

**THE NEW YORK SOCIETY
OF
SECURITY ANALYSTS, INC.
d/b/a
CFA SOCIETY NEW YORK**

**Financial Statements
for the years ended
August 31, 2017
and
August 31, 2016**

Independent Auditor's Report

To the Board of Directors of
The New York Society of Security Analysts, Inc.
d/b/a CFA Society New York

We have audited the accompanying financial statements of The New York Society of Security Analysts, Inc. d/b/a CFA Society New York which comprise the statements of financial position as of August 31, 2017 and August 31, 2016 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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. d/b/a CFA Society New York as of August 31, 2017 and August 31, 2016 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

December 13, 2017

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Statements of Financial Position

Assets		August 31	
		2017	2016
Current assets			
Cash and cash equivalents	\$	4,486,491	\$ 2,417,159
Certificates of deposit		2,389,665	2,896,820
Accounts receivable, net		1,080,902	1,002,860
Prepaid expenses and other current assets		<u>181,158</u>	<u>186,269</u>
Total current assets		8,138,216	6,503,108
Restricted certificate of deposit		212,298	211,679
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization		<u>1,768,478</u>	<u>1,891,850</u>
Total assets		<u>\$ 10,118,992</u>	<u>\$ 8,606,637</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$	57,965	\$ 69,519
Accrued expenses		445,824	258,658
Unearned dues revenue		2,319,347	2,355,895
Unearned other revenue		819,437	350,525
Current amortization of deferred lease incentive		<u>115,873</u>	<u>115,873</u>
Total current liabilities		3,758,446	3,150,470
Deferred lease incentive, net of current amortization		<u>1,244,006</u>	<u>1,359,879</u>
Total liabilities		<u>5,002,452</u>	<u>4,510,349</u>
Net assets			
Unrestricted			
Operating fund		1,053,384	140,305
Board designated			
Building fund		3,187,218	3,057,128
Initiatives fund		<u>529,441</u>	<u>529,441</u>
Total unrestricted		<u>4,770,043</u>	<u>3,726,874</u>
Temporarily restricted			
Scholarship fund		199,630	222,547
Value investing archive fund		<u>96,867</u>	<u>96,867</u>
Total temporarily restricted		<u>296,497</u>	<u>319,414</u>
Permanently restricted			
Scholarship fund		<u>50,000</u>	<u>50,000</u>
Total net assets		<u>5,116,540</u>	<u>4,096,288</u>
Total liabilities and net assets		<u>\$ 10,118,992</u>	<u>\$ 8,606,637</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Statements of Activities

	For the Year Ended August 31				2016			
	2017		2016		2016		2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Membership dues and fees								
Education	\$ 2,522,474	\$ -	\$ -	\$ 2,522,474	\$ 1,828,361	\$ -	\$ -	\$ 1,828,361
Presentations	1,525,372	-	-	1,525,372	1,383,178	-	-	1,383,178
Seminars	118,909	-	-	118,909	126,050	-	-	126,050
Contributions	426,480	-	-	426,480	241,751	-	-	241,751
Special activity dinners	-	20	-	20	-	2,008	-	2,008
In-kind contributions	100,675	-	-	100,675	67,355	-	-	67,355
Other operating revenue	251,463	-	-	251,463	-	-	-	-
Net assets released from restrictions	843,100	-	-	843,100	854,764	-	-	854,764
Total support and revenue	23,632	(23,632)	-	-	15,150	(15,150)	-	-
Total support and revenue	5,812,105	(23,612)	-	5,788,493	4,516,609	(13,142)	-	4,503,467
Expenses								
Program services								
Education	1,690,930	-	-	1,690,930	2,230,134	-	-	2,230,134
Presentations	58,266	-	-	58,266	82,268	-	-	82,268
Seminars	1,693,023	-	-	1,693,023	718,445	-	-	718,445
Membership	794,339	-	-	794,339	951,406	-	-	951,406
Books and publications	2,905	-	-	2,905	33,286	-	-	33,286
Total program services	4,239,463	-	-	4,239,463	4,015,539	-	-	4,015,539
Supporting services								
Management and general	562,191	-	-	562,191	513,414	-	-	513,414
Total expenses	4,801,654	-	-	4,801,654	4,528,953	-	-	4,528,953
Increase (decrease) in net assets before other additions (deduction)								
Interest	1,010,451	(23,612)	-	986,839	(12,344)	(13,142)	-	(25,486)
Unrealized gain (loss) on investments	44,873	695	-	45,568	42,361	284	-	42,645
Reclassification	(12,155)	-	-	(12,155)	25,420	-	-	25,420
Increase (decrease) in net assets	-	-	-	-	-	(50,000)	50,000	-
Increase (decrease) in net assets	1,043,169	(22,917)	-	1,020,252	55,437	(62,858)	50,000	42,579
Net assets, beginning of year								
Net assets, beginning of year	3,726,874	319,414	50,000	4,096,288	3,671,437	382,272	-	4,053,709
Net assets, end of year	\$ 4,770,043	\$ 296,497	\$ 50,000	\$ 5,116,540	\$ 3,726,874	\$ 319,414	\$ 50,000	\$ 4,096,288

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Statement of Functional Expenses
For the Year Ended August 31, 2017
(with summarized comparative information for 2016)

	Program Services				Books and Publications	Supporting Services			2017 Total	2016 Total
	Education	Presentations	Seminars	Membership		Management and General	2017 Total	2016 Total		
Staff payroll and benefits	\$ 415,183	\$ 15,753	\$ 753,184	\$ 293,122	\$ -	\$ 1,477,242	\$ 1,642,455	\$ 1,443,225		
Temporary help	-	-	10,436	-	-	10,436	10,436	6,366		
Professional fees	487,687	11,603	123,258	245,592	2,905	871,045	890,107	939,357		
Scholarships granted	18,000	-	-	-	-	18,000	18,000	15,000		
Books and publications	154,311	-	-	-	-	154,311	154,311	2,041		
Printed marketing materials	-	-	-	-	-	-	-	9,091		
Printing and stationery	-	-	620	-	-	620	620	3,479		
Office expenses	78,802	2,554	82,799	31,908	-	196,063	235,713	218,669		
Data processing	36,399	1,392	56,255	21,973	-	116,019	126,191	128,589		
Delivery and mail handling	171	-	19	-	-	190	190	10,851		
Catering	32,762	11,918	90,982	17,445	-	153,107	211,308	145,596		
Promotional activities	27,917	409	18,201	4,588	-	51,115	53,359	85,339		
Occupancy	299,499	11,338	282,541	114,227	-	707,605	951,441	952,370		
Rental expenses	54,226	-	-	6,344	-	60,570	60,570	89,478		
Depreciation and amortization	77,110	2,670	116,787	46,023	-	242,590	263,802	342,499		
Bank and credit card service charges	4,647	444	8,146	2,645	-	15,882	17,565	39,313		
Miscellaneous	4,216	185	149,795	10,472	-	164,668	165,586	97,690		
Total expenses	\$ 1,690,930	\$ 58,266	\$ 1,693,023	\$ 794,339	\$ 2,905	\$ 4,239,463	\$ 4,801,654	\$ 4,528,953		

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Statement of Functional Expenses
For the Year Ended August 31, 2016

	Program Services					Books and Publications		Supporting Services Management and General	
	Education	Presentations	Seminars	Membership			Total	General	Total
Staff payroll and benefits	\$ 597,209	\$ 20,329	\$ 348,106	\$ 312,917	\$ -	\$ -	\$ 1,278,561	\$ 164,664	\$ 1,443,225
Temporary help	1,796	-	-	4,570	-	-	6,366	-	6,366
Professional fees	752,099	16,492	41,373	92,843	20,770		923,577	15,780	939,357
Scholarships granted	15,000	-	-	-	-		15,000	-	15,000
Books and publications	1,940	-	-	-	101		2,041	-	2,041
Printed marketing materials	9,091	-	-	-	-		9,091	-	9,091
Printing and stationery	-	-	-	3,479	-		3,479	-	3,479
Office expenses	107,910	3,521	38,318	47,328	122		197,199	21,470	218,669
Data processing	56,133	2,242	22,965	39,557	-		120,897	7,692	128,589
Delivery and mail handling	6,242	-	-	2,491	2,118		10,851	-	10,851
Catering	8,216	7,048	58,817	21,671	5,005		100,757	44,839	145,596
Promotional activities	51,136	5,596	9,309	16,070	894		83,005	2,334	85,339
Occupancy	389,739	19,670	130,437	177,982	1,300		719,128	233,242	952,370
Rental expenses	62,400	-	-	27,078	-		89,478	-	89,478
Depreciation and amortization	149,274	6,079	60,891	105,855	-		322,099	20,400	342,499
Bank and credit card service charges	15,882	893	5,889	14,568	-		37,232	2,081	39,313
Miscellaneous	6,067	398	2,340	84,997	2,976		96,778	912	97,690
Total expenses	\$ 2,230,134	\$ 82,268	\$ 718,445	\$ 951,406	\$ 33,286		\$ 4,015,539	\$ 513,414	\$ 4,528,953

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Statements of Cash Flows

	For the Year Ended August 31	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,020,252	\$ 42,579
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	263,802	342,499
Unrealized (gain) loss on investments	12,155	(25,420)
(Increase) decrease in current assets		
Accounts receivable	(78,042)	(801,533)
Prepaid expenses and other current assets	5,111	75,795
Increase (decrease) in current liabilities		
Accounts payable	(11,554)	30,715
Accrued expenses	187,166	4,039
Unearned dues revenue	(36,548)	1,076,946
Unearned other revenue	468,912	113,585
Change in deferred lease incentive	<u>(115,873)</u>	<u>(115,873)</u>
Net cash provided by operating activities	<u>1,715,381</u>	<u>743,332</u>
Cash flows from investing activities		
Purchases of certificates of deposit	(247,619)	(1,363,679)
Proceeds from sale and maturities of certificates of deposit	742,000	1,235,000
Purchases of furniture, fixtures, equipment and leasehold improvements	<u>(140,430)</u>	<u>(34,512)</u>
Net cash provided by investing activities	<u>353,951</u>	<u>(163,191)</u>
Net increase in cash and cash equivalents	2,069,332	580,141
Cash and cash equivalents, beginning of year	<u>2,417,159</u>	<u>1,837,018</u>
Cash and cash equivalents, end of year	<u>\$4,486,491</u>	<u>\$2,417,159</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Notes to Financial Statements
August 31, 2017 and August 31, 2016

Note 1 – Nature of organization

The New York Society of Security Analysts, Inc. d/b/a CFA Society New York (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. During the 2017 fiscal year, \$101,301 was transferred to the Building Fund from the Operating Fund. During the 2016 fiscal year \$300,000 was transferred to the Operating Fund from the Building Fund.

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 the 2017 fiscal year, \$101,301 was transferred to the Building Fund from the Operating Fund. During the 2016 fiscal year, the Board of Directors approved transfers totaling \$600,000 from the Building Fund to the Operating Fund and Initiatives Fund.

Initiatives Fund

The Society’s Board of Directors established a fund which shall be segregated and only be utilized for initiatives, to be pre-approved by the Board. During the 2016 fiscal year, \$300,000 was transferred to the Initiatives Fund from the Building Fund.

**THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK**

**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016**

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 statements of activities as net assets released from restrictions.

Permanently restricted

Permanently restricted net assets contain donor imposed restrictions that stipulate that they be maintained permanently, but permit the Society to use all or part of the investment return on these assets for either specified or unspecified purposes.

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.

Certificates of deposit

The Society reports certificates of deposit at fair value in the statements of financial position. The certificates of deposit have maturities ranging from one to five years from the date of purchase and are valued using a cost-based measure, which is the original cost plus accrued interest. Unrealized gains and losses are reflected in the statements of activities as increases or decreases in unrestricted net assets.

Allowance for doubtful accounts

As of August 31, 2017, the Society did not have an allowance for doubtful accounts. As of August 31, 2016, the Society had an allowance of \$2,000 for accounts receivable that may not be collectible. Such estimates are based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Furniture, fixtures, equipment and leasehold improvements

The Society capitalizes expenditures for property and equipment above \$500. 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.
d/b/a CFA SOCIETY NEW YORK**

**Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016**

Note 2 – Summary of significant accounting policies (continued)

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.

In-kind contributions

Organizations are required to recognize contributions of services if they create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills and typically would have been purchased if not provided in-kind. During 2017, the Society received in-kind contributions of \$251,463 for advertising, consulting, meeting space and other operating support. There were no in-kind contributions in 2016.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Society in carrying out its programs. These services do not meet the criteria to be recorded and have not been included in these financial statements.

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. Accounts receivable consists primarily of amounts due from a number individuals and corporations for membership dues and Society conferences. The Society routinely assesses the financial strength of its cash, cash equivalents, certificates of deposit and the collectability of its accounts receivable. As a consequence, the Society's management believes that concentrations of credit risk are limited.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through December 13, 2017, which is the date the financial statements were available to be issued.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016

Note 2 – Summary of significant accounting policies (continued)

Reclassification

During the 2017 fiscal year, the Society had its legal counsel review the Heloise S. Ham Educational Scholarship Fund contributions. It was determined that the initial pledge of \$50,000 should have been recorded as permanently restricted. As a result, the Society has reclassified the \$50,000 in the 2016 fiscal year financial statements. There was no effect on the Society's total net assets.

Note 3 – Cash, cash equivalents and certificates of deposit

Cash, cash equivalents and certificates of deposit are composed of the following as of August 31, 2017 and August 31, 2016:

	2017					
	Operating Fund	Initiatives Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	Total
Cash on hand	\$ 107	\$ -	\$ -	\$ -	\$ -	\$ 107
Checking	2,885,369	-	-	-	-	2,885,369
Money market accounts	33,180	529,441	687,402	249,630	96,867	1,596,520
Payroll account	4,495	-	-	-	-	4,495
Certificates of deposit	212,298	-	2,389,665	-	-	2,601,963
Total	<u>\$3,135,449</u>	<u>\$ 529,441</u>	<u>\$3,077,067</u>	<u>\$ 249,630</u>	<u>\$ 96,867</u>	<u>\$7,088,454</u>
	2016					
	Operating Fund	Initiatives Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	Total
Cash on hand	\$ 365	\$ -	\$ -	\$ -	\$ -	\$ 365
Checking	1,334,754	-	-	-	-	1,334,754
Money market accounts	31,863	529,441	151,246	272,547	96,867	1,081,964
Payroll account	76	-	-	-	-	76
Certificates of deposit	211,679	-	2,896,820	-	-	3,108,499
Total	<u>\$1,578,737</u>	<u>\$ 529,441</u>	<u>\$3,048,066</u>	<u>\$ 272,547</u>	<u>\$ 96,867</u>	<u>\$5,525,658</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016

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, 2017 and August 31, 2016:

	<u>2017</u>	<u>2016</u>
Furniture, fixtures and equipment	\$ 251,905	\$ 550,406
Leasehold improvements	3,049,542	2,985,222
Other	<u>2,043</u>	<u>650</u>
Sub-Total	3,303,490	3,536,278
Less: accumulated depreciation and amortization	<u>1,535,012</u>	<u>1,644,428</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$ 1,768,478</u>	<u>\$ 1,891,850</u>

In the 2017 and 2016 fiscal years, the Society wrote off fully depreciated assets of \$373,218 and \$295,119, respectively.

Note 5 – Commitments

Education services agreement

During December 2016, the Society entered into a collaborative agreement with a company to administer educational services to CFA candidates within the New York Area. As outlined in the agreement, the Society and the company have agreed to share certain revenues and expenses relating to those education services. The agreement requires an annual guaranteed minimum payment is made to the Society, and includes annual increases, as defined in the agreement. The initial term of the agreement expires on December 31, 2023 and will be automatically renewed for successive seven year periods unless termination of the agreement is given by either party prior to or after the end of the initial term. Termination is subject to certain fees as outlined in the agreement.

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 \$1,025,562 and \$952,370 for the 2017 and 2016 fiscal years, respectively.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016

Note 5 – Commitments (continued)

Office lease agreement (continued)

The future minimum lease payments would be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 907,944
2019	907,944
2020	929,358
2021	993,600
2022	993,600
2023 and thereafter	<u>2,898,000</u>
Total	<u>\$ 7,630,446</u>

As part of the lease agreement, the Society received 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 under the terms of its lease agreement. The Society has included the build-out allowance in the deferred lease incentive and is amortizing the amount equally over the term of the lease.

In connection with the lease on the previous page, the Society delivered to the landlord a letter of credit in the original amount of \$204,732 as security for the lease agreement. In connection with the letter of credit, the Society established a separate certificate of deposit account as required by the lease. At August 31, 2017 and August 31, 2016, the value of such certificate of deposit, including interest earned, was \$212,298 and \$211,679, respectively.

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 education programs for the years ended August 31, 2017 and August 31, 2016 totaled \$54,226 and \$62,400, respectively.

Office sublease agreement

During April 2015, the Society entered into an agreement to sublease a portion of its office space, commencing May 1, 2015 for a term of 5 years through April 30, 2020. In connection with the sublease, the Society obtained a \$30,800 deposit, which is included in accounts payable on the statements of financial position.

Annual lease payments required under the agreement for future years as of August 31, 2017 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 97,886
2019	100,333
2020	<u>67,996</u>
Total	<u>\$ 266,215</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016

Note 6 – Temporarily and permanently restricted net assets

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. The original pledge of \$50,000 has been recorded as permanently restricted net assets. On an ongoing basis, the Fund is funded by contributions from the family of Heloise S. Ham, income from the Fund assets and contributions from Society members. 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. In accordance with a Board of Director’s resolution, the Fund’s selection parameters will focus its program on under represented populations, as outlined in the resolution. Because these funds can only be used for scholarship purposes, the assets of the Fund, other than the original pledge, are considered temporarily restricted.

During the 2017 and 2016 fiscal years, the Society did not receive any additional funds towards maintenance of an archive to benefit value-investing research. The following is a summary of the activity of the temporarily restricted net assets for the years ended August 31, 2017 and August 31, 2016:

		2017			
		<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance, End of Year</u>
Scholarship fund		\$ 222,547	\$ 715	\$ (23,632)	\$ 199,630
Value investing archive		96,867	-	-	96,867
Total		<u>\$ 319,414</u>	<u>\$ 715</u>	<u>\$ (23,632)</u>	<u>\$ 296,497</u>

		2016			
		<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance, End of Year</u>
Scholarship fund		\$ 285,405	\$ 2,292	\$ (15,150)	\$ 222,547
Value investing archive		96,867	-	-	96,867
Total		<u>\$ 382,272</u>	<u>\$ 2,292</u>	<u>\$ (15,150)</u>	<u>\$ 319,414</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016

Note 6 – Temporarily and permanently restricted net assets

Permanently restricted net assets

The Society has permanently restricted net assets of \$50,000 at August 31, 2017 and August 31, 2016 for which the investment return is restricted for scholarships.

The following is a summary of net assets relating to the Heloise S. Ham Educational Scholarship Fund as of August 31, 2017 and August 31, 2016:

<u>2017</u>		
<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 199,630	\$ 50,000	\$ 249,630

<u>2016</u>		
<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 222,547	\$ 50,000	\$ 272,547

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, 2017 and August 31, 2016:

	<u>2017</u>	<u>2016</u>
Purpose restriction accomplished:		
Scholarships	\$ 18,000	\$ 15,000
Legal fees	5,311	-
Bank service charges	150	150
Other administrative expenses	171	-
Total	<u>\$ 23,632</u>	<u>\$ 15,150</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 over five years, beginning in year two. The Society did not make any discretionary contributions to the plan during the 2017 or 2016 fiscal years.

The total retirement plan expense amounted to \$42,939 and \$37,246 for years ended August 31, 2017 and August 31, 2016, respectively.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
d/b/a CFA SOCIETY NEW YORK

Notes to Financial Statements (continued)
August 31, 2017 and August 31, 2016

Note 9 – 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.

Note 10 – 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, 2017 and August 31, 2016:

	<u>Operating Fund</u>	<u>Board-Designated Building Fund</u>	<u>Initiatives Fund</u>	<u>Total</u>
Balance (deficit), at August 31, 2015	\$ (149,682)	\$ 3,591,678	\$ 229,441	\$ 3,671,437
Revenue				
Investment return, net	2,121	65,660	-	67,781
Other	4,516,609	-	-	4,516,609
Total revenue	4,518,730	65,660	-	4,584,390
Less: expenses	(4,528,743)	(210)	-	(4,528,953)
Increase (decrease) in net assets	(10,013)	65,450	-	55,437
Interfund transfers	300,000	(600,000)	300,000	-
Balance, at August 31, 2016	140,305	3,057,128	529,441	3,726,874
Revenue				
Investment return, net	3,685	29,033	-	32,718
Other	6,217,963	-	-	6,217,963
Total revenue	6,221,648	29,033	-	6,250,681
Less: expenses	(5,207,268)	(244)	-	(5,207,512)
Increase in net assets	1,014,380	28,789	-	1,043,169
Interfund transfers	(101,301)	101,301	-	-
Balance, at August 31, 2017	\$ 1,053,384	\$ 3,187,218	\$ 529,441	\$ 4,770,043