

**FINANCIAL EXECUTIVES INTERNATIONAL AND AFFILIATE**  
**Consolidated Financial Statements**  
**June 30, 2020 and 2019**  
**With Independent Auditor's Report**

**Financial Executives International and Affiliate  
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June 30, 2020 and 2019**

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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 (the "Affiliate"), (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019 and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

### 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 consolidated 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, 2020 and 2019, 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, 2020, the Organization adopted the following Accounting Standards Updates (“ASU”): ASU 2016-01, *Financial Instruments* (Topic 825), ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) and ASU 2017-07, *Compensation – Retirement Benefits* (Topic 715). Our opinion is not modified with respect to this matter.

### **Emphasis of Matter – Prior Period Adjustment Due to Change in Accounting Principle**

As disclosed in Note 10, the Organization changed the accounting policy for its treatment of funds received from technical committees. 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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

October 9, 2020

**Financial Executives International and Affiliate**  
**Consolidated Statements of Financial Position**  
**June 30, 2020 and 2019**  
**(\$ In Thousands)**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 943	\$ 1,072
Investments	5,137	5,424
Accounts receivable, net	551	303
Prepaid expenses	<u>135</u>	<u>149</u>
Total current assets	6,766	6,948
Long-term investments	387	763
Equipment and leasehold improvements, net	182	313
Other assets	<u>171</u>	<u>209</u>
 Total assets	 <u>\$ 7,506</u>	 <u>\$ 8,233</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 757	\$ 1,148
Unearned membership dues	1,016	1,650
Unearned partnership, sponsorship and conference revenues	1,329	948
PPP loan payable	273	-
Other current liabilities	<u>137</u>	<u>93</u>
Total current liabilities	3,512	3,839
Deferred rent	13	44
Sublease liability	53	147
Pension plan and other post-retirement benefits	<u>2,522</u>	<u>1,715</u>
Total liabilities	<u>6,100</u>	<u>5,745</u>
Net assets - without donor restrictions		
Available for general use	6,295	6,445
Pension liability adjustment	<u>(4,889)</u>	<u>(3,957)</u>
Total net assets	<u>1,406</u>	<u>2,488</u>
 Total liabilities and net assets	 <u>\$ 7,506</u>	 <u>\$ 8,233</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, 2020 and 2019**  
**(\$ In Thousands)**

	<u>2020</u>	<u>2019</u>
Operating revenues		
Membership dues and fees	\$ 2,617	\$ 3,019
Professional development	1,658	2,283
Content	404	508
Contributions	423	474
Technical activities	375	531
Other revenues	<u>312</u>	<u>328</u>
Total operating revenues	<u>5,789</u>	<u>7,143</u>
Operating activities and expenses		
Program		
Professional development	1,342	1,989
Member services and chapter support	1,379	1,505
Technical activities	1,015	1,228
Content	<u>567</u>	<u>578</u>
Total program expenses	<u>4,303</u>	<u>5,300</u>
Supporting services		
Management and general	1,594	1,628
Fundraising	<u>182</u>	<u>151</u>
Total supporting services	<u>1,776</u>	<u>1,779</u>
Total operating activities and expenses	<u>6,079</u>	<u>7,079</u>
Change in operating activities	<u>(290)</u>	<u>64</u>
Nonoperating revenue (expense)		
Investment income	38	375
Other components of net periodic pension costs	102	96
Pension related changes other than net periodic pension cost	<u>(932)</u>	<u>(550)</u>
Total nonoperating revenue (expense)	<u>(792)</u>	<u>(79)</u>
Change in net assets without donor restrictions	(1,082)	(15)
Net assets without donor restrictions, Beginning of year, as previously stated	2,488	2,219
Change in accounting principle (Note 10)	<u>-</u>	<u>284</u>
Net assets without donor restrictions, Beginning of year, as restated	<u>2,488</u>	<u>2,503</u>
Net assets without donor restrictions, End of year	<u>\$ 1,406</u>	<u>\$ 2,488</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, 2020 and 2019**  
**(\$ In Thousands)**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Change in net assets without donor restrictions	\$ (1,082)	\$ (15)
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities		
Depreciation and amortization	157	179
Deferred rent	(31)	(31)
Sublease liability	(94)	(95)
Unrealized losses (gains) on investments	155	(148)
Pension liability adjustment	932	550
Changes in		
Accounts receivable	(248)	(137)
Prepaid expenses and other assets	52	(100)
Accounts payable, accrued expenses and other current liabilities	(347)	40
Unearned membership dues, partnership, sponsorship, and conference revenues	(253)	(290)
Pension plan and other post-retirement benefits	(125)	(118)
Net cash used in operating activities	<u>(884)</u>	<u>(165)</u>
<b>Investing activities</b>		
Proceeds from redemption of investments	850	1,244
Purchases of investments	(342)	(1,209)
Purchases of equipment and leasehold improvements	(26)	(56)
Net cash provided by (used in) investing activities	<u>482</u>	<u>(21)</u>
<b>Financing activities</b>		
Issuance of PPP loan payable	273	-
Net cash provided by financing activities	<u>273</u>	<u>-</u>
Net change in cash and cash equivalents	(129)	(186)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,072</u>	<u>1,258</u>
End of year	<u>\$ 943</u>	<u>\$ 1,072</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, 2020  
(\$ In Thousands)**

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Professional Development</u>	<u>Member Services and Chapter Support</u>	<u>Technical Activities</u>	<u>Content</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 441	\$ 745	\$ 460	\$ 376	\$ 2,022	\$ 1,141	\$ 109	\$ 3,272
Professional fees	15	202	113	102	432	169	3	604
Publicity, promotion & marketing	34	48	-	6	88	-	51	139
Information technology	65	170	30	30	295	74	7	376
Occupancy	53	70	42	40	205	110	10	325
Travel	3	30	36	6	75	20	1	96
Conferences/meetings	726	28	319	-	1,073	19	-	1,092
Other	5	86	15	7	113	61	1	175
	<u>\$ 1,342</u>	<u>\$ 1,379</u>	<u>\$ 1,015</u>	<u>\$ 567</u>	<u>\$ 4,303</u>	<u>\$ 1,594</u>	<u>\$ 182</u>	<u>\$ 6,079</u>

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



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

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Professional Development</u>	<u>Member Services and Chapter Support</u>	<u>Technical Activities</u>	<u>Content</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 325	\$ 762	\$ 438	\$ 380	\$ 1,905	\$ 1,011	\$ 78	\$ 2,994
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	548	-	2,102	28	-	2,130
Other	13	146	19	12	190	91	2	283
	<u>\$ 1,989</u>	<u>\$ 1,505</u>	<u>\$ 1,228</u>	<u>\$ 578</u>	<u>\$ 5,300</u>	<u>\$ 1,628</u>	<u>\$ 151</u>	<u>\$ 7,079</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, 2020 and 2019**  
**(\$ In Thousands)**

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**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 (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.

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 consolidated 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 consolidated financial statements.

The current outbreak of Coronavirus Disease 2019 ("COVID-19") is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial and investment activities may be adversely affected in future years. The extent to which COVID-19 impacts operations will depend on future developments, including changes to government orders in effect as well as actions taken to contain the coronavirus and its impact. COVID-19 caused the Organization to change its business model of providing professional development from in-person meetings and conferences to a virtual format. The Organization will continue to monitor the situation and make changes as necessary.

**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 organized under section 501(c)(3) of the Code. 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, 2020 and 2019, 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.

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

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**Measure of Operations**

The consolidated statements of activities and changes in net assets report all changes in net assets, including changes in net assets from operating and nonoperating activities. Nonoperating activities are limited to activities that are considered to be of a more unusual or nonrecurring nature and items that are generally classified as other comprehensive income which include the other components of net periodic pension costs, the pension related changes other than net periodic pension cost and the Organization's investment income which generally is not used in operations.

**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 8).

**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 consist 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, 2020 and 2019. 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. Investments in equity securities are carried at fair value and investments in debt securities that are held to maturity are valued at amortized cost. 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, 2020 and 2019, the Organization has amounts invested exceeding these insured limits of approximately \$5,024 and \$5,687, 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.

**Financial Executives International and Affiliate**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**  
**(\$ In Thousands)**

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**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.

**Sublease Liability**

During 2018, the Organization subleased a portion of their rental space to an unrelated third party. As a result, the Organization 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**

**Revenue from Contracts with Customers**

*Membership Dues*

Membership provides access to leading industry research, an online community, newsletters, trainings and discounted events. Membership is billed to members on an annual basis. These benefits are consumed by the member over the benefit period and, therefore, are recognized over time. Any membership dues payments received in the current year for the following year are recorded as deferred revenue. In the following year, these payments are removed from the account and recorded as revenue.

*Professional Development*

Professional development ("PD") revenue includes registration fees and event sponsorship receipts related to conferences, courses, webinars and on-demand learning. The Organization treats these revenues as exchange transactions and records the revenue at a point in time on the day of the event or webinar as the performance obligations are satisfied when the event is held.

*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 when the performance obligation is satisfied at a point in time or over the contract period, which is generally twelve months, as the performance obligations are satisfied over time.

*Technical Activities*

Technical activities revenue mainly represents registration fees related to technical committee meetings. The Organization treats these revenues as exchange transactions and records the revenue at a point in time during the meetings as the performance obligations are satisfied.

**Financial Executives International and Affiliate**  
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**(\$ In Thousands)**

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**Contributions**

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. All contributions received in 2020 and 2019 were support without donor restrictions.

The Organization had no conditional contributions not yet recognized at June 30, 2020 and 2019.

**Other Revenue**

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

**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
Professional fees	Time and effort
Occupancy	Time and effort
Travel of President & CEO	Time and effort
Other costs	Time and effort

The Organization has the following programmatic activities:

*Professional Development*

PD activities include the design, development and delivery of conferences and PD programs. These events include national conferences, Corporate Financial Reporting Insights 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.

**Financial Executives International and Affiliate**  
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**(\$ In Thousands)**

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*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.

**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. The Organization had no taxes due for the years ended June 30, 2020 and 2019. The Organization has no unrecognized tax benefits at June 30, 2020 and 2019 and incurred no interest or penalties for the periods presented in these consolidated financial statements.

**Accounting Pronouncements Adopted in the Current Year**

*Financial Instruments*

During 2020, the Organization adopted ASU 2016-01, *Financial Instruments* (Topic 825). This ASU required all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). In addition, the amendments in this ASU eliminated the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. This standard adoption had no material impact on the consolidated financial statements.

*Compensation – Retirement Benefits*

Effective in fiscal year 2020, the Organization adopted ASU 2017-07 – *Compensation – Retirement Benefits, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Topic 715). This ASU required that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Additionally, the other components of net benefit cost are required to be presented separately from the service cost component and outside a subtotal of income from operations (if one is presented). The adoption of this standard resulted in a reclassification in the June 30, 2019 consolidated financial statements to increase program salary expenses by \$95 and reclassify to nonoperating income in the amount of \$95. The Organization had no service cost component, therefore, no amounts remained in operations.

*Contribution Revenue Recognition*

During 2020, the Organization adopted ASU 2018-08 – *Not-for-profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transaction or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. The Organization adopted this ASU at July 1, 2019. The adoption of this ASU had no impact on opening balance net assets and no significant changes to its revenue recognition or classification of revenue.

**Financial Executives International and Affiliate**  
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**(\$ In Thousands)**

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**Accounting Pronouncements Issued Not Yet Effective**

*Revenue Recognition – Contracts with Customers*

The Financial Accounting Standards Board (“FASB”) issued guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (“ASC”). ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, *Revenue Recognition*). ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, which requires the deferral of incremental costs of obtaining a contract with a customer. All references to the “new guidance” include ASC 606 and/or ASC 340-40. The Organization is evaluating the effect this standard will have on its consolidated financial statements.

*Leases*

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) (“ASU 2016-02”), which requires lessees to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will continue to primarily depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the statement of financial position, ASU 2016-02 will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 also requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The Organization is currently evaluating the effect of this standard and the impact it will have depending on leasing arrangements entered in the future.

*Updates to Effective Dates*

The COVID-19 pandemic is adversely affecting the global economy and causing significant and widespread business and capital market disruptions. The Financial Accounting Standards Board (“FASB”) issued ASU 2020-05 as a limited deferral of the effective dates of the following Updates (including amendments issued after the issuance of the original Update) to provide immediate, near-term relief for certain entities for whom these Updates are either currently effective or imminently effective:

1. ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) (Revenue)
2. ASU No. 2016-02, *Leases* (Topic 842) (Leases)

The amendments in this Update defer, for one year, the required effective date of Revenue for entities, that are not public business entities, that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Revenue. Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019.

The amendments in this Update defer the effective date of Leases for entities, that are not public business entities, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

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

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**2. LIQUIDITY AND AVAILABILITY OF RESOURCES**

As of June 30, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 943	\$ 1,072
Investments	5,137	5,424
Accounts receivable	<u>551</u>	<u>303</u>
Total financial assets available for general expenditure in the next year	<u>\$ 6,631</u>	<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:

	<u>2020</u>	<u>2019</u>
Certificates of deposit	\$ 712	\$ 1,354
Corporate debt issues	2	2
Equities	1,345	1,011
Mutual funds	<u>3,465</u>	<u>3,820</u>
Total investments	<u>\$ 5,524</u>	<u>\$ 6,187</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 \$984 and \$1,141 as of June 30, 2020 and 2019, respectively.

**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.



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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 June 30, 2020 and 2019.

Investments in equity securities and fixed income bond funds are valued using market prices from active markets (Level 1). Mutual funds and equities 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 are valued at amortized cost and not at fair value. There have been no changes in the methodologies used at June 30, 2020.

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 assets carried at fair value at June 30, 2020 are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Equities	\$ 1,345	\$ 1,345
Mutual funds		
Intermediate term bond funds	281	281
Large blend - world allocation fund	2,442	2,442
Foreign large value	191	191
Large value	247	247
Large blend - moderate allocation	304	304
Total mutual funds	<u>3,465</u>	<u>3,465</u>
Total investments at fair value	<u>\$ 4,810</u>	4,810
Corporate debt issues		2
Certificates of deposit		<u>712</u>
Total investments		<u>\$ 5,524</u>

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Financial assets carried at fair value at June 30, 2019 are classified in the table below as follows:

	<u>Level 1</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>3,820</u>
 Total investments at fair value	 \$ 4,831	 4,831
Corporate debt issues		2
Certificates of deposit		1,354
Total investments		<u>\$ 6,187</u>

**5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements consisted of the following at June 30, 2020:

<u>Description</u>	<u>Useful Life (Years)</u>	<u>Asset Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
Computer equipment and software	3-5	\$ 586	\$ (559)	\$ 27
Website	3	732	(587)	145
Furniture and fixtures	10	298	(298)	-
Leasehold improvements	*	109	(99)	10
		<u>\$ 1,725</u>	<u>\$ (1,543)</u>	<u>\$ 182</u>

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

<u>Description</u>	<u>Useful Life (Years)</u>	<u>Asset Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
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>

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\* 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 \$157 and \$179 for the years ended June 30, 2020 and 2019, respectively.

**6. PPP LOAN PAYABLE**

During May 2020, the Foundation received funding authorized through the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief and Economic Security Act ("CARES") in the amount of \$273. The term note may be forgiven upon a review by the financial institution of the Organization's use of the loan proceeds in accordance with the CARES Act. If the financial institution determines that the criteria for debt forgiveness has not been met, the loan matures 2 years from the date of the loan and interest accrues at 1% per year. Any such debt forgiveness would be recognized at the time that the financial institution completed the aforementioned review and approved the forgiveness of the loan.

**7. NET ASSETS**

Net assets without donor restrictions consisted of the following at June 30, 2020 and 2019:

	<u>Operations</u>	<u>Pension Liability Adjustment</u>	<u>Total</u>
Balance, June 30, 2018	\$ 5,626	\$ (3,407)	\$ 2,219
Change in accounting principle (Note 11)	284	-	284
Changes in net assets without donor restrictions	535	-	535
Pension liability adjustment	<u>-</u>	<u>(550)</u>	<u>(550)</u>
Balance, June 30, 2019	6,445	(3,957)	2,488
Changes in net assets without donor restrictions	(150)	-	(150)
Pension liability adjustment	<u>-</u>	<u>(932)</u>	<u>(932)</u>
Balance, June 30, 2020	<u>\$ 6,295</u>	<u>\$ (4,889)</u>	<u>\$ 1,406</u>

**8. 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 among the three organizations (FEI, Foundation and FEIC) based on average pension plan expense for the last five years. Contributions to the Plan are made as needed and no contributions are expected for the year ending June 30, 2021.

**Financial Executives International and Affiliate**  
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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 2020 and 2019, payments were made to one former executive for the full 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 2020 and 2019, 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, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	2.85%	3.65%
Rate of compensation increase	N/A	N/A
Expected long-term rates of return on plan assets (defined benefit pension plan)	6.50%	7.00%

FEI utilized the IRS 2020 and 2019 Small Plan Static Mortality tables for males and females, respectively.

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.

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The Organization's obligations and funded status of the Plan, excluding FEIC, were as follows at June 30, 2020 and 2019:

<u>Benefit Obligation</u>	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</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	9,325	529	47
Interest cost	332	18	2
Actuarial loss	634	46	4
Benefits paid	<u>(443)</u>	<u>(73)</u>	<u>(7)</u>
Benefit obligation at June 30, 2020	<u>\$ 9,848</u>	<u>\$ 520</u>	<u>\$ 46</u>

The fair value of the Plan Assets, excluding FEIC, were as follows at June 30, 2020 and 2019:

<u>Fair Value of Plan Assets</u>	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</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	8,110	-	-
Actual return on Plan assets	149	-	-
Employer contributions	-	-	-
Benefits paid	<u>(443)</u>	<u>-</u>	<u>-</u>
Fair value of Plan assets at June 30, 2020	<u>\$ 7,816</u>	<u>\$ -</u>	<u>\$ -</u>

**Financial Executives International and Affiliate**  
**Notes to Consolidated Financial Statements**  
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The Organization's funded status, excluding FEIC, were as follows at June 30, 2020 and 2019:

**Funded Status**

Funded status at June 30, 2020	\$ (2,032)	\$ (520)	\$ (46)
Funded status at June 30, 2019	\$ (1,215)	\$ (529)	\$ (47)

Amounts recognized in the consolidated statements of financial position were as follows at June 30, 2020 and 2019:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
<b>June 30, 2020</b>			
Current liabilities	\$ -	\$ 70	\$ 6
Non-current liabilities	<u>2,032</u>	<u>450</u>	<u>40</u>
	<u>\$ 2,032</u>	<u>\$ 520</u>	<u>\$ 46</u>
<b>June 30, 2019</b>			
Current liabilities	\$ -	\$ 70	\$ 6
Non-current liabilities	<u>1,215</u>	<u>459</u>	<u>41</u>
	<u>\$ 1,215</u>	<u>\$ 529</u>	<u>\$ 47</u>

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

**Financial Executives International and Affiliate**  
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The Organization's change in net unrecognized loss (gain), excluding FEIC, for the years ended June 30, 2020 and 2019 was as follows:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
June 30, 2018 net unrecognized actuarial (gain) loss included in unrestricted net assets	\$ 3,108	\$ 304	\$ (5)
Net loss	636	34	3
Amortization of net gain	<u>(89)</u>	<u>(34)</u>	<u>-</u>
June 30, 2019 net unrecognized actuarial (gain) loss included in unrestricted net assets	3,655	304	(2)
Net loss	1,036	46	4
Amortization of net gain	<u>(117)</u>	<u>(37)</u>	<u>-</u>
June 30, 2020 net unrecognized actuarial loss included in unrestricted net assets	<u>\$ 4,574</u>	<u>\$ 313</u>	<u>\$ 2</u>

Components of net periodic benefit cost and other amounts recognized in other changes in net assets, excluding FEIC, consisted of the following at June 30, 2020 and 2019:

	<u>Qualified Pension</u>	<u>Supplemental Pension</u>	<u>Retiree Medical</u>
Interest cost	\$ 332	\$ 18	\$ 2
Expected return on Plan assets	(551)	-	-
Amortization of net actuarial loss	<u>117</u>	<u>37</u>	<u>-</u>
Net periodic (benefit) cost, June 30, 2020	<u>\$ (102)</u>	<u>\$ 55</u>	<u>\$ 2</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>

**Financial Executives International and Affiliate**  
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**Plan Assets**

The Group Pension Plan assets of FEI, Foundation and FEIC, carried at fair value at June 30, 2020, 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, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>Equities and fixed income</u>			
Equity securities - U.S.	\$ 3,640	\$ -	\$ 3,640
Equity securities - non-U.S.	1,278	-	1,278
Fixed income bond funds	2,977	-	2,977
Real estate funds	-	375	375
Money market fund	295	-	295
Total assets	<u>\$ 8,190</u>	<u>\$ 375</u>	<u>\$ 8,565</u>

The Group Pension Plan assets of FEI, Foundation and FEIC, 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	-	433	433
Total assets	<u>\$ 8,465</u>	<u>\$ 433</u>	<u>\$ 8,898</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.

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

	<u>2020</u>	<u>2019</u>
<u>Asset category</u>		
Equity securities - U.S.	42.5 %	42.7 %
Equity securities - non-U.S.	14.9	15.0
Fixed income bond funds	34.8	37.4
Real estate funds	4.4	4.9
Money market	3.4	-
	<u>100.0 %</u>	<u>100.0 %</u>

**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.



**Financial Executives International and Affiliate**  
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<u>Asset category</u>	
Equity securities - U.S.	43.0 %
Equity securities - non-U.S.	15.0
Fixed income bond funds	35.0
Real estate funds	4.0
Cash	3.0
	<u>100.0 %</u>

**Expected Benefit Payments**

Estimated future benefit payments reflecting expected future service for each of the five years subsequent to June 30, 2020 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>
2021	\$ 530	\$ 71	\$ 6	\$ 607
2022	527	68	6	601
2023	522	64	6	592
2024	532	60	5	597
2025	550	55	5	610
2026-2030	2,836	193	17	3,046
	<u>\$ 5,497</u>	<u>\$ 511</u>	<u>\$ 45</u>	<u>\$ 6,053</u>

**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 \$86 and \$81 to the 401(k) plan in 2020 and 2019, respectively.

**9. 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 each of the years ended June 30, 2020 and 2019, rental expense before sublease offset amounted to \$406 and the Organization recognized a \$252 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, 2020 and 2019, equivalent rental expense amounted to \$26 and \$30, respectively.

**Financial Executives International and Affiliate**  
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Minimum non-cancellable rental payments on the above leases in each of the fiscal years subsequent to June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>	<u>Sublease Receipts</u>	<u>Net Payments</u>
2021	\$ 189	\$ (66)	\$ 123

**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. Cancellation fees were \$107 and \$0 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020, the Organization had contracts whereby if they cancelled these contracts they would owe approximately \$1,070; however, management currently has no intentions to terminate any of the existing agreements. Subsequent to June 30, 2020, the Organization was forgiven a commitment of \$291.

**10. CHANGE IN ACCOUNTING PRINCIPLE**

During 2020, the Organization changed the accounting policy, in which cash received from technical committees was previously presented as custodial liability. Effective July 1, 2019 the Organization changed its control relationship with respect to these funds and as such, changed its accounting policy to reflect the activities of its technical committees as revenues and expenses. The Organization, therefore, retrospectively applied this change to both reporting periods. This change resulted in an increase in opening balance net assets at July 1, 2018 of \$284. This change also resulted in adjustment for the year ended June 30, 2019 to increase revenue by \$531 and increase expenses by \$547.

**11. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date through October 9, 2020, 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**  
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	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 595	\$ 348	\$ -	943
Investments	3,509	1,628	-	5,137
Accounts receivable, net	96	1,138	(683)	551
Prepaid expenses	117	18	-	135
Total current assets	<u>4,317</u>	<u>3,132</u>	<u>(683)</u>	<u>6,766</u>
Long-term investments	104	283	-	387
Equipment and leasehold improvements, net	182	-	-	182
Other assets	<u>123</u>	<u>48</u>	<u>-</u>	<u>171</u>
Total assets	<u>\$ 4,726</u>	<u>\$ 3,463</u>	<u>\$ (683)</u>	<u>\$ 7,506</u>
<b>Liabilities and Net Assets</b>				
Current liabilities				
Accounts payable and accrued expenses	1,156	284	(683)	\$ 757
Unearned membership dues	1,016	-	-	1,016
Unearned partnership, sponsorship and conference revenues	86	1,243	-	1,329
PPP loan payable	-	273	-	273
Other current liabilities	<u>137</u>	<u>-</u>	<u>-</u>	<u>137</u>
Total current liabilities	2,395	1,800	(683)	3,512
Deferred rent	13	-	-	13
Sublease liability	53	-	-	53
Pension plan and other post-retirement benefits	<u>2,153</u>	<u>369</u>	<u>-</u>	<u>2,522</u>
Total liabilities	<u>4,614</u>	<u>2,169</u>	<u>(683)</u>	<u>6,100</u>
Net assets - without donor restrictions				
Available for general use	4,281	2,014	-	6,295
Pension liability adjustment	<u>(4,169)</u>	<u>(720)</u>	<u>-</u>	<u>(4,889)</u>
Total net assets	<u>112</u>	<u>1,294</u>	<u>-</u>	<u>1,406</u>
Total liabilities and net assets	<u>\$ 4,726</u>	<u>\$ 3,463</u>	<u>\$ (683)</u>	<u>\$ 7,506</u>

See Independent Auditor's Report.

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

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
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	<u>113</u>	<u>36</u>	<u>-</u>	<u>149</u>
Total current assets	4,814	2,323	(189)	6,948
Long-term investments	300	463	-	763
Equipment and leasehold improvements, net	313	-	-	313
Other assets	<u>99</u>	<u>110</u>	<u>-</u>	<u>209</u>
Total assets	<u>\$ 5,526</u>	<u>\$ 2,896</u>	<u>\$ (189)</u>	<u>\$ 8,233</u>
<b>Liabilities and Net Assets</b>				
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	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
Total current liabilities	3,076	952	(189)	3,839
Deferred rent	44	-	-	44
Sublease liability	147	-	-	147
Pension plan and other post-retirement benefits	<u>1,498</u>	<u>217</u>	<u>-</u>	<u>1,715</u>
Total liabilities	<u>4,765</u>	<u>1,169</u>	<u>(189)</u>	<u>5,745</u>
Net assets - without donor restrictions				
Available for general use	4,168	2,277	-	6,445
Pension liability adjustment	<u>(3,407)</u>	<u>(550)</u>	<u>-</u>	<u>(3,957)</u>
Total net assets	<u>761</u>	<u>1,727</u>	<u>-</u>	<u>2,488</u>
Total liabilities and net assets	<u>\$ 5,526</u>	<u>\$ 2,896</u>	<u>\$ (189)</u>	<u>\$ 8,233</u>

See Independent Auditor's Report.

**Financial Executives International and Affiliate**  
**Consolidating Statements of Activities and Changes in Net Assets**  
**Year Ended June 30, 2020**  
**(\$ In Thousands)**

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues				
Membership dues and fees	\$ 2,617	\$ -	\$ -	\$ 2,617
Professional development	25	1,633	-	1,658
Content	4	400	-	404
Contributions	-	423	-	423
Royalty	-	33	(33)	-
PD management fee	-	43	(43)	-
Other revenues	312	-	-	312
Technical activities	375	-	-	375
Total operating revenues	<u>3,333</u>	<u>2,532</u>	<u>(76)</u>	<u>5,789</u>
Operating activities and expenses				
Program				
Professional development	-	1,342	-	1,342
Member services and chapter support	1,379	-	-	1,379
Technical activities	1,015	-	-	1,015
Content	33	567	(33)	567
Total program expenses	<u>2,427</u>	<u>1,909</u>	<u>(33)</u>	<u>4,303</u>
Supporting services				
Management and general	854	783	(43)	1,594
Fundraising	-	182	-	182
Total supporting services	<u>854</u>	<u>965</u>	<u>(43)</u>	<u>1,776</u>
Total operating activities and expenses	<u>3,281</u>	<u>2,874</u>	<u>(76)</u>	<u>6,079</u>
Change in operating activities	<u>52</u>	<u>(342)</u>	<u>-</u>	<u>(290)</u>
Nonoperating revenue (expense)				
Investment income (loss)	(23)	61	-	38
Other components of net periodic pension costs	84	18	-	102
Pension related changes other than net periodic pension cost	(762)	(170)	-	(932)
Total nonoperating revenue (expense)	<u>(701)</u>	<u>(91)</u>	<u>-</u>	<u>(792)</u>
Change in net assets without donor restrictions	(649)	(433)	-	(1,082)
Net assets without donor restrictions, Beginning of year	<u>761</u>	<u>1,727</u>	<u>-</u>	<u>2,488</u>
Net assets without donor restrictions, End of year	<u>\$ 112</u>	<u>\$ 1,294</u>	<u>\$ -</u>	<u>\$ 1,406</u>

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

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
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)	-
Technical activities	531	-	-	531
Other revenues	<u>328</u>	<u>-</u>	<u>-</u>	<u>328</u>
Total operating revenues	<u>3,909</u>	<u>3,337</u>	<u>(103)</u>	<u>7,143</u>
Operating activities and expenses				
Program				
Professional development	-	1,989	-	1,989
Member services and chapter support	1,505	-	-	1,505
Technical activities	1,228	-	-	1,228
Content	<u>33</u>	<u>578</u>	<u>(33)</u>	<u>578</u>
Total program expenses	<u>2,766</u>	<u>2,567</u>	<u>(33)</u>	<u>5,300</u>
Supporting services				
Management and general	989	709	(70)	1,628
Fundraising	<u>-</u>	<u>151</u>	<u>-</u>	<u>151</u>
Total supporting services	<u>989</u>	<u>860</u>	<u>(70)</u>	<u>1,779</u>
Total operating activities and expenses	<u>3,755</u>	<u>3,427</u>	<u>(103)</u>	<u>7,079</u>
Change in operating activities	<u>154</u>	<u>(90)</u>	<u>-</u>	<u>64</u>
Nonoperating revenue (expense)				
Investment income	262	113	-	375
Other components of net periodic pension cost	79	17	-	96
Pension related changes other than net periodic pension cost	<u>(451)</u>	<u>(99)</u>	<u>-</u>	<u>(550)</u>
Total nonoperating revenue (expense)	<u>(110)</u>	<u>31</u>	<u>-</u>	<u>(79)</u>
Change in net assets without donor restrictions	<u>44</u>	<u>(59)</u>	<u>-</u>	<u>(15)</u>
Net assets without donor restrictions, Beginning of year, as previously stated	433	1,786	-	2,219
Change in accounting principle (Note 10)	<u>284</u>	<u>-</u>	<u>-</u>	<u>284</u>
Net assets without donor restrictions, Beginning of year, as restated	<u>717</u>	<u>1,786</u>	<u>-</u>	<u>2,503</u>
Net assets without donor restrictions, End of year	<u>\$ 761</u>	<u>\$ 1,727</u>	<u>\$ -</u>	<u>\$ 2,488</u>

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**Financial Executives International and Affiliate**  
**Consolidating Statements of Cash Flows**  
**Year Ended June 30, 2020**  
**(\$ In Thousands)**

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Totals</u>
<b>Operating activities</b>				
Change in net assets without donor restrictions	\$ (649)	\$ (433)	\$ --	\$ (1,082)
Adjustments to reconcile change in net assets without donor restriction to net cash used in operating activities				
Depreciation and amortization	157	-	-	157
Deferred rent	(31)	-	-	(31)
Sublease liability	(94)	-	-	(94)
Unrealized (gains) losses on investments	163	(8)	-	155
Pension liability adjustment	762	170	-	932
Changes in				
Accounts receivable	(23)	(719)	494	(248)
Prepaid expenses and other assets	(28)	80	-	52
Accounts payable, accrued expenses and other current liabilities	176	(29)	(494)	(347)
Unearned membership dues, partnership, sponsorship, and conference revenues	(857)	604	-	(253)
Pension plan and other post-retirement benefits	(107)	(18)	-	(125)
Net cash used in operating activities	<u>(531)</u>	<u>(353)</u>	<u>-</u>	<u>(884)</u>
<b>Investing activities</b>				
Proceeds from redemption of investments	650	200	-	850
Purchases of investments	(308)	(34)	-	(342)
Purchases of equipment and leasehold improvements	(26)	-	-	(26)
Net cash provided by investing activities	<u>316</u>	<u>166</u>	<u>-</u>	<u>482</u>
<b>Financing activities</b>				
Issuance of PPP loan payable	-	273	-	273
Net cash provided by financing activities	<u>-</u>	<u>273</u>	<u>-</u>	<u>273</u>
Net change in cash and cash equivalents	(215)	86	-	(129)
<b>Cash and cash equivalents</b>				
Beginning of year	<u>810</u>	<u>262</u>	<u>-</u>	<u>1,072</u>
End of year	<u>\$ 595</u>	<u>\$ 348</u>	<u>\$ -</u>	<u>\$ 943</u>

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

	<u>FEI</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Totals</u>
<b>Operating activities</b>				
Change in net assets without donor restrictions	\$ 44	\$ (59)	\$ -	\$ (15)
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities				
Depreciation and amortization	179	-	-	179
Deferred rent	(31)	-	-	(31)
Sublease liability	(95)	-	-	(95)
Unrealized gains on investments	(88)	(60)	-	(148)
Pension liability adjustment	450	100	-	550
Changes in				
Accounts receivable	92	(407)	178	(137)
Prepaid expenses and other assets	20	(120)	-	(100)
Accounts payable, accrued expenses and other current liabilities	(40)	258	(178)	40
Unearned membership dues, partnership, sponsorship, and conference revenues	(712)	422	-	(290)
Pension plan and other post-retirement benefits	(102)	(16)	-	(118)
Net cash provided by (used in) operating activities	<u>(283)</u>	<u>118</u>	<u>-</u>	<u>(165)</u>
<b>Investing activities</b>				
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 by (used in) investing activities	<u>16</u>	<u>(37)</u>	<u>-</u>	<u>(21)</u>
Net change in cash and cash equivalents	(267)	81	-	(186)
<b>Cash and cash equivalents</b>				
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>

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