

**CFA SOCIETY NEW YORK, INC.
AND
SUBSIDIARY**

**Consolidated Financial Statements
for the years ended
August 31, 2023
and
August 31, 2022**

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Independent Auditor's Report

To the Board of Directors of
CFA Society New York, Inc.

Opinion

We have audited the accompanying consolidated financial statements of the CFA Society New York, Inc. and Subsidiary (collectively, the "Society") which comprise the consolidated statements of financial position as of August 31, 2023 and August 31, 2022 and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society as of August 31, 2023 and August 31, 2022 and the results of their activities and their 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 Society 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Society has changed its method of accounting for operating leases as of September 1, 2022 due to the adoption of ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Society'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 20 and 21, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Condon O'Meara McIntyre & Donnelly LLP

December 18, 2023

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

Assets		August 31	
		2023	2022
Current assets			
Cash and cash equivalents	\$	8,265,200	\$ 9,011,085
Investments, at fair value		2,092,070	736,087
Accounts receivable		1,095,841	968,612
Prepaid expenses and other current assets		78,963	102,079
Total current assets		11,532,074	10,817,863
Restricted certificate of deposit		214,580	214,482
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization		654,426	966,198
Right-of-use asset – operating lease		1,453,180	-
Total assets		\$ 13,854,260	\$ 11,998,543
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	\$	170,414	\$ 172,618
Unearned dues revenue		2,398,819	2,486,756
Unearned other revenue		124,027	295,619
Current portion of deferred lease incentive		-	115,873
Current portion of operating lease payable		942,890	-
Total current liabilities		3,636,150	3,070,866
Deferred lease incentive, net of current portion		-	471,917
Operating lease payable, net of current portion		896,553	-
Total liabilities		4,532,703	3,542,783
Net assets			
Without donor restrictions			
Operating fund		4,889,381	4,180,825
Board designated			
Building fund		3,546,087	3,390,432
Initiatives fund		529,441	529,441
Thomas Russo/JCF fund		50,223	-
Total without donor restrictions		9,015,132	8,100,698
With donor restrictions			
Scholarship fund – temporarily restricted		159,125	158,195
Value investing archive fund		97,300	96,867
Thomas Russo/JCF fund		-	50,000
Scholarship fund – perpetually restricted		50,000	50,000
Total with donor restrictions		306,425	355,062
Total net assets		9,321,557	8,455,760
Total liabilities and net assets		\$ 13,854,260	\$ 11,998,543

See notes to consolidated financial statements.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2023
(with summarized comparative information for 2022)**

	2023						2022	
	Program Services					Supporting Activities Management and General	Total	Total
	Education	Presentations	Seminars	Membership	Books and Publications	Total	Total	Total
Staff payroll and benefits	\$ 80,652	\$ 50,642	\$ 949,063	\$ 271,965	\$ -	\$ 1,352,322	\$ 1,781,838	\$ 1,776,451
Professional fees	46,080	10,429	223,963	56,009	25	336,506	360,893	473,946
Scholarships	-	-	-	-	-	-	-	14,900
Office expenses	4,511	2,684	73,499	32,053	-	112,747	118,445	126,790
Data processing	8,030	5,042	94,496	27,079	-	134,647	142,771	91,684
Promotional activities	4,687	2,943	55,623	15,805	-	79,058	83,800	38,094
Occupancy	51,602	32,401	607,218	174,005	-	865,226	964,480	1,050,621
Depreciation and amortization	20,249	12,150	226,793	65,248	-	324,440	344,014	362,259
Bank and credit card service charges	28	-	483	-	-	511	14,244	15,469
Meals and entertainment	-	1,599	168,860	2,280	-	172,739	176,742	90,551
Miscellaneous	-	-	632	275	-	907	907	3,382
Total	\$ 215,839	\$ 117,890	\$ 2,400,630	\$ 644,719	\$ 25	\$ 3,379,103	\$ 3,988,134	\$ 4,044,147

See notes to consolidated financial statements.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2022**

	Program Services				Books and Publications		Supporting Activities Management and General	Total
	Education	Presentation	Seminars	Membership		Total		
Staff payroll and benefits	\$ 106,598	\$ 31,802	\$ 795,935	\$ 319,262	\$ -	\$ 1,253,597	\$ 522,854	\$ 1,776,451
Professional fees	52,662	9,120	266,951	108,622	689	438,044	35,902	473,946
Scholarships	14,900	-	-	-	-	14,900	-	14,900
Office expenses	10,587	3,154	80,146	31,771	-	125,658	1,132	126,790
Data processing	7,731	2,303	57,727	23,166	-	90,927	757	91,684
Promotional activities	2,694	802	20,116	14,323	-	37,935	159	38,094
Occupancy	82,905	24,695	619,044	248,421	-	975,065	75,556	1,050,621
Depreciation and amortization	30,647	9,129	228,839	91,833	-	360,448	1,811	362,259
Bank and credit card service charges	1,444	385	9,687	3,877	-	15,393	76	15,469
Meals and entertainment	-	-	83,861	362	-	84,223	6,328	90,551
Miscellaneous	310	-	2,599	274	-	3,183	199	3,382
Total	\$ 310,478	\$ 81,390	\$ 2,164,905	\$ 841,911	\$ 689	\$ 3,399,373	\$ 644,774	\$ 4,044,147

See notes to consolidated financial statements.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended August 31	
	2023	2022
Cash flows from operating activities		
Increase in net assets	\$ 865,797	\$ 445,867
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	344,014	362,259
Unrealized (gain) loss on investments	(109,836)	16,390
Amortization of right-of-use asset – operating lease	706,286	-
(Increase) decrease in assets		
Accounts receivable	(127,229)	(11,606)
Prepaid expenses and other current assets	23,116	(21,561)
Increase (decrease) in current liabilities		
Accounts payable and accrued expenses	(2,204)	(42,481)
Unearned dues revenue	(87,937)	106,324
Unearned other revenue	(171,592)	(597,271)
Change in deferred lease incentive	-	(201,528)
Change in operating lease payable	(907,813)	-
Net cash provided by operating activities	<u>532,602</u>	<u>56,393</u>
Cash flows (used in) investing activities		
Purchase of investments	(1,246,245)	(752,588)
Purchases of furniture, fixtures, equipment and leasehold improvements	(32,242)	(55,381)
Net cash (used in) investing activities	<u>(1,278,487)</u>	<u>(807,969)</u>
Net (decrease) in cash	(745,885)	(751,576)
Cash and cash equivalents, beginning of year	<u>9,011,085</u>	<u>9,762,661</u>
Cash and cash equivalents, end of year	<u>\$8,265,200</u>	<u>\$9,011,085</u>

See notes to consolidated financial statements.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements August 31, 2023 and August 31, 2022

Note 1 – Nature of organization

CFA Society New York, Inc. (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, Graham Center, Inc. (the “Center”)’s Board of Directors passed a resolution to form a new nonprofit corporation to be named the CFA Society New York, Inc. with purposes consistent with Section 501(c)(6) of the Internal Revenue Code and reorganize the Center so that it is an educational foundation affiliated with the Organization. The Organization is the sole member of the Center.

On March 18, 2019, the Center 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 the Organization. On February 3, 2020, the Attorney General approved the Center’s application for the transfer of the assets. Effective September 1, 2022, the Center transferred all its assets and liabilities pertaining to its membership, events, and certification activities to the Organization. The Center retained all assets and liabilities associated with its charitable activities. The Center will also transfer its lease obligation to the Organization.

The Organization and Center will collectively herein be referred to as the “Society”.

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.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements (continued)
August 31, 2023 and August 31, 2022****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.

Thomas Russo/JCF fund

The Society maintains the Thomas Russo/JCF Fund to support college and university student participation in global financial analysis programming with a focus on underrepresented groups.

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 consolidated 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.

Investments

The Society's investments are reported at fair value.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements (continued)
August 31, 2023 and August 31, 2022****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, 2023 and August 31, 2022, the Society's investments are classified as Level 1 investments.

Allowance for doubtful accounts

As of August 31, 2023 and August 31, 2022, 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.

Certificate of deposit

The Society reports certificates of deposit at fair value in the consolidated 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 consolidated statements of activities as increases or decreases in net assets without donor restrictions.

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.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements (continued)
August 31, 2023 and August 31, 2022****Note 2 – Summary of significant accounting policies (continued)****Revenue recognition**

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 31 each year.

Education and seminar fees are recognized as revenue at the time the class or seminar 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

The Society is required to recognize contributions of services if they create or enhance non-financial assets, or require specialized skills and 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 Society in carrying out its operations. These services do not meet the criteria to be recorded and have not been included in these consolidated 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 consolidated financial statements. Actual results could differ from these estimates.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY**Notes to Consolidated Financial Statements (continued)****August 31, 2023 and August 31, 2022****Note 2 – Summary of significant accounting policies (continued)****Concentration of credit risk**

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, receivables and investments. The Society places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, the Society's cash accounts exceeded the FDIC insurance limit. The Society has not incurred any losses in its cash accounts to date. The Society'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 consolidated statement of financial position as of August 31, 2023. The Society routinely monitors the collectability of its receivables to ensure they are viable. As a result, the Society believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, receivables and investments.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through December 18, 2023, which is the date the consolidated financial statements were available to be issued.

New accounting pronouncement

Effective September 1, 2022, the Society adopted FASB ASU No. 2016-02, *Leases* (Topic 842) ("ASC 842"). ASC 842 requires a lessee to recognize a right-of-use ("ROU") asset, which represents the right to control the use of a respective asset for the lease term and a lease liability on the statement of financial position. The Society has elected to record ASC 842 in its financial statements as of the beginning of the year of adoption and has elected to exclude leases with initial terms of 12 months or less.

In connection with the adoption of ASC 842, the Society has recognized an ROU asset of \$2,159,466 and an operating lease liability of \$2,747,256 at September 1, 2022. The Society has elected to use a risk-free rate to discount its office lease to present value.

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.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)
August 31, 2023 and August 31, 2022

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

As of August 31, 2023 and August 31, 2022, financial assets available within one year of the consolidated statements of financial position date for general expenditures were as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,265,200	\$ 9,011,085
Investments, at fair value	2,092,070	736,087
Accounts receivable	1,095,841	968,612
Certificate of deposit	<u>214,580</u>	<u>214,482</u>
Sub-total	11,667,691	10,930,266
Less: Restricted certificate of deposit	(214,580)	(214,482)
Board designated net assets	(4,125,751)	(3,919,873)
Net assets with perpetual donor restrictions	<u>(50,000)</u>	<u>(50,000)</u>
Total	<u>\$ 7,277,360</u>	<u>\$ 6,745,911</u>

The Society has available \$4,125,751 and \$3,919,873 in Board designated net assets at August 31, 2023 and August 31, 2022, respectively, that can be used for general expenditures if approved by the Board.

Note 4 – Cash, cash equivalents and certificate of deposit

Cash, cash equivalents and certificate of deposit are composed of the following as of August 31, 2023 and August 31, 2022:

	<u>2023</u>						
	<u>Operating</u>	<u>Building</u>	<u>Initiatives</u>	<u>Thomas</u>	<u>Scholarship</u>	<u>Value</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Russo/JCF</u>	<u>Fund</u>	<u>Investing</u>	
				<u>Fund</u>		<u>Archive</u>	<u>Total</u>
						<u>Fund</u>	
Checking	\$ 3,454,609	\$ 164,037	\$ -	\$ -	\$ -	\$ -	\$ 3,618,646
Money market							
accounts	311,085	3,382,050	529,441	50,223	209,125	97,300	4,579,224
Payroll							
account	67,330	-	-	-	-	-	67,330
Certificate of							
deposit	<u>214,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,580</u>
Total	<u>\$ 4,047,604</u>	<u>\$ 3,546,087</u>	<u>\$ 529,441</u>	<u>\$ 50,223</u>	<u>\$ 209,125</u>	<u>\$ 97,300</u>	<u>\$ 8,479,780</u>

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

August 31, 2023 and August 31, 2022

Note 4 – Cash, cash equivalents and certificate of deposit (continued)

	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	<u>214,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,482</u>
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>

Note 5 – Investments, at fair value

The following is a summary of the investments as of August 31, 2023 and August 31, 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Exchange-traded funds	<u>\$ 2,003,624</u>	<u>\$ 2,092,070</u>	<u>\$ 757,477</u>	<u>\$ 736,087</u>

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, 2023 and August 31, 2022:

	2023	2022
Furniture, fixtures and equipment	\$ 429,097	\$ 435,412
Leasehold improvements	3,356,322	3,336,719
Other	<u>26,891</u>	<u>26,891</u>
Sub-total	3,812,310	3,799,022
Less: accumulated depreciation and amortization	<u>3,157,884</u>	<u>2,832,824</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$ 654,426</u>	<u>\$ 966,198</u>

In the 2023 and 2022 fiscal years, the Society wrote off fully depreciated assets of \$18,954 and \$109,497, respectively.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

August 31, 2023 and August 31, 2022

Note 7 – Commitments

Education services agreement

In 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 initial term of the agreement expired on December 31, 2023. An amended agreement was executed as of November 29, 2023 which guarantees an annual marketing and business development fee for the term of the agreement. The agreement expires on December 31, 2027. The agreement may be renewed upon both parties' mutual agreement 60 days prior to the end of the term.

Operating lease liability

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 \$964,480 and \$1,059,500 for the 2023 and 2022 fiscal years, respectively.

The future minimum lease payments are as follows as of August 31, 2023:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 993,600
2025	<u>910,800</u>
Total	1,904,400
Less: present value discount	<u>64,957</u>
Operating lease liability	<u>\$ 1,839,443</u>
Operating lease cost in 2024	<u>\$ 993,600</u>
Weighted-average remaining lease term	<u>1.9 years</u>

During October 2023, the Society entered into an agreement to amend the lease for office and conference space, commencing August 2025 for a term of 11 years through July 2036. As part of the agreement, turn-key work will be provided at the sole cost and expense of the landlord. The amended lease will require monthly lease payments commencing in August 2025 of \$92,793 increasing to \$101,358 per month during the final five years of the lease.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

August 31, 2023 and August 31, 2022

Note 7 – Commitments (continued)

Operating lease liability (continued)

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 at August 31, 2022 and net with the ROU asset at August 31, 2023. The Society also received a build-out allowance under the terms of its lease agreement. The Society 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, 2023 and August 31, 2022, the value of such certificate of deposit, including interest earned, was \$214,580 and \$214,482.

Sublease agreements

The Society 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>
2024	\$ 114,236
2025	<u>107,336</u>
Total	<u>\$ 221,572</u>

Note 8 – 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. 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.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

August 31, 2023 and August 31, 2022

Note 8 – Net assets with donor restrictions (continued)

The following is a summary of the activity of the net assets with donor restrictions as of and for the years ended August 31, 2023 and August 31, 2022:

	2023			
	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
<u>Temporary restrictions</u>				
Heloise S. Ham Educational Scholarship Fund	\$ 158,195	\$ 930	\$ -	\$ 159,125
Value investing archive	96,867	433	-	97,300
Thomas Russo/JCF Fund	50,000	223	(50,223)	-
<u>Perpetually restricted</u>				
Heloise S. Ham Educational Scholarship Fund	50,000	-	-	50,000
Total	<u>\$ 355,062</u>	<u>\$ 1,586</u>	<u>\$ (50,223)</u>	<u>\$ 306,425</u>
	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
Thomas Russo/JCF Fund	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>

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 year ended August 31, 2022:

Purpose restriction accomplished:

Operating	
Scholarships	\$ 14,900
Bank service charges	150
Total	<u>\$ 15,050</u>

The Society did not have any net assets released from restrictions for the year ended August 31, 2023.

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (continued)

August 31, 2023 and August 31, 2022

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 \$60,311 and \$56,809 for years ended August 31, 2023 and August 31, 2022, respectively.

Note 11 – Tax status

CFA Society New York, Inc. is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code (the “Code”). Certain of CFA Society New York, Inc.’s room rentals and catering revenue are subject to unrelated business income tax, less any applicable expenses. The Graham Center, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Graham Center, Inc. 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 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, 2023 and August 31, 2022:

		<u>Board-Designated</u>			
	<u>Operating Fund</u>	<u>Building Fund</u>	<u>Initiatives Fund</u>	<u>Thomas Russo/JCF Fund</u>	<u>Total</u>
Balance, at August 31, 2021	<u>\$ 3,746,206</u>	<u>\$ 3,374,205</u>	<u>\$ 529,441</u>	<u>\$ -</u>	<u>\$ 7,649,852</u>
Revenue					
Investment return, net	13,879	16,257	-	-	30,136
Other	<u>4,464,857</u>	<u>-</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>-</u>	<u>(4,044,147)</u>
Increase in net assets	<u>434,619</u>	<u>16,227</u>	<u>-</u>	<u>-</u>	<u>450,846</u>
Balance, at August 31, 2022	<u>4,180,825</u>	<u>3,390,432</u>	<u>529,441</u>	<u>-</u>	<u>8,100,698</u>
Revenue					
Investment return, net	180,592	155,655	-	-	336,247
Other	<u>4,516,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,516,098</u>
Total revenue	4,696,690	155,655	-	-	4,852,345
Less: expenses	<u>(3,988,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,988,134)</u>
Reclassification	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,223</u>	<u>50,223</u>
Increase in net assets	<u>708,556</u>	<u>155,655</u>	<u>-</u>	<u>50,223</u>	<u>914,434</u>
Balance, at August 31, 2023	<u>\$ 4,889,381</u>	<u>\$ 3,546,087</u>	<u>\$ 529,441</u>	<u>\$ 50,223</u>	<u>\$ 9,015,132</u>

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Consolidating Schedule of Financial Position

August 31, 2023

	Assets		
	<u>CFA Society New York</u>	<u>Graham Center</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 7,908,552	\$ 356,648	\$ 8,265,200
Investments, at fair value	2,092,070	-	2,092,070
Accounts receivable	1,095,841	-	1,095,841
Prepaid expenses and other current assets	<u>78,963</u>	<u>-</u>	<u>78,963</u>
Total current assets	11,175,426	356,648	11,532,074
Restricted certificate of deposit	214,580	-	214,580
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization	654,426	-	654,426
Right-of-use asset – operating lease	<u>1,453,180</u>	<u>-</u>	<u>1,453,180</u>
Total assets	<u>\$ 13,497,612</u>	<u>\$ 356,648</u>	<u>\$ 13,854,260</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 170,414	\$ -	\$ 170,414
Unearned dues revenue	2,398,819	-	2,398,819
Unearned other revenue	124,027	-	124,027
Current portion of operating lease payable	<u>942,890</u>	<u>-</u>	<u>942,890</u>
Total current liabilities	3,636,150	-	3,636,150
Operating lease payable, net of current portion	<u>896,553</u>	<u>-</u>	<u>896,553</u>
Total current liabilities	<u>4,532,703</u>	<u>-</u>	<u>4,532,703</u>
Net assets			
Without donor restrictions			
Operating fund	4,889,381	-	4,889,381
Board designated			
Building fund	3,546,087	-	3,546,087
Initiatives fund	529,441	-	529,441
Thomas Russo/JCF fund	<u>-</u>	<u>50,223</u>	<u>50,223</u>
Total without donor restrictions	<u>8,964,909</u>	<u>50,223</u>	<u>9,015,132</u>
With donor restrictions			
Scholarship fund – temporarily restricted	-	159,125	159,125
Value investing archive fund	-	97,300	97,300
Scholarship fund – perpetually restricted	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total with donor restrictions	<u>-</u>	<u>306,425</u>	<u>306,425</u>
Total net assets	<u>8,964,909</u>	<u>356,648</u>	<u>9,321,557</u>
Total liabilities and net assets	<u>\$ 13,497,612</u>	<u>\$ 356,648</u>	<u>\$ 13,854,260</u>

CFA SOCIETY NEW YORK, INC. AND SUBSIDIARY

Consolidating Schedule of Activities
Year Ended August 31, 2023

	CFA Society New York		Graham Center	
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue				
Membership dues and fees	\$ 2,682,627	\$ -	\$ -	\$ 2,682,627
Education	669,858	-	-	669,858
Presentations	19,486	-	-	19,486
Seminars	289,938	-	-	289,938
Special activity dinners	132,863	-	-	132,863
Contributions of non-financial assets	10,000	-	-	10,000
Other operating revenue	711,326	-	-	711,326
Total support and revenue	4,516,098	-	-	4,516,098
Expenses				
Program services				
Education	215,839	-	-	215,839
Presentations	117,890	-	-	117,890
Seminars	2,400,630	-	-	2,400,630
Membership	644,719	-	-	644,719
Books and publications	25	-	-	25
Total program services	3,379,103	-	-	3,379,103
Supporting activities				
Management and general	609,031	-	-	609,031
Total expenses	3,988,134	-	-	3,988,134
Increase in net assets before other additions	527,964	-	-	527,964
Interest	226,411	-	1,586	227,997
Unrealized gain on investments	109,836	-	-	109,836
Reclassification	-	50,223	(50,223)	-
Increase (decrease) in net assets	864,211	50,223	(48,637)	865,797
Net assets, beginning of year	8,100,698	-	355,062	8,455,760
Net assets, end of year	\$ 8,964,909	\$ 50,223	\$ 306,425	\$ 9,321,557