

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

**Financial Statements
for the years ended
August 31, 2020
and
August 31, 2019**

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, 2020 and August 31, 2019 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, 2020 and August 31, 2019 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.

January 6, 2021

Condon O'Meara McGinty & Donnelly, LLP

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

Statements of Financial Position

| Assets | | August 31 | |
|---|----|-----------------------------|-----------------------------|
| | | 2020 | 2019 |
| Current assets | | | |
| Cash and cash equivalents | \$ | 8,378,193 | \$ 7,706,714 |
| Certificates of deposit | | 459,849 | 1,154,062 |
| Accounts receivable | | 1,437,192 | 1,033,757 |
| Prepaid expenses and other current assets | | 86,077 | 203,094 |
| Total current assets | | <u>10,361,311</u> | <u>10,097,627</u> |
| Restricted certificate of deposit | | 213,110 | 213,110 |
| Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization | | <u>1,518,764</u> | <u>1,659,564</u> |
| Total assets | | <u>\$ 12,093,185</u> | <u>\$ 11,970,301</u> |
| Liabilities and Net Assets | | | |
| Current liabilities | | | |
| Accounts payable | \$ | - | \$ 31,693 |
| Accrued expenses | | 201,879 | 311,941 |
| Unearned dues revenue | | 2,582,186 | 2,550,466 |
| Unearned other revenue | | 903,291 | 831,802 |
| Current portion of deferred lease incentive | | 115,873 | 115,873 |
| Total current liabilities | | 3,803,229 | 3,841,775 |
| Deferred lease incentive, net of current portion | | <u>874,973</u> | <u>1,012,260</u> |
| Total liabilities | | <u>4,678,202</u> | <u>4,854,035</u> |
| Net assets | | | |
| Without donor restrictions | | | |
| Operating fund | | 3,139,235 | 2,776,798 |
| Board designated | | | |
| Building fund | | 3,373,937 | 3,358,568 |
| Initiatives fund | | 529,441 | 529,441 |
| Total without donor restrictions | | <u>7,042,613</u> | <u>6,664,807</u> |
| With donor restrictions | | | |
| Scholarship fund – temporarily restricted | | 175,503 | 190,452 |
| Value investing archive fund | | 96,867 | 96,867 |
| Other | | 50,000 | 114,140 |
| Scholarship fund – perpetually restricted | | 50,000 | 50,000 |
| Total with donor restrictions | | <u>372,370</u> | <u>451,459</u> |
| Total net assets | | <u>7,414,983</u> | <u>7,116,266</u> |
| Total liabilities and net assets | | <u>\$ 12,093,185</u> | <u>\$ 11,970,301</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 | | | |
|---|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | 2020 | | 2019 | |
| | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions |
| | Total | | Total | |
| Support and revenue | | | | |
| Membership dues and fees | \$ 2,902,797 | \$ - | \$ 2,896,690 | \$ - |
| Education | 723,854 | - | 1,366,708 | - |
| Presentations | - | - | 62,450 | - |
| Seminars | 358,316 | - | 563,116 | - |
| Grants and contributions | 400,000 | 190 | 300,000 | 95,190 |
| Special activity dinners | 164,595 | - | 138,725 | - |
| In-kind contributions | 253,140 | - | 506,565 | - |
| Other operating revenue | 1,186,402 | - | 1,127,368 | - |
| Net assets released from restrictions – operating | 81,167 | (81,167) | 16,718 | (16,718) |
| Total support and revenue | <u>6,070,271</u> | <u>(80,977)</u> | <u>6,978,340</u> | <u>78,472</u> |
| Expenses | | | | |
| Program services | | | | |
| Education | 762,331 | - | 1,121,770 | - |
| Presentations | - | - | 33,358 | - |
| Seminars | 2,681,465 | - | 2,480,806 | - |
| Membership | 1,898,798 | - | 1,886,529 | - |
| Books and publications | 1,155 | - | 1,057 | - |
| Total program services | <u>5,343,749</u> | <u>-</u> | <u>5,523,520</u> | <u>-</u> |
| Supporting activities | | | | |
| Management and general | 369,260 | - | 641,728 | - |
| Total expenses | <u>5,713,009</u> | <u>-</u> | <u>6,165,248</u> | <u>-</u> |
| Increase (decrease) in net assets before other additions | 357,262 | (80,977) | 813,092 | 78,472 |
| Interest | 19,757 | 1,888 | 43,311 | 4,807 |
| Unrealized gain on investments | 787 | - | 19,637 | - |
| Net assets released from restrictions - capital | - | - | 30,860 | (30,860) |
| Increase (decrease) in net assets | <u>377,806</u> | <u>(79,089)</u> | <u>906,900</u> | <u>52,419</u> |
| Net assets, beginning of year | <u>6,664,807</u> | <u>451,459</u> | <u>5,757,907</u> | <u>399,040</u> |
| Net assets, end of year | <u>\$ 7,042,613</u> | <u>\$ 372,370</u> | <u>\$ 6,664,807</u> | <u>\$ 451,459</u> |
| | | | | <u>\$ 7,116,266</u> |

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, 2020
(with summarized comparative information for 2019)

| | 2020 | | | | 2019 | | | |
|--------------------------------------|------------------|--------------|--------------|------------------------|--|------------|--------------|--------------|
| | Program Services | | | Books and Publications | Supporting Activities Management and General | Total | | |
| | Education | Seminars | Membership | Publications | Total | Total | | |
| Staff payroll and benefits | \$ 228,359 | \$ 1,265,826 | \$ 748,873 | \$ - | \$ 2,243,058 | \$ 84,973 | \$ 2,328,031 | \$ 2,573,379 |
| Temporary help | - | 10,003 | 1,469 | - | 11,472 | - | 11,472 | 4,115 |
| Professional fees | 149,743 | 253,049 | 235,706 | 1,155 | 639,653 | 132,744 | 772,397 | 513,786 |
| Scholarships | 16,250 | - | - | - | 16,250 | - | 16,250 | 14,000 |
| Books and publications | 114,441 | - | - | - | 114,441 | - | 114,441 | 166,255 |
| Printing and stationery | - | 2,028 | 1,526 | - | 3,554 | - | 3,554 | 492 |
| Office expenses | 24,599 | 92,440 | 77,683 | - | 194,722 | 8,708 | 203,430 | 306,007 |
| Data processing | 16,426 | 107,373 | 52,936 | - | 176,735 | 6,558 | 183,293 | 151,113 |
| Delivery and mail handling | - | 117 | 1,820 | - | 1,937 | - | 1,937 | 1,474 |
| Catering | 17,943 | 124,590 | 15,890 | - | 158,423 | 11,841 | 170,264 | 247,795 |
| Promotional activities | 3,158 | 15,172 | 105,577 | - | 123,907 | 1,220 | 125,127 | 255,509 |
| Occupancy | 151,382 | 459,302 | 311,780 | - | 922,464 | 108,523 | 1,030,987 | 971,066 |
| Rental expenses | 2,620 | 2,500 | 193,140 | - | 198,260 | - | 198,260 | 331,611 |
| Depreciation and amortization | 33,363 | 174,581 | 109,223 | - | 317,167 | 13,489 | 330,656 | 306,737 |
| Bank and credit card service charges | 2,210 | 10,238 | 6,194 | - | 18,642 | 757 | 19,399 | 28,123 |
| Meals and entertainment | - | 140,628 | 29,890 | - | 170,518 | - | 170,518 | 243,437 |
| Miscellaneous | 1,837 | 23,618 | 7,091 | - | 32,546 | 447 | 32,993 | 50,349 |
| Total | \$ 762,331 | \$ 2,681,465 | \$ 1,898,798 | \$ 1,155 | \$ 5,343,749 | \$ 369,260 | \$ 5,713,009 | \$ 6,165,248 |

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, 2019**

| | Program Services | | | | Books and Publications | Supporting Activities Management and General | |
|---|---------------------|----------------------|---------------------|---------------------|------------------------------|--|---------------------|
| | <u>Education</u> | <u>Presentations</u> | <u>Seminars</u> | <u>Membership</u> | <u>Total</u> | <u>General</u> | <u>Total</u> |
| Staff payroll and benefits | \$ 263,281 | \$ 22,084 | \$ 1,184,125 | \$ 873,061 | \$ - | \$ 230,828 | \$ 2,573,379 |
| Temporary help | - | 780 | 3,335 | - | - | - | 4,115 |
| Professional fees | 223,794 | - | 138,008 | 119,841 | 874 | 31,269 | 513,786 |
| Scholarships | 14,000 | - | - | - | - | - | 14,000 |
| Books and publications | 166,255 | - | - | - | - | - | 166,255 |
| Printing and stationery | 99 | - | 288 | 105 | - | - | 492 |
| Office expenses | 54,911 | 1,476 | 123,533 | 93,863 | 122 | 32,102 | 306,007 |
| Data processing | 22,423 | - | 64,520 | 54,080 | - | 10,090 | 151,113 |
| Delivery and mail handling | 54 | - | 1,359 | - | 61 | - | 1,474 |
| Catering | 35,757 | 5,518 | 136,679 | 11,204 | - | 58,637 | 247,795 |
| Promotional activities | 22,756 | - | 154,163 | 68,300 | - | 10,290 | 255,509 |
| Occupancy | 195,624 | 3,266 | 305,029 | 225,006 | - | 242,141 | 971,066 |
| Rental expenses | 71,871 | - | - | 259,740 | - | - | 331,611 |
| Depreciation and amortization | 45,265 | - | 131,136 | 109,900 | - | 20,436 | 306,737 |
| Bank and credit card service charges | 2,839 | - | 14,252 | 7,622 | - | 3,410 | 28,123 |
| Meals and entertainment | - | - | 212,267 | 31,170 | - | - | 243,437 |
| Miscellaneous | 2,841 | 234 | 12,112 | 32,637 | - | 2,525 | 50,349 |
| Total | \$ 1,121,770 | \$ 33,358 | \$ 2,480,806 | \$ 1,886,529 | \$ 1,057 | \$ 641,728 | \$ 6,165,248 |

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 | |
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Increase in net assets | \$ 298,717 | \$ 959,319 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 330,656 | 306,737 |
| Unrealized (gain) on investments | (787) | (19,637) |
| (Increase) decrease in assets | | |
| Accounts receivable | (403,435) | (71,511) |
| Prepaid expenses and other current assets | 117,017 | (5,760) |
| Increase (decrease) in current liabilities | | |
| Accounts payable | (31,693) | (33,545) |
| Accrued expenses | (110,062) | (146,778) |
| Unearned dues revenue | 31,720 | 147,351 |
| Unearned other revenue | 71,489 | 28,624 |
| Change in deferred lease incentive | (137,287) | (115,873) |
| Net cash provided by operating activities | <u>166,335</u> | <u>1,048,927</u> |
| Cash flows from investing activities | | |
| Purchases of certificates of deposit | - | (112) |
| Proceeds from sale and maturities of certificates of deposit | 695,000 | 247,000 |
| Purchases of furniture, fixtures, equipment and leasehold improvements | (189,856) | (112,693) |
| Net cash provided by investing activities | <u>505,144</u> | <u>134,195</u> |
| Net increase in cash and cash equivalents | 671,479 | 1,183,122 |
| Cash and cash equivalents, beginning of year | <u>7,706,714</u> | <u>6,523,592</u> |
| Cash and cash equivalents, end of year | <u>\$8,378,193</u> | <u>\$7,706,714</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, 2020 and August 31, 2019**

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.

Corporate reorganization

On December 17, 2018, the Society’s Board of Directors passed a resolution to form a new nonprofit corporation to be named the CFA Society New York, Inc. (CFASNY) with purposes consistent with Section 501(c)(6) of the Internal Revenue Code and reorganize the Society so that it is an educational foundation affiliated with CFASNY. The reorganization of the Society will include a change of name to the Graham Center, Inc. (“Corporation”) and changes to the purposes of the Society, as outlined in the resolution. The Board of Directors of the Corporation will be the initial Board of Directors of CFASNY. CFASNY will be the sole member of the Corporation.

On March 18, 2019, the Corporation applied to the Attorney General of the State of New York (“Attorney General”) for the approval to transfer all assets relating to credentialing support and membership benefit programs to CFASNY. The programs to be transferred represent approximately 95% of the Corporation’s assets. The Corporation will also transfer its lease obligation to CFASNY. On February 3, 2020, the Attorney General approved the Society’s application for the transfer of the assets. As of January 6, 2021, the date of this report, the Society is in the process of determining when the transfer of the assets will be made.

Note 2 – Summary of significant accounting policies

Net assets

Without donor restrictions

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 without donor restrictions.

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

**Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019**

Note 2 – Summary of significant accounting policies (continued)

Net assets (continued)

Without donor restrictions (continued)

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.

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.

With donor restrictions

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 with donor restrictions. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions also contain net assets with donor imposed restrictions that they be maintained in perpetuity, 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 net assets without donor restrictions.

Allowance for doubtful accounts

As of August 31, 2020 and August 31, 2019, 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.

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

**Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019**

Note 2 – Summary of significant accounting policies (continued)

Furniture, fixtures, equipment and leasehold improvements

The Society capitalizes expenditures for property and equipment above \$1,000. 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.

Functional expenses

The cost of providing the various program services and supporting activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on square footage.

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 2020 and 2019 fiscal years, the Society received in-kind contributions of \$253,140 and \$506,565, 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 operations. 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.

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

Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019

Note 2 – Summary of significant accounting policies (continued)

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 of 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.

Risks and uncertainties

On March 13, 2020, President Trump declared a national emergency due to extraordinary circumstances resulting from the coronavirus. As the coronavirus pandemic continues, the economic impact on the Society's financial operations will depend on future developments, which are uncertain and cannot be predicted.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through January 6, 2021, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

The Society's cash flows are subject to seasonal fluctuations due to the timing of collection of membership dues and fees, education fees, seminar fees and other revenue items.

As of August 31, 2020 and August 31, 2019, financial assets available within one year of the statements of financial position date for general expenditures were as follows:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 8,378,193 | \$ 7,706,714 |
| Certificates of deposit | 672,959 | 1,367,172 |
| Accounts receivable | <u>1,437,192</u> | <u>1,033,757</u> |
| Sub-total | 10,488,344 | 10,107,643 |
| Less: Restricted certificate of deposit | (213,110) | (213,110) |
| Board designated net assets | (3,903,378) | (3,888,009) |
| Net assets with perpetual donor restrictions | <u>(50,000)</u> | <u>(50,000)</u> |
| Total | <u>\$ 6,321,856</u> | <u>\$ 5,956,524</u> |

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

Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019

Note 3 – Liquidity and availability of financial assets (continued)

The Society has available \$3,903,378 and \$3,888,009 in Board designated net assets at August 31, 2020 and August 31, 2019, respectively, that can be used for general expenditures if approved by the Board.

Note 4 – Cash, cash equivalents and certificates of deposit

Cash, cash equivalents and certificates of deposit are composed of the following as of August 31, 2020 and August 31, 2019:

| | 2020 | | | | | | |
|-------------------------|---------------------|-------------------|---------------------|-------------------|------------------------------|-----------------------------------|---------------------|
| | Operating Fund | Initiatives Fund | Building Fund | Scholarship Fund | Value Investing Archive Fund | With Temporary Donor Restrictions | Total |
| Cash on hand | \$ 32 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 32 |
| Checking | 4,543,078 | - | - | - | - | 50,000 | 4,593,078 |
| Money market accounts | 20,671 | 529,441 | 2,911,653 | 225,492 | 96,867 | - | 3,784,124 |
| Payroll account | 959 | - | - | - | - | - | 959 |
| Certificates of deposit | 213,110 | - | 459,849 | - | - | - | 672,959 |
| Total | <u>\$ 4,777,850</u> | <u>\$ 529,441</u> | <u>\$ 3,371,502</u> | <u>\$ 225,492</u> | <u>\$ 96,867</u> | <u>\$ 50,000</u> | <u>\$ 9,051,152</u> |
| | 2019 | | | | | | |
| | Operating Fund | Initiatives Fund | Building Fund | Scholarship Fund | Value Investing Archive Fund | With Temporary Donor Restrictions | Total |
| Cash on hand | \$ 596 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 596 |
| Checking | 4,534,333 | - | - | - | - | 50,000 | 4,584,333 |
| Money market accounts | 46,477 | 529,441 | 2,198,490 | 243,037 | 96,867 | - | 3,114,312 |
| Payroll account | 7,473 | - | - | - | - | - | 7,473 |
| Certificates of deposit | 213,110 | - | 1,154,062 | - | - | - | 1,367,172 |
| Total | <u>\$ 4,801,989</u> | <u>\$ 529,441</u> | <u>\$ 3,352,552</u> | <u>\$ 243,037</u> | <u>\$ 96,867</u> | <u>\$ 50,000</u> | <u>\$ 9,073,886</u> |

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

Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019

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, 2020 and August 31, 2019:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Furniture, fixtures and equipment | \$ 479,915 | \$ 402,466 |
| Leasehold improvements | 3,336,719 | 3,314,891 |
| Other | <u>21,652</u> | <u>19,148</u> |
| Sub-total | 3,838,286 | 3,736,505 |
| Less: accumulated depreciation and amortization | <u>2,319,522</u> | <u>2,076,941</u> |
| Total furniture, fixtures, equipment and leasehold improvements | <u>\$ 1,518,764</u> | <u>\$ 1,659,564</u> |

In the 2020 fiscal year, the Society wrote off fully depreciated assets of \$88,075.

Note 6 – 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. The initial term of the agreement expires on December 31, 2023 and will be automatically renewed for successive seven year terms 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 July 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 \$1,031,967 and \$971,066 for the 2020 and 2019 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, 2020 and August 31, 2019

Note 6 – Commitments (continued)

Office lease agreement (continued)

The future minimum lease payments are as follows as of August 31, 2020:

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|---------------------|
| 2021 | \$ 993,600 |
| 2022 | 993,600 |
| 2023 | 993,600 |
| 2024 | 993,600 |
| 2025 | 910,800 |
| Total | <u>\$ 4,885,200</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, 2020 and August 31, 2019, the value of such certificate of deposit, including interest earned, was \$213,110.

Note 7 – Net assets with donor restrictions

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 net assets with perpetual donor restrictions. 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 to be with temporary donor restrictions.

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

Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019

Note 7 – Net assets with donor restrictions (continued)

During the 2020 and 2019 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 net assets with donor restrictions as of and for the years ended August 31, 2020 and August 31, 2019:

| 2020 | | | | |
|--|--|-------------------------|---|--|
| | <u>Balance, Beginning of Year</u> | <u>Additions</u> | <u>Net Assets Released from Restrictions</u> | <u>Balance, End of Year</u> |
| <u>Temporary restrictions</u> | | | | |
| Heloise S. Ham Educational Scholarship Fund | \$ 190,452 | \$ 2,078 | \$ (17,027) | \$ 175,503 |
| Value investing archive | 96,867 | - | - | 96,867 |
| Other | 114,140 | - | (64,140) | 50,000 |
| <u>Perpetually restricted</u> | | | | |
| Heloise S. Ham Educational Scholarship Fund | 50,000 | - | - | 50,000 |
| Total | <u>\$ 451,459</u> | <u>\$ 2,078</u> | <u>\$ (81,167)</u> | <u>\$ 372,370</u> |
| 2019 | | | | |
| | <u>Balance, Beginning of Year</u> | <u>Additions</u> | <u>Net Assets Released from Restrictions</u> | <u>Balance, End of Year</u> |
| <u>Temporary restrictions</u> | | | | |
| Heloise S. Ham Educational Scholarship Fund | \$ 202,173 | \$ 4,997 | \$ (16,718) | \$ 190,452 |
| Value investing archive | 96,867 | - | - | 96,867 |
| Other | 50,000 | 95,000 | (30,860) | 114,140 |
| <u>Perpetually restricted</u> | | | | |
| Heloise S. Ham Educational Scholarship Fund | 50,000 | - | - | 50,000 |
| Total | <u>\$ 399,040</u> | <u>\$ 99,997</u> | <u>\$ (47,578)</u> | <u>\$ 451,459</u> |

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

Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019

Note 8 – 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, 2020 and August 31, 2019:

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Purpose restriction accomplished: | | |
| Operating | | |
| Scholarships | \$ 16,250 | \$ 14,000 |
| Legal fees | 567 | 2,497 |
| Bank service charges | <u>210</u> | <u>221</u> |
| Sub-total | 17,027 | 16,718 |
| Non-operating | | |
| Audio visual equipment | <u>64,140</u> | <u>30,860</u> |
| Total | <u>\$ 81,167</u> | <u>\$ 47,578</u> |

Note 9 – Paycheck Protection Program

During 2020, the Society applied for and received \$373,780 under the Paycheck Protection Program (“PPP”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Society has elected to record the proceeds as revenue during the 2020 fiscal year and is included in other operating revenue in the statements of activities. The entire amount of the loan was forgiven in December 2020.

Note 10 – 401(k) 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. In addition, effective January 2, 2019, the Society is making a matching contribution of up to 3% of an employees’ eligible compensation.

The total retirement plan expense amounted to \$83,428 and \$78,927 for years ended August 31, 2020 and August 31, 2019, 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. Certain of the Society’s room rentals and catering revenue are subject to unrelated business income tax, less any applicable expenses.

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

Notes to Financial Statements (continued)
August 31, 2020 and August 31, 2019

Note 12 – Net assets without donor restrictions

The following is a summary of the activity of the operating and board designated – Building Fund and Initiatives Fund for the years ended August 31, 2020 and August 31, 2019:

| | Operating Fund | Board-Designated Building Fund | Initiatives Fund | Total |
|------------------------------------|----------------------------|---|-----------------------------|----------------------------|
| Balance, at August 31, 2018 | <u>\$ 2,019,807</u> | <u>\$ 3,208,659</u> | <u>\$ 529,441</u> | <u>\$ 5,757,907</u> |
| Revenue | | | | |
| Investment return, net | 28,029 | 34,919 | - | 62,948 |
| Other | 6,894,060 | 115,140 | - | 7,009,200 |
| Total revenue | 6,922,089 | 150,059 | - | 7,072,148 |
| Less: expenses | (6,165,098) | (150) | - | (6,165,248) |
| Increase in net assets | 756,991 | 149,909 | - | 906,900 |
| Balance, at August 31, 2019 | <u>2,776,798</u> | <u>3,358,568</u> | <u>529,441</u> | <u>6,664,807</u> |
| Revenue | | | | |
| Investment return, net | 19,757 | 787 | - | 20,544 |
| Other | 5,991,369 | 14,762 | - | 6,006,131 |
| Total revenue | 6,011,126 | 15,549 | - | 6,026,675 |
| Less: expenses | (5,601,300) | (180) | - | (5,601,480) |
| Increase in net assets | 409,826 | 15,369 | - | 425,195 |
| Balance, at August 31, 2020 | <u>\$ 3,186,624</u> | <u>\$ 3,373,937</u> | <u>\$ 529,441</u> | <u>\$ 7,090,002</u> |