

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

**Financial Statements
for the years ended
August 31, 2012
and
August 31, 2011**

**CONDON
O'MEARA
MCGINTY &
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Certified Public Accountants

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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, 2012 and August 31, 2011 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, 2012 and August 31, 2011 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, 2012

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Financial Position

Assets

	<u>August 31</u>	
	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$3,173,393	\$2,639,527
Investments, at fair value	2,481,982	2,928,459
Accounts receivable	324,895	669,343
Prepaid expenses and other current assets	<u>172,758</u>	<u>163,849</u>
Total current assets	6,153,028	6,401,178
Restricted cash and cash equivalents	204,732	204,732
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization	<u>2,917,884</u>	<u>3,247,581</u>
Total assets	<u>\$9,275,644</u>	<u>\$9,853,491</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 2,622	\$ 26,874
Accrued expenses and taxes	92,040	69,066
Unearned dues revenue	1,328,703	1,775,975
Unearned revenue	292,627	308,426
Current portion of deferred lease incentive	<u>65,376</u>	<u>65,376</u>
Total current liabilities	1,781,368	2,245,717
Deferred lease incentive, net of current portion	<u>1,638,316</u>	<u>1,668,534</u>
Total liabilities	<u>3,419,684</u>	<u>3,914,251</u>
Net assets		
Unrestricted		
Operating fund	1,704,134	1,868,101
Board designated		
Building fund	3,507,766	3,427,344
Initiatives fund	<u>250,000</u>	<u>250,000</u>
Total unrestricted	5,461,900	5,545,445
Temporarily restricted	<u>394,060</u>	<u>393,795</u>
Total net assets	<u>5,855,960</u>	<u>5,939,240</u>
Total liabilities and net assets	<u>\$9,275,644</u>	<u>\$9,853,491</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Activities

For the Year Ended August 31

	2012			2011		
	<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	\$ 1,919,484	\$ -	\$ 1,919,484	\$ 2,025,940	\$ -	\$ 2,025,940
Education	2,383,426	-	2,383,426	2,322,686	-	2,322,686
Presentations	338,900	-	338,900	480,135	-	480,135
Seminars	100,423	-	100,423	108,620	-	108,620
Contributions	-	5,908	5,908	-	30,789	30,789
Special activity dinners	70,750	-	70,750	8,275	-	8,275
Other operating revenue	400,572	-	400,572	451,917	-	451,917
Net assets released from restrictions	6,150	(6,150)	-	11,150	(11,150)	-
Total support and revenue	<u>5,219,705</u>	<u>(242)</u>	<u>5,219,463</u>	<u>5,408,723</u>	<u>19,639</u>	<u>5,428,362</u>
Expenses						
Program services						
Education	2,511,886	-	2,511,886	2,453,675	-	2,453,675
Presentations	659,681	-	659,681	686,143	-	686,143
Seminars	415,051	-	415,051	670,157	-	670,157
Membership	1,688,971	-	1,688,971	1,257,668	-	1,257,668
Total program services	<u>5,275,589</u>	<u>-</u>	<u>5,275,589</u>	<u>5,067,643</u>	<u>-</u>	<u>5,067,643</u>
Supporting services						
Management and general	114,426	-	114,426	110,773	-	110,773
Total expenses	<u>5,390,015</u>	<u>-</u>	<u>5,390,015</u>	<u>5,178,416</u>	<u>-</u>	<u>5,178,416</u>
Increase (decrease) in net assets before other additions (deduction)	(170,310)	(242)	(170,552)	230,307	19,639	249,946
Investment income	47,567	507	48,074	47,741	829	48,570
Unrealized gain (loss) on investments	39,198	-	39,198	(34,529)	-	(34,529)
Increase (decrease) in net assets	(83,545)	265	(83,280)	243,519	20,468	263,987
Net assets, beginning 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>
Net assets, end of year	<u>\$ 5,461,900</u>	<u>\$ 394,060</u>	<u>\$ 5,855,960</u>	<u>\$ 5,545,445</u>	<u>\$ 393,795</u>	<u>\$ 5,939,240</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2012
(with summarized comparative information for 2011)**

	<u>Program Services</u>					<u>Supporting Services</u>	<u>2012 Total</u>	<u>2011 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	\$ 720,048	\$ 293,607	\$ 202,080	\$ 779,773	\$ 1,995,508	\$ 20,572	\$ 2,016,080	\$ 1,970,199
Temporary help	6,548	3,830	-	10,400	20,778	-	20,778	29,098
Professional fees	678,462	125,581	16,141	165,206	985,390	870	986,260	779,637
Scholarships granted	-	-	-	11,000	11,000	-	11,000	16,000
Books and publications	264,553	-	-	-	264,553	-	264,553	225,862
Printed marketing materials	34,685	3,968	4,241	6,986	49,880	-	49,880	42,448
Printing and stationery	2,133	-	-	131	2,264	300	2,564	12,480
Office expenses	89,662	22,357	18,518	69,638	200,175	5,368	205,543	244,737
Data processing	42,787	15,177	11,666	44,045	113,675	698	114,373	131,244
Delivery and mail handling	29,263	5,235	6,068	7,921	48,487	-	48,487	82,701
Catering	52	19,579	18,609	38,127	76,367	19,590	95,957	87,795
Promotional activities	17,533	8,703	6,244	22,357	54,837	275	55,112	78,419
Newsletter	14,961	1,090	3,579	20,629	40,259	-	40,259	46,597
Occupancy	392,361	98,579	79,173	263,197	833,310	63,252	896,562	856,872
Rental expenses	41,343	-	-	55,672	97,015	-	97,015	59,703
Equipment rentals	-	-	-	-	-	356	356	-
Depreciation and amortization	135,148	47,940	36,849	139,122	359,059	2,204	361,263	345,507
Bank and credit card service charges	39,422	13,930	10,708	40,427	104,487	641	105,128	124,101
Miscellaneous	2,925	105	1,175	14,340	18,545	300	18,845	45,016
Total expenses	\$ 2,511,886	\$ 659,681	\$ 415,051	\$ 1,688,971	\$ 5,275,589	\$ 114,426	\$ 5,390,015	\$ 5,178,416

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2011**

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

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Cash Flows

	For the Year Ended	
	August 31	
	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (83,280)	\$ 263,987
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	361,263	345,507
Realized (gain) on investments	(2,325)	-
Unrealized (gain) loss on investments	(39,198)	34,529
(Increase) decrease in current assets		
Accounts receivable	344,448	158,425
Prepaid expenses and other assets	(8,909)	92,696
Increase (decrease) in current liabilities		
Accounts payable	(24,252)	(109,353)
Accrued expenses and taxes	22,974	(102,714)
Unearned dues revenue	(447,272)	267,625
Unearned revenue	(15,799)	(241,598)
Change in deferred lease incentive	<u>(30,218)</u>	<u>(29,214)</u>
Net cash provided by operating activities	<u>77,432</u>	<u>679,890</u>
Cash flows from investing activities		
Purchases of investments	-	(2,962,988)
Proceeds from sale of investments	488,000	-
Purchases of furniture, fixtures, equipment and leasehold improvements	<u>(31,566)</u>	<u>(137,523)</u>
Net cash provided by (used in) investing activities	<u>456,434</u>	<u>(3,100,511)</u>
Net increase (decrease) in cash and cash equivalents	533,866	(2,420,621)
Cash and cash equivalents, beginning of year	<u>2,844,259</u>	<u>5,264,880</u>
Cash and cash equivalents, end of year	<u>\$3,378,125</u>	<u>\$2,844,259</u>
Consists of:		
Current assets	\$3,173,393	\$2,639,527
Restricted	<u>204,732</u>	<u>204,732</u>
Total cash and cash equivalents	<u>\$3,378,125</u>	<u>\$2,844,259</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements
August 31, 2012 and August 31, 2011****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 its 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 2011, the Society transferred \$100,000 from the Operating Fund to the Building Fund (see note 12).

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.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements (continued)
August 31, 2012 and August 31, 2011****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 as of August 31, 2012 and August 31, 2011 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, 2012 and August 31, 2011****Note 2 – Summary of significant accounting policies (continued)****Investment income**

Investment income consists of interest income and net realized gains on disposition of investments 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, cash equivalents and certificates of deposit 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, 2012, 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, 2012 and August 31, 2011**

Note 3 – Cash, cash equivalents and investments

Cash, cash equivalents and investments are comprised of the following as of August 31, 2012 and August 31, 2011:

	2012				Total
	Operating Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	
Cash on hand	\$ 585	\$ -	\$ -	\$ -	\$ 585
Checking	858,458	-	-	-	858,458
Money market account	256,643	-	-	96,867	353,510
Payroll account	17,201	-	-	-	17,201
Money market fund	385,335	1,013,441	297,193	-	1,695,969
Certificates of deposit	-	2,481,982	-	-	2,481,982
Business savings account	247,670	-	-	-	247,670
Total	<u>\$1,765,892</u>	<u>\$3,495,423</u>	<u>\$ 297,193</u>	<u>\$ 96,867</u>	<u>\$5,655,375</u>
	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>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Notes to Financial Statements (continued)
August 31, 2012 and August 31, 2011**

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, 2012 and August 31, 2011:

	<u>2012</u>	<u>2011</u>
Furniture, fixtures and equipment	\$ 915,171	\$ 893,356
Leasehold improvements	2,902,655	2,902,655
Other	<u>7,400</u>	<u>6,200</u>
Sub-Total	3,825,226	3,802,211
Less: accumulated depreciation and amortization	<u>907,342</u>	<u>554,630</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$2,917,884</u>	<u>\$3,247,581</u>

During 2011, the Society wrote off fully depreciated assets of \$8,551.

Note 5 – Commitments

Office lease agreement

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 \$896,562 and \$856,872 for the 2012 and 2011 fiscal years, respectively.

The future minimum lease payments would be as follows:

<u>Fiscal Year</u>	
2013	\$ 822,288
2014	822,288
2015	843,702
2016	907,944
2017	907,944
Thereafter	<u>7,630,446</u>
Total	<u>\$11,934,612</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, 2012 and August 31, 2011**

Note 5 – Commitments (continued)

Office lease agreement (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, 2012 and August 31, 2011 totaled \$50,943 and \$30,982, respectively.

Employment agreement

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 2012 and 2011, 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, 2012:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>Balance, End of Year</u>
Scholarship fund	\$ 296,928	\$ 6,415	\$ (6,150)	\$ 297,193
Value investing archive	96,867	-	-	96,867
Total	<u>\$ 393,795</u>	<u>\$ 6,415</u>	<u>\$ (6,150)</u>	<u>\$ 394,060</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Notes to Financial Statements (continued)
August 31, 2012 and August 31, 2011**

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, 2012 and August 31, 2011:

	<u>2012</u>	<u>2011</u>
Purpose restriction accomplished:		
Scholarships	\$ 6,000	\$ 11,000
Bank service charges	<u>150</u>	<u>150</u>
Total	<u>\$ 6,150</u>	<u>\$ 11,150</u>

Note 8 – Retirement plan

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 2012 or 2011 fiscal years.

The total retirement plan expense amounted to \$41,851 and \$42,757 for years ended August 31, 2012 and August 31, 2011, respectively.

Note 9 – Legal claims

As of August 31, 2012, 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 \$2,155 and \$4,239 for years ended August 31, 2012 and August 31, 2011, respectively.

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, 2012, no amounts have been recognized for uncertain income tax positions. The Society's tax returns for the 2009 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, 2012 and August 31, 2011

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, 2012 and August 31, 2011:

	Unrestricted			Total
	Operating Fund	Board-Designated		
	Building Fund	Initiatives Fund		
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>
Revenue				
Investment income	6,185	80,580	-	86,765
Other revenue	<u>5,219,705</u>	<u>-</u>	<u>-</u>	<u>5,219,705</u>
Total revenue	5,225,890	80,580	-	5,306,470
Less: Expenses	<u>5,389,857</u>	<u>158</u>	<u>-</u>	<u>5,390,015</u>
Increase (decrease) before interfund transfer	(163,967)	80,422	-	(83,545)
Interfund transfers – net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>(163,967)</u>	<u>80,422</u>	<u>-</u>	<u>(83,545)</u>
Balance, at August 31, 2012	<u>\$ 1,704,134</u>	<u>\$ 3,507,766</u>	<u>\$ 250,000</u>	<u>\$ 5,461,900</u>