

**THE NEW YORK SOCIETY
OF
SECURITY ANALYSTS, INC.**

**Financial Statements
for the years ended
August 31, 2015
and
August 31, 2014**

Independent Auditor's Report

To the Board of Directors of
The New York Society of Security Analysts, Inc.

We have audited the accompanying financial statements of The New York Society of Security Analysts, Inc. which comprise the statements of financial position as of August 31, 2015 and August 31, 2014 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. as of August 31, 2015 and August 31, 2014 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Financial Position

Assets

| | August 31 | |
|---|----------------------------|----------------------------|
| | 2015 | 2014 |
| Current assets | | |
| Cash and cash equivalents | \$ 1,626,027 | \$ 2,667,039 |
| Investments, at fair value | 2,954,400 | 2,477,174 |
| Accounts receivable, net | 201,327 | 358,602 |
| Prepaid expenses and other current assets | <u>262,064</u> | <u>172,905</u> |
| Total current assets | 5,043,818 | 5,675,720 |
| Restricted cash and cash equivalents | 210,991 | 210,254 |
| Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization | <u>2,199,837</u> | <u>2,457,644</u> |
| Total assets | <u>\$ 7,454,646</u> | <u>\$ 8,343,618</u> |

Liabilities and Net Assets

| | | |
|---|----------------------------|----------------------------|
| Current liabilities | | |
| Accounts payable | \$ 8,004 | \$ 21,191 |
| Accrued expenses and taxes | 285,419 | 110,667 |
| Unearned dues revenue | 1,278,949 | 1,581,961 |
| Unearned other revenue | 236,940 | 287,954 |
| Current amortization of deferred lease incentive | <u>115,873</u> | <u>51,632</u> |
| Total current liabilities | 1,925,185 | 2,053,405 |
| Deferred lease incentive, net of current amortization | <u>1,475,752</u> | <u>1,591,624</u> |
| Total liabilities | <u>3,400,937</u> | <u>3,645,029</u> |
| Net assets | | |
| Unrestricted | | |
| Operating fund (deficit) | (149,682) | 494,183 |
| Board designated | | |
| Building fund | 3,591,678 | 3,571,030 |
| Initiatives fund | <u>229,441</u> | <u>229,441</u> |
| Total unrestricted | 3,671,437 | 4,294,654 |
| Temporarily restricted | <u>382,272</u> | <u>403,935</u> |
| Total net assets | <u>4,053,709</u> | <u>4,698,589</u> |
| Total liabilities and net assets | <u>\$ 7,454,646</u> | <u>\$ 8,343,618</u> |

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Activities

| | For the Year Ended August 31 | | | | | |
|---|------------------------------|------------------------|--------------|--------------|------------------------|--------------|
| | 2015 | | | 2014 | | |
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Support and revenue | | | | | | |
| Membership dues and fees | \$ 1,876,716 | - | \$ 1,876,716 | \$ 1,705,096 | - | \$ 1,705,096 |
| Education | 1,557,799 | - | 1,557,799 | 1,528,391 | - | 1,528,391 |
| Presentations | 174,961 | - | 174,961 | 240,998 | - | 240,998 |
| Seminars | 89,398 | - | 89,398 | 127,344 | - | 127,344 |
| Contributions | - | 2,152 | 2,152 | - | 7,288 | 7,288 |
| Special activity dinners | 37,750 | - | 37,750 | 56,325 | - | 56,325 |
| Other operating revenue | 591,177 | - | 591,177 | 493,235 | - | 493,235 |
| Net assets released from restrictions | 24,150 | (24,150) | - | 150 | (150) | - |
| Total support and revenue | 4,351,951 | (21,998) | 4,329,953 | 4,151,539 | 7,138 | 4,158,677 |
| Expenses | | | | | | |
| Program services | | | | | | |
| Education | 2,296,526 | - | 2,296,526 | 2,055,956 | - | 2,055,956 |
| Presentations | 154,624 | - | 154,624 | 353,868 | - | 353,868 |
| Seminars | 809,670 | - | 809,670 | 955,228 | - | 955,228 |
| Membership | 1,215,038 | - | 1,215,038 | 1,352,279 | - | 1,352,279 |
| Books and publications | 191,534 | - | 191,534 | - | - | - |
| Total program services | 4,667,392 | - | 4,667,392 | 4,717,331 | - | 4,717,331 |
| Supporting services | | | | | | |
| Management and general | 330,259 | - | 330,259 | 136,280 | - | 136,280 |
| Total expenses | 4,997,651 | - | 4,997,651 | 4,853,611 | - | 4,853,611 |
| Increase (decrease) in net assets before other addition (deduction) | (645,700) | (21,998) | (667,698) | (702,072) | 7,138 | (694,934) |
| Investment return | 41,258 | 335 | 41,593 | 31,160 | 359 | 31,519 |
| Unrealized (loss) on investments | (18,775) | - | (18,775) | (2,001) | - | (2,001) |
| Increase (decrease) in net assets | (623,217) | (21,663) | (644,880) | (672,913) | 7,497 | (665,416) |
| Net assets, beginning of year | 4,294,654 | 403,935 | 4,698,589 | 4,967,567 | 396,438 | 5,364,005 |
| Net assets, end of year | \$ 3,671,437 | \$ 382,272 | \$ 4,053,709 | \$ 4,294,654 | \$ 403,935 | \$ 4,698,589 |

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2015
(with summarized comparative information for 2014)**

| | Program Services | | | | Books and Publications | Supporting Services | | 2015 Total | 2014 Total |
|--------------------------------------|---------------------|-------------------|-------------------|---------------------|------------------------------|------------------------------|-------------------|---------------------|---------------------|
| | Education | Presentations | Seminars | Membership | | Management and General | | | |
| Staff payroll and benefits | \$ 499,627 | \$ 33,501 | \$ 274,382 | \$ 383,271 | \$ - | \$ 1,190,781 | \$ 92,220 | \$ 1,283,001 | \$ 1,658,670 |
| Temporary help | - | - | - | - | - | - | - | - | 11,068 |
| Professional fees | 843,114 | 45,438 | 119,923 | 240,156 | 70,344 | 1,318,975 | 13,254 | 1,332,229 | 939,900 |
| Scholarships granted | 24,000 | - | - | 5,000 | - | 29,000 | - | 29,000 | 5,000 |
| Books and publications | 31,132 | - | 206 | 306 | 120,965 | 152,609 | - | 152,609 | 12,068 |
| Printed marketing materials | 15,314 | - | - | - | - | 15,314 | - | 15,314 | 35,078 |
| Printing and stationery | 34 | - | - | 10,005 | - | 10,039 | - | 10,039 | 14,341 |
| Office expenses | 111,905 | 6,295 | 44,252 | 54,332 | - | 216,784 | 12,419 | 229,203 | 217,434 |
| Data processing | 69,166 | 5,033 | 39,958 | 47,020 | - | 161,177 | 3,570 | 164,747 | 184,143 |
| Delivery and mail handling | 14,702 | - | - | 8,361 | - | 23,063 | 162 | 23,225 | 44,084 |
| Catering | 201 | 12,432 | 19,734 | 17,237 | - | 49,604 | 55,958 | 105,562 | 92,320 |
| Promotional activities | 18,476 | 5,131 | 13,322 | 15,489 | - | 52,418 | 5,041 | 57,459 | 82,389 |
| Occupancy | 420,471 | 31,523 | 159,010 | 196,467 | - | 807,471 | 135,646 | 943,117 | 886,661 |
| Rental expenses | 37,400 | - | - | 24,949 | - | 62,349 | - | 62,349 | 89,245 |
| Equipment rentals | - | - | - | - | - | - | - | - | 1,040 |
| Depreciation and amortization | 164,970 | 12,005 | 95,307 | 112,090 | - | 384,372 | 8,367 | 392,739 | 401,788 |
| Bank and credit card service charges | 43,581 | 3,161 | 25,091 | 29,460 | - | 101,293 | 2,207 | 103,500 | 106,903 |
| Miscellaneous | 2,433 | 105 | 18,485 | 70,895 | 225 | 92,143 | 1,415 | 93,558 | 71,479 |
| Total expenses | \$ 2,296,526 | \$ 154,624 | \$ 809,670 | \$ 1,215,038 | \$ 191,534 | \$ 4,667,392 | \$ 330,259 | \$ 4,997,651 | \$ 4,853,611 |

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statement of Functional Expenses
For the Year Ended August 31, 2014

| | Program Services | | | | Supporting Services Management and General | 2014 Total |
|--------------------------------------|------------------|---------------|------------|--------------|--|---------------|
| | Education | Presentations | Seminars | Membership | | |
| Staff payroll and benefits | \$ 570,221 | \$ 126,909 | \$ 437,855 | \$ 499,858 | \$ 23,827 | \$ 1,658,670 |
| Temporary help | 11,068 | - | - | - | - | 11,068 |
| Professional fees | 614,876 | 72,443 | 65,939 | 185,354 | 1,288 | 939,900 |
| Scholarships granted | - | - | - | 5,000 | - | 5,000 |
| Books and publications | 11,818 | - | - | 250 | - | 12,068 |
| Printed marketing materials | 20,890 | 965 | 4,255 | 8,799 | 169 | 35,078 |
| Printing and stationery | 773 | - | - | 13,568 | - | 14,341 |
| Office expenses | 92,616 | 13,817 | 47,769 | 57,304 | 5,928 | 217,434 |
| Data processing | 67,134 | 13,613 | 47,876 | 54,491 | 1,029 | 184,143 |
| Delivery and mail handling | 19,495 | 631 | 5,308 | 18,510 | 140 | 44,084 |
| Catering | - | 15,397 | 27,863 | 16,433 | 32,627 | 92,320 |
| Promotional activities | 27,930 | 8,153 | 18,470 | 26,146 | 1,690 | 82,389 |
| Occupancy | 392,553 | 64,154 | 167,203 | 198,624 | 64,127 | 886,661 |
| Rental expenses | 35,000 | - | - | 52,045 | 2,200 | 89,245 |
| Equipment rentals | - | - | - | 1,040 | - | 1,040 |
| Depreciation and amortization | 146,412 | 29,732 | 104,545 | 118,849 | 2,250 | 401,788 |
| Bank and credit card service charges | 39,085 | 7,907 | 27,803 | 31,510 | 598 | 106,903 |
| Miscellaneous | 6,085 | 147 | 342 | 64,498 | 407 | 71,479 |
| Total expenses | \$ 2,055,956 | \$ 353,868 | \$ 955,228 | \$ 1,352,279 | \$ 136,280 | \$ 4,853,611 |

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Cash Flows

| | For the Year Ended | |
|---|---------------------------|---------------------------|
| | August 31 | |
| | <u>2015</u> | <u>2014</u> |
| Cash flows from operating activities | | |
| (Decrease) in net assets | \$ (644,880) | \$ (665,416) |
| Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities | | |
| Depreciation and amortization | 392,739 | 401,788 |
| Unrealized loss on investments | 18,775 | 2,001 |
| (Increase) decrease in current assets | | |
| Accounts receivable | 157,275 | (41,657) |
| Prepaid expenses and other assets | (89,159) | 14,901 |
| Increase (decrease) in current liabilities | | |
| Accounts payable | (13,187) | 1,410 |
| Accrued expenses and taxes | 174,752 | 59,857 |
| Unearned dues revenue | (303,012) | 316,153 |
| Unearned other revenue | (51,014) | 40,489 |
| Change in deferred lease incentive | <u>(51,631)</u> | <u>(30,218)</u> |
| Net cash provided by (used in) operating activities | <u>(409,342)</u> | <u>99,308</u> |
| Cash flows from investing activities | | |
| Purchases of investments | (1,239,000) | (745,000) |
| Proceeds from sale and maturities of investments | 742,999 | 991,000 |
| Purchases of furniture, fixtures, equipment and leasehold improvements | <u>(134,932)</u> | <u>(62,306)</u> |
| Net cash provided by (used in) investing activities | <u>(630,933)</u> | <u>183,694</u> |
| Net increase (decrease) in cash and cash equivalents | (1,040,275) | 283,002 |
| Cash and cash equivalents, beginning of year | <u>2,877,293</u> | <u>2,594,291</u> |
| Cash and cash equivalents, end of year | <u>\$1,837,018</u> | <u>\$2,877,293</u> |
| Consists of: | | |
| Current assets | \$1,626,027 | \$2,667,039 |
| Restricted | <u>210,991</u> | <u>210,254</u> |
| Total cash and cash equivalents | <u>\$1,837,018</u> | <u>\$2,877,293</u> |

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements
August 31, 2015 and August 31, 2014****Note 1 – Nature of organization**

The New York Society of Security Analysts, Inc. (the “Society”) is a not-for-profit, educational organization whose mission is to serve investment industry professionals and the investing public. The Society is committed to the promotion of best practices and the highest professional and ethical standards in the investment industry. The Society also strives to assist its members and other financial professionals in their investment industry career development. The Society generates revenue from three primary sources: (1) membership dues; (2) educational seminars (the largest seminar producer of income is Chartered Financial Analysts classes); and (3) meetings and events whereby corporations pay a sponsorship fee.

Note 2 – Summary of significant accounting policies**Net assets****Unrestricted****Operating Fund**

Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Society are considered unrestricted in nature.

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.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements (continued)****August 31, 2015 and August 31, 2014****Note 2 – Summary of significant accounting policies (continued)****Temporarily restricted**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Society and/or the passage of time are considered temporarily restricted. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

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 reports investments at fair value in the statement of financial position. The Society's investments consist of certificates of deposit with 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 statement of activities as increases or decreases in unrestricted net assets.

Fair value measurements

Accounting principles generally accepted in the United States of America established a hierarchy that prioritizes the inputs used to measure fair value into three broad levels. The Society's investments, which consist of certificates of deposit, are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Allowance for doubtful accounts

The Society has an allowance of \$2,000 as of August 31, 2015 and August 31, 2014, respectively, for accounts receivable that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Furniture, fixtures, equipment and leasehold improvements

The Society capitalizes expenditures for property and equipment above \$500. Furniture, fixtures and equipment are depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized over the life of the lease.

Membership dues

Membership dues are recognized as revenue in the applicable membership period. Consistent with past practice, it is the Society's policy to record the remainder of the anticipated members' annual dues as accounts receivable and unearned dues revenue as of August 31st each year.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements (continued)****August 31, 2015 and August 31, 2014****Note 2 – Summary of significant accounting policies (continued)****Investment return**

Investment return consists of interest and net realized gains on disposition of investments, if any, and is recorded to unrestricted net assets and temporarily restricted net assets.

Functional expenses

The cost of providing the various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

In-kind services

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 Society in carrying out its programs. These services do not meet the criteria to be recorded and have not been included in the financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, certificates of deposit and accounts receivable. The Society places its cash, cash equivalents and certificates of deposit with what it believes to be quality financial institutions. At times, the balances in the Society's cash and certain cash equivalents may be in excess of FDIC insurance limits. However, the Society has not experienced any losses in such accounts to date. Accounts receivable consists primarily of amounts due from a number 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.

Reclassifications

Certain items in the 2014 financial statements have been reclassified for comparative purposes only.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)

August 31, 2015 and August 31, 2014

Note 2 – Summary of significant accounting policies (continued)

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through December 2, 2015, which is the date the financial statements were available to be issued.

Note 3 – Cash, cash equivalents and investments

Cash, cash equivalents and investments are comprised of the following as of August 31, 2015 and August 31, 2014:

| 2015 | | | | | |
|----------------------------|--------------------|--------------------|---------------------|---------------------------------------|--------------------|
| | Operating Fund | Building Fund | Scholarship Fund | Value Investing Archive Fund | Total |
| Cash on hand | \$ 590 | \$ - | \$ - | \$ - | \$ 590 |
| Checking | 354,476 | - | - | - | 354,476 |
| Money market account | 260,480 | - | - | 96,867 | 357,347 |
| Payroll account | 302 | - | - | - | 302 |
| Money market funds | - | 627,907 | 285,405 | - | 913,312 |
| Certificates of deposit | - | 2,954,400 | - | - | 2,954,400 |
| Total | <u>\$ 615,848</u> | <u>\$3,582,307</u> | <u>\$ 285,405</u> | <u>\$ 96,867</u> | <u>\$4,580,427</u> |
| 2014 | | | | | |
| | Operating Fund | Building Fund | Scholarship Fund | Value Investing Archive Fund | Total |
| Cash on hand | \$ 727 | \$ - | \$ - | \$ - | \$ 727 |
| Checking | 935,366 | - | - | - | 935,366 |
| Money market account | 237,548 | - | - | 96,867 | 334,415 |
| Payroll account | 3,404 | - | - | - | 3,404 |
| Money market funds | 1,284 | 1,084,826 | 307,017 | - | 1,393,127 |
| Certificates of deposit | - | 2,477,174 | - | - | 2,477,174 |
| Total | <u>\$1,178,329</u> | <u>\$3,562,000</u> | <u>\$ 307,017</u> | <u>\$ 96,867</u> | <u>\$5,144,213</u> |

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2015 and August 31, 2014

Note 4 – Furniture, fixtures, equipment and leasehold improvements

The following is a summary of the furniture, fixtures, equipment and leasehold improvements as of August 31, 2015 and August 31, 2014:

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Furniture, fixtures and equipment | \$ 810,464 | \$1,045,656 |
| Leasehold improvements | 2,983,621 | 2,902,655 |
| Other | <u>2,800</u> | <u>3,650</u> |
| Sub-Total | 3,796,885 | 3,951,961 |
| Less: accumulated depreciation and amortization | <u>1,597,048</u> | <u>1,494,317</u> |
| Total furniture, fixtures, equipment and leasehold improvements | <u>\$2,199,837</u> | <u>\$2,457,644</u> |

In the 2015 and 2014 fiscal years, the Society wrote off fully depreciated assets of \$290,008 and \$5,697, respectively.

Note 5 – Commitments

Office lease agreement

During August 2009, the Society entered into an agreement to lease office and conference space, commencing August 2009 for a term of 16 years through August 2025 with an option to renew for an additional 5-year period. The lease requires monthly lease payments commencing in August 2010 of \$68,524 plus utilities and a proportionate share of certain operating expenses of the landlord as defined in the lease agreement. Rent expense totaled \$943,117 and \$886,661 for the 2015 and 2014 fiscal years, respectively.

The future minimum lease payments would be as follows:

| <u>Fiscal Year</u> | |
|--------------------|---------------------|
| 2016 | \$ 907,944 |
| 2017 | 907,944 |
| 2018 | 907,944 |
| 2019 | 907,944 |
| 2020 | 929,358 |
| Thereafter | <u>4,885,200</u> |
| Total | <u>\$ 9,446,334</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 over the term of the lease.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2015 and August 31, 2014

Note 5 – Commitments (continued)

Office lease agreement (continued)

In connection with the above lease, the Society delivered to the landlord a letter of credit in the 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, 2015, the value of such certificate of deposit was \$210,991.

In addition to the rental of office space, the Society rents space on an as needed basis for its educational programs. Rental expense for the years ended August 31, 2015 and August 31, 2014 totaled \$37,400 and \$40,900, respectively.

Office sublease agreement

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

Annual lease payments required under the agreement for future years as of August 31, 2015 are as follows:

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|-------------------|
| 2016 | \$ 85,278 |
| 2017 | 95,499 |
| 2018 | 97,886 |
| 2019 | 100,333 |
| 2020 | <u>67,996</u> |
| Total | <u>\$ 446,992</u> |

Note 6 – Temporarily restricted net assets

In 1996, the Society established the Heloise S. Ham Educational Scholarship Fund (the "Fund") from a pledge received from the family of Heloise S. Ham to endow a scholarship program and recorded it as temporarily restricted. On an ongoing basis, the Fund is funded by contributions from the family of Heloise S. Ham and income from the Fund assets and contributions from Society members. The 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. Because these funds can only be used for scholarship purposes, the assets of the fund are considered temporarily restricted.

During the 2015 and 2014 fiscal years, the Society did not receive any additional funds towards maintenance of an archive to benefit value-investing research. The fund is recorded as temporarily restricted.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2015 and August 31, 2014

Note 6 – Temporarily restricted net assets (continued)

The following is a summary of the activity of the temporarily restricted net assets for the year ended August 31, 2015:

| | <u>Balance, Beginning of Year</u> | <u>Additions</u> | <u>Net Assets Released</u> | <u>Balance, End of Year</u> |
|-------------------------|--|-------------------------|---------------------------------------|--|
| Scholarship fund | \$ 307,068 | \$ 2,487 | \$ (24,150) | \$ 285,405 |
| Value investing archive | 96,867 | - | - | 96,867 |
| Total | <u>\$ 403,935</u> | <u>\$ 2,487</u> | <u>\$ (24,150)</u> | <u>\$ 382,272</u> |

Note 7 – Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes specified by donors as follows for the years ended August 31, 2015 and August 31, 2014:

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Purpose restriction accomplished: | | |
| Scholarships | \$ 24,000 | \$ - |
| Bank service charges | 150 | 150 |
| Total | <u>\$ 24,150</u> | <u>\$ 150</u> |

Note 8 – Retirement plan

The Society maintains a 401(k) Profit Sharing Plan covering all eligible employees. The Society makes a 3% Safe Harbor employer contribution to the Plan. Any employer discretionary contributions in excess of the Safe Harbor contribution are determined annually by the Society's Board of Directors. The Safe Harbor contributions are 100% vested and any additional discretionary contributions vest to the Plan participants at 20% per year each year over five years, beginning in year two. The Society did not make any discretionary contributions to the plan during the 2015 or 2014 fiscal years.

The total retirement plan expense amounted to \$40,112 and \$49,028 for years ended August 31, 2015 and August 31, 2014, respectively.

Note 9 – Legal claim

During the 2015 fiscal year, the Society settled a claim by a former Board member for reimbursement of certain expenses incurred by the former Board member. The settlement amount was not material to the Society's financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2015 and August 31, 2014

Note 10 – 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. As of August 31, 2015, no amounts have been recognized for uncertain income tax positions. The Society’s tax returns for the 2012 fiscal year and forward are subject to the usual review by the appropriate authorities.

Note 11 – Unrestricted net assets

The following is a summary of the activity of the unrestricted operating and board designated – Building Fund and Initiatives Fund for the years ended August 31, 2015 and August 31, 2014:

| | Unrestricted | | | |
|--|----------------------------|----------------------------|--------------------------|----------------------------|
| | Board-Designated | | | |
| | Operating | Building | Initiatives | Total |
| | Fund | Fund | Fund | |
| Balance, at August 31, 2013 | <u>\$ 1,196,330</u> | <u>\$ 3,541,796</u> | <u>\$ 229,441</u> | <u>\$ 4,967,567</u> |
| Revenue | | | | |
| Investment return (loss) | (225) | 29,384 | - | 29,159 |
| Other | <u>4,151,539</u> | <u>-</u> | <u>-</u> | <u>4,151,539</u> |
| Total revenue | 4,151,314 | 29,384 | - | 4,180,698 |
| Less: Expenses | <u>(4,853,461)</u> | <u>(150)</u> | <u>-</u> | <u>(4,853,611)</u> |
| Increase (decrease) in net assets | <u>(702,147)</u> | <u>29,234</u> | <u>-</u> | <u>(672,913)</u> |
| Balance, at August 31, 2014 | <u>494,183</u> | <u>3,571,030</u> | <u>229,441</u> | <u>4,294,654</u> |
| Revenue | | | | |
| Investment return | 1,685 | 20,798 | - | 22,483 |
| Other | <u>4,351,951</u> | <u>-</u> | <u>-</u> | <u>4,351,951</u> |
| Total revenue | 4,353,636 | 20,798 | - | 4,374,434 |
| Less: Expenses | <u>(4,997,501)</u> | <u>(150)</u> | <u>-</u> | <u>(4,997,651)</u> |
| Increase (decrease) in net assets | <u>(643,865)</u> | <u>20,648</u> | <u>-</u> | <u>(623,217)</u> |
| Balance (deficit), at August 31, 2015 | <u>\$ (149,682)</u> | <u>\$ 3,591,678</u> | <u>\$ 229,441</u> | <u>\$ 3,671,437</u> |