nyssa
New York Society of Security Analysts

Annual Report 2010

Table of Contents

Letter from the President & CEO

Dear Members:

Due to the extreme volatility in the financial markets, fiscal 2009-2010 presented NYSSA with a huge challenge. Although revenues and memberships are down, the Society remains financially healthy due to sound investment strategy and prudent expense reduction.

The enclosed audited financial statements and management discussion show that the Society is in a strong financial position. While we sustained a loss of $757,000 in 2009-2010, we are working diligently to cut expenses and find alternate sources of revenue. We are investing in future programming through partnership developments and new conference growth.

In 2009 we undertook a build-out of the new office and training space at 1540 Broadway. This one time investment related to this new space enables NYSSA to provide facilities not only for our own programs but also for stakeholders in the greater investment community. It will continue to serve as an alternate revenue source in the years ahead.

We launched a new online communication channel through the Finance Professionals' Post, an online newsletter and blog with pertinent up to the minute information and analysis for members and others in the investment community.

The coming year has the potential for significant changes in the economic environment. Our three-year strategic plan lays out strategies, tactics, metrics and measures to build a stronger NYSSA for its members and the larger investment community. To this end we are working toward developing holistic relationships with other organizations to provide our members and others with more programs and member benefits. Moving forward we are certain that NYSSA will gradually and effectively build its capacity to strengthen its position in the marketplace in the years ahead.

Regards,

Amy Geffen

Amy Geffen
President & CEO

Management Discussion and Analysis

OVERVIEW

Membership

Career Development: The continuing downturn in financial markets and the subsequent loss of financial services jobs in the New York metro area in 2009–2010 has increased the need for and popularity of NYSSA's career programs. During this period the monthly Career Chats, Career Coffees, and career-related workshops have enjoyed record attendance. NYSSA has also partnered with eFinancialCareers to offer access to a wide range of jobs for Wall Street professionals yielding a monthly average of $2,750 in shared revenue in the past year. To remain responsive to the economic environment, a second Federal Careers Day was held. Lastly, we held a skills-based session in July for those in different career stages: Seasoned Employees, Mid-Career Types and Consultants/Members in Transition.

Committees: More than 3,549 members—a notable increase from the previous year—participated in NYSSA's 13 committees this past year. This group represents NYSSA's most active and engaged members, many of whom are at the senior VP level and above.

Networking Events: NYSSA is proud to host several well-attended networking events throughout the year including new member receptions, the CFA Level III congratulatory reception, wine tastings, bowling parties, and holiday cocktail parties. The Annual Reception celebrated the accomplishments of NYSSA's members and honored individual Volunteers of the Year from several committees including Investment Strategy, Alternative Investments, Private Wealth Management and Career Development.
NYSSA hosted an open house gala to introduce members to its new state-of-the-art facility on Broadway in Times Square.

Benefits: A recent survey of members on NYSSA benefits revealed that among the most valued benefits members cited were networking opportunities, free programs for members and the Member Lounge with Bloomberg, Capital IQ and Reuters access.

Programs

Education: NYSSA continues to be a leading provider of weekly review courses for CFA® Exam Levels I, II, and III, and a CFA curriculum of preparatory workshops. NYSSA also offers Professional Development classes for finance professionals on a range of topics, from financial modeling to corporate valuation methodologies to deal structuring. This past year the department met the needs of 913 participants for Professional Development and 1,531 for CFA Exam Prep. We signed another agreement with our long-standing partner Kaplan Schweser to provide live review, mock exam and online education for CFA Exam Prep as well as IFRS and QFA education and test preparation materials. We concluded an agreement with Wall St. Training for online revenue sharing.

The education department took proactive steps to maintain NYSSA's leadership position among CFA® Exam Prep providers in a shrinking marketplace. We added sample classes, raffles and special promotions in an effort to enhance course enrollments and membership. On-site presentations were made to companies and schools.

Professional Development added the capability to register online for multiple programs with a discount. The department scheduled 58 Professional Development courses for the year, 17 of which were new offerings. Focus groups were held to obtain attendee feedback and explore new course ideas.

Industry Conferences: NYSSA brings together buy-side and sell-side analysts through industry-specific sector conferences. Highlights included new programs on Master Limited Partnerships and Turkish Investment. A day on Clean Technology and Sustainable Infrastructure Investing was also presented.

Topical Conferences: NYSSA's High Yield Bond Conference chaired by renowned asset manager, Martin Fridson, celebrated its 20th year.

Forums: Some cutting-edge global investing topics included Investing in Mexico, Colombia and Indonesia. Additionally, a new Emerging Markets Outlook Forum was introduced.

Student Programs: 16 teams competed in the Global Investment Research Challenge. 20 students were mentored through the SEMI program.

RESULTS OF OPERATIONS

Review of NYSSA's Activities

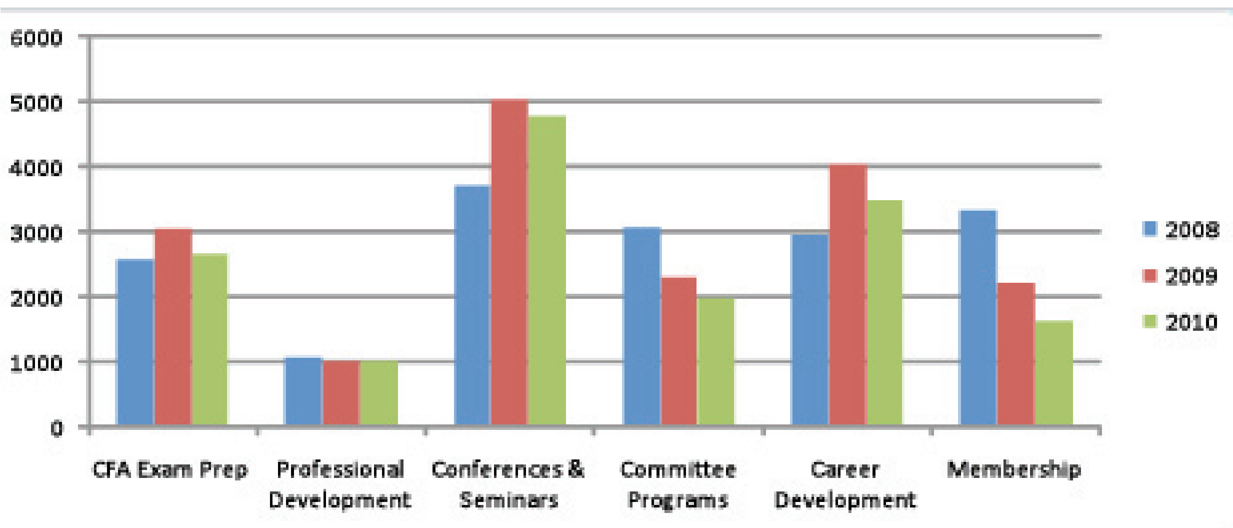
The Society's fiscal year ends on August 31. The Society's revenues consist primarily of membership dues, education registrations, and conference fees and registrations. The 12% revenue decline from fiscal 2009 was due to the economic downturn and the loss of approximately 19% of our billed renewal membership, which we believe coincides with the unemployment rate among our membership during this period. Total renewal membership decreased from 10,283 in fiscal 2009 to 8,344 in fiscal 2010.

	Aug. 31, 2010	Y/Y Change	Aug. 31, 2009	Y/Y Change	Aug. 31, 2008	Y/Y Change	Aug. 31, 2007
Membership	$1,836,090	-8.9%	$2,014,490	-6.4%	$2,151,460	-0.1%	$2,153,870
Education	2,635,062	-14.9%	3,095,940	-13.2%	3,568,507	15.0%	3,102,591
Programs	760,769	-1.6%	773,282	-17.4%	936,676	-22.5%	1,207,895
Other	354,608	-23.4%	462,936	-27.3%	637,119	33.6%	476,725
Totals	$5,586,529	-12.0%	$6,346,648	-13.0%	$7,293,762	5.1%	$6,941,081

The decrease in education-related revenues was due to an overall decrease in CFA Exam Prep and Professional Development (PD) course attendance, which stands to be negatively impacted by the turmoil in the industry. Attendance at CFA-related courses decreased in fiscal 2010 by 16% to 1,521 from 1,871 in 2009 and 2,571 in fiscal 2008. On the other hand, Professional Development courses stabilized. Attendance at PD courses remained flat and slightly increased 1% in fiscal 2010 to 1,021 from 1,010 in fiscal 2009 and 1,095 in fiscal 2008.

Programming revenues declined minimally this year. We again cancelled or experienced declines in several previously successful conferences, leading to lower levels of paid attendees. Attendance at programs included in programming and other decreased to 11,918 in fiscal 2010 from 13,651 in fiscal 2009 (12% decrease) and 13,142 in fiscal 2008 (4% increase).

Attendance at NYSSA Events



On the expense side, direct program expenses in total decreased $356,211 in fiscal 2010 to $5,929,447 from $6,285,658 in fiscal 2009.

Net assets (operating income) decreased by $764,352.

Review of Changes in Financial Position

At the end of fiscal 2010, NYSSA had $9.80 million in assets up from $8.60 million in fiscal 2009. Of the $9.80 million in assets, $5.26 million is in cash and short-term marketable securities (primarily money market funds and short-term U.S. Treasury instruments). The remaining $4.54 million represents ac¬counts receivable ($827,768), prepaid expenses ($256,545), and fixed assets ($3,455,565). Liabilities total $4,429,505, with $1,508,350 of the total in unearned dues revenue and $550,024 in unearned revenue (registrations for upcoming educational and programming events). The Society has no long-term debt.

The pages that follow contain the Society's audited financial statements.

THE NEW YORK SOCIETY
OF
SECURITY ANALYSTS, INC.

Financial Statements
for years ended
August 31, 2010
and
August 31, 2009

CONDON O'MEARA McGINTY & DONNELLY LLP

Certified Public Accountants

One Battery Park Plaza
New York, NY 10004-1405
Tel: (212) 661 - 7777
Fax: (212) 661 - 4010

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of The New York Society of Security Analysts, Inc. (the "Society") as of August 31, 2010 and August 31, 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on those 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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. at August 31, 2010 and August 31, 2009 and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

November 22, 2010

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Financial Position

Assets

	August 31	
	2010	**2009**
Current assets		
Cash and cash equivalents	$5,060,148	$7,085,653
Accounts receivable, net of allowance for doubtful accounts of $6,000 in 2010 and 2009	827,768	771,618
Prepaid expenses and other current assets	256,545	335,288
Total current assets	6,144,461	8,192,559
Restricted cash and cash equivalents	204,732	405,108
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization	3,455,565	361,519
Total assets	**$9,804,758**	**$8,959,186**

Liabilities and Net Assets

	2010	2009
Current liabilities		
Accounts payable	$ 136,227	$ 118,049
Accrued expenses and taxes	171,780	296,775
Unearned dues revenue	1,508,350	1,592,070
Unearned revenue	550,024	504,673
Current portion of deferred lease incentive	65,376	15,514
Total current liabilities	2,431,757	2,527,081
Deferred lease incentive, net of current portion	1,697,748	-
Total liabilities	4,129,505	2,527,081
Net assets		
Unrestricted		
Operating fund	1,678,655	310,459
Board designated		
Building fund	3,323,271	5,460,139
Initiatives fund	300,000	300,000
Total unrestricted	5,301,926	6,070,598
Temporarily restricted	373,327	361,507
Total net assets	5,675,253	6,432,105
Total liabilities and net assets	**$9,804,758**	**$8,959,186**

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Activities

	Year Ended August 31					
	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Membership dues and fees	$ 1,836,090	$ -	$ 1,836,090	$ 2,014,490	$ -	$ 2,014,490
Education	2,635,062	-	2,635,062	3,095,940	-	3,095,940
Presentations	555,517	-	555,517	509,592	-	509,592
Seminars	205,252	-	205,252	263,690	-	263,690
Contributions	50	11,910	11,960	3,915	23,610	27,525
Special activity dinners	-	-	-	15,800	-	15,800
Other operating revenue	354,408	-	354,408	433,071	-	433,071
Net assets released from restrictions	150	(150)	-	10,150	(10,150)	-
Total support and revenue	5,586,529	11,760	5,598,289	6,346,648	13,460	6,360,108
Expenses						
Program services						
Education	2,574,290	-	2,574,290	2,265,065	-	2,265,065
Presentations	827,532	-	827,532	606,377	-	606,377
Seminars	731,562	-	731,562	633,224	-	633,224
Membership	1,503,622	-	1,503,622	2,176,965	-	2,176,965
Magazine	292,441	-	292,441	604,027	-	604,027
Total program services	5,929,447	-	5,929,447	6,285,658	-	6,285,658
Supporting services						
Management and general	433,194	-	433,194	99,059	-	99,059
Total expenses	6,362,641	-	6,362,641	6,384,717	-	6,384,717
Increase (decrease) in net assets before investment income	(776,112)	11,760	(764,352)	(38,069)	13,460	(24,609)
Investment income	7,440	60	7,500	35,009	1,013	36,022
Increase (decrease) in net assets	**(768,672)**	**11,820**	**(756,852)**	**(3,060)**	**14,473**	**11,413**
Net assets, beginning of year	**6,070,598**	**361,507**	**6,432,105**	**6,073,658**	**347,034**	**6,420,692**
Net assets, end of year	**$ 5,301,926**	**$ 373,327**	**$ 5,675,253**	**$ 6,070,598**	**$ 361,507**	**$ 6,432,105**

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statement of Functional Expenses
Year Ended August 31, 2010
(with summarized comparative information for 2009)

	Program Services						Supporting Services		
	Education	Presentations	Seminars	Membership	Magazine	Total	Management and General	2010 Total	2009 Total
Staff payroll and benefits	$ 918,459	$ 335,581	$ 353,510	$ 592,565	$ 101,791	$ 2,301,906	$ 35,340	$ 2,337,246	$ 2,627,926
Temporary help	18,518	5,765	8,110	16,702	1,107	50,202	572	50,774	11,700
Professional fees	511,645	212,042	37,548	153,246	102,672	1,017,153	4,555	1,021,708	1,116,863
Scholarships granted	-	-	-	9,000	-	9,000	-	9,000	15,000
Books and publications	284,207	-	-	2,593	20,777	307,577	-	307,577	409,769
Printed marketing materials	66,155	2,837	4,576	322	45	73,935	-	73,935	86,146
Printing and stationery	3,482	-	437	5,705	1,055	10,679	-	10,679	57,902
Office expenses	125,891	37,271	54,785	70,440	14,181	302,568	60,741	363,309	458,708
Data processing	57,810	18,584	28,813	72,949	4,290	182,446	3,971	186,417	179,686
Delivery and mail handling	53,682	7,992	9,359	6,327	12,622	89,982	-	89,982	101,262
Catering	1,029	45,509	41,278	44,016	25	131,857	11,786	143,643	233,237
Promotional activities	18,594	8,517	10,095	23,361	1,358	61,925	1,339	63,264	11,561
Newsletter	3,824	599	1,474	6,773	-	12,670	184	12,854	15,839
Occupancy	297,608	97,257	116,441	277,309	27,898	816,513	305,192	1,121,705	678,912
Rental expenses	34,000	-	-	26,403	-	60,403	-	60,403	74,763
Equipment rentals	-	-	-	60	-	60	-	60	1,579
Depreciation and amortization	109,406	41,025	58,177	121,568	4,509	334,685	8,350	343,035	96,088
Bank and credit card service charges	67,002	14,258	5,653	50,882	106	137,901	1,153	139,054	172,285
Miscellaneous	2,978	295	1,306	23,401	5	27,985	11	27,996	35,491
Total expenses	$ 2,574,290	$ 827,532	$ 731,562	$ 1,503,622	$ 292,441	$ 5,929,447	$ 433,194	$ 6,362,641	$ 6,384,717

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statement of Functional Expenses
Year Ended August 31, 2009

	Program Services						Supporting Services	
	Education	Presentations	Seminars	Membership	Magazine	Total	Management and General	2009 Total
Staff payroll and benefits	$ 656,320	$ 235,988	$ 389,189	$ 1,041,331	$ 247,951	$ 2,570,779	$ 57,147	$ 2,627,926
Temporary help	11,700	-	-	-	-	11,700	-	11,700
Professional fees	515,807	183,463	22,030	193,660	199,694	1,114,654	2,209	1,116,863
Scholarships granted	10,000	-	-	5,000	-	15,000	-	15,000
Books and publications	374,965	-	355	10,726	23,723	409,769	-	409,769
Printed marketing materials	46,523	11,315	3,356	18,518	6,434	86,146	-	86,146
Printing and stationery	8,299	-	420	28,772	20,271	57,762	140	57,902
Office expenses	120,075	32,697	55,815	208,712	34,669	451,968	6,740	458,708
Data processing	35,704	12,604	23,021	88,506	14,901	174,736	4,950	179,686
Delivery and mail handling	31,843	20,811	4,628	20,318	23,543	101,143	119	101,262
Catering	4,702	39,165	39,252	134,604	6,055	223,778	9,459	233,237
Promotional activities	3,147	-	-	4,824	3,590	11,561	-	11,561
Newsletter	3,152	2,493	3,498	6,696	-	15,839	-	15,839
Occupancy	251,537	52,093	71,671	268,443	19,805	663,549	15,363	678,912
Rental expenses	51,680	-	-	23,083	-	74,763	-	74,763
Equipment rentals	-	-	-	1,579	-	1,579	-	1,579
Depreciation and amortization	36,112	7,174	9,835	38,319	2,262	93,702	2,386	96,088
Bank and credit card service charges	99,490	8,298	8,479	54,585	887	171,739	546	172,285
Miscellaneous	4,009	276	1,675	29,289	242	35,491	-	35,491
Total expenses	$ 2,265,065	$ 606,377	$ 633,224	$ 2,176,965	$ 604,027	$ 6,285,658	$ 99,059	$ 6,384,717

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Statements of Cash Flows

	Year Ended August 31 2010	Year Ended August 31 2009
Cash flows from operating activities		
Increase (decrease) in net assets	$ (756,852)	$ 11,413
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	343,035	96,088
(Increase) decrease in current assets		
Accounts receivable	(56,150)	(128,298)
Prepaid expenses and other assets	78,743	(43,808)
Increase (decrease) in current liabilities		
Accounts payable	18,178	64,881
Accrued expenses and taxes	(124,995)	(127,849)
Unearned dues revenue	(83,720)	(67,280)
Unearned revenue	45,351	(252,615)
Change in deferred lease incentive	728,820	(49,558)
Net cash provided by (used in) operating activities	192,410	(497,026)
Cash flows (used in) investing activities		
Purchases of furniture, fixtures, equipment and leasehold improvements	(3,437,081)	(239,719)
Cash flows provided by financing activities		
Landlord reimbursement for leasehold improvements	1,018,790	-
Net (decrease) in cash and cash equivalents	**(2,225,881)**	**(736,745)**
Cash and cash equivalents, beginning of year	**7,490,761**	**8,227,506**
Cash and cash equivalents, end of year	**$5,264,880**	**$7,490,761**
Consists of:		
Current assets	$5,060,148	$7,085,653
Restricted	204,732	405,108
Total cash and cash equivalents	$5,264,880	$7,490,761

See notes to financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements
August 31, 2010 and August 31, 2009

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 our 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. During fiscal 2010, the Society transferred $3,038,778 from the Building Fund to the Operating Fund, to replenish the Operating Fund for construction expenditures made in connection with the build-out of the new facility (see notes 5 and 11). During fiscal 2010, the Society transferred $900,000 from the Operating Fund to the Building Fund (see note 11).

Initiatives Fund

During 2008, the Society's Board of Directors established a fund in the amount of $300,000. The Board has determined that such funds shall be segregated and only be utilized for initiatives, to be pre-approved by the Board.

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.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2010 and August 31, 2009

Note 2 – Summary of significant accounting policies (continued)

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, U.S. Governmental Securities mutual funds and a certificate of deposit.

Allowance for doubtful accounts

The Society has an allowance of $6,000 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

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.

Fair value measurements

Fair value measurements establish a hierarchy that prioritizes the inputs used to measure fair value into three broad levels. The Society's investments 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.

Membership dues

Membership dues are recognized as revenue in the applicable membership period, which is from June 1st to May 31st each year. 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.

Investment income

Investment income consists of interest income and is recorded to unrestricted net assets and temporarily restricted net assets.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2010 and August 31, 2009

Note 2 – Summary of significant accounting policies (continued)

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.

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 and cash equivalents and accounts receivable. The Society places its cash and cash equivalents 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. The Society routinely assesses the financial strength of its cash and cash equivalents. As a consequence, concentrations of credit risk are limited. Accounts receivable consists primarily of amounts due from a number of individuals and corporations for membership dues and Society conferences.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through November 22, 2010, 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, 2010 and August 31, 2009

Note 3 – Cash and cash equivalents

Cash and cash equivalents are comprised of the following as of August 31, 2010 and August 31, 2009:

	2010				
	Operating Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	Total
Cash on hand	$ 1,000	$ -	$ -	$ -	$ 1,000
Checking	597,829	-	-	96,867	694,696
Money market account	361	-	-	-	361
Payroll account	35,324	-	-	-	35,324
Money market fund	729,365	3,323,271	276,131	-	4,328,767
Total	$1,363,879	$3,323,271	$ 276,131	$ 96,867	$5,060,148

	2009				
	Operating Fund	Building Fund	Scholarship Fund	Value Investing Archive Fund	Total
Cash on hand	$ 910	$ -	$ -	$ -	$ 910
Checking	57,600	-	-	96,867	154,467
Money market account	38,006	-	-	-	38,006
U.S. Govt. Securities mutual fund	1,339	-	-	-	1,339
Money market fund	1,175,990	5,460,139	251,151	-	6,887,280
Certificate of deposit	3,651	-	-	-	3,651
Total	$1,277,496	$5,460,139	$ 251,151	$ 96,867	$7,085,653

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2010 and August 31, 2009

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, 2010 and August 31, 2009:

	2010	2009
Furniture, fixtures and equipment	$ 785,658	$ 317,223
Leasehold improvements	2,879,030	325,726
Other	-	26,530
Sub-Total	3,664,688	669,479
Less: accumulated depreciation and amortization	209,123	307,960
Total furniture, fixtures, equipment and leasehold improvements	$3,455,565	$ 361,519

During 2010, the Society wrote off fully depreciated assets of $441,872.

Note 5 – Commitments

During August 2005, the Society entered into an agreement to sublease office and conference space, commencing in December 2005 and expiring on December 30, 2009. The sublease required monthly lease payments of $50,097 plus the Society's proportionate share of certain operating expenses of the sub-landlord as defined in the sublease agreement. Rent expense totaled $1,096,736 and $603,505 for the 2010 and 2009 fiscal years, respectively.

In connection with the above sublease, the Society delivered to the sub-landlord a letter of credit in the amount of $200,387 as security for the sublease agreement. In connection with the letter of credit, the Society established a separate bank account in the amount of the letter of credit, as required by the lease. Such letter of credit was canceled by the bank, after the Society vacated the premises and the landlord released the Society from such contingent obligation.

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.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2010 and August 31, 2009

Note 5 – Commitments (continued)

The future minimum lease payments would be as follows:

Fiscal Year		
2011		$ 822,288
2012		822,288
2013		822,288
2014		822,288
2015		843,702
Thereafter		9,446,334
	Total	$13,579,188

As part of the lease agreement, the Society received 11 months of 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 of $1,018,790 in June 2010. The Society has included the build-out allowance in the deferred lease incentive and is amortizing the amount over the term of the lease.

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 bank account in the amount of the letter of credit, as required by the lease.

In connection with the above lease, the Society entered into several agreements to facilitate the build-out of the new space, including an architect, real estate consulting firm and construction general contractor. The construction commenced in September 2009 and concluded in January 2010. As of August 31, 2010 the Society had completely paid such vendors for their services in full, with the exception of the construction general contractor, from whom the Society withheld $50,000, pending the satisfactory completion of items to be repaired pursuant to the one-year construction warranty.

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, 2010 and August 31, 2009 totaled $34,500 and $66,380, respectively.

In September 2010, the Society entered into an employment agreement with a key employee through October 2013, subject to certain termination provisions.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2010 and August 31, 2009

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 2010 and 2009, 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, 2010:

	Balance, Beginning of Year	Additions	Net Assets Released	Balance, End of Year
Scholarship fund	$ 264,640	$ 11,970	$ (150)	$ 276,460
Value investing archive	96,867	-	-	96,867
Total	$ 361,507	$ 11,970	$ (150)	$ 373,327

Note 7 – Retirement plans

The Society maintained a defined contribution plan (the "Plan") pursuant to Internal Revenue Code Section 403(b), for all eligible employees who had completed ½-year of service. Employees vested in the Plan 20% each year over five years, beginning in year two.

The Internal Revenue Service instituted new regulations for all 403(b) plans, effective January 1, 2009. In order to comply with such new regulations, the Society amended its 403(b) Plan and combined it with its Profit Sharing Plan to form a new 401(k) Profit Sharing Plan. The amended Plan became effective on April 16, 2009 and includes a 3% Safe Harbor employer contribution. 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 over the same schedule as the aforementioned 403(b) Plan.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2010 and August 31, 2009

Note 7 – Retirement plans (continued)

For the Plan year ended June 30, 2009, the Society's Board of Directors voted to contribute 5% of each eligible employee's base wage earned through April 15, 2009 and 2% of each eligible employee's base wage earned from April 16, 2009 through June 30, 2009, to the Plan, respectively.

The Society elected to change the Plan year-end to August 31 to conform to the Society's fiscal year-end. To facilitate this change, there was a short Plan year beginning July 1, 2009 and ending August 31, 2009. For this short Plan year, the Society's Board of Directors voted to contribute 2% of each eligible employee's base wage earned to the Plan, in addition to the 3% Safe Harbor contributions made. For the Plan year ended August 31, 2010, the Society's Board of Directors voted to contribute 0% of each eligible employee's base wage earned to the Plan, in addition to the 3% Safe Harbor contributions made.

The total pension plan expense amounted to $59,754 for the year ended August 31, 2010. The total pension plan expense amounted to $42,681, net of $54,449 in forfeitures for the year ended August 31, 2009.

Note 8 – Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes specified by donors as follows for the years ended August 31, 2010 and August 31, 2009:

	2010	2009
Purpose restriction accomplished:		
Scholarships	$ -	$ 10,000
Bank service charges	150	150
Total	$ 150	$ 10,150

Note 9 – Legal claims

As of August 31, 2010, management of the Society is unaware of any material legal claims or threatened litigation against the Society. While claims may arise from time to time in the ordinary course of business, such claims would not in the opinion of management have a material effect on the Society's financial statements.

THE NEW YORK SOCIETY OF SECURITY ANALYSTS, INC.

Notes to Financial Statements (continued)
August 31, 2010 and August 31, 2009

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, 2010, no amounts have been recognized for any uncertain income tax positions. The Society's tax returns for the fiscal years 2007 and forward are subject to the usual review by the appropriate taxing 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, 2010 and August 31, 2009:

	Unrestricted			
		Board-Designated		
	Operating Fund	Building Fund	Initiatives Fund	Total
Balance, at August 31, 2008	**$ 248,483**	**$ 5,525,175**	**$ 300,000**	**$ 6,073,658**
Revenue				
Investment income	11,117	23,892	-	35,009
Other revenue	6,346,648	-	-	6,346,648
Total revenue	6,357,765	23,892	-	6,381,657
Less: Expenses	6,384,567	150	-	6,384,717
Increase (decrease) before interfund transfer	(26,802)	23,742	-	(3,060)
Interfund transfer	88,778	(88,778)	-	-
Increase (decrease) in net assets	61,976	(65,036)	-	(3,060)
Balance, at August 31, 2009	**310,459**	**5,460,139**	**300,000**	**6,070,598**
Revenue				
Investment income	5,230	2,210	-	7,440
Other revenue	5,586,529	-	-	5,586,529
Total revenue	5,591,759	2,210	-	5,593,969
Less: Expenses	6,362,341	300	-	6,362,641
Increase (decrease) before interfund transfer	(770,582)	1,910	-	(768,672)
Interfund transfers – net	2,138,778	(2,138,778)	-	-
Increase (decrease) in net assets	1,368,196	(2,136,868)	-	(768,672)
Balance, at August 31, 2010	**$ 1,678,655**	**$ 3,323,271**	**$ 300,000**	**$ 5,301,926**