

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

**Financial Statements
for years ended
August 31, 2009
and
August 31, 2008**

Independent Auditors' Report

To the Board of Directors
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, 2009 and August 31, 2008 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, 2009 and August 31, 2008 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

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Financial Position

Assets

	August 31	
	2009	2008
Current assets		
Cash and cash equivalents	\$7,085,653	\$8,027,119
Accounts receivable, net of allowance for doubtful accounts of \$5,000 in 2008	771,618	643,320
Prepaid expenses and other current assets	<u>335,288</u>	<u>291,480</u>
Total current assets	8,192,559	8,961,919
Restricted cash and cash equivalents	405,108	200,387
Furniture, fixtures, equipment and leasehold improvements at cost, net of accumulated depreciation and amortization	<u>361,519</u>	<u>217,888</u>
Total assets	<u>\$8,959,186</u>	<u>\$9,380,194</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 118,049	\$ 53,168
Accrued expenses and taxes	296,775	424,624
Unearned dues revenue	1,592,070	1,659,350
Unearned revenue	504,673	757,288
Current portion of rent abatement	<u>15,514</u>	<u>49,558</u>
Total current liabilities	2,527,081	2,943,988
Rent abatement, net of current portion	<u>-</u>	<u>15,514</u>
Total liabilities	<u>2,527,081</u>	<u>2,959,502</u>
Net assets		
Unrestricted		
Operating fund	310,459	248,483
Board designated		
Building fund	5,460,139	5,525,175
Initiatives fund	<u>300,000</u>	<u>300,000</u>
Total unrestricted	6,070,598	6,073,658
Temporarily restricted	<u>361,507</u>	<u>347,034</u>
Total net assets	<u>6,432,105</u>	<u>6,420,692</u>
Total liabilities and net assets	<u>\$8,959,186</u>	<u>\$9,380,194</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Activities

	Year Ended August 31					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Membership dues and fees	\$ 2,014,490	\$ -	\$ 2,014,490	\$ 2,151,460	\$ -	\$ 2,151,460
Education	3,095,940	-	3,095,940	3,568,507	-	3,568,507
Presentations	509,592	-	509,592	699,786	-	699,786
Seminars	263,690	-	263,690	236,890	-	236,890
Contributions	3,915	23,610	27,525	-	29,310	29,310
Special activity dinners	15,800	-	15,800	53,910	1,000	54,910
Other operating revenue	433,071	-	433,071	552,899	-	552,899
Net assets released from restrictions	<u>10,150</u>	<u>(10,150)</u>	<u>-</u>	<u>33,223</u>	<u>(33,223)</u>	<u>-</u>
Total support and revenue	<u>6,346,648</u>	<u>13,460</u>	<u>6,360,108</u>	<u>7,296,675</u>	<u>(2,913)</u>	<u>7,293,762</u>
Expenses						
Program services						
Education	2,265,065	-	2,265,065	2,415,901	-	2,415,901
Presentations	606,377	-	606,377	822,485	-	822,485
Seminars	633,224	-	633,224	688,899	-	688,899
Membership	2,088,711	-	2,088,711	2,563,069	-	2,563,069
Magazine	<u>604,027</u>	<u>-</u>	<u>604,027</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	6,197,404	-	6,197,404	6,490,354	-	6,490,354
Supporting services						
Management and general	99,059	-	99,059	64,140	-	64,140
Direct costs of special activity dinners	<u>88,254</u>	<u>-</u>	<u>88,254</u>	<u>111,485</u>	<u>-</u>	<u>111,485</u>
Total expenses	<u>6,384,717</u>	<u>-</u>	<u>6,384,717</u>	<u>6,665,979</u>	<u>-</u>	<u>6,665,979</u>
Increase (decrease) in net assets before other additions	(38,069)	13,460	(24,609)	630,696	(2,913)	627,783
Other additions						
Investment income	35,009	1,013	36,022	224,769	8,110	232,879
Net realized and unrealized gain on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,269</u>	<u>-</u>	<u>30,269</u>
Increase (decrease) in net assets	(3,060)	14,473	11,413	885,734	5,197	890,931
Net assets, beginning of year	<u>6,073,658</u>	<u>347,034</u>	<u>6,420,692</u>	<u>5,187,924</u>	<u>341,837</u>	<u>5,529,761</u>
Net assets, end of year	<u>\$ 6,070,598</u>	<u>\$ 361,507</u>	<u>\$ 6,432,105</u>	<u>\$ 6,073,658</u>	<u>\$ 347,034</u>	<u>\$ 6,420,692</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
Year Ended August 31, 2009
(With Summarized Comparative Information for 2008)**

	<u>Program Services</u>						<u>Supporting Services</u>		
	<u>Education</u>	<u>Presentations</u>	<u>Seminars</u>	<u>Membership</u>	<u>Magazine</u>	<u>Total</u>	<u>Management and General</u>	<u>2009 Total</u>	<u>2008 Total</u>
Staff payroll and benefits	\$ 656,320	\$ 235,988	\$ 389,189	\$ 1,041,331	\$ 247,951	\$ 2,570,779	\$ 57,147	\$ 2,627,926	\$ 2,613,780
Temporary help	11,700	-	-	-	-	11,700	-	11,700	-
Professional fees	515,807	183,463	22,030	193,660	199,694	1,114,654	2,209	1,116,863	1,016,971
Scholarships granted	10,000	-	-	5,000	-	15,000	-	15,000	30,000
Books and publications	374,965	-	355	10,726	23,723	409,769	-	409,769	393,582
Printed marketing materials	46,523	11,315	3,356	18,518	6,434	86,146	-	86,146	72,974
Printing and stationery	8,299	-	420	28,772	20,271	57,762	140	57,902	33,475
Office expenses	120,075	32,697	55,815	208,712	34,669	451,968	6,740	458,708	474,210
Data processing	35,704	12,604	23,021	88,506	14,901	174,736	4,950	179,686	480,287
Delivery and mail handling	31,843	20,811	4,628	20,318	23,543	101,143	119	101,262	110,278
Catering	4,702	39,165	39,252	46,350	6,055	135,524	9,459	144,983	174,591
Promotional activities	3,147	-	-	4,824	3,590	11,561	-	11,561	19,046
Newsletter	3,152	2,493	3,498	6,696	-	15,839	-	15,839	86,385
Occupancy	251,537	52,093	71,671	268,443	19,805	663,549	15,363	678,912	643,825
Rental expenses	51,680	-	-	23,083	-	74,763	-	74,763	80,594
Equipment rentals	-	-	-	1,579	-	1,579	-	1,579	14,700
Depreciation and amortization	36,112	7,174	9,835	38,319	2,262	93,702	2,386	96,088	82,030
Bank and credit card service charges	99,490	8,298	8,479	54,585	887	171,739	546	172,285	180,792
Miscellaneous	<u>4,009</u>	<u>276</u>	<u>1,675</u>	<u>29,289</u>	<u>242</u>	<u>35,491</u>	<u>-</u>	<u>35,491</u>	<u>46,974</u>
Sub-total	<u>\$ 2,265,065</u>	<u>\$ 606,377</u>	<u>\$ 633,224</u>	<u>\$ 2,088,711</u>	<u>\$ 604,027</u>	<u>\$ 6,197,404</u>	<u>\$ 99,059</u>	<u>6,296,463</u>	<u>6,554,494</u>
Direct costs of special activity dinners								<u>88,254</u>	<u>111,485</u>
Total expenses								<u>\$ 6,384,717</u>	<u>\$ 6,665,979</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
Year Ended August 31, 2008**

	<u>Program Services</u>					<u>Supporting Services Management and General</u>	<u>2008 Total</u>
	<u>Education</u>	<u>Presentations</u>	<u>Seminars</u>	<u>Membership</u>	<u>Total</u>		
Staff payroll and benefits	\$ 668,602	\$ 272,535	\$ 382,092	\$1,253,334	\$2,576,563	\$ 37,217	\$2,613,780
Professional fees	612,176	266,095	21,065	117,390	1,016,726	245	1,016,971
Scholarships granted	25,000	-	-	5,000	30,000	-	30,000
Books and publications	376,564	-	2,649	14,369	393,582	-	393,582
Printed marketing materials	39,949	22,670	8,460	1,838	72,917	57	72,974
Printing and stationery	4,504	359	1,082	21,177	27,122	6,353	33,475
Office expenses	127,605	39,164	58,166	249,275	474,210	-	474,210
Data processing	95,939	37,519	60,853	280,879	475,190	5,097	480,287
Delivery and mail handling	43,896	40,934	18,298	7,121	110,249	29	110,278
Catering	533	48,636	36,043	82,758	167,970	6,621	174,591
Promotional activities	-	-	-	19,046	19,046	-	19,046
Newsletter	17,968	14,513	19,955	33,949	86,385	-	86,385
Occupancy	218,036	60,858	65,096	292,610	636,600	7,225	643,825
Rental expenses	51,680	-	-	28,914	80,594	-	80,594
Equipment rentals	-	-	-	14,700	14,700	-	14,700
Depreciation and amortization	27,663	7,566	8,035	37,910	81,174	856	82,030
Bank and credit card service charges	103,505	11,636	6,276	58,952	180,369	423	180,792
Miscellaneous	<u>2,281</u>	<u>-</u>	<u>829</u>	<u>43,847</u>	<u>46,957</u>	<u>17</u>	<u>46,974</u>
Sub-total	<u>\$2,415,901</u>	<u>\$ 822,485</u>	<u>\$ 688,899</u>	<u>\$2,563,069</u>	<u>\$6,490,354</u>	<u>\$ 64,140</u>	<u>6,554,494</u>
Direct costs of special activity dinners							<u>111,485</u>
Total expenses							<u>\$6,665,979</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Cash Flows

	Year Ended August 31	
	2009	2008
Cash flows from operating activities		
Increase in net assets	\$ 11,413	\$ 890,931
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	96,088	82,030
Net realized and unrealized (gain) on investments	-	(30,269)
Amortization of premium on U.S. Treasury securities	-	23,158
(Increase) in current assets		
Accounts receivable	(128,298)	(143,622)
Prepaid expenses and other current assets	(43,808)	(133,991)
Increase (decrease) in current liabilities		
Accounts payable	64,881	(24,184)
Accrued expenses and taxes	(127,849)	128,319
Unearned dues revenue	(67,280)	51,530
Unearned revenue	(252,615)	74,717
Change in rent abatement	<u>(49,558)</u>	<u>(49,558)</u>
Net cash provided by (used in) operating activities	<u>(497,026)</u>	<u>869,061</u>
Cash flows from investing activities		
Sale/maturity of investments	-	816,953
Purchases of furniture, fixtures, equipment, and leasehold improvements	<u>(239,719)</u>	<u>(41,020)</u>
Net cash provided by (used in) investing activities	<u>(239,719)</u>	<u>775,933</u>
Net increase (decrease) in cash and cash equivalents	(736,745)	1,644,994
Cash and cash equivalents, beginning of year	<u>8,227,506</u>	<u>6,582,512</u>
Cash and cash equivalents, end of year	<u>\$7,490,761</u>	<u>\$8,227,506</u>
Consists of:		
Current assets	\$7,085,653	\$8,027,119
Restricted	<u>405,108</u>	<u>200,387</u>
Total cash and cash equivalents	<u>\$7,490,761</u>	<u>\$8,227,506</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements
August 31, 2009 and August 31, 2008****Note 1 – Nature of organization**

The New York Society of Security Analysts, Inc. (the “Society”) is a not-for-profit, independent society whose mission is to serve the needs of all professionals involved in the investment decision-making process and to educate the investing public. The Society is involved in all professional aspects of interest to its members. 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 policiesNet assetsUnrestrictedOperating 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 2009, the Society transferred \$88,778 from the Building Fund to the Operating Fund, to replenish the Operating Fund for pre-construction expenditures made in connection with the build-out of the new facility (see note 6). During fiscal 2008, the Society transferred \$400,000 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.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements (continued)
August 31, 2009 and August 31, 2008****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 passages 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.

Investment income

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

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, a U.S. Governmental Securities Mutual Fund and a certificate of deposit.

Furniture, fixtures, equipment and leasehold improvements

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

Membership dues

Membership dues are recognized as income in the applicable membership period, which is from June 1st to May 31st each year. 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.

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.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2009 and August 31, 2008

Note 2 – Summary of significant accounting policies (continued)

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 and accounts receivable. The Society places its cash and cash equivalents with what it believes to be quality financial institutions. The Society routinely assesses the financial strength of its cash and cash equivalents. Accounts receivable consists primarily of amounts due from a number of individuals and corporations for membership dues and Society conferences. As a consequence, management of the Society believes concentrations of credit risk are limited.

Subsequent events

The Society has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date of issuance of the financial statements. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

Note 3 – Cash and cash equivalents

Cash and cash equivalents are comprised of the following as of August 31, 2009 and August 31, 2008:

	2009				
	<u>Operating</u>	<u>Building</u>	<u>Scholarship</u>	<u>Value</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Investing</u>	
				<u>Archive</u>	
				<u>Fund</u>	<u>Total</u>
Cash on hand	\$ 910	\$ -	\$ -	\$ -	\$ 910
Checking	57,600	-	-	96,867	154,467
Money market account	38,006	-	-	-	38,006
U.S. Govt. Securities					
Mutual fund	1,339	-	-	-	1,339
Money market fund	1,175,990	5,460,139	251,151	-	6,887,280
Certificate of deposit	3,651	-	-	-	3,651
Total	<u>\$1,277,496</u>	<u>\$5,460,139</u>	<u>\$ 251,151</u>	<u>\$ 96,867</u>	<u>\$7,085,653</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2009 and August 31, 2008

Note 3 – Cash and cash equivalents (continued)

	2008				
	Operating Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	Total
Cash on hand	\$ 264	\$ -	\$ -	\$ -	\$ 264
Checking	591,138	-	-	96,866	688,004
Money market account	41,942	-	-	-	41,942
U.S. Govt. Securities					
Mutual fund	757,010	-	-	-	757,010
Money market fund	1,169,030	5,125,175	239,068	-	6,533,273
Certificate of deposit	6,626	-	-	-	6,626
Total	<u>\$2,566,010</u>	<u>\$5,125,175</u>	<u>\$ 239,068</u>	<u>\$ 96,866</u>	<u>\$8,027,119</u>

Note 4 – Fair value measurement

Effective August 31, 2009, the Society, adopted Statement of Financial Accounting Standards (SFAS) No. 157, “Fair Value Measurement.” The adoption of this standard was limited to financial assets and did not have a material effect on the amounts reported on the Society’s financial statements other than an additional disclosure. Under SFAS No. 157, fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a fair value hierarchy giving the highest priority to quoted market prices in active markets (Level 1), the next priority (Level 2) to observable inputs other than Level 1 prices, such as quoted prices of similar assets, and the lowest priority to unobservable data (Level 3). SFAS No. 157 requires fair value measurements to be separately disclosed by level within the fair value hierarchy. As of August 31, 2009, the Society’s investments in United States Government securities mutual funds, money market funds and the certificate of deposit are classified in the highest level of hierarchy (Level 1).

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
Notes to Financial Statements (continued)
August 31, 2009 and August 31, 2008

Note 5 – Furniture, fixtures, equipment and leasehold improvements

The following is a summary of the furniture, fixtures, equipment and leasehold improvements as of August 31, 2009 and August 31, 2008:

	<u>2009</u>	<u>2008</u>
Furniture, fixtures and equipment	\$ 317,223	\$ 287,016
Leasehold improvements	325,726	142,094
Other	<u>26,530</u>	<u>650</u>
Sub-Total	669,479	429,760
Less: accumulated depreciation and amortization	<u>307,960</u>	<u>211,872</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$ 361,519</u>	<u>\$ 217,888</u>

Note 6 – Rental lease agreements

During August 2005, the Society entered into an agreement to sublease office and conference space, commencing in December 2005 and expiring on December 30, 2009. The sublease requires monthly lease payments of \$50,097 plus the Society's proportionate share of certain operating expenses of the sub-landlord as defined in the sublease agreement. Rent expense totaled \$603,505 and \$567,550 for the 2009 and 2008 fiscal years, respectively. The future minimum sublease payments would be as follows:

<u>Fiscal Year</u>	
2010	<u>\$ 198,771</u>

As part of the lease agreement, the Society received four 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 represents deferred lease liability.

In connection with the above sublease, the Society delivered to the sub-landlord a letter of credit in the amount of \$200,387 as security for the sublease 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.

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 \$68,244 plus utilities and a proportionate share of certain operating expenses of the landlord as defined in the lease agreement. The future minimum lease payments would be as follows:

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
Notes to Financial Statements (continued)
August 31, 2009 and August 31, 2008

Note 6 – Rental lease agreements (continued)

<u>Fiscal Year</u>	
2010	\$ 68,244
2011	818,928
2012	818,928
2013	818,928
2014	818,928
Thereafter	<u>10,247,974</u>
Total	<u>\$ 13,591,930</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 represents deferred lease liability. The lease agreement also includes a build-out allowance of \$925,155.

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 connection with the above lease, the Society entered into several agreements to facilitate the build-out of the new space, including an architect, real estate consulting firm and construction manager. The construction commenced in September 2009 and is expected to conclude in December 2009. The Board of the Society has authorized a base budget of \$2,559,150, with a 10% override contingency for such construction.

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, 2009 and August 31, 2008 totaled \$53,259 and \$66,380, respectively.

Note 7 – 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 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.

They 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 2008, the Society received additional funds of \$1,000 towards maintenance of an archive to benefit value-investing research. The fund is recorded as temporarily restricted.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2009 and August 31, 2008

Note 7 – Temporarily restricted net assets (continued)

The following is a summary of the activity of the temporarily restricted net assets for the year ended August 31, 2009:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>Balance, End of Year</u>
Scholarship fund	\$ 250,168	\$ 24,622	\$ (10,150)	\$ 264,640
Value investing archive	<u>96,866</u>	<u>1</u>	<u>-</u>	<u>96,867</u>
Total	<u>\$ 347,034</u>	<u>\$ 24,623</u>	<u>\$ (10,150)</u>	<u>\$ 361,507</u>

Note 8 – Retirement plans

The Society maintained a defined contribution plan (the “Plan”) pursuant to Internal Revenue Code Section 403(b), for all eligible employees who had completed ½-year of service. Employees vested in the Plan 20% each year over five years, beginning in year two. During the 2008 fiscal year, the Society contributed 5% of each employee’s base wages to the Plan. Contributions to the Plan were determined annually by the Society’s Board of Directors. The plan expense amounted to \$89,010 for the year ended August 31, 2008.

The Internal Revenue Service instituted new regulations for all 403(b) plans. In order to comply with such new regulations, the Society amended its current 403(b) Plan and combined it with its Profit Sharing Plan to form a new 401(k) Profit Sharing Plan. The amended Plan became effective on April 16, 2009 and includes a 3% Safe Harbor employer contribution. 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 over the same schedule as the aforementioned 403(b) Plan.

For the Plan year ended June 30, 2009, the Society’s Board of Directors voted to contribute 5% of each eligible employee’s base wage earned through April 15, 2009 and 2% of each eligible employee’s base wage earned from April 16, 2009 through June 30, 2009, to the Plan, respectively.

The Society elected to change the Plan year-end to August 31 to conform to the Society’s fiscal year-end. To facilitate this change, there was a short Plan year beginning July 1, 2009 and ending August 31, 2009. For this short Plan year, the Society’s Board of Directors voted to contribute 2% of each eligible employee’s base wages earned during that period to the Plan, in addition to the 3% Safe Harbor contributions made.

The total pension plan expense amounted to \$42,681, net of \$54,449 in forfeitures for the year ended August 31, 2009.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)

August 31, 2009 and August 31, 2008

Note 9 – 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, 2009 and August 31, 2008:

	<u>2009</u>	<u>2008</u>
Purpose restriction accomplished:		
Scholarships	\$ 10,000	\$ 25,000
Bank service charges	150	150
Value investing archive	<u>-</u>	<u>8,073</u>
Total	<u>\$ 10,150</u>	<u>\$ 33,223</u>

Note 10 – Legal claims

As of August 31, 2009, 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 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. The Society's activities that constitute unrelated business income consist of certain room rentals and book sales.

Recent accounting pronouncement

The Financial Accounting Standards Board (FASB) has issued FASB Interpretation No. 48 (FIN-48), "Accounting for Uncertainty in Income Taxes." The implementation of FIN-48 has been deferred for nonprofit organizations by FASB staff position FIN 48-3 and will be effective for the Society's 2010 fiscal year.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2009 and August 31, 2008

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, 2009 and August 31, 2008:

	Unrestricted			
		Board-Designated		
	Operating Fund	Building Fund	Initiatives Fund	Total
Balance, at August 31, 2007	\$ 251,986	\$ 4,935,938	\$ -	\$ 5,187,924
Revenue				
Investment income	65,801	158,968	-	224,769
Other revenue	6,996,675	-	300,000	7,296,675
Net realized and unrealized gain on investments	-	30,269	-	30,269
Total revenue	7,062,476	189,237	300,000	7,551,713
Less: Expenses	6,665,979	-	-	6,665,979
Increase before interfund transfers	396,497	189,237	300,000	885,734
Interfund transfer	(400,000)	400,000	-	-
Increase (decrease) in net assets	(3,503)	589,237	300,000	885,734
Balance, at August 31, 2008	248,483	5,525,175	300,000	6,073,658
Revenue				
Investment income	11,117	23,892	-	35,009
Other revenue	6,346,648	-	-	6,346,648
Total revenue	6,357,765	23,892	-	6,381,657
Less: Expenses	6,384,567	150	-	6,384,717
Increase (decrease) before interfund transfer	(26,802)	23,742	-	(3,060)
Interfund transfer	88,778	(88,778)	-	-
Increase (decrease) in net assets	61,976	(65,036)	-	(3,060)
Balance, at August 31, 2009	\$ 310,459	\$ 5,460,139	\$ 300,000	\$ 6,070,598