	\$ 5,178,416	\$ 6,362,641

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2010**

	<u>Program Services</u>						<u>Supporting Services</u>	<u>2010 Total</u>
	<u>Education</u>	<u>Presentations</u>	<u>Seminars</u>	<u>Membership</u>	<u>Magazine</u>	<u>Total</u>	<u>Management and General</u>	
Staff payroll and benefits	\$ 918,459	\$ 335,581	\$ 353,510	\$ 592,565	\$ 101,791	\$ 2,301,906	\$ 35,340	\$ 2,337,246
Temporary help	18,518	5,765	8,110	16,702	1,107	50,202	572	50,774
Professional fees	511,645	212,042	37,548	153,246	102,672	1,017,153	4,555	1,021,708
Scholarships granted	-	-	-	9,000	-	9,000	-	9,000
Books and publications	284,207	-	-	2,593	20,777	307,577	-	307,577
Printed marketing materials	66,155	2,837	4,576	322	45	73,935	-	73,935
Printing and stationery	3,482	-	437	5,705	1,055	10,679	-	10,679
Office expenses	125,891	37,271	54,785	70,440	14,181	302,568	60,741	363,309
Data processing	57,810	18,584	28,813	72,949	4,290	182,446	3,971	186,417
Delivery and mail handling	53,682	7,992	9,359	6,327	12,622	89,982	-	89,982
Catering	1,029	45,509	41,278	44,016	25	131,857	11,786	143,643
Promotional activities	18,594	8,517	10,095	23,361	1,358	61,925	1,339	63,264
Newsletter	3,824	599	1,474	6,773	-	12,670	184	12,854
Occupancy	297,608	97,257	116,441	277,309	27,898	816,513	305,192	1,121,705
Rental expenses	34,000	-	-	26,403	-	60,403	-	60,403
Equipment rentals	-	-	-	60	-	60	-	60
Depreciation and amortization	109,406	41,025	58,177	121,568	4,509	334,685	8,350	343,035
Bank and credit card service charges	67,002	14,258	5,653	50,882	106	137,901	1,153	139,054
Miscellaneous	2,978	295	1,306	23,401	5	27,985	11	27,996
Total expenses	\$ 2,574,290	\$ 827,532	\$ 731,562	\$ 1,503,622	\$ 292,441	\$ 5,929,447	\$ 433,194	\$ 6,362,641

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Cash Flows

	For the Year Ended	
	August 31	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 263,987	\$ (756,852)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	345,507	343,035
Unrealized loss on investments	34,529	-
(Increase) decrease in current assets		
Accounts receivable	158,425	(56,150)
Prepaid expenses and other assets	92,696	78,743
Increase (decrease) in current liabilities		
Accounts payable	(109,353)	18,178
Accrued expenses and taxes	(102,714)	(124,995)
Unearned dues revenue	267,625	(83,720)
Unearned revenue	(241,598)	45,351
Change in deferred lease incentive	<u>(29,214)</u>	<u>728,820</u>
Net cash provided by operating activities	<u>679,890</u>	<u>192,410</u>
Cash flows from investing activities		
Purchases of investments	(2,962,988)	-
Purchases of furniture, fixtures, equipment and leasehold improvements	<u>(137,523)</u>	<u>(3,437,081)</u>
Net cash (used in) investing activities	<u>(3,100,511)</u>	<u>(3,437,081)</u>
Cash flows provided by financing activities		
Landlord reimbursement for leasehold improvements	<u>-</u>	<u>1,018,790</u>
Net (decrease) in cash and cash equivalents	(2,420,621)	(2,225,881)
Cash and cash equivalents, beginning of year	<u>5,264,880</u>	<u>7,490,761</u>
Cash and cash equivalents, end of year	<u>\$2,844,259</u>	<u>\$5,264,880</u>
Consists of:		
Current assets	\$2,639,527	\$5,060,148
Restricted	<u>204,732</u>	<u>204,732</u>
Total cash and cash equivalents	<u>\$2,844,259</u>	<u>\$5,264,880</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements
August 31, 2011 and August 31, 2010****Note 1 – Nature of organization**

The New York Society of Security Analysts, Inc. (the “Society”) is a not-for-profit, educational organization whose mission is to serve investment industry professionals and the investing public. The Society is committed to the promotion of best practices and the highest professional and ethical standards in the investment industry. The Society also strives to assist our members and other financial professionals in their investment industry career development. The Society generates revenue from three primary sources: (1) membership dues; (2) educational seminars (the largest seminar producer of income is Chartered Financial Analysts classes); and (3) meetings and events whereby corporations pay a sponsorship fee.

Note 2 – Summary of significant accounting policies**Net assets****Unrestricted****Operating Fund**

Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Society are considered unrestricted in nature.

Building Fund

The Society maintains a building fund to provide for the eventual replacement or improvement of the Society’s facility. Any interest earned or unrealized gain or loss on the assets is credited to or deducted from the building fund balance. During fiscal 2010, the Society transferred \$3,038,778 from the Building Fund to the Operating Fund, to replenish the Operating Fund for construction expenditures made in connection with the build-out of the new facility (see notes 5 and 11). During fiscal 2011 and 2010, the Society transferred \$100,000 and \$900,000, respectively, from the Operating Fund to the Building Fund (see note 11).

Initiatives Fund

During 2008, the Society’s Board of Directors established a fund in the amount of \$300,000. The Board has determined that such funds shall be segregated and only be utilized for initiatives, to be pre-approved by the Board. During the 2011 fiscal year, the Board of Directors approved a transfer of \$50,000 from the Initiatives Fund to the Operating fund for the purpose of hiring instructors to create 20 on-line courses. These expenditures will be incurred during fiscal 2012.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements (continued)
August 31, 2011 and August 31, 2010****Note 2 – Summary of significant accounting policies (continued)****Temporarily restricted**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Society and/or the passage of time are considered temporarily restricted. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Cash equivalents

The Society considers highly liquid investments with original maturities of 90 days or less to be cash equivalents. Included in cash equivalents are money market funds.

Investments

The Society reports investments at fair value in the statement of financial position. Unrealized gains and losses are reflected in the statement of activities as increases or decreases in unrestricted net assets. The Society's investments consist of certificates of deposit with maturities ranging from nine months to five years from the date of purchase.

Fair value measurements

Accounting principles generally accepted in the United States of America established a hierarchy that prioritizes the inputs used to measure fair value into three broad levels. The Society's investments, which consist of certificates of deposit, are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Allowance for doubtful accounts

The Society has an allowance of \$6,000 for accounts receivable that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Furniture, fixtures, equipment and leasehold improvements

Furniture, fixtures and equipment are depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized over the life of the lease.

Membership dues

Membership dues are recognized as revenue in the applicable membership period. Consistent with past practice, it is the Society's policy to record the remainder of the anticipated members' annual dues as accounts receivable and unearned dues revenue as of August 31st each year.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements (continued)
August 31, 2011 and August 31, 2010****Note 2 – Summary of significant accounting policies (continued)****Investment income**

Investment income consists of interest income and is recorded to unrestricted net assets and temporarily restricted net assets.

Functional expenses

The cost of providing the various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, certificates of deposit and accounts receivable. The Society places its cash and cash equivalents with what it believes to be quality financial institutions. At times, the balances in the Society's cash and certain cash equivalents may be in excess of FDIC insurance limits. However, the Society has not experienced any losses in such accounts to date. The Society routinely assesses the financial strength of its cash, cash equivalents and certificates of deposit. As a consequence, concentrations of credit risk are limited. Accounts receivable consists primarily of amounts due from a number of individuals and corporations for membership dues and Society conferences.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through December 5, 2011, which is the date the financial statements were available to be issued.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Notes to Financial Statements (continued)
August 31, 2011 and August 31, 2010**

Note 3 – Cash, cash equivalents and investments

Cash, cash equivalents and investments are comprised of the following as of August 31, 2011 and August 31, 2010:

	2011				Total
	Operating Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	
Cash on hand	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Checking	840,294	-	-	-	840,294
Money market account	255,613	-	-	96,867	352,480
Payroll account	20,976	-	-	-	20,976
Money market fund	386,662	485,008	306,867	-	1,178,537
Certificates of deposit	-	2,928,459	-	-	2,928,459
Business savings account	246,240	-	-	-	246,240
Total	<u>\$1,750,785</u>	<u>\$3,413,467</u>	<u>\$ 306,867</u>	<u>\$ 96,867</u>	<u>\$5,567,986</u>
	2010				Total
	Operating Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	
Cash on hand	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Checking	597,829	-	-	96,867	694,696
Money market account	361	-	-	-	361
Payroll account	35,324	-	-	-	35,324
Money market fund	729,365	3,323,271	276,131	-	4,328,767
Total	<u>\$1,363,879</u>	<u>\$3,323,271</u>	<u>\$ 276,131</u>	<u>\$ 96,867</u>	<u>\$5,060,148</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Notes to Financial Statements (continued)
August 31, 2011 and August 31, 2010**

Note 4 – Furniture, fixtures, equipment and leasehold improvements

The following is a summary of the furniture, fixtures, equipment and leasehold improvements as of August 31, 2011 and August 31, 2010:

	<u>2011</u>	<u>2010</u>
Furniture, fixtures and equipment	\$ 893,356	\$ 785,658
Leasehold improvements	2,902,655	2,879,030
Other	<u>6,200</u>	<u>-</u>
Sub-Total	3,802,211	3,664,688
Less: accumulated depreciation and amortization	<u>554,630</u>	<u>209,123</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$3,247,581</u>	<u>\$3,455,565</u>

During 2010, the Society wrote off fully depreciated assets of \$441,872.

Note 5 – Commitments

During August 2009, the Society entered into an agreement to lease office and conference space, commencing August 2009 for a term of 16 years through August 2025 with an option to renew for an additional 5-year period. The lease requires monthly lease payments commencing in August 2010 of \$68,524 plus utilities and a proportionate share of certain operating expenses of the landlord as defined in the lease agreement. Rent expense totaled \$856,872 and \$1,096,736 for the 2011 and 2010 fiscal years, respectively.

The future minimum lease payments would be as follows:

<u>Fiscal Year</u>	
2012	\$ 822,288
2013	822,288
2014	822,288
2015	843,702
2016	907,944
Thereafter	<u>8,538,390</u>
Total	<u>\$12,756,900</u>

As part of the lease agreement, the Society received 11 months of free rent. The Society amortizes rent expense each year equally over the term of the lease. The difference between rent expense recorded in this manner and the actual cash paid per the lease agreement is included in the deferred lease incentive. The Society also received a build-out allowance of \$1,018,790 in June 2010. The Society has included the build-out allowance in the deferred lease incentive and is amortizing the amount over the term of the lease.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Notes to Financial Statements (continued)
August 31, 2011 and August 31, 2010**

Note 5 – Commitments (continued)

In connection with the above lease, the Society delivered to the landlord a letter of credit in the amount of \$204,732 as security for the lease agreement. In connection with the letter of credit, the Society established a separate bank account in the amount of the letter of credit, as required by the lease.

In addition to the rental of office space, the Society rents space on an as needed basis for its educational programs. Rental expense for the years ended August 31, 2011 and August 31, 2010 totaled \$30,982 and \$34,500, respectively.

In September 2010, the Society entered into an employment agreement with a key employee through October 2013, subject to certain termination provisions.

Note 6 – Temporarily restricted net assets

In 1996, the Society established the Heloise S. Ham Educational Scholarship Fund (the “Fund”) from a pledge received from the family of Heloise S. Ham to endow a scholarship program and recorded it as temporarily restricted. On an ongoing basis, the Fund is funded by contributions from the family of Heloise S. Ham and income from the Fund assets and contributions from Society members. The scholarships are available to undergraduate students who are enrolled full-time in a college or university in the greater New York area and who have completed at least their sophomore year by the time the program begins in the summer.

The students must also demonstrate academic excellence and have an interest in the securities profession. Because these funds can only be used for scholarship purposes, the assets of the fund are considered temporarily restricted.

During 2011 and 2010, the Society did not receive any additional funds towards maintenance of an archive to benefit value-investing research. The fund is recorded as temporarily restricted.

The following is a summary of the activity of the temporarily restricted net assets for the year ended August 31, 2011:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>Balance, End of Year</u>
Scholarship fund	\$ 276,460	\$ 31,618	\$ (11,150)	\$ 296,928
Value investing archive	<u>96,867</u>	<u>-</u>	<u>-</u>	<u>96,867</u>
Total	<u>\$ 373,327</u>	<u>\$ 31,618</u>	<u>\$ (11,150)</u>	<u>\$ 393,795</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Notes to Financial Statements (continued)
August 31, 2011 and August 31, 2010**

Note 7 – Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes specified by donors as follows for the years ended August 31, 2011 and August 31, 2010:

	<u>2011</u>	<u>2010</u>
Purpose restriction accomplished:		
Scholarships	\$ 11,000	\$ -
Bank service charges	<u>150</u>	<u>150</u>
Total	<u>\$ 11,150</u>	<u>\$ 150</u>

Note 8 – Retirement plans

The Society maintains a 401(k) Profit Sharing Plan covering all eligible employees. The Society makes a 3% Safe Harbor employer contribution to the Plan. Any employer discretionary contributions in excess of the Safe Harbor contribution are determined annually by the Society's Board of Directors. The Safe Harbor contributions are 100% vested and any additional discretionary contributions vest to the Plan participants at 20% per year each year over five years, beginning in year two. The Society did not make any discretionary contributions to the plan during the 2011 or 2010 fiscal years.

The total pension plan expense amounted to \$42,757 and \$59,754 for years ended August 31, 2011 and August 31, 2010, respectively.

Note 9 – Legal claims

As of August 31, 2011, management of the Society is unaware of any material legal claims or threatened litigation against the Society. While claims may arise from time to time in the ordinary course of business, such claims would not in the opinion of management have a material effect on the Society's financial statements.

Note 10 – Related party transaction

A Board member of the Society is a partner in a law firm that provides legal services to the Society. Legal fees and disbursements paid to the firm totaled \$4,239 during the year ended August 31, 2011.

Note 11 – Tax status

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Society has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation, within the meaning of Section 509(a)(2) of the Code. As of August 31, 2011, no amounts have been recognized for uncertain income tax positions. The Society's tax returns for the 2008 fiscal year and forward are subject to the usual review by the appropriate authorities.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2011 and August 31, 2010

Note 12 – Unrestricted net assets

The following is a summary of the activity of the unrestricted operating and board designated – Building Fund and Initiatives Fund for the years ended August 31, 2011 and August 31, 2010:

	<u>Unrestricted</u>			<u>Total</u>
	<u>Operating Fund</u>	<u>Board-Designated</u>		
	<u>Building Fund</u>	<u>Initiatives Fund</u>		
Balance, at August 31, 2009	<u>\$ 310,459</u>	<u>\$ 5,460,139</u>	<u>\$ 300,000</u>	<u>\$ 6,070,598</u>
Revenue				
Investment income	5,230	2,210	-	7,440
Other revenue	<u>5,586,529</u>	<u>-</u>	<u>-</u>	<u>5,586,529</u>
Total revenue	5,591,759	2,210	-	5,593,969
Less: Expenses	<u>6,362,341</u>	<u>300</u>	<u>-</u>	<u>6,362,641</u>
Increase (decrease) before interfund transfer	(770,582)	1,910	-	(768,672)
Interfund transfers – net	<u>2,138,778</u>	<u>(2,138,778)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>1,368,196</u>	<u>(2,136,868)</u>	<u>-</u>	<u>(768,672)</u>
Balance, at August 31, 2010	<u>1,678,655</u>	<u>3,323,271</u>	<u>300,000</u>	<u>5,301,926</u>
Revenue				
Investment income	8,989	4,223	-	13,212
Other revenue	<u>5,408,723</u>	<u>-</u>	<u>-</u>	<u>5,408,723</u>
Total revenue	5,417,712	4,223	-	5,421,935
Less: Expenses	<u>5,178,266</u>	<u>150</u>	<u>-</u>	<u>5,178,416</u>
Increase before interfund transfers	239,446	4,073	-	243,519
Interfund transfers – net	<u>(50,000)</u>	<u>100,000</u>	<u>(50,000)</u>	<u>-</u>
Increase (decrease) in net assets	<u>189,446</u>	<u>104,073</u>	<u>(50,000)</u>	<u>243,519</u>
Balance, at August 31, 2011	<u>\$ 1,868,101</u>	<u>\$ 3,427,344</u>	<u>\$ 250,000</u>	<u>\$ 5,545,445</u>