

**GRAHAM CENTER, INC.**

**Financial Statements  
for the years ended  
August 31, 2022  
and  
August 31, 2021**

**Independent Auditor's Report**

To the Board of Directors of  
Graham Center, Inc.

***Opinion***

We have audited the accompanying financial statements of the Graham Center, Inc. (the "Organization") which comprise the statements of financial position as of August 31, 2022 and August 31, 2021 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2022 and August 31, 2021 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.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Conan O'Meara McIntyre & Donnelly LLP*

December 20, 2022

## GRAHAM CENTER, INC.

## Statements of Financial Position

	August 31	
	2022	2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,011,085	\$ 9,762,661
Investments, at fair value	736,087	-
Accounts receivable	968,612	957,006
Prepaid expenses and other current assets	102,079	80,518
Total current assets	10,817,863	10,800,185
<b>Restricted certificate of deposit</b>	214,482	214,371
<b>Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization</b>	966,198	1,273,076
<b>Total assets</b>	<b>\$ 11,998,543</b>	<b>\$ 12,287,632</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 172,618	\$ 215,099
Unearned dues revenue	2,486,756	2,380,432
Unearned other revenue	295,619	892,890
Current portion of deferred lease incentive	115,873	115,873
Total current liabilities	3,070,866	3,604,294
<b>Deferred lease incentive, net of current portion</b>	471,917	673,445
<b>Total liabilities</b>	<b>3,542,783</b>	<b>4,277,739</b>
<b>Net assets</b>		
Without donor restrictions		
Operating fund	4,180,825	3,746,206
Board designated		
Building fund	3,390,432	3,374,205
Initiatives fund	529,441	529,441
Total without donor restrictions	8,100,698	7,649,852
With donor restrictions		
Scholarship fund – temporarily restricted	158,195	163,174
Value investing archive fund	96,867	96,867
Other	50,000	50,000
Scholarship fund – perpetually restricted	50,000	50,000
Total with donor restrictions	355,062	360,041
Total net assets	8,455,760	8,009,893
<b>Total liabilities and net assets</b>	<b>\$ 11,998,543</b>	<b>\$ 12,287,632</b>

See notes to financial statements.



# GRAHAM CENTER, INC.

## Statement of Functional Expenses For the Year Ended August 31, 2022 (with summarized comparative information for 2021)

	2022					2021	
	Program Services					Supporting Activities Management and General	
	Education	Presentations	Seminars	Membership	Books and Publications	Total	Total
Staff payroll and benefits	\$ 106,598	\$ 31,802	\$ 795,935	\$ 319,262	\$ -	\$ 1,253,597	\$ 1,776,451
Professional fees	52,662	9,120	266,951	108,622	689	438,044	473,946
Scholarships	14,900	-	-	-	-	14,900	14,900
Books and publications	310	-	-	-	-	310	310
Office expenses	10,587	3,154	80,146	31,771	-	125,658	126,790
Data processing	7,731	2,303	57,727	23,166	-	90,927	91,684
Promotional activities	2,694	802	20,116	14,323	-	37,935	38,094
Occupancy	82,905	24,695	619,044	248,421	-	975,065	1,050,621
Depreciation and amortization	30,647	9,129	228,839	91,833	-	360,448	362,259
Bank and credit card service charges	1,444	385	9,687	3,877	-	15,393	15,469
Meals and entertainment	-	-	83,861	362	-	84,223	90,551
Miscellaneous	-	-	2,599	274	-	2,873	3,072
<b>Total</b>	<b>\$ 310,478</b>	<b>\$ 81,390</b>	<b>\$ 2,164,905</b>	<b>\$ 841,911</b>	<b>\$ 689</b>	<b>\$ 3,399,373</b>	<b>\$ 4,044,147</b>
							<b>\$ 4,258,948</b>

See notes to financial statements.

# GRAHAM CENTER, INC.

## Statement of Functional Expenses For the Year Ended August 31, 2021

	Program Services				Books and Publications		Supporting Activities Management and General	
	Education	Presentation	Seminars	Membership	Books and Publications	Total	General	Total
Staff payroll and benefits	\$ 169,350	\$ 11,345	\$ 1,005,809	\$ 481,038	\$ -	\$ 1,667,542	\$ 332,244	\$ 1,999,786
Professional fees	94,090	2,148	259,010	144,279	1,136	500,663	-	500,663
Scholarships	12,200	-	-	-	-	12,200	-	12,200
Books and publications	10,223	-	-	-	-	10,223	-	10,223
Office expenses	6,805	487	40,379	49,290	-	96,961	19,318	116,279
Data processing	10,684	714	65,495	30,283	-	107,176	21,354	128,530
Promotional activities	2,207	123	13,117	12,502	-	27,949	-	27,949
Occupancy	94,161	6,150	547,631	261,430	-	909,372	181,186	1,090,558
Depreciation and amortization	30,153	2,010	179,028	85,467	-	296,658	59,107	355,765
Bank and credit card service charges	1,708	80	8,547	4,074	-	14,409	-	14,409
Meals and entertainment	-	-	-	662	-	662	-	662
Miscellaneous	-	-	962	962	-	1,924	-	1,924
<b>Total</b>	<b>\$ 431,581</b>	<b>\$ 23,057</b>	<b>\$ 2,119,978</b>	<b>\$ 1,069,987</b>	<b>\$ 1,136</b>	<b>\$ 3,645,739</b>	<b>\$ 613,209</b>	<b>\$ 4,258,948</b>

See notes to financial statements.

## GRAHAM CENTER, INC.

## Statements of Cash Flows

	Year Ended August 31	
	2022	2021
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 445,867	\$ 594,910
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	362,259	355,765
Unrealized loss on investments	16,390	1,849
(Increase) decrease in assets		
Accounts receivable	(11,606)	480,186
Prepaid expenses and other current assets	(21,561)	5,559
Increase (decrease) in current liabilities		
Accounts payable and accrued expenses	(42,481)	13,220
Unearned dues revenue	106,324	(201,754)
Unearned other revenue	(597,271)	(10,401)
Change in deferred lease incentive	(201,528)	(201,528)
Net cash provided by operating activities	<u>56,393</u>	<u>1,037,806</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(752,588)	-
Proceeds from sale and maturities of certificates of deposit	-	456,739
Purchases of furniture, fixtures, equipment and leasehold improvements	<u>(55,381)</u>	<u>(110,077)</u>
Net cash provided by (used in) investing activities	<u>(807,969)</u>	<u>346,662</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(751,576)</b>	<b>1,384,468</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>9,762,661</u></b>	<b><u>8,378,193</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$9,011,085</u></b>	<b><u>\$9,762,661</u></b>

See notes to financial statements.



**GRAHAM CENTER, INC.****Notes to Financial Statements  
August 31, 2022 and August 31, 2021****Note 1 – Nature of organization**

The Graham Center, Inc, (formerly the New York Society of Security Analysts, Inc. d/b/a CFA Society New York) (the “Organization”) is a not-for-profit, educational organization whose mission is to serve investment industry professionals and the investing public. The Organization is committed to the promotion of best practices and the highest professional and ethical standards in the investment industry. The Organization also strives to assist its members and other financial professionals in their investment industry career development. The Organization 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 Organization’s Board of Directors passed a resolution to form a new nonprofit corporation to be named the CFA Society New York, Inc. (“CFANY”) with purposes consistent with Section 501(c)(6) of the Internal Revenue Code and reorganize the Organization so that it is an educational foundation affiliated with CFANY. The reorganization of the Organization will include the change of name to the Graham Center, Inc. and changes to the purposes of the Organization, as outlined in the resolution. The Board of Directors of the Organization is the initial Board of Directors of CFANY. CFANY is the sole member of the Organization.

On March 18, 2019, the Organization 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 CFANY. The programs to be transferred represent approximately 95% of the Organization’s assets. The Organization will also transfer its lease obligation to CFANY. On February 3, 2020, the Attorney General approved the Organization’s application for the transfer of the assets. The Organization transferred the assets effective September 1, 2022.

**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 Organization are considered without donor restrictions.

**GRAHAM CENTER, INC.****Notes to Financial Statements (continued)  
August 31, 2022 and August 31, 2021****Note 2 – Summary of significant accounting policies (continued)**Net assets (continued)Without donor restrictions (continued)Building Fund

The Organization maintains a building fund to provide for the eventual replacement or improvement of the Organization'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 Organization'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 Organization 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 Organization to use all or part of the investment return on these assets for either specified or unspecified purposes.

Cash equivalents

The Organization considers highly liquid investments with original maturities of 90 days or less to be cash equivalents. Included in cash equivalents are money market funds.

Investments

The Organization's investments are reported at fair value.

**GRAHAM CENTER, INC.****Notes to Financial Statements (continued)  
August 31, 2022 and August 31, 2021****Note 2 – Summary of significant accounting policies (continued)****Fair value measurements**

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than level 1 prices such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less than active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

As of August 31, 2022, the Organization's investments are classified as Level 1 investments.

**Allowance for doubtful accounts**

As of August 31, 2022 and August 31, 2021, the Organization 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.

**Certificate of deposit**

The Organization reports certificates of deposit at fair value in the statements of financial position. The certificate of deposit is 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.

**Furniture, fixtures, equipment and leasehold improvements**

The Organization 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.

**GRAHAM CENTER, INC.****Notes to Financial Statements (continued)  
August 31, 2022 and August 31, 2021****Note 2 – Summary of significant accounting policies (continued)****Revenue recognition**

Membership dues are recognized as revenue in the applicable membership period. It is the Organization's policy to record the remainder of the anticipated members' annual dues as accounts receivable and unearned dues revenue as of August 31<sup>st</sup> each year.

Education fees are recognized as revenue at the time the class takes place.

**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.

**Contributions of nonfinancial assets**

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.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization 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.

**Concentration of credit risk**

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, receivables and investments. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, the Organization's cash accounts exceeded the FDIC insurance limit. The Organization has not incurred any losses in its cash accounts to date. The Organization's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of risk associated with investment securities, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of August 31, 2022. The Organization routinely monitors the collectability of its receivables to ensure they are viable. As a result, the Organization believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, receivables and investments.

**GRAHAM CENTER, INC.**

**Notes to Financial Statements (continued)**  
**August 31, 2022 and August 31, 2021**

**Note 2 – Summary of significant accounting policies (continued)**

**Subsequent events**

The Organization has evaluated events and transactions for potential recognition or disclosure through December 20, 2022, which is the date the financial statements were available to be issued.

**Note 3 – Liquidity and availability of financial assets**

The Organization'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, 2022 and August 31, 2021, financial assets available within one year of the statements of financial position date for general expenditures were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,011,085	\$ 9,762,661
Investments, at fair value	736,087	-
Accounts receivable	968,612	957,006
Certificate of deposit	<u>214,482</u>	<u>214,371</u>
Sub-total	10,930,266	10,934,038
Less: Restricted certificate of deposit	(214,482)	(214,371)
Board designated net assets	(3,919,873)	(3,903,646)
Net assets with perpetual donor restrictions	<u>(50,000)</u>	<u>(50,000)</u>
Total	<u>\$ 6,745,911</u>	<u>\$ 6,766,021</u>

The Organization has available \$3,919,873 and \$3,903,646 in Board designated net assets at August 31, 2022 and August 31, 2021, respectively, that can be used for general expenditures if approved by the Board.

**GRAHAM CENTER, INC.**

**Notes to Financial Statements (continued)**  
**August 31, 2022 and August 31, 2021**

**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, 2022 and August 31, 2021:

	2022						
	Operating Fund	Building Fund	Initiatives Fund	Scholarship Fund	Value Investing Archive Fund	With Temporary Donor Restrictions	Total
Checking	\$ 3,328,402	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 3,378,402
Money market accounts	1,374,208	3,390,432	529,441	208,195	96,867	-	5,599,143
Payroll account	33,540	-	-	-	-	-	33,540
Certificate of deposit	214,482	-	-	-	-	-	214,482
Total	<u>\$ 4,950,632</u>	<u>\$ 3,390,432</u>	<u>\$ 529,441</u>	<u>\$ 208,195</u>	<u>\$ 96,867</u>	<u>\$ 50,000</u>	<u>\$ 9,225,567</u>

  

	2021						
	Operating Fund	Building Fund	Initiatives Fund	Scholarship Fund	Value Investing Archive Fund	With Temporary Donor Restrictions	Total
Checking	\$ 3,475,008	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 3,525,008
Money market accounts	2,023,956	3,374,205	529,441	213,174	96,867	-	6,237,643
Payroll account	10	-	-	-	-	-	10
Certificate of deposit	214,371	-	-	-	-	-	214,371
Total	<u>\$ 5,713,345</u>	<u>\$ 3,374,205</u>	<u>\$ 529,441</u>	<u>\$ 213,174</u>	<u>\$ 96,867</u>	<u>\$ 50,000</u>	<u>\$ 9,977,032</u>

**Note 5 – Investments, at fair value**

The following is a summary of the investments as of August 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Exchange traded funds	<u>\$ 752,477</u>	<u>\$ 736,087</u>

The Organization did not have any investments at August 31, 2021.

**GRAHAM CENTER, INC.**

**Notes to Financial Statements (continued)**  
**August 31, 2022 and August 31, 2021**

**Note 6 – Furniture, fixtures, equipment and leasehold improvements**

The following is a summary of the furniture, fixtures, equipment and leasehold improvements as of August 31, 2022 and August 31, 2021:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures and equipment	\$ 435,412	\$ 492,128
Leasehold improvements	3,336,719	3,336,719
Other	<u>26,891</u>	<u>24,291</u>
Sub-total	3,799,022	3,853,138
Less: accumulated depreciation and amortization	<u>2,832,824</u>	<u>2,580,062</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$ 966,198</u>	<u>\$ 1,273,076</u>

In the 2022 and 2021 fiscal years, the Organization wrote off fully depreciated assets of \$109,497 and \$95,225, respectively.

**Note 7 – Commitments**

Education services agreement

During December 2016, the Organization 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 Organization 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 Organization 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 Organization 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 \$1,059,500 and \$1,071,716 for the 2022 and 2021 fiscal years, respectively.

The future minimum lease payments are as follows as of August 31, 2022:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 993,600
2024	993,600
2025	<u>910,800</u>
Total	<u>\$ 2,898,000</u>

# GRAHAM CENTER, INC.

## Notes to Financial Statements (continued) August 31, 2022 and August 31, 2021

### Note 7 – Commitments (continued)

#### Office lease agreement (continued)

As part of the lease agreement, the Organization received free rent. The Organization 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 Organization also received a build-out allowance under the terms of its lease agreement. The Organization 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 Organization 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 Organization established a separate certificate of deposit account as required by the lease. At August 31, 2022 and August 31, 2021, the value of such certificate of deposit, including interest earned, was \$214,482 and \$214,371.

#### Sublease agreements

The Organization subleases office space under two sublease agreements, which expire July 30, 2025. The future minimum payments due under the agreements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 111,372
2024	114,236
2025	<u>107,336</u>
Total	<u>\$ 332,944</u>

### Note 8 – Net assets with donor restrictions

In 1996, the Organization 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 Organization 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.



## GRAHAM CENTER, INC.

**Notes to Financial Statements (continued)**  
**August 31, 2022 and August 31, 2021**

**Note 8 – Net assets with donor restrictions (continued)**

During the 2022 and 2021 fiscal years, the Organization 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, 2022 and August 31, 2021:

2022				
	Balance, Beginning of Year	Additions	Net Assets Released from Restrictions	Balance, End of Year
<u>Temporary restrictions</u>				
Heloise S. Ham Educational Scholarship Fund	\$ 163,174	\$ 10,071	\$ (15,050)	\$ 158,195
Value investing archive	96,867	-	-	96,867
Other	50,000	-	-	50,000
<u>Perpetually restricted</u>				
Heloise S. Ham Educational Scholarship Fund	50,000	-	-	50,000
Total	<u>\$ 360,041</u>	<u>\$ 10,071</u>	<u>\$ (15,050)</u>	<u>\$ 355,062</u>
2021				
	Balance, Beginning of Year	Additions	Net Assets Released from Restrictions	Balance, End of Year
<u>Temporary restrictions</u>				
Heloise S. Ham Educational Scholarship Fund	\$ 175,503	\$ 141	\$ (12,470)	\$ 163,174
Value investing archive	96,867	-	-	96,867
Other	50,000	-	-	50,000
<u>Perpetually restricted</u>				
Heloise S. Ham Educational Scholarship Fund	50,000	-	-	50,000
Total	<u>\$ 372,370</u>	<u>\$ 141</u>	<u>\$ (12,470)</u>	<u>\$ 360,041</u>

# GRAHAM CENTER, INC.

## Notes to Financial Statements (continued) August 31, 2022 and August 31, 2021

### Note 9 – Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes specified by donors as follows for the years ended August 31, 2022 and August 31, 2021:

	<u>2022</u>	<u>2021</u>
<b>Purpose restriction accomplished:</b>		
Operating		
Scholarships	\$ 14,900	\$ 12,200
Bank service charges	<u>150</u>	<u>270</u>
Total	<u>\$ 15,050</u>	<u>\$ 12,470</u>

### Note 10 – Paycheck Protection Program

During 2020, the Organization 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 Organization 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.

During 2021, the Organization applied for and received a second draw PPP of \$392,602 under similar terms as the first PPP. The Organization has elected to record the proceeds as revenue during the 2021 fiscal year and is included in other operating revenue in the statements of activities. The entire amount of the loan was forgiven in October 2021.

### Note 11 – 401(k) plan

The Organization maintains a 401(k) Profit Sharing Plan (the “Plan”) covering all eligible employees. The Organization 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 Organization’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 Organization is making a matching contribution of up to 3% of an employees’ eligible compensation.

The total retirement plan expense amounted to \$56,809 and \$66,896 for years ended August 31, 2022 and August 31, 2021, respectively.

### Note 12 – Tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Organization 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 Organization’s room rentals and catering revenue are subject to unrelated business income tax, less any applicable expenses.

## GRAHAM CENTER, INC.

Notes to Financial Statements (continued)  
August 31, 2022 and August 31, 2021Note 13 – 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, 2022 and August 31, 2021:

	Operating Fund	Board-Designated		Total
		Building Fund	Initiatives Fund	
<b>Balance, at August 31, 2020</b>	<b><u>\$ 3,139,235</u></b>	<b><u>\$ 3,373,937</u></b>	<b><u>\$ 529,441</u></b>	<b><u>\$ 7,042,613</u></b>
Revenue				
Investment return, net	6,395	418	-	6,813
Other	<u>4,859,374</u>	<u>-</u>	<u>-</u>	<u>4,859,374</u>
Total revenue	4,865,769	418	-	4,866,187
Less: expenses	<u>(4,258,798)</u>	<u>(150)</u>	<u>-</u>	<u>(4,258,948)</u>
Increase in net assets	<u>606,971</u>	<u>268</u>	<u>-</u>	<u>607,239</u>
<b>Balance, at August 31, 2021</b>	<b><u>3,746,206</u></b>	<b><u>3,374,205</u></b>	<b><u>529,441</u></b>	<b><u>7,649,852</u></b>
Revenue				
Investment return, net	13,879	16,257	-	30,136
Other	<u>4,464,857</u>	<u>-</u>	<u>-</u>	<u>4,464,857</u>
Total revenue	4,478,736	16,257	-	4,494,993
Less: expenses	<u>(4,044,117)</u>	<u>(30)</u>	<u>-</u>	<u>(4,044,147)</u>
Increase in net assets	<u>434,619</u>	<u>16,227</u>	<u>-</u>	<u>450,846</u>
<b>Balance, at August 31, 2022</b>	<b><u>\$ 4,180,825</u></b>	<b><u>\$ 3,390,432</u></b>	<b><u>\$ 529,441</u></b>	<b><u>\$ 8,100,698</u></b>