

FINANCIAL EXECUTIVES INTERNATIONAL AND AFFILIATE
Consolidated Financial Statements
June 30, 2019 and 2018
With Independent Auditor's Report

Financial Executives International and Affiliate
June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Financial Executives International and Affiliate:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Financial Executives International and Financial Education & Research Foundation (formerly Financial Executives Research Foundation) (the "Affiliate"), (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018 and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements. We have also audited the consolidated statement of functional expenses for the year ended June 30, 2019.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

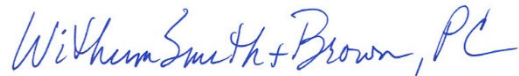
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Financial Executives International and Affiliate as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

As disclosed in Note 1 to the consolidated financial statements, during the year ended June 30, 2019, the Organization adopted new accounting guidance in accordance with Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, consolidating statements of activities and changes in net assets and consolidating statements of cash flows (the “supplementary information”) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



October 1, 2019

**Financial Executives International and Affiliate
Consolidated Statements of Financial Position
June 30, 2019 and 2018
(\$ In Thousands)**

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 1,072	\$ 1,258
Investments	5,424	5,574
Accounts receivable, net	303	166
Prepaid expenses	149	149
Total current assets	<u>6,948</u>	<u>7,147</u>
Long-term investments	763	500
Equipment and leasehold improvements, net	313	436
Other assets	209	109
	<u>209</u>	<u>109</u>
Total assets	<u>\$ 8,233</u>	<u>\$ 8,192</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,148	\$ 1,233
Unearned membership dues	1,650	1,865
Unearned partnership, sponsorship and conference revenues	948	1,023
Other current liabilities	361	252
Total current liabilities	<u>4,107</u>	<u>4,373</u>
Deferred rent	44	75
Sublease liability	147	242
Pension plan and other post-retirement benefits	1,715	1,283
Total liabilities	<u>6,013</u>	<u>5,973</u>
Net assets - Without donor restrictions		
Available for general use	6,177	5,626
Pension liability adjustment	(3,957)	(3,407)
Total net assets	<u>2,220</u>	<u>2,219</u>
Total liabilities and net assets	<u>\$ 8,233</u>	<u>\$ 8,192</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Financial Executives International and Affiliate
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2019 and 2018
(\$ In Thousands)

	2019	2018
Operating revenues		
Membership dues and fees	\$ 3,019	\$ 3,298
Professional development	2,283	2,198
Content	508	495
Contributions	474	534
Other revenues	328	219
Total operating revenues	<u>6,612</u>	<u>6,744</u>
Operating activities and expenses		
Program		
Professional development	1,989	1,934
Member services and chapter support	1,472	1,452
Technical activities	658	634
Content	578	673
Total program expenses	<u>4,697</u>	<u>4,693</u>
Supporting services		
Management and general	1,588	1,993
Fundraising	151	171
Total supporting services	<u>1,739</u>	<u>2,164</u>
Total operating activities and expenses	<u>6,436</u>	<u>6,857</u>
Change in operating activities	176	(113)
Nonoperating revenue and expense		
Investment income	<u>375</u>	<u>338</u>
Increase in net assets without donor restrictions before pension related changes other than net periodic pension cost	551	225
Pension related changes other than net periodic pension cost	<u>(550)</u>	<u>274</u>
Increase in net assets without donor restrictions	1	499
Net assets without donor restrictions, beginning of year	<u>2,219</u>	<u>1,720</u>
Net assets without donor restrictions, end of year	<u>\$ 2,220</u>	<u>\$ 2,219</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Financial Executives International and Affiliate
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(\$ In Thousands)

	2019	2018
Cash flows from operating activities		
Increase in net assets without donor restrictions	\$ 551	\$ 225
Adjustments to reconcile increase in net assets without donor restrictions to net cash (used) provided by operating activities		
Depreciation and amortization	179	170
Deferred rent	(31)	(155)
Sublease liability	(95)	242
Unrealized gains on investments	(148)	(47)
Realized gains on investments	--	(120)
Changes in		
Accounts receivable	(137)	165
Prepaid expenses and other assets	(100)	(50)
Accounts payable, accrued expenses and other current liabilities	24	248
Unearned membership dues, partnership, sponsorship, and conference revenues	(290)	(135)
Pension plan and other post-retirement benefits	(118)	(71)
Net cash (used) provided by operating activities	<u>(165)</u>	<u>472</u>
Cash flows from investing activities		
Proceeds from redemption of investments	1,244	1,787
Purchases of investments	(1,209)	(1,892)
Purchases of equipment and leasehold improvements	<u>(56)</u>	<u>(100)</u>
Net cash (used) by investing activities	<u>(21)</u>	<u>(205)</u>
Net change in cash and cash equivalents	(186)	267
Cash and cash equivalents		
Beginning of year	<u>1,258</u>	<u>991</u>
End of year	<u>\$ 1,072</u>	<u>\$ 1,258</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Financial Executives International and Affiliate
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019
(\$ In Thousands)

	Program Services				Supporting Services		Total	
	Professional Development	Member Services and Chapter Support	Technical Activities	Content	Total Program Services	Management and General		Fundraising
Salaries and benefits	\$ 325	\$ 729	\$ 415	\$ 380	\$ 1,849	\$ 971	\$ 78	\$ 2,898
Professional fees	--	172	103	100	375	225	--	600
Publicity, promotion & marketing	52	94	--	4	150	--	56	206
Information technology	50	138	24	23	235	127	5	367
Occupancy	50	74	42	39	205	111	8	324
Travel	9	55	54	20	138	35	2	175
Conferences/meetings	1,490	64	1	--	1,555	28	--	1,583
Other	13	146	19	12	190	91	2	283
	<u>\$ 1,989</u>	<u>\$ 1,472</u>	<u>\$ 658</u>	<u>\$ 578</u>	<u>\$ 4,697</u>	<u>\$ 1,588</u>	<u>\$ 151</u>	<u>\$ 6,436</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Financial Executives International ("FEI"), pursuant to the code of law of the District of Columbia, has a mission and a purpose to inform its members of evolving financial, economic and related technological issues to help prepare members to successfully address these matters through its chapters, committees, national and regional events, publications, webinars and on demand learning. FEI provides in-person and virtual forums for peer interaction and issues discussion; promotes ethical practices in conformance with its Code of Ethics, which is attested to annually by its members and represents their views before legislative and regulatory bodies, while enhancing public recognition, understanding and support for FEI and its membership.

Financial Education & Research Foundation (formerly "Financial Executives Research Foundation") (the "Foundation"), pursuant to the Membership Corporations Law of the State of New York, is a 501(c)(3) nonprofit corporation, which serves as the research affiliate of FEI and has a mission to advance the profession and practices of financial management through education and research. Beginning July 1, 2018, all FEI professional development offerings are provided by the Foundation. In May 2019, the Foundation changed its name.

FEI members contribute their volunteer services to, and receive benefits from, national and international activities through representation on the Board of Directors, participation on advocacy, accounting policy and standing committees, action teams or task forces, attendance at regional meetings, as well as through other activities. While these contributions of services are significant to the operations of FEI and the Foundation (collectively the "Organization"), no monetary value has been assigned to them in the Organization's financial statements. *FEI Daily*, research and other publications are distributed to members and non-members. FEI chapters, while operating under charters granted by FEI are not included in these financial statements.

Principles of Consolidation

FEI, organized as a not-for-profit organization under section 501(c)(6) of the Internal Revenue Code (the "Code") has sole corporate membership in the Foundation. The accompanying consolidated financial statements include the accounts of FEI and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. Based on the existence of donor-imposed restrictions, the Organization classifies resources into two categories: net assets without donor restrictions and net assets with donor restrictions. For the years ended June 30, 2019 and 2018, the Organization only has net assets without donor restrictions which represent net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in these consolidated financial statements include the pension plan and other post-retirement benefits liabilities (see Note 7).

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

Concentrations of Credit Risk

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash, accounts receivable and investments. The Organization places its cash, money market accounts, and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. Investment risk is mitigated due to the Organization's investment diversification.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash held in banks and money market funds. The Organization considers all highly liquid financial instruments with initial maturities of three months or less from the date of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable consists of unsecured non-interest bearing obligations due from members, chapters, registrants and sponsors. These receivables are stated net of an allowance for doubtful accounts of \$4 for each of the years ended June 30, 2019 and 2018. The Organization closely monitors the extension of credit to its members and customers while maintaining allowances for potential credit losses. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections and current credit considerations.

Investments

The Organization's investments in certificates of deposit are carried at amortized cost. Mutual funds are valued at fair value of the shares held by the Organization at year end. Corporate debt issues are carried at fair value. Investment income includes revenue earned from investments, any unrealized gains or losses on these investments, as well as any realized gains or losses on the sale of these investments. Investments with maturity dates greater than one year are shown as long-term investments.

Investments are currently held in accounts insured under the Security Investors Protection Corporation. At June 30, 2019 and 2018, the Organization has amounts invested exceeding these insured limits of approximately \$5,687 and \$5,574, respectively.

The Organization's investment objectives are to: (1) maintain sufficient liquidity to meet operating cash needs, (2) preserve capital through prudent diversification and (3) achieve the highest rate of return within prudent levels of risk and reasonable cost. Under the Organization's investment policy, investments in debt instruments are made with the intent to hold to maturity.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost less accumulated depreciation and amortization. Depreciation is provided on the straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized over the expected life of the lease or the useful life of the asset, whichever is shorter. The Organization's policy is to write off any assets that are no longer in service.

Valuation of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment was required for the periods presented in these consolidated financial statements.

Deferred Rent

Deferred rent represents the excess of recognized rent expense over scheduled lease payments.

Financial Executives International and Affiliate
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Sublease Liability

During 2018, the Organization subleased a portion of their rental space to an unrelated third party. As a result, they incurred a loss on sublease and recorded the associated liability. This liability is amortized on a straight-line basis over the remaining life of the lease.

Revenue Recognition

Membership Dues

Membership dues revenue includes dues payments for all membership categories. No allocation is made of membership dues to other revenue categories. Membership dues are recognized as income over the term of the membership period after payment is received. Any portion of such dues not recognized is included in unearned membership dues at year-end.

Professional Development

Professional development (“PD”) revenue includes registration fees and event sponsorship receipts related to conferences, courses, webinars and on-demand learning. These revenues are recognized as income at the time the event is held or the online courses are purchased.

Content

Content revenue represents sponsorship of articles and white papers published in *FEI Daily*, the FEI website, as well as, research executive reports, surveys, interviews and podcasts. While revenues from various PD programs and webinars are included in PD revenues, these are promoted in *FEI Daily* and on the website. These fees are recognized as income either as each of the contracted deliverables is fulfilled or over the contract period, which is generally twelve months.

Other Revenue

Other revenue includes Committee of Sponsoring Organizations of the Treadway Commission (COSO) distributions, Chapter Administration and market development revenues, Career Center job postings, combined dues billing services and other miscellaneous revenue.

Contributions

Contributions are recognized in the period the donor makes the formal commitment. Contributions are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All contributions received in 2019 and 2018 were support without donor restrictions.

Activities and Functional Expenses

The Organization assigns expenses to program services and supporting activities that fulfill its mission. Expenses are allocated on a functional basis between program or supporting services. Expenses that can be identified within a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are prorated among the functions. Certain costs have been allocated among program services, management and general costs and fundraising. Such allocations are determined by management on an equitable basis.

The expenses that are allocated and the method of allocation are as follows:

<u>Expense Category</u>	<u>Allocation Methodology</u>
Salaries and benefits	Time and effort
Occupancy	Time and effort
Travel of President & CEO	Time and effort
Other costs	Time and effort

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(\$ In Thousands)

The Organization has the following activities:

Professional Development

PD activities include the design, development and delivery of conferences and PD programs. These events include national conferences, Current Financial Reporting Issues and Financial Leadership Summit, regional events, courses, webinars and on-demand learning.

Member Services and Chapter Support

Member services and chapter support activities relate to services and support provided to members, chapter volunteer leaders and chapter administrators. This also includes career management programs, training and member recruitment and retention efforts.

Technical Activities

Through the efforts of its technical activity committees, FEI works to influence public policy and accounting and financial reporting issues affecting senior-level financial executives, which include representation with accounting standard-setters and governmental and regulatory agencies in the United States.

Content

Content expenses include activities related to *FEI Daily*, the FEI website, published research and other communications to both FEI members and non-members.

Management and General

Management and general costs include facility expenses for the New Jersey office, general office expenses, supplemental pension plan expense and allocated personnel-related expenses.

Fundraising

Fundraising expenses include direct costs that benefit the donors and an allocated portion of fundraising staff support time.

Income Taxes

FEI and the Foundation are exempt from federal income taxes under section 501(c)(6) and 501(c)(3) of the Code, respectively. Revenue from job postings are subject to unrelated business income taxes. Additionally, beginning January 1, 2018, qualified transportation and parking benefits provided by FEI are subject to unrelated business income taxes. The Organization had no taxes due for the years ended June 30, 2019 and 2018.

The Organization has no unrecognized tax benefits at June 30, 2019 and 2018 and incurred no interest or penalties for the periods presented in these consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the 2018 consolidated financial statements to conform to the current year presentation. There was no impact on the changes in net assets or reported amounts of net assets.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
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(\$ In Thousands)

Accounting Pronouncements Adopted in the Current Year

Not-For-Profit Reporting

During 2019, FEI adopted ASU 2016-14 – *Not-for-profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of July 1, 2017 is as follows:

Net Assets Classifications	ASU 2016-14 Classifications		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented			
Unrestricted	\$ 5,401	\$ --	\$ 5,401
Pension liability adjustment	(3,681)	--	(3,681)
Total net assets	<u>\$ 1,720</u>	<u>\$ --</u>	<u>\$ 1,720</u>

Accounting Pronouncements Issued Not Yet Effective

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 *Revenue from Contracts with Customers* (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 (“ASC 606”). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements. ASC 606 will be effective for the Organization for its fiscal year beginning July 1, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2019. ASC 606 allows for either “full retrospective” adoption, meaning the standard is applied to all of the periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Organization is currently evaluating the impact of adoption of ASC 606. At this time, management believes that the adoption of ASC 606 will not have a material impact on its consolidated financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

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(\$ In Thousands)

Contribution Revenue Recognition

In July 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations (“NFPs”) because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for annual periods and interim periods beginning after December 15, 2018.

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the consolidated statement of financial position for all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets	
Cash and cash equivalents	\$ 1,072
Investments	5,424
Accounts receivable	<u>303</u>
Total financial assets available for general expenditure in the next year	<u>\$ 6,799</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. Cash flows fluctuate based on the timing of professional development events, membership dues collection cycles and other factors.

3. INVESTMENTS

Investments consisted of the following at June 30:

	2019	2018
Certificates of deposit	\$ 1,354	\$ 1,442
Corporate debt issues	2	103
Equities	1,011	892
Mutual funds	<u>3,820</u>	<u>3,637</u>
Total investments	<u>\$ 6,187</u>	<u>\$ 6,074</u>

The Organization does not require collateral or a custodial arrangement for its investments, as it believes risks are not significant. Cumulative net unrealized gains amounted to \$1,141 and \$992 as of June 30, 2019 and 2018, respectively.

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Notes to Consolidated Financial Statements
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(\$ In Thousands)

4. FAIR VALUE MEASUREMENTS

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy is established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 - Unobservable inputs are used when little or no market data is available.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and considers counterparty credit risk in its assessment of fair value. The Organization had no Level 3 assets or liabilities at both June 30, 2019 and 2018.

Investments in equity securities and fixed income bond funds are valued using market prices from active markets (Level 1). Mutual funds are valued at the fair value of the shares held by the Organization at year-end. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Corporate bonds and real estate funds are designated as Level 2 instruments as valuations are obtained from readily available sources for comparable instruments. There have been no changes in the methodologies used at June 30, 2019.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
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(\$ In Thousands)

Financial assets carried at fair value at June 30, 2019 are classified in the table below in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 1,011	\$ --	\$ 1,011
Mutual funds			
Intermediate term bond funds	261	--	261
Small blend funds	341	--	341
Large blend - world allocation fund	2,413	--	2,413
Foreign large value	212	--	212
Large value	276	--	276
Large blend - moderate allocation	317	--	317
Total mutual funds	<u>3,820</u>	<u>--</u>	<u>3,820</u>
Corporate debt issues	<u>--</u>	<u>2</u>	<u>2</u>
Total investments at fair value	<u>\$ 4,831</u>	<u>\$ 2</u>	<u>4,833</u>
Certificates of deposit			1,354
Total investments			<u>\$ 6,187</u>

Financial assets carried at fair value at June 30, 2018 are classified in the table below in one of the three categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 892	\$ --	\$ 892
Mutual funds			
Intermediate term bond funds	242	--	242
Small blend funds	338	--	338
Large blend - world allocation fund	2,248	--	2,248
Foreign large value	216	--	216
Large value	296	--	296
Large blend - moderate allocation	297	--	297
Total mutual funds	<u>3,637</u>	<u>--</u>	<u>3,637</u>
Corporate debt issues	<u>--</u>	<u>103</u>	<u>103</u>
Total investments at fair value	<u>\$ 4,529</u>	<u>\$ 103</u>	<u>4,632</u>
Certificates of deposit			1,442
Total investments			<u>\$ 6,074</u>

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
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5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consisted of the following at June 30, 2019:

	Useful Life (Years)	Asset Cost	Accumulated Depreciation and Amortization	Net
Computer equipment and software	3-5	\$ 771	\$ (739)	\$ 32
Website	3	717	(466)	251
Furniture and fixtures	10	298	(294)	4
Leasehold improvements	*	109	(83)	26
		<u>\$ 1,895</u>	<u>\$ (1,582)</u>	<u>\$ 313</u>

Equipment and leasehold improvements consisted of the following at June 30, 2018:

	Useful Life (Years)	Asset Cost	Accumulated Depreciation and Amortization	Net
Computer equipment and software	3-5	\$ 756	\$ (726)	\$ 30
Website	3	696	(321)	375
Furniture and fixtures	10	298	(288)	10
Leasehold improvements	*	89	(68)	21
		<u>\$ 1,839</u>	<u>\$ (1,403)</u>	<u>\$ 436</u>

* Leasehold improvements are amortized over the expected life of the lease or the useful life of the asset, whichever is shorter.

Depreciation expense amounted to \$179 and \$170 for the years ended June 30, 2019 and 2018, respectively.

6. NET ASSETS

Net assets without donor restrictions consisted of the following at June 30, 2019 and 2018:

	Operations	Pension Liability Adjustment	Total
Balance, June 30, 2017	\$ 5,401	\$ (3,681)	\$ 1,720
Increase in net assets without donor restrictions	225	--	225
Pension liability adjustment	--	274	274
	<u>5,626</u>	<u>(3,407)</u>	<u>2,219</u>
Balance, June 30, 2018	5,626	(3,407)	2,219
Increase in net assets without donor restrictions	551	--	551
Pension liability adjustment	--	(550)	(550)
	<u>6,177</u>	<u>(3,957)</u>	<u>2,220</u>
Balance, June 30, 2019	<u>\$ 6,177</u>	<u>\$ (3,957)</u>	<u>\$ 2,220</u>

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

7. PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS

Qualified Plan

FEI sponsors a non-contributory defined benefit pension plan for qualifying former and active employees of FEI, the Foundation and an unrelated entity, FEI Canada ("FEIC"), collectively ("The Plan"). The amount to be paid at normal retirement date is based on credited service, which varies based on dates of hire. The Plan was amended to close it to new employees hired after March 1, 2005. The Plan was amended to provide no further benefit accruals after October 1, 2009. The tables below include the activity of FEI and the Foundation and do not include the activity related to FEIC.

Plan contributions are shared between the three organizations based on average pension plan expense for the last five years. Total expected contribution from the three organizations for the fiscal year ending June 30, 2020 is \$200.

During 2019, the Board approved an amendment to the Plan to offer a lump sum payment window to terminated vested participants who were former employees of FEI and the Foundation. This offering was made to only eighteen (18) participants whose vested accrued benefit had an actuarial equivalent value between \$5 and \$39. At the close of the window, seven (7) participants had opted to take the lump sum distribution and, in total, \$162 of final benefit payments were made. This event did not trigger settlement accounting.

Supplemental Plan

The supplemental pension plan is a non-qualified plan that was set up to provide retirement benefits to two retired FEI executives and their beneficiaries. This plan is not funded and payments are made from current operating funds. In 2019, payments were made to one former executive for the full year. In 2018, payments were made to one former executive for the full year and one beneficiary for half the year.

Other Post-Retirement Benefits

FEI provides a fixed reimbursement for individual supplemental medical plans to a closed group of retired employees. Benefits are limited to a fixed quarterly amount which are frozen at their current level and will not increase in the future. The post-retirement benefit plan is not funded and payments are made from current operating funds. In 2019 and 2018, payments were made to five (5) former employees.

Weighted-Average Assumptions

Assumptions used to determine the projected benefit obligation and the net periodic benefit cost for the fiscal years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Discount rate	3.65%	4.27%
Rate of compensation increase	N/A	N/A
Expected long-term rates of return on plan assets (defined benefit pension plan)	7.00%	7.00%

FEI utilized the IRS 2019 Small Plan Static Mortality tables for males and females.

FEI uses the expected long-term rate of return on plan assets to compute the expected return on assets. For the pension plan, FEI estimates the expected long-term return by utilizing a portfolio return calculator model that produces the expected return for a portfolio.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

The Organization's obligations and funded status of the Plan were as follows at June 30, 2019 and 2018:

<u>Benefit Obligation</u>	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
Benefit obligation at June 30, 2017	\$ 9,030	\$ 661	\$ 49
Interest cost	351	24	2
Actuarial loss (gain)	7	(48)	4
Benefits paid	<u>(437)</u>	<u>(91)</u>	<u>(7)</u>
Benefit obligation at June 30, 2018	8,951	546	48
Interest cost	372	22	2
Actuarial loss	590	34	3
Benefits paid	<u>(588)</u>	<u>(73)</u>	<u>(6)</u>
Benefit obligation at June 30, 2019	<u>\$ 9,325</u>	<u>\$ 529</u>	<u>\$ 47</u>
 <u>Fair Value of Plan Assets</u>			
Fair value of Plan assets at June 30, 2017	\$ 8,001	\$ --	\$ --
Actual return on Plan assets	622	--	--
Employer contributions	--	--	--
Benefits paid	<u>(437)</u>	<u>--</u>	<u>--</u>
Fair value of Plan assets at June 30, 2018	8,186	--	--
Actual return on Plan assets	512	--	--
Employer contributions	--	--	--
Benefits paid	<u>(588)</u>	<u>--</u>	<u>--</u>
Fair value of Plan assets at June 30, 2019	<u>\$ 8,110</u>	<u>\$ --</u>	<u>\$ --</u>
 <u>Funded Status</u>			
Funded status at June 30, 2019	<u>\$ (1,215)</u>	<u>\$ (529)</u>	<u>\$ (47)</u>
Funded status at June 30, 2018	<u>\$ (765)</u>	<u>\$ (546)</u>	<u>\$ (48)</u>

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

Amounts recognized in the consolidated statements of financial position were as follows at June 30, 2019 and 2018:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
June 30, 2019:			
Current liabilities	\$ --	\$ 70	\$ 6
Non-current liabilities	1,215	459	41
Total	<u>\$ 1,215</u>	<u>\$ 529</u>	<u>\$ 47</u>
June 30, 2018:			
Current liabilities	\$ --	\$ 70	\$ 6
Non-current liabilities	765	476	42
Total	<u>\$ 765</u>	<u>\$ 546</u>	<u>\$ 48</u>

The current portion of the liability is included in accounts payable and accrued expenses on the consolidated statements of financial position.

The Organization's change in net unrecognized loss (gain) for the years ended June 30, 2019 and 2018 was as follows:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
June 30, 2017 net unrecognized actuarial loss (gain) included in unrestricted net assets	\$ 3,280	\$ 413	\$ (12)
Net (gain) loss	(75)	(48)	6
Amortization of net (gain) loss	<u>(97)</u>	<u>(61)</u>	<u>1</u>
June 30, 2018 net unrecognized actuarial loss (gain) included in unrestricted net assets	3,108	304	(5)
Net loss	636	34	3
Amortization of net (gain) loss	<u>(89)</u>	<u>(34)</u>	<u>--</u>
June 30, 2019 net unrecognized actuarial loss (gain) included in unrestricted net assets	<u>\$ 3,655</u>	<u>\$ 304</u>	<u>\$ (2)</u>

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

Components of net periodic benefit cost and other amounts recognized in other changes in net assets consisted of the following at June 30, 2019 and 2018:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
Interest cost	\$ 372	\$ 22	\$ 2
Expected return on Plan assets	(557)	--	--
Amortization of net actuarial loss	<u>89</u>	<u>34</u>	<u>--</u>
Net periodic (benefit) cost, June 30, 2019	<u>\$ (96)</u>	<u>\$ 56</u>	<u>\$ 2</u>
Interest cost	\$ 351	\$ 24	\$ 2
Expected return on Plan assets	(543)	--	--
Amortization of net actuarial loss (gain)	<u>98</u>	<u>61</u>	<u>(1)</u>
Net periodic (benefit) cost, June 30, 2018	<u>\$ (94)</u>	<u>\$ 85</u>	<u>\$ 1</u>

Plan Assets

The Group Pension Plan assets carried at fair value at June 30, 2019 are classified in the table below in one of the three categories as described in Note 4 - fair value measurements. There were no Level 3 assets at June 30, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>Equities and fixed income</u>			
Equity securities - U.S.	\$ 3,803	\$ --	\$ 3,803
Equity securities - non-U.S.	1,335	--	1,335
Fixed income bond funds	3,327	--	3,327
Real estate funds	<u>--</u>	<u>433</u>	<u>433</u>
Total assets	<u>\$ 8,465</u>	<u>\$ 433</u>	<u>\$ 8,898</u>

The Group Pension Plan assets carried at fair value at June 30, 2018 are classified in the table below in one of the three categories as described in Note 4 - fair value measurements. There were no Level 3 assets at June 30, 2018.

<u>Equities and fixed income</u>			
Equity securities - U.S.	\$ 4,090	\$ --	\$ 4,090
Equity securities - non-U.S.	1,349	--	1,349
Fixed income bond funds	3,124	--	3,124
Real estate funds	<u>--</u>	<u>427</u>	<u>427</u>
Total assets	<u>\$ 8,563</u>	<u>\$ 427</u>	<u>\$ 8,990</u>

The expected long-term rate of return for the Plan's assets is based on the expected return of each of the asset categories weighted based on the mean of the target allocation of the class.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

The Group Pension Plan asset allocations at June 30 by asset category, were as follows:

<u>Asset category</u>	2019	2018
Equity securities - U.S.	43.0 %	45.4 %
Equity securities - non-U.S.	15.0	15.0
Fixed income bond funds	37.0	34.8
Real estate funds	5.0	4.8
	100.0 %	100.0 %

Investment Strategy

The Plan assets are invested with the objective of being able to meet current and future benefit payment needs, while controlling pension expense volatility and future contributions. Plan assets are diversified among U.S. equities, international equities, U.S. fixed income investments and real estate. The strategic target allocations, as noted in the below table, allows a threshold range.

<u>Asset category</u>	
Equity securities - U.S.	45.0 %
Equity securities - non-U.S.	15.0
Fixed income bond funds	35.0
Real estate funds	5.0
	100.0 %

Expected Benefit Payments

Estimated future benefit payments reflecting expected future service for each of the five years subsequent to June 30, 2019 and in the aggregate for the five years thereafter for FEI, the Foundation and FEIC are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>	<u>Total</u>
2020	\$ 536	\$ 72	\$ 6	\$ 614
2021	556	69	6	631
2022	553	65	6	624
2023	547	61	5	613
2024	557	57	5	619
2025-2029	2,912	208	18	3,138
	\$ 5,661	\$ 532	\$ 46	\$ 6,239

401(k) Plan

The Organization maintains a 401(k) plan, whereby employees can contribute a percentage of their earnings on a tax-deferred basis. The Organization makes a safe harbor match of 100% of the employees' contribution on the first 3% of eligible earnings deferred and 50% of deferrals that exceed 3% but do not exceed 5% of eligible earnings deferred. The Organization contributed \$81 and \$82 to the 401(k) plan in 2019 and 2018, respectively.

Financial Executives International and Affiliate
Notes to Consolidated Financial Statements
June 30, 2019 and 2018
(\$ In Thousands)

8. LEASE AND HOTEL COMMITMENTS

Lease Commitments

The Organization rents its Morristown, New Jersey office under an operating lease which expires November 30, 2020. The Organization recognizes expense on a straight-line basis over the expected term of the lease. Beginning June 1, 2018, the Organization sublet 9,000 square feet of its Morristown office for the remainder of the lease. For the years ended June 30, 2019 and 2018, rental expense before sublease offset amounted to \$406 and \$381, respectively and the Organization recognized a \$21 monthly expense offset for the sublease rent and the amortization on the loss on sublease.

The Organization leases copiers and other office equipment for use in the Morristown office. For the years ended June 30, 2019 and 2018, equivalent rental expense amounted to \$30 and \$25, respectively.

Minimum non-cancellable rental payments on the above leases in each of the fiscal years subsequent to June 30, 2019 are as follows:

Year Ending June 30:	Lease Payments	Sublease Receipts	Net Payments
2020	\$ 454	\$ (158)	\$ 296
2021	189	(66)	123
Totals	\$ 643	\$ (224)	\$ 419

Conference and Hotel Commitments

The Organization contracts with hotels and convention facilities for its professional development events, technical committee and leadership meetings. The Organization recognizes the expense for these events in the month that the event or meeting is held. However, should the Organization cancel or move an event/meeting to another facility, it would constitute a breach of its obligation and the Organization would be contractually required to pay liquidation damages and/or cancellation fees depending on certain milestones in the contract. There were no cancellation fees paid for either of the years ended June 30, 2019 and 2018. As of June 30, 2019, the Organization had contracts whereby if they cancelled these contracts they would owe approximately \$1,272; however, management currently has no intentions to terminate any of the existing agreements.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date through October 1, 2019, which is the date the consolidated financial statements were available for release and has determined no events occurred requiring adjustment to or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

**Financial Executives International and Affiliate
Consolidating Statements of Financial Position
June 30, 2019
(\$ In Thousands)**

	FEI	Foundation	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 810	\$ 262	\$ --	\$ 1,072
Investments	3,818	1,606	--	5,424
Accounts receivable, net	73	419	(189)	303
Prepaid expenses	113	36	--	149
Total current assets	<u>4,814</u>	<u>2,323</u>	<u>(189)</u>	<u>6,948</u>
Long-term investments	300	463	--	763
Equipment and leasehold improvements, net	313	--	--	313
Other assets	99	110	--	209
Total assets	<u>\$ 5,526</u>	<u>\$ 2,896</u>	<u>\$ (189)</u>	<u>\$ 8,233</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,024	\$ 313	\$ (189)	\$ 1,148
Unearned membership dues	1,650	--	--	1,650
Unearned partnership, sponsorship and conference revenues	309	639	--	948
Other current liabilities	361	--	--	361
Total current liabilities	<u>3,344</u>	<u>952</u>	<u>(189)</u>	<u>4,107</u>
Deferred rent	44	--	--	44
Sublease liability	147	--	--	147
Pension plan and other post-retirement benefits	1,498	217	--	1,715
Total liabilities	<u>5,033</u>	<u>1,169</u>	<u>(189)</u>	<u>6,013</u>
Net assets - Without donor restrictions				
Available for general use	3,900	2,277	--	6,177
Pension liability adjustment	(3,407)	(550)	--	(3,957)
Total net assets	<u>493</u>	<u>1,727</u>	<u>--</u>	<u>2,220</u>
Total liabilities and net assets	<u>\$ 5,526</u>	<u>\$ 2,896</u>	<u>\$ (189)</u>	<u>\$ 8,233</u>

**Financial Executives International and Affiliate
Consolidating Statements of Financial Position
June 30, 2018
(\$ In Thousands)**

	FEI	Foundation	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,077	\$ 181	\$ --	\$ 1,258
Investments	3,602	1,972	--	5,574
Accounts receivable, net	165	12	(11)	166
Prepaid expenses	123	26	--	149
Total current assets	<u>4,967</u>	<u>2,191</u>	<u>(11)</u>	<u>7,147</u>
Long-term investments	500	--	--	500
Equipment and leasehold improvements, net	436	--	--	436
Other assets	109	--	--	109
Total assets	<u>\$ 6,012</u>	<u>\$ 2,191</u>	<u>\$ (11)</u>	<u>\$ 8,192</u>
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,190	\$ 54	\$ (11)	\$ 1,233
Unearned membership dues	1,865	--	--	1,865
Unearned partnership, sponsorship and conference revenues	806	217	--	1,023
Other current liabilities	252	--	--	252
Total current liabilities	<u>4,113</u>	<u>271</u>	<u>(11)</u>	<u>4,373</u>
Deferred rent	75	--	--	75
Sublease liability	242	--	--	242
Pension plan and other post-retirement benefits	1,149	134	--	1,283
Total liabilities	<u>5,579</u>	<u>405</u>	<u>(11)</u>	<u>5,973</u>
Net assets - Without donor restrictions				
Available for general use	3,389	2,237	--	5,626
Pension liability adjustment	(2,956)	(451)	--	(3,407)
Total net assets	<u>433</u>	<u>1,786</u>	<u>--</u>	<u>2,219</u>
Total liabilities and net assets	<u>\$ 6,012</u>	<u>\$ 2,191</u>	<u>\$ (11)</u>	<u>\$ 8,192</u>

Financial Executives International and Affiliate
Consolidating Statements of Activities and Changes in Net Assets
Year Ended June 30, 2019
(\$ In Thousands)

	FEI	Foundation	Eliminations	Total
Operating revenues				
Membership dues and fees	\$ 3,019	\$ --	\$ --	\$ 3,019
Professional development	27	2,256	--	2,283
Content	4	504	--	508
Contributions	--	474	--	474
Royalty	--	33	(33)	--
PD management fee	--	70	(70)	--
Other revenues	328	--	--	328
Total operating revenues	<u>3,378</u>	<u>3,337</u>	<u>(103)</u>	<u>6,612</u>
Operating activities and expenses				
Program				
Professional development	--	1,989	--	1,989
Member services and chapter support	1,472	--	--	1,472
Technical activities	658	--	--	658
Content	33	578	(33)	578
Total program expenses	<u>2,163</u>	<u>2,567</u>	<u>(33)</u>	<u>4,697</u>
Supporting services				
Management and general	966	692	(70)	1,588
Fundraising	--	151	--	151
Total supporting services	<u>966</u>	<u>843</u>	<u>(70)</u>	<u>1,739</u>
Total operating activities and expenses	<u>3,129</u>	<u>3,410</u>	<u>(103)</u>	<u>6,436</u>
Change in operating activities	249	(73)	--	176
Nonoperating revenue and expense				
Investment income	<u>262</u>	<u>113</u>	<u>--</u>	<u>375</u>
Increase in net assets without donor restrictions before pension related changed other than net periodic pension cost	511	40	--	551
Pension related changes other than net periodic pension cost	<u>(451)</u>	<u>(99)</u>	<u>--</u>	<u>(550)</u>
Increase (decrease) in net assets without donor restrictions	60	(59)	--	1
Net assets without donor restrictions, beginning of year	<u>433</u>	<u>1,786</u>	<u>--</u>	<u>2,219</u>
Net assets without donor restrictions, end of year	<u>\$ 493</u>	<u>\$ 1,727</u>	<u>\$ --</u>	<u>\$ 2,220</u>

Financial Executives International and Affiliate
Consolidating Statements of Activities and Changes in Net Assets
Year Ended June 30, 2018
(\$ In Thousands)

	FEI	Foundation	Eliminations	Total
Operating revenues				
Membership dues and fees	\$ 3,298	\$ --	\$ --	\$ 3,298
Professional development	2,198	--	--	2,198
Content	370	125	--	495
Contributions	--	534	--	534
Royalty	--	33	(33)	--
Other revenues	219	--	--	219
Total operating revenues	<u>6,085</u>	<u>692</u>	<u>(33)</u>	<u>6,744</u>
Operating activities and expenses				
Program				
Professional development	1,934	--	--	1,934
Member services and chapter support	1,452	--	--	1,452
Technical activities	634	--	--	634
Content	377	329	(33)	673
Total program expenses	<u>4,397</u>	<u>329</u>	<u>(33)</u>	<u>4,693</u>
Supporting services				
Management and general	1,766	227	--	1,993
Fundraising	--	171	--	171
Total supporting services	<u>1,766</u>	<u>398</u>	<u>--</u>	<u>2,164</u>
Total operating activities and expenses	<u>6,163</u>	<u>727</u>	<u>(33)</u>	<u>6,857</u>
Change in operating activities	(78)	(35)	--	(113)
Nonoperating revenue and expense				
Investment income	188	150	--	338
Increase in net assets without donor restrictions before pension related changes other than net periodic pension cost	110	115	--	225
Pension related changes other than net periodic pension cost	239	35	--	274
Increase in net assets without donor restrictions	349	150	--	499
Net assets without donor restrictions, beginning of year	84	1,636	--	1,720
Net assets without donor restrictions, end of year	<u>\$ 433</u>	<u>\$ 1,786</u>	<u>\$ --</u>	<u>\$ 2,219</u>

Financial Executives International and Affiliate
Consolidating Statements of Cash Flows
Year Ended June 30, 2019
(\$ In Thousands)

	FEI	Foundation	Eliminations	Totals
Cash flows from operating activities				
Increase in net assets without donor restrictions	\$ 511	\$ 40	\$ --	\$ 551
Adjustments to reconcile increase in net assets without donor restriction to net cash (used) provided by operating activities				
Depreciation and amortization	179	--	--	179
Deferred rent	(31)	--	--	(31)
Sublease liability	(95)	--	--	(95)
Unrealized gains on investments	(88)	(60)	--	(148)
Changes in				
Accounts receivable	92	(407)	178	(137)
Prepaid expenses and other assets	20	(120)	--	(100)
Accounts payable, accrued expenses and other current liabilities	(57)	259	(178)	24
Unearned membership dues, partnership, sponsorship, and conference revenues	(712)	422	--	(290)
Pension plan and other post-retirement benefits	(102)	(16)	--	(118)
Net cash (used) provided by operating activities	<u>(283)</u>	<u>118</u>	<u>--</u>	<u>(165)</u>
Cash flows from investing activities				
Proceeds from redemption of investments	844	400	--	1,244
Purchases of investments	(772)	(437)	--	(1,209)
Purchases of equipment and leasehold improvements	(56)	--	--	(56)
Net cash provided (used) by investing activities	<u>16</u>	<u>(37)</u>	<u>--</u>	<u>(21)</u>
Net change in cash and cash equivalents	(267)	81	--	(186)
Cash and cash equivalents				
Beginning of year	<u>1,077</u>	<u>181</u>	<u>--</u>	<u>1,258</u>
End of year	<u>\$ 810</u>	<u>\$ 262</u>	<u>\$ --</u>	<u>\$ 1,072</u>

Financial Executives International and Affiliate
Consolidating Statements of Cash Flows
Year Ended June 30, 2018
(\$ In Thousands)

	FEI	Foundation	Eliminations	Totals
Cash flows from operating activities				
Increase in net assets without donor restrictions	\$ 110	\$ 115	\$ --	\$ 225
Adjustments to reconcile increase in net assets without donor restrictions to net cash provided (used) by operating activities				
Depreciation and amortization	170	--	--	170
Deferred rent	(155)	--	--	(155)
Unrealized losses (gains) on investments	66	(113)	--	(47)
Realized gains losses on investments	(120)	--	--	(120)
Sublease liability	242	--	--	242
Changes in				
Accounts receivable	147	7	11	165
Prepaid expenses and other assets	(43)	(7)	--	(50)
Accounts payable, accrued expenses and other current liabilities	279	(20)	(11)	248
Unearned membership dues, partnership, sponsorship, and conference revenues	(227)	92	--	(135)
Pension plan and other post-retirement benefits	(53)	(18)	--	(71)
Net cash provided by operating activities	<u>416</u>	<u>56</u>	<u>--</u>	<u>472</u>
Cash flows from investing activities				
Proceeds from redemption of investments	1,387	400	--	1,787
Purchases of investments	(1,466)	(426)	--	(1,892)
Purchases of equipment and leasehold improvements	(100)	--	--	(100)
Net cash (used) by investing activities	<u>(179)</u>	<u>(26)</u>	<u>--</u>	<u>(205)</u>
Net change in cash and cash equivalents	237	30	--	267
Cash and cash equivalents				
Beginning of year	<u>840</u>	<u>151</u>	<u>--</u>	<u>991</u>
End of year	<u>\$ 1,077</u>	<u>\$ 181</u>	<u>\$ --</u>	<u>\$ 1,258</u>