

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

**Financial Statements
for the years ended
August 31, 2014
and
August 31, 2013**

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, 2014 and August 31, 2013 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, 2014 and August 31, 2013 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

November 14, 2014

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Financial Position

Assets

	August 31	
	2014	2013
Current assets		
Cash and cash equivalents	\$2,667,039	\$2,389,559
Investments, at fair value	2,477,174	2,725,175
Accounts receivable, net	358,602	316,945
Prepaid expenses and other current assets	<u>172,905</u>	<u>187,806</u>
Total current assets	5,675,720	5,619,485
Restricted cash and cash equivalents	210,254	204,732
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization	<u>2,457,644</u>	<u>2,797,126</u>
Total assets	<u>\$8,343,618</u>	<u>\$8,621,343</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 21,191	\$ 19,781
Accrued expenses and taxes	110,667	50,810
Unearned dues revenue	1,581,961	1,265,808
Unearned revenue	287,954	247,465
Current amortization of deferred lease incentive	<u>51,632</u>	<u>30,218</u>
Total current liabilities	2,053,405	1,614,082
Deferred lease incentive, net of current amortization	<u>1,591,624</u>	<u>1,643,256</u>
Total liabilities	<u>3,645,029</u>	<u>3,257,338</u>
Net assets		
Unrestricted		
Operating fund	494,183	1,196,330
Board designated		
Building fund	3,571,030	3,541,796
Initiatives fund	<u>229,441</u>	<u>229,441</u>
Total unrestricted	4,294,654	4,967,567
Temporarily restricted	<u>403,935</u>	<u>396,438</u>
Total net assets	<u>4,698,589</u>	<u>5,364,005</u>
Total liabilities and net assets	<u>\$8,343,618</u>	<u>\$8,621,343</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Activities

For the Year Ended August 31

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Membership dues and fees	\$ 1,705,096	\$ -	\$ 1,705,096	\$ 1,706,885	\$ -	\$ 1,706,885
Education	1,528,391	-	1,528,391	1,447,731	-	1,447,731
Presentations	240,998	-	240,998	302,046	-	302,046
Seminars	127,344	-	127,344	85,088	-	85,088
Contributions	-	7,288	7,288	-	2,170	2,170
Special activity dinners	56,325	-	56,325	-	-	-
Other operating revenue	493,235	-	493,235	370,787	-	370,787
Net assets released from restrictions	150	(150)	-	150	(150)	-
Total support and revenue	<u>4,151,539</u>	<u>7,138</u>	<u>4,158,677</u>	<u>3,912,687</u>	<u>2,020</u>	<u>3,914,707</u>
Expenses						
Program services						
Education	2,055,956	-	2,055,956	1,970,231	-	1,970,231
Presentations	353,868	-	353,868	554,943	-	554,943
Seminars	955,228	-	955,228	374,351	-	374,351
Membership	<u>1,352,279</u>	<u>-</u>	<u>1,352,279</u>	<u>1,465,990</u>	<u>-</u>	<u>1,465,990</u>
Total program services	4,717,331	-	4,717,331	4,365,515	-	4,365,515
Supporting services						
Management and general	<u>136,280</u>	<u>-</u>	<u>136,280</u>	<u>80,128</u>	<u>-</u>	<u>80,128</u>
Total expenses	<u>4,853,611</u>	<u>-</u>	<u>4,853,611</u>	<u>4,445,643</u>	<u>-</u>	<u>4,445,643</u>
Increase (decrease) in net assets before other addition (deduction)	(702,072)	7,138	(694,934)	(532,956)	2,020	(530,936)
Investment return	31,160	359	31,519	39,430	358	39,788
Unrealized (loss) on investments	<u>(2,001)</u>	<u>-</u>	<u>(2,001)</u>	<u>(807)</u>	<u>-</u>	<u>(807)</u>
Increase (decrease) in net assets	(672,913)	7,497	(665,416)	(494,333)	2,378	(491,955)
Net assets, beginning of year	<u>4,967,567</u>	<u>396,438</u>	<u>5,364,005</u>	<u>5,461,900</u>	<u>394,060</u>	<u>5,855,960</u>
Net assets, end of year	<u>\$ 4,294,654</u>	<u>\$ 403,935</u>	<u>\$ 4,698,589</u>	<u>\$ 4,967,567</u>	<u>\$ 396,438</u>	<u>\$ 5,364,005</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2014
(with summarized comparative information for 2013)**

	<u>Program Services</u>					<u>Supporting Services Management and General</u>	<u>2014 Total</u>	<u>2013 Total</u>
	<u>Education</u>	<u>Presentations</u>	<u>Seminars</u>	<u>Membership</u>	<u>Total</u>			
Staff payroll and benefits	\$ 570,221	\$ 126,909	\$ 437,855	\$ 499,858	\$ 1,634,843	\$ 23,827	\$ 1,658,670	\$ 1,690,606
Temporary help	11,068	-	-	-	11,068	-	11,068	6,000
Professional fees	602,239	71,424	61,434	173,796	908,893	1,288	910,181	632,530
Scholarships granted	-	-	-	5,000	5,000	-	5,000	5,000
Books and publications	11,818	-	-	250	12,068	-	12,068	47,076
Printed marketing materials	20,890	965	4,255	8,799	34,909	169	35,078	33,181
Printing and stationery	773	-	-	13,568	14,341	-	14,341	5,024
Office expenses	92,616	13,817	47,769	57,304	211,506	5,928	217,434	181,890
Data processing	67,007	13,603	47,831	54,374	182,815	1,029	183,844	143,465
Delivery and mail handling	19,495	631	5,308	18,510	43,944	140	44,084	30,562
Catering	-	15,397	27,863	16,433	59,693	32,627	92,320	51,987
Promotional activities	13,424	6,984	13,299	12,877	46,584	1,690	48,274	50,517
Website	27,665	2,231	9,863	25,306	65,065	-	65,065	62,292
Occupancy	392,553	64,154	167,203	198,624	822,534	64,127	886,661	894,987
Rental expenses	35,000	-	-	52,045	87,045	2,200	89,245	89,963
Equipment rentals	-	-	-	1,040	1,040	-	1,040	-
Depreciation and amortization	146,412	29,732	104,545	118,849	399,538	2,250	401,788	424,409
Bank and credit card service charges	39,085	7,907	27,803	31,510	106,305	598	106,903	81,522
Miscellaneous	5,690	114	200	64,136	70,140	407	70,547	14,632
Total expenses	\$ 2,055,956	\$ 353,868	\$ 955,228	\$ 1,352,279	\$ 4,717,331	\$ 136,280	\$ 4,853,611	\$ 4,445,643

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Statement of Functional Expenses
For the Year Ended August 31, 2013**

	<u>Program Services</u>					<u>Supporting Services Management and General</u>	<u>2013 Total</u>
	<u>Education</u>	<u>Presentations</u>	<u>Seminars</u>	<u>Membership</u>	<u>Total</u>		
Staff payroll and benefits	\$ 633,650	\$ 227,501	\$ 165,993	\$ 648,087	\$ 1,675,231	\$ 15,375	\$ 1,690,606
Temporary help	3,060	-	-	2,940	6,000	-	6,000
Professional fees	467,588	93,973	8,297	62,331	632,189	341	632,530
Scholarships granted	-	-	-	5,000	5,000	-	5,000
Books and publications	46,840	-	82	154	47,076	-	47,076
Printed marketing materials	24,945	1,041	4,079	3,116	33,181	-	33,181
Printing and stationery	-	-	-	4,822	4,822	202	5,024
Office expenses	72,339	20,309	17,757	68,533	178,938	2,952	181,890
Data processing	49,266	19,110	13,399	61,016	142,791	674	143,465
Delivery and mail handling	17,142	1,382	5,468	6,570	30,562	-	30,562
Catering	-	16,975	12,261	8,828	38,064	13,923	51,987
Promotional activities	19,158	6,736	6,757	17,699	50,350	167	50,517
Website	17,995	3,195	14,024	27,078	62,292	-	62,292
Occupancy	394,812	97,144	78,676	281,689	852,321	42,666	894,987
Rental expenses	48,000	-	-	40,763	88,763	1,200	89,963
Depreciation and amortization	145,742	56,531	39,640	180,501	422,414	1,995	424,409
Bank and credit card service charges	28,385	10,952	7,680	34,118	81,135	387	81,522
Miscellaneous	<u>1,309</u>	<u>94</u>	<u>238</u>	<u>12,745</u>	<u>14,386</u>	<u>246</u>	<u>14,632</u>
Total expenses	\$ 1,970,231	\$ 554,943	\$ 374,351	\$ 1,465,990	\$ 4,365,515	\$ 80,128	\$ 4,445,643

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Cash Flows

	For the Year Ended August 31	
	2014	2013
Cash flows from operating activities		
(Decrease) in net assets	\$ (665,416)	\$ (491,955)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	401,788	424,409
Unrealized loss on investments	2,001	807
(Increase) decrease in current assets		
Accounts receivable	(41,657)	7,950
Prepaid expenses and other current assets	14,901	(15,048)
Increase (decrease) in current liabilities		
Accounts payable	1,410	17,159
Accrued expenses and taxes	59,857	(41,230)
Unearned dues revenue	316,153	(62,895)
Unearned revenue	40,489	(45,162)
Change in deferred lease incentive	(30,218)	(30,218)
Net cash provided by (used in) operating activities	<u>99,308</u>	<u>(236,183)</u>
Cash flows from investing activities		
Purchases of investments	(745,000)	(741,000)
Proceeds from sale of investments	991,000	497,000
Purchases of furniture, fixtures, equipment and leasehold improvements	<u>(62,306)</u>	<u>(303,651)</u>
Net cash provided by (used in) investing activities	<u>183,694</u>	<u>(547,651)</u>
Net increase (decrease) in cash and cash equivalents	283,002	(783,834)
Cash and cash equivalents, beginning of year	<u>2,594,291</u>	<u>3,378,125</u>
Cash and cash equivalents, end of year	<u>\$2,877,293</u>	<u>\$2,594,291</u>
Consists of:		
Current assets	\$2,667,039	\$2,389,559
Restricted	<u>210,254</u>	<u>204,732</u>
Total cash and cash equivalents	<u>\$2,877,293</u>	<u>\$2,594,291</u>

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements
August 31, 2014 and August 31, 2013****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 the needs of all members and investment professionals and to educate the investing public. The Society encourages the pursuit of high standards of ethics and professional conduct, and promotes integrity and professionalism. The Society provides a premier forum for the exchange of information among investment professionals, corporate management, and other interested members of the public and strives to maintain an active program of leadership development, career assistance, and continuing education. 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.

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. During the 2013 fiscal year, the Board of Directors approved expenditures of \$20,559 for the purpose of membership marketing.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.**Notes to Financial Statements (continued)
August 31, 2014 and August 31, 2013****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, 2014 and 2013, 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, 2014 and August 31, 2013****Note 2 – Summary of significant accounting policies (continued)****Investment return**

Investment return consists of interest and net realized gains on disposition of investments 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 are in excess of FDIC insurance limits. However, the Society has not experienced any losses in such accounts to date. The Society routinely assesses the financial strength of its cash, cash equivalents and certificates of deposit. Accounts receivable consists primarily of amounts due from a number of individuals and corporations for membership dues and Society conferences. As a consequence, the Society's management believes that concentrations of credit risk are limited.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through November 14, 2014, which is the date the financial statements were available to be issued.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2014 and August 31, 2013

Note 3 – Cash, cash equivalents and investments

Cash, cash equivalents and investments are comprised of the following as of August 31, 2014 and August 31, 2013:

	2014				
	<u>Operating Fund</u>	<u>Building Fund</u>	<u>Scholarship Fund</u>	<u>Value Investing Archive Fund</u>	<u>Total</u>
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	<u>-</u>	<u>2,477,174</u>	<u>-</u>	<u>-</u>	<u>2,477,174</u>
Total	<u>\$1,178,329</u>	<u>\$3,562,000</u>	<u>\$ 307,017</u>	<u>\$ 96,867</u>	<u>\$5,144,213</u>
	2013				
	<u>Operating Fund</u>	<u>Building Fund</u>	<u>Scholarship Fund</u>	<u>Value Investing Archive Fund</u>	<u>Total</u>
Cash on hand	\$ 420	\$ -	\$ -	\$ -	\$ 420
Checking	542,686	-	-	-	542,686
Money market account	236,881	-	-	96,867	333,748
Payroll account	24,549	-	-	-	24,549
Money market funds	383,519	805,077	299,560	-	1,488,156
Certificates of deposit	<u>-</u>	<u>2,725,175</u>	<u>-</u>	<u>-</u>	<u>2,725,175</u>
Total	<u>\$1,188,055</u>	<u>\$3,530,252</u>	<u>\$ 299,560</u>	<u>\$ 96,867</u>	<u>\$5,114,734</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)

August 31, 2014 and August 31, 2013

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, 2014 and August 31, 2013:

	<u>2014</u>	<u>2013</u>
Furniture, fixtures and equipment	\$1,045,656	\$ 985,347
Leasehold improvements	2,902,655	2,902,655
Other	<u>3,650</u>	<u>7,350</u>
Sub-Total	3,951,961	3,895,352
Less: accumulated depreciation and amortization	<u>1,494,317</u>	<u>1,098,226</u>
Total furniture, fixtures, equipment and leasehold improvements	<u>\$2,457,644</u>	<u>\$2,797,126</u>

In the 2014 and 2013 fiscal years, the Society wrote off fully depreciated assets of \$5,697 and \$233,525, 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 \$886,661 and \$894,987 for the 2014 and 2013 fiscal years, respectively.

The future minimum lease payments would be as follows:

<u>Fiscal Year</u>	
2015	\$ 843,702
2016	907,944
2017	907,944
2018	907,944
2019	907,944
Thereafter	<u>5,814,558</u>
Total	<u>\$10,290,036</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, 2014 and August 31, 2013

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, 2014, the value of such certificate of deposit was \$210,254.

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, 2014 and August 31, 2013 totaled \$40,900 and \$49,200, respectively.

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 2014 and 2013 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 following is a summary of the activity of the temporarily restricted net assets for the year ended August 31, 2014:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>Balance, End of Year</u>
Scholarship fund	\$ 299,571	\$ 7,647	\$ (150)	\$ 307,068
Value investing archive	96,867	-	-	96,867
Total	<u>\$ 396,438</u>	<u>\$ 7,647</u>	<u>\$ (150)</u>	<u>\$ 403,935</u>

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

**Notes to Financial Statements (continued)
August 31, 2014 and August 31, 2013**

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, 2014 and August 31, 2013:

	<u>2014</u>	<u>2013</u>
Purpose restriction accomplished:		
Bank service charges	\$ <u>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 2014 or 2013 fiscal years.

The total retirement plan expense amounted to \$49,028 and \$48,682 for years ended August 31, 2014 and August 31, 2013, respectively.

Note 9 – Legal claim

The Society has been notified of a claim by a former Board member for reimbursement of certain expenses incurred by the former Board member. The Society is currently reviewing the claim with its legal counsel. Management of the Society believes that the ultimate disposition of such claim will not have a material effect on the Society's financial statements.

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, 2014, no amounts have been recognized for uncertain income tax positions. The Society's tax returns for the 2011 fiscal year and forward are subject to the usual review by the appropriate authorities.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)

August 31, 2014 and August 31, 2013

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, 2014 and August 31, 2013:

	Unrestricted			
		Board-Designated		
	Operating Fund	Building Fund	Initiatives Fund	Total
Balance, at August 31, 2012	<u>\$ 1,704,134</u>	<u>\$ 3,507,766</u>	<u>\$ 250,000</u>	<u>\$ 5,461,900</u>
Revenue				
Investment return	4,443	34,180	-	38,623
Other	<u>3,912,687</u>	<u>-</u>	<u>-</u>	<u>3,912,687</u>
Total revenue	<u>3,917,130</u>	<u>34,180</u>	<u>-</u>	<u>3,951,310</u>
Less: Expenses	<u>(4,424,934)</u>	<u>(150)</u>	<u>(20,559)</u>	<u>(4,445,643)</u>
Increase (decrease) in net assets	<u>(507,804)</u>	<u>34,030</u>	<u>(20,559)</u>	<u>(494,333)</u>
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	<u>4,151,314</u>	<u>29,384</u>	<u>-</u>	<u>4,180,698</u>
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>