

Financial Statements Together with
Report of Independent Certified Public
Accountants

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

October 31, 2023 and 2022

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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 (FIE), Inc. (the "Foundation"), which comprise the statements of financial position as of October 31, 2023 and 2022, 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, 2023 and 2022, 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 10, 2024

SIFMA Foundation for Investor Education (FIE), Inc.

STATEMENTS OF FINANCIAL POSITION

October 31,

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 681,756	\$ 605,413
Contributions receivable	1,144,831	608,500
Investments	8,062,238	8,894,314
Other assets	25,404	9,653
Total current assets	<u>9,914,229</u>	<u>10,117,880</u>
Contributions receivable, net of current portion	380,952	-
Fixed assets	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 10,295,181</u></u>	<u><u>\$ 10,117,880</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	\$ 213,330	\$ 246,724
Due to SIFMA	571,118	521,744
Total liabilities	<u>784,448</u>	<u>768,468</u>
Net assets		
Without donor restrictions	8,329,781	9,016,078
With donor restrictions	1,180,952	333,334
	<u>9,510,733</u>	<u>9,349,412</u>
Total liabilities and net assets	<u><u>\$ 10,295,181</u></u>	<u><u>\$ 10,117,880</u></u>

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,

	2023	2022
Changes in net assets without donor restrictions		
Revenues and other operating support		
Contributions and other revenues		
Contributions	\$ 2,170,799	\$ 2,208,714
Contributions of nonfinancial assets	462,000	482,000
Stock market game processing fees	364,345	336,250
Investment return used in operations	253,874	207,184
Net assets released from restrictions	333,334	333,333
Total contributions and other revenues	3,584,352	3,567,481
Fund-raising event		
Ticket revenue and sales	1,450,971	1,180,603
Direct costs	(193,648)	(101,813)
Net support from fund-raising event	1,257,323	1,078,790
Total revenues and other operating support	4,841,675	4,646,271
Operating expenses		
Program services		
Stock Market Game, InvestWrite, Capitol Hill Challenge, Invest It Forward	4,935,127	4,016,159
Support Services		
Management and general	603,538	474,597
Fund-raising	274,183	134,990
Total support services	877,721	609,587
Total expenses	5,812,848	4,625,746
(Decrease) increase in net assets without donor restrictions from operations	(971,173)	20,525
Nonoperating activity		
Investment return (loss), net of amounts used in operations	284,876	(1,696,717)
Decrease in net assets without donor restrictions	(686,297)	(1,676,192)
Changes in net assets with donor restrictions		
Contributions	1,180,952	-
Net assets released from restrictions	(333,334)	(333,333)
Increase (decrease) in net assets with donor restrictions	847,618	(333,333)
INCREASE (DECREASE) IN NET ASSETS	161,321	(2,009,525)
Net assets, beginning of year	9,349,412	11,358,937
Net assets, end of year	\$ 9,510,733	\$ 9,349,412

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, 2023

	Program Services			Supporting Services			
		InvestWrite, Capitol Hill Challenge, Invest it Forward	Total Program Services		Management and General	Total Supporting Services	Total
	Stock Market Game			Fundraising			
Salaries	\$ 1,855,989	\$ 161,117	\$ 2,017,106	\$ 188,195	\$ 416,798	\$ 604,993	\$ 2,622,099
Employee benefits	475,353	44,146	519,499	51,565	114,202	165,767	685,266
Professional fees and consulting services	665,103	11,494	676,597	-	-	-	676,597
Awards, grants, contributions, and sponsorships	252,505	112,789	365,294	2,199	500	2,699	367,993
Travel and entertainment	23,249	9,800	33,049	74	266	340	33,389
Regional processing fees	315,307	-	315,307	-	-	-	315,307
Contributed services	363,500	-	363,500	30,500	68,000	98,500	462,000
Technology	483,808	100,415	584,223	-	-	-	584,223
Miscellaneous	52,670	7,882	60,552	1,650	3,772	5,422	65,974
	<u>\$ 4,487,484</u>	<u>\$ 447,643</u>	<u>\$ 4,935,127</u>	<u>\$ 274,183</u>	<u>\$ 603,538</u>	<u>\$ 877,721</u>	<u>\$ 5,812,848</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, 2022

	Program Services			Supporting Services			
	Stock Market Game	InvestWrite, Capitol Hill Challenge, Invest it Forward	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
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.

STATEMENTS OF CASH FLOWS

Years ended October 31,

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 161,321	\$ (2,009,525)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized (gains) losses on investments	(284,876)	1,696,717
Changes in operating assets and liabilities:		
Contributions receivable	(917,283)	272,679
Accounts and other receivables	-	25,855
Other assets	(15,751)	5,492
Accounts payable and other liabilities	(33,394)	86,430
Due to/from SIFMA	49,374	110,948
Net cash (used in) provided by operating activities	<u>(1,040,609)</u>	<u>188,596</u>
Cash flows from investing activities:		
Sales of investments	1,350,000	-
Purchase of investments	<u>(233,048)</u>	<u>(201,764)</u>
Net cash provided by (used in) investing activities	<u>1,116,952</u>	<u>(201,764)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>76,343</u>	<u>(13,168)</u>
Cash and cash equivalents, beginning of year	<u>605,413</u>	<u>618,581</u>
Cash and cash equivalents, end of year	<u><u>\$ 681,756</u></u>	<u><u>\$ 605,413</u></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, 2023 and 2022

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 ("U.S. 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, 2023 and 2022.

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 guidance under which 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 transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under Financial Accounting Standards Board Accounting Standards Codification Topic 606 ("ASC 606"), *Revenue from*

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2023 and 2022

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 2023 or fiscal 2022.

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.

Revenue Recognition

The Foundation recognizes revenue in accordance with 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, 2023 or 2022.

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.

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
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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, the Foundation had fixed assets totaling \$8,668 that were fully depreciated. These fixed assets were disposed of during the year ended October 31, 2023.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2023 and 2022

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 25, 2023.

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, 2023 and 2022, 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.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2023 and 2022

NOTE 3 - INVESTMENTS

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

	2023	2022
Equity securities mutual funds	\$ 4,063,100	\$ 4,146,279
Fixed income securities mutual funds	3,985,278	4,389,970
Money market fund	13,860	358,065
	<u>\$ 8,062,238</u>	<u>\$ 8,894,314</u>

At October 31, 2023 and 2022, 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, 2023 and 2022, the Foundation received contributed personnel services with a fair value of \$103,000 and \$137,000, respectively, and contributed space and utilities with a fair value of \$359,000 and \$345,000, respectively. Contributed services received during the years ended October 31, 2023 and 2022 did not carry any donor-imposed restrictions.

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, 2023 and 2022, the Foundation had payables of \$571,118 and \$521,744, respectively. The Foundation's payable balance was subsequently paid in full.

SIFMA Foundation for Investor Education (FIE), Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

October 31, 2023 and 2022

NOTE 6 - CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE

Contribution revenue consisted of the following for the years ended October 31, 2023 and 2022:

	2023	2022
Contributions:		
SIFMA member firms	\$ 1,374,620	\$ 1,474,181
Outside corporations, foundations, and other	1,996,179	734,533
Total contributions	<u>\$ 3,370,799</u>	<u>\$ 2,208,714</u>

Contributions receivable were due as follows for the years ended October 31, 2023 and 2022:

	2023	2022
Due in one year or less	\$ 1,144,831	\$ 608,500
Due in one to two years	400,000	-
Total due	1,544,831	608,500
Present value discount (5.00%)	(19,048)	-
Contributions receivable, net	<u>\$ 1,525,783</u>	<u>\$ 608,500</u>

One donor represented 78% and 16% of gross contributions receivable at October 31, 2023 and 2022, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of October 31, 2023 and 2022 consisted of contributions restricted for the Capitol Hill Challenge totaling \$1,180,952 and \$333,334, respectively.

Donor restricted contributions totaling \$333,334 and \$333,333 were released for the years ended October 31, 2023 and 2022, respectively, for Capitol Hill Challenge.

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, 2023 and 2022

As of October 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 681,756	\$ 605,413
Contributions receivable	1,525,783	608,500
Investments	<u>8,062,238</u>	<u>8,894,314</u>
Total financial assets	10,269,777	10,108,227
Less: those unavailable for general expenditures within one year due to donor-imposed restrictions	<u>(1,180,952)</u>	<u>(333,334)</u>
Total financial assets available within one year for general expenditures	<u>\$ 9,088,825</u>	<u>\$ 9,774,893</u>

NOTE 9 - SUBSEQUENT EVENTS

The Foundation evaluated subsequent events after the statement of financial position date of October 31, 2023 through May 10, 2024, 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.