

Financial Statements Together with
Report of Independent Certified Public
Accountants

**SIFMA Foundation for Investor Education
(FIE), Inc.**

October 31, 2022 and 2021

Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	7-8
Statements of cash flows	9
Notes to financial statements	10

GRANT THORNTON LLP

757 Third Ave., 9th Floor
New York, NY 10017-2013

D +1 212 599 0100

F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SIFMA Foundation for Investor Education (FIE), Inc.

Opinion

We have audited the financial statements of SIFMA Foundation for Investor Education, Inc. (the "Foundation"), which comprise the statements of financial position as of October 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of October 31, 2022 and 2021, 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.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

New York, New York

May 11, 2023

SIFMA Foundation for Investor Education (FIE), Inc.

STATEMENTS OF FINANCIAL POSITION

October 31,

	2022	2021
ASSETS		
Current assets		
Cash	\$ 605,413	\$ 618,581
Contributions receivable	608,500	881,179
Accounts and other receivables	-	25,855
Investments	8,894,314	10,389,267
Other assets	9,653	15,145
Total current assets	10,117,880	11,930,027
Fixed assets	-	-
Total assets	\$ 10,117,880	\$ 11,930,027
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	\$ 246,724	\$ 160,294
Due to SIFMA	521,744	410,796
Total liabilities	768,468	571,090
Net assets		
Without donor restrictions	9,016,078	10,692,270
With donor restrictions	333,334	666,667
	9,349,412	11,358,937
Total liabilities and net assets	\$ 10,117,880	\$ 11,930,027

The accompanying notes are an integral part of these financial statements.

SIFMA Foundation for Investor Education (FIE), Inc.

STATEMENTS OF ACTIVITIES

Years ended October 31,

	2022	2021
Changes in net assets without donor restrictions		
Revenues and other operating support		
Contributions and other revenues		
Contributions	\$ 2,208,714	\$ 2,094,492
Contributions of nonfinancial assets	482,000	464,000
Stock market game processing fees	336,250	295,463
Investment return used in operations	207,184	149,497
Net assets released from restrictions	333,333	333,333
Total contributions and other revenues	3,567,481	3,336,785
Fund-raising event		
Ticket revenue and sales	1,180,603	1,242,739
Direct costs	(101,813)	(133,306)
Net support from fund-raising event	1,078,790	1,109,433
Total revenues and other operating support	4,646,271	4,446,218
Operating expenses		
Program services		
Stock Market Game, InvestWrite, Capitol Hill Challenge, Invest It Forward	4,016,159	3,689,286
Support Services		
Management and general	474,597	517,394
Fund-raising	134,990	257,964
Total support services	609,587	775,358
Total expenses	4,625,746	4,464,644
Increase (decrease) in net assets without donor restrictions from operations	20,525	(18,426)
Nonoperating activity		
Investment (loss) return, net of amounts used in operations	(1,696,717)	1,416,815
(Decrease) increase in net assets without donor restrictions	(1,676,192)	1,398,389
Changes in net assets with donor restrictions		
Net assets released from restrictions	(333,333)	(333,333)
Decrease in net assets with donor restrictions	(333,333)	(333,333)
(DECREASE) INCREASE IN NET ASSETS	(2,009,525)	1,065,056
Net assets, beginning of year	11,358,937	10,293,881
Net assets, end of year	\$ 9,349,412	\$ 11,358,937

The accompanying notes are an integral part of these financial statements.

SIFMA Foundation for Investor Education (FIE), Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended October 31, 2022

	Program Services			Supporting Services			Total
	Stock Market Game	InvestWrite Capitol Hill Challenge Invest it Forward	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 1,461,271	\$ 133,091	\$ 1,594,362	\$ 89,446	\$ 303,288	\$ 392,734	\$ 1,987,096
Employee benefits	400,387	36,467	436,854	24,508	83,101	107,609	544,463
Professional fees and consulting services	694,213	67,072	761,285	-	17,823	17,823	779,108
Awards, grants, contributions, and sponsorships	181,881	9,781	191,662	-	-	-	191,662
Travel and entertainment	6,315	-	6,315	-	432	432	6,747
Regional processing fees	318,000	-	318,000	-	-	-	318,000
Contributed services	392,000	-	392,000	21,000	69,000	90,000	482,000
Technology	159,619	80,507	240,126	-	-	-	240,126
Miscellaneous	74,455	1,100	75,555	36	953	989	76,544
	<u>\$ 3,688,141</u>	<u>\$ 328,018</u>	<u>\$ 4,016,159</u>	<u>\$ 134,990</u>	<u>\$ 474,597</u>	<u>\$ 609,587</u>	<u>\$ 4,625,746</u>

The accompanying notes are an integral part of this financial statement.

SIFMA Foundation for Investor Education (FIE), Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended October 31, 2021

	Program Services			Supporting Services			Total
	Stock Market Game	InvestWrite Capitol Hill Challenge Invest it Forward	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Salaries	\$ 1,338,296	\$ 182,185	\$ 1,520,481	\$ 167,095	\$ 313,234	\$ 480,329	\$ 2,000,810
Employee benefits	432,622	58,894	491,516	54,016	101,257	155,273	646,789
Professional fees and consulting services	466,721	43,601	510,322	-	21,900	21,900	532,222
Awards, grants, contributions, and sponsorships	140,211	71,339	211,550	874	-	874	212,424
Travel and entertainment	27,606	-	27,606	14	40	54	27,660
Regional processing fees	334,996	-	334,996	-	-	-	334,996
Contributed services	356,800	-	356,800	35,750	71,450	107,200	464,000
Technology	82,653	82,622	165,275	-	200	200	165,475
Miscellaneous	69,198	1,542	70,740	215	9,313	9,528	80,268
	<u>\$ 3,249,103</u>	<u>\$ 440,183</u>	<u>\$ 3,689,286</u>	<u>\$ 257,964</u>	<u>\$ 517,394</u>	<u>\$ 775,358</u>	<u>\$ 4,464,644</u>

The accompanying notes are an integral part of this financial statement.

SIFMA Foundation for Investor Education (FIE), Inc.

STATEMENTS OF CASH FLOWS

Years ended October 31,

	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (2,009,525)	\$ 1,065,056
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Realized and unrealized losses (gains) on investments	1,696,717	(1,416,815)
Changes in operating assets and liabilities:		
Contributions receivable	272,679	545,321
Accounts and other receivables	25,855	(24,225)
Other assets	5,492	25,437
Accounts payable and other liabilities	86,430	53,076
Due to/from SIFMA	110,948	30,756
	<u>188,596</u>	<u>278,606</u>
Net cash provided by operating activities	<u>188,596</u>	<u>278,606</u>
Cash flows from investing activities:		
Sales of investments	-	850,000
Purchase of investments	(201,764)	(649,110)
	<u>(201,764)</u>	<u>(649,110)</u>
Net cash (used in) provided by investing activities	<u>(201,764)</u>	<u>200,890</u>
NET (DECREASE) INCREASE IN CASH	<u>(13,168)</u>	<u>479,496</u>
Cash, beginning of year	<u>618,581</u>	<u>139,085</u>
Cash, end of year	<u>\$ 605,413</u>	<u>\$ 618,581</u>

The accompanying notes are an integral part of these financial statements.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS

October 31, 2022 and 2021

NOTE 1 - THE FOUNDATION

SIFMA Foundation for Investor Education (FIE), Inc. (the “Foundation”), formerly known as Foundation for Investor Education (“FIE”), is a tax-exempt not-for-profit educational organization, which was incorporated under the laws of the State of Delaware on December 13, 1976. The primary purpose of the Foundation is to improve investor education nationwide and help millions of Americans prepare for their financial future through its programs, the Stock Market Game™, InvestWrite®, Capitol Hill Challenge™, and Invest It Forward®.

The Foundation receives support primarily from the Securities Industry and Financial Markets Association (“SIFMA”), SIFMA member firms, and securities industry organizations (Notes 5 and 6).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The significant accounting policies followed are described below.

Net Asset Classifications

Net assets and revenues, gains, and losses are classified based on the presence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - The part of net assets that is not restricted by donor-imposed stipulations and is available for the day-to-day operations of the Foundation.

Net Assets with Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time and/or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets with donor restrictions also includes the corpus of gifts, which must be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes in accordance with donor stipulations. The Foundation does not hold any such net assets as of October 31, 2022 or 2021.

Cash Equivalents

Cash and cash equivalents include all highly liquid financial instruments purchased with original maturities of three months or less from the date of purchase and all money market mutual funds.

Contributions

The Foundation recognizes contribution revenues in accordance with Financial Accounting Standards Board (“FASB”) 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*. In accordance with ASU 2018-08, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2022 and 2021

transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under Accounting Standards Codification 606, *Revenue from Contracts with Customers*. If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of return.

The Foundation records contributions of cash and other assets as well as unconditional promises to give (pledges) in the period in which they are received. Pledges considered likely of collection within one year are recorded at their net realizable value. Contributions to be received after one year are discounted to present value using a credit-adjusted rate of return. All contributions are considered available for general use unless specifically restricted by a donor. Contributions subject to donor-imposed restrictions are recorded as support with donor restrictions and are reclassified as net assets without donor restrictions when the donor-imposed restriction has been fulfilled and/or the stipulated time period has elapsed. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income without donor restrictions. Receivables are written off when deemed uncollectable.

Conditional promises to give are not recognized until they become unconditional promises to give, that is, when the conditions on which they depend are substantially met. There were no conditional promises to give made to the Foundation during fiscal 2022 or fiscal 2021.

Contributions of Nonfinancial Assets

The Foundation receives certain contributed services that meet the criteria established by U.S. GAAP for recognition as contributions. Such contributions, which consist of professional services, space and utilities provided by SIFMA, are recognized at fair value within contributed services on the statements of activities with corresponding amounts recorded within expenses as they were utilized during the same fiscal year.

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The adoption of ASU 2020-07, which is effective for the Foundation for the year ended October 31, 2022, did not have a material impact on the Foundation’s financial statements.

Revenue Recognition

The Foundation recognizes revenue in accordance with FASB Topic ASC 606, *Revenue from Contracts with Customers* (“ASC 606”). The core principle of the standard is 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 the entity expects to be entitled in exchange for those goods or services.

Stock market game processing fees are recognized as revenues at the point in time in which the customer receives services. There are no deferred revenues recognized related to stock market game processing fees as of October 31, 2022 or 2021.

Investments

Investments consist primarily of publicly traded mutual funds, carried at fair value, valued based on published closing prices as of the last business day of the fiscal year.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2022 and 2021

Fixed Assets

Depreciation of furniture, fixtures, and equipment is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

Furniture, fixtures, and equipment	3 - 7 years
------------------------------------	-------------

The Foundation capitalizes furniture, fixtures, and equipment costing \$5,000 or more and which have a useful life of more than one year. As of October 31, 2022 and 2021, the Foundation had fixed assets totaling \$8,668 that were fully depreciated.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 - Quoted prices in active markets 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 markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain costs have been allocated among the programs and supporting services benefited. These allocations are based on actual usage and management's best estimates.

Fundraising Event

Revenues from event tickets are reported in the fiscal year in which the event is held. All proceeds from ticket sales for special events received prior to year-end, but relating to events held subsequent to the statement of financial position date are recorded as deferred revenue. Direct costs of events are reported in the fiscal year in which the event occurs. The Foundation's Tribute Dinner was held on October 24, 2022.

Concentrations of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the Foundation maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio. At October 31, 2022 and 2021, the Foundation's cash and investments were placed with high-credit-quality financial institutions and, accordingly, the Foundation does not believe this to be a significant risk.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2022 and 2021

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - INVESTMENTS

Investments are carried at fair value and consist of the following:

	<u>2022</u>	<u>2021</u>
Equity securities mutual funds	\$ 4,146,279	\$ 5,141,128
Fixed income securities mutual funds	4,389,970	4,893,323
Money market fund	<u>358,065</u>	<u>354,816</u>
	<u>\$ 8,894,314</u>	<u>\$ 10,389,267</u>

At October 31, 2022 and 2021, all of the Foundation's investments were classified as Level 1 in the fair value hierarchy.

NOTE 4 - TAXES

The Foundation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE 5 - RELATED-PARTY TRANSACTIONS AND CONTRIBUTED SERVICES

SIFMA provides office space and administrative services to the Foundation. During the years ended October 31, 2022 and 2021, the Foundation received contributed personnel services with a fair value of \$137,000 and \$131,000, respectively, and contributed space and utilities with a fair value of \$345,000 and \$333,000, respectively. Contributed services received during the years ended October 31, 2022 and 2021 did not carry any donor-imposed restrictions.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2022 and 2021

Foundation staff are seconded employees of SIFMA and are covered under all SIFMA benefit plans, including health, retirement, and other plans. The Foundation reimburses SIFMA for the employment costs of these staff, which costs are recorded as compensation expense and functionalized in the statements of activities and functional expenses.

Further, SIFMA, on behalf of the Foundation, pays certain expenses for which it is subsequently reimbursed by the Foundation. On October 31, 2022 and 2021, the Foundation had payables of \$521,744 and \$410,796, respectively. The Foundation's payable balance was subsequently paid in full.

NOTE 6 - CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE

Contribution revenue consisted of the following for the years ended October 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Contributions (without donor restrictions):		
SIFMA member firms	\$ 1,474,181	\$ 1,388,723
Outside corporations, foundations, and other	<u>734,533</u>	<u>705,769</u>
Total contributions	<u>\$ 2,208,714</u>	<u>\$ 2,094,492</u>

Contributions receivable totaling \$608,500 and \$881,179 at October 31, 2022 and 2021, respectively, are due within one year. One donor represented 16% and 38% of gross contributions receivable at October 31, 2022 and 2021, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of October 31, 2022 and 2021 consisted of contributions restricted for the Capitol Hill Challenge totaling \$333,334 and \$666,667, respectively.

Donor restricted contributions totaling \$333,333 were released for the year ended October 31, 2022 and 2021, respectively, for Capitol Hill Challenge and Title One Schools.

NOTE 8 - LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, which fund daily operating activity, and long-term investments, which are maintained to fund long-term liabilities as well as any extraordinary financial situation that should arise.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2022 and 2021

As of October 31, 2022 and 2021, the following tables show the total financial assets held by the Foundation and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash	\$ 605,413	\$ 618,581
Contributions receivable	608,500	881,179
Accounts and other receivables	-	25,855
Investments	<u>8,894,314</u>	<u>10,389,267</u>
 Total financial assets	 10,108,227	 11,914,882
 Less: those unavailable for general expenditures within one year due to donor-imposed restrictions	 <u>(333,334)</u>	 <u>(666,667)</u>
 Total financial assets available within one year for general expenditures	 <u>\$ 9,774,893</u>	 <u>\$ 11,248,215</u>

NOTE 9 - SUBSEQUENT EVENTS

The Foundation evaluated subsequent events after the statement of financial position date of October 31, 2022 through May 11, 2023, which was the date the financial statements were available to be issued. The Foundation is unaware of any events which would require recognition or disclosure in the accompanying financial statements.