

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

**Financial Statements
for the years ended
August 31, 2018
and
August 31, 2017**

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, 2018 and August 31, 2017 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, 2018 and August 31, 2017 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

January 14, 2019

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

Statements of Financial Position

Assets		August 31	
		2018	2017
Current assets			
Cash and cash equivalents		\$ 6,523,592	\$ 4,486,491
Certificates of deposit		1,381,425	2,389,665
Accounts receivable		962,246	1,080,902
Prepaid expenses and other current assets		197,334	181,158
Total current assets		9,064,597	8,138,216
Restricted certificate of deposit		212,998	212,298
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization		1,853,608	1,768,478
Total assets		\$ 11,131,203	\$ 10,118,992
Liabilities and Net Assets			
Current liabilities			
Accounts payable		\$ 65,238	\$ 57,965
Accrued expenses		458,719	445,824
Unearned dues revenue		2,403,115	2,319,347
Unearned other revenue		803,178	819,437
Current amortization of deferred lease incentive		115,873	115,873
Total current liabilities		3,846,123	3,758,446
Deferred lease incentive, net of current amortization		1,128,133	1,244,006
Total liabilities		4,974,256	5,002,452
Net assets			
Unrestricted			
Operating fund		2,019,807	1,053,384
Board designated			
Building fund		3,208,659	3,187,218
Initiatives fund		529,441	529,441
Total unrestricted		5,757,907	4,770,043
Temporarily restricted			
Scholarship fund		202,173	199,630
Value investing archive fund		96,867	96,867
Other		50,000	-
Total temporarily restricted		349,040	296,497
Permanently restricted			
Scholarship fund		50,000	50,000
Total net assets		6,156,947	5,116,540
Total liabilities and net assets		\$ 11,131,203	\$ 10,118,992

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

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Membership dues and fees	\$ 2,682,107	\$ -	\$ -	\$ 2,682,107	\$ 2,522,474	\$ -	\$ -	\$ 2,522,474
Education	1,185,951	-	-	1,185,951	1,525,372	-	-	1,525,372
Presentations	79,535	-	-	79,535	118,909	-	-	118,909
Seminars	501,157	-	-	501,157	426,480	-	-	426,480
Grants and contributions	100,000	50,121	-	150,121	-	20	-	20
Special activity dinners	122,400	-	-	122,400	100,675	-	-	100,675
In-kind contributions	730,851	-	-	730,851	251,463	-	-	251,463
Other operating revenue	968,027	-	-	968,027	843,100	-	-	843,100
Net assets released from restrictions	643	(643)	-	-	23,632	(23,632)	-	-
Total support and revenue	6,370,671	49,478	-	6,420,149	5,812,105	(23,612)	-	5,788,493
Expenses								
Program services								
Education	1,068,333	-	-	1,068,333	1,690,930	-	-	1,690,930
Presentations	14,098	-	-	14,098	58,266	-	-	58,266
Seminars	2,060,461	-	-	2,060,461	1,693,023	-	-	1,693,023
Membership	1,668,292	-	-	1,668,292	794,339	-	-	794,339
Books and publications	2,277	-	-	2,277	2,905	-	-	2,905
Total program services	4,813,461	-	-	4,813,461	4,239,463	-	-	4,239,463
Supporting activities								
Management and general	596,740	-	-	596,740	562,191	-	-	562,191
Total expenses	5,410,201	-	-	5,410,201	4,801,654	-	-	4,801,654
Increase (decrease) in net assets before other addition (deduction)	960,470	49,478	-	1,009,948	1,010,451	(23,612)	-	986,839
Interest	43,634	3,065	-	46,699	44,873	695	-	45,568
Unrealized (loss) on investments	(16,240)	-	-	(16,240)	(12,155)	-	-	(12,155)
Increase (decrease) in net assets	987,864	52,543	-	1,040,407	1,043,169	(22,917)	-	1,020,252
Net assets, beginning of year	4,770,043	296,497	50,000	5,116,540	3,726,874	319,414	50,000	4,096,288
Net assets, end of year	\$ 5,757,907	\$ 349,040	\$ 50,000	\$ 6,156,947	\$ 4,770,043	\$ 296,497	\$ 50,000	\$ 5,116,540

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, 2018
(with summarized comparative information for 2017)

	Program Services				Books and Publications	Supporting Activities		2017 Total
	Education	Presentations	Seminars	Membership		Management and General	2018 Total	
Staff payroll and benefits	\$ 144,625	\$ -	\$ 724,691	\$ 626,079	\$ -	\$ 118,237	\$ 1,613,632	\$ 1,642,455
Temporary help	-	-	25,745	-	-	-	25,745	10,436
Professional fees	303,171	-	234,701	222,156	2,275	31,862	794,165	890,107
Scholarships granted	-	-	-	-	-	-	-	18,000
Books and publications	157,650	-	-	52	-	-	157,702	154,311
Printing and stationery	272	-	1,052	2,265	-	-	3,589	620
Office expenses	45,261	1,851	87,511	71,104	-	37,100	242,827	235,713
Data processing	19,049	-	93,368	51,767	-	8,397	172,581	126,191
Delivery and mail handling	-	-	304	1,187	-	-	1,491	190
Catering	35,737	6,100	114,958	16,107	-	58,094	230,996	211,308
Promotional activities	98,605	-	162,038	185,113	-	32,172	477,928	53,359
Occupancy	154,821	4,386	305,235	215,255	-	284,808	964,505	951,441
Rental expenses	53,933	-	-	139,860	-	-	193,793	60,570
Depreciation and amortization	51,233	-	127,476	101,528	-	18,499	298,736	263,802
Bank and credit card service charges	1,399	1,761	8,172	1,271	2	6,555	19,160	17,565
Miscellaneous	2,577	-	175,210	34,548	-	1,016	213,351	165,586
Total expenses	\$ 1,068,333	\$ 14,098	\$ 2,060,461	\$ 1,668,292	\$ 2,277	\$ 596,740	\$ 5,410,201	\$ 4,801,654

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**

	Program Services					Books and Publications	Total	Supporting Activities Management and General	Total
	Education	Presentations	Seminars	Membership					
Staff payroll and benefits	\$ 415,183	\$ 15,753	\$ 753,184	\$ 293,122	\$ -	\$ 1,477,242	\$ 165,213	\$ 1,642,455	
Temporary help	-	-	10,436	-	-	10,436	-	10,436	
Professional fees	487,687	11,603	123,258	245,592	2,905	871,045	19,062	890,107	
Scholarships granted	18,000	-	-	-	-	18,000	-	18,000	
Books and publications	154,311	-	-	-	-	154,311	-	154,311	
Printing and stationery	-	-	620	-	-	620	-	620	
Office expenses	78,802	2,554	82,799	31,908	-	196,063	39,650	235,713	
Data processing	36,399	1,392	56,255	21,973	-	116,019	10,172	126,191	
Delivery and mail handling	171	-	19	-	-	190	-	190	
Catering	32,762	11,918	90,982	17,445	-	153,107	58,201	211,308	
Promotional activities	27,917	409	18,201	4,588	-	51,115	2,244	53,359	
Occupancy	299,499	11,338	282,541	114,227	-	707,605	243,836	951,441	
Rental expenses	54,226	-	-	6,344	-	60,570	-	60,570	
Depreciation and amortization	77,110	2,670	116,787	46,023	-	242,590	21,212	263,802	
Bank and credit card service charges	4,647	444	8,146	2,645	-	15,882	1,683	17,565	
Miscellaneous	4,216	185	149,795	10,472	-	164,668	918	165,586	
Total expenses	\$ 1,690,930	\$ 58,266	\$ 1,693,023	\$ 794,339	\$ 2,905	\$ 4,239,463	\$ 562,191	\$ 4,801,654	

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>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase in net assets	\$1,040,407	\$ 1,020,252
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	298,736	263,802
Unrealized loss on investments	16,240	12,155
(Increase) decrease in current assets		
Accounts receivable	118,656	(78,042)
Prepaid expenses and other current assets	(16,176)	5,111
Increase (decrease) in current liabilities		
Accounts payable	7,273	(11,554)
Accrued expenses	12,895	187,166
Unearned dues revenue	83,768	(36,548)
Unearned other revenue	(16,259)	468,912
Change in deferred lease incentive	<u>(115,873)</u>	<u>(115,873)</u>
Net cash provided by operating activities	<u>1,429,667</u>	<u>1,715,381</u>
Cash flows from investing activities		
Purchases of certificates of deposit	(700)	(247,619)
Proceeds from sale and maturities of certificates of deposit	992,000	742,000
Purchases of furniture, fixtures, equipment and leasehold improvements	<u>(383,866)</u>	<u>(140,430)</u>
Net cash provided by investing activities	<u>607,434</u>	<u>353,951</u>
Net increase in cash and cash equivalents	2,037,101	2,069,332
Cash and cash equivalents, beginning of year	<u>4,486,491</u>	<u>2,417,159</u>
Cash and cash equivalents, end of year	<u>\$6,523,592</u>	<u>\$4,486,491</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, 2018 and August 31, 2017**

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.

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.

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.

Temporarily restricted

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Society 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.

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

**Notes to Financial Statements (continued)
August 31, 2018 and August 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

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, 2018 and August 31, 2017, the Society deems all receivables to be collectable and accordingly, has not established an allowance for doubtful accounts. 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 which range from three to seven years. Leasehold improvements are amortized over the life of the lease or their estimated useful lives, whichever is shorter.

Membership dues

Membership dues are recognized as revenue in the applicable membership period. 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, 2018 and August 31, 2017**

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 program services and supporting activities 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 the 2018 and 2017 fiscal years, the Society received in-kind contributions of \$730,851 and \$251,463, respectively, for advertising, consulting, legal fees and other operating support.

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 accounts 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 January 14, 2019, 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, 2018 and August 31, 2017

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, 2018 and August 31, 2017:

2018							
	Operating Fund	Initiatives Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	Temporarily Restricted - Other	Total
Cash on hand	\$ 22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22
Checking	3,755,943	-	-	-	-	50,000	3,805,943
Money market accounts	38,196	529,441	1,799,728	252,449	96,867	-	2,716,681
Payroll account	946	-	-	-	-	-	946
Certificates of deposit	212,998	-	1,381,425	-	-	-	1,594,423
Total	<u>\$4,008,105</u>	<u>\$ 529,441</u>	<u>\$3,181,153</u>	<u>\$ 252,449</u>	<u>\$ 96,867</u>	<u>\$ 50,000</u>	<u>\$8,118,015</u>

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>

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

**Notes to Financial Statements (continued)
August 31, 2018 and August 31, 2017**

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, 2018 and August 31, 2017:

	<u>2018</u>	<u>2017</u>
Furniture, fixtures and equipment	\$ 294,382	\$ 251,905
Leasehold improvements	3,314,891	3,049,542
Other	<u>14,539</u>	<u>2,043</u>
Sub-Total	3,623,812	3,303,490
Less: accumulated depreciation and amortization	<u>1,770,204</u>	<u>1,535,012</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$ 1,853,608</u>	<u>\$ 1,768,478</u>

In the 2018 and 2017 fiscal years, the Society wrote off fully depreciated assets of \$63,544 and \$373,218, 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 \$1,041,667 and \$1,025,562 for the 2018 and 2017 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, 2018 and August 31, 2017**

Note 5 – Commitments (continued)

Office lease agreement (continued)

The future minimum lease payments would be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 907,944
2020	929,358
2021	993,600
2022	993,600
2023	993,600
2024 and 2025	<u>1,904,400</u>
Total	<u>\$ 6,722,502</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 agreement, 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, 2018 and August 31, 2017, the value of such certificate of deposit, including interest earned, was \$212,998 and \$212,298, 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.

The future minimum annual lease payments required under the agreement as of August 31, 2018 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 100,333
2020	<u>67,996</u>
Total	<u>\$ 168,329</u>

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

Notes to Financial Statements (continued)
August 31, 2018 and August 31, 2017

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 2018 and 2017 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, 2018 and August 31, 2017:

2018				
	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance, End of Year</u>
Heloise S. Ham Educational Scholarship Fund	\$ 199,630	\$ 3,186	\$ (643)	\$ 202,173
Value investing archive	96,867	-	-	96,867
Other	-	50,000	-	50,000
Total	<u>\$ 296,497</u>	<u>\$ 53,186</u>	<u>\$ (643)</u>	<u>\$ 349,040</u>

2017				
	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance, End of Year</u>
Heloise S. Ham Educational 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>

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

**Notes to Financial Statements (continued)
August 31, 2018 and August 31, 2017**

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, 2018 and August 31, 2017 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, 2018 and August 31, 2017:

2018		
<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>\$ 202,173</u>	<u>\$ 50,000</u>	<u>\$ 252,173</u>
2017		
<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>\$ 199,630</u>	<u>\$ 50,000</u>	<u>\$ 249,630</u>

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, 2018 and August 31, 2017:

	<u>2018</u>	<u>2017</u>
Purpose restriction accomplished:		
Scholarships	\$ -	\$ 18,000
Legal fees	395	5,311
Bank service charges	248	150
Other administrative expenses	-	171
Total	<u>\$ 643</u>	<u>\$ 23,632</u>

Note 8 – Retirement plan

The Society maintains a 401(k) Profit Sharing Plan (the “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 2018 or 2017 fiscal years.

The total retirement plan expense amounted to \$37,753 and \$42,939 for years ended August 31, 2018 and August 31, 2017, respectively.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.
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Notes to Financial Statements (continued)
August 31, 2018 and August 31, 2017

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, 2018 and August 31, 2017:

	Operating Fund	Board-Designated Building Fund	Initiatives Fund	Total
Balance, at August 31, 2016	<u>\$ 140,305</u>	<u>\$ 3,057,128</u>	<u>\$ 529,441</u>	<u>\$ 3,726,874</u>
Revenue				
Investment return, net	3,685	29,033	-	32,718
Other	<u>5,812,105</u>	<u>-</u>	<u>-</u>	<u>5,812,105</u>
Total revenue	5,815,790	29,033	-	5,844,823
Less: expenses	<u>(4,801,410)</u>	<u>(244)</u>	<u>-</u>	<u>(4,801,654)</u>
Increase in net assets	<u>1,014,380</u>	<u>28,789</u>	<u>-</u>	<u>1,043,169</u>
Interfund transfers	<u>(101,301)</u>	<u>101,301</u>	<u>-</u>	<u>-</u>
Balance, at August 31, 2017	<u>1,053,384</u>	<u>3,187,218</u>	<u>529,441</u>	<u>4,770,043</u>
Revenue				
Investment return (loss), net	(320)	27,714	-	27,394
Other	<u>6,370,671</u>	<u>-</u>	<u>-</u>	<u>6,370,671</u>
Total revenue	6,370,351	27,714	-	6,398,065
Less: expenses	<u>(5,403,928)</u>	<u>(6,273)</u>	<u>-</u>	<u>(5,410,201)</u>
Increase in net assets	<u>966,423</u>	<u>21,441</u>	<u>-</u>	<u>987,864</u>
Balance, at August 31, 2018	<u>\$ 2,019,807</u>	<u>\$ 3,208,659</u>	<u>\$ 529,441</u>	<u>\$ 5,757,907</u>