CFA Institute

Annual Report

Fiscal Year 2021

CFA Institute

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MESSAGE FROM OUR CHAIR

Dear colleagues,

It is my sincere pleasure to write to you as the new chair of the Board of Governors to introduce our FY2021 Annual Report. I feel a genuine sense of privilege to be serving in this role.

I have been a CFA charterholder since 1994 and have more than 35 years of experience in our industry. Although I am new as the board chair as of 1 September 2021, I am not new to the role of governor, as I previously served as a governor for two terms from 2012 to 2018.

Marg Franklin has clearly explained the CFA Institute financial conditions for FY2021 in her letter to our members and charterholders included in this report. Further details are contained in the accompanying financial statements. Not surprisingly, the challenges presented by the pandemic were and still are many as well as far-reaching with the impact likely to be felt into 2023. I assure you, however, that the board has not lost sight of the long-term view for our organization and indeed for our global role in the industry.

The world has been in a state of turmoil for the past two years, but our industry has been in what seems to be a constant state of actual and anticipated disruption for quite some time. In its discussions, the board always strives not to lose sight of the role of CFA Institute in the larger financial industry ecosystem. With this comes the responsibility to lead the organization into the

"We all know that the CFA Program has stood the test of time."

future while at the same time grappling with the immediate challenges posed by a global pandemic.

We all know that the CFA Program has stood the test of time. Since 1963, financial professionals the world over have sought this designation to further their professional commitment. They have chosen to do so not only to further their careers but also to provide genuine service to society as a whole. The CFA charter holds a distinguished and well-deserved standing of high quality in our industry.

As a board, it remains a large part of our role to protect and enhance that reputation. Therefore, the board has an obligation to probe and ask direct questions about our strategy, our credentials, our professional learning offerings, our policy advocacy and thought leadership, and much more. I assure you we will do so.

With respect to the CFA Program—historically the source of about 85 percent of CFA Institute revenues—it is obvious that the pandemic affected candidate enrollments and, as a consequence, produced lower revenues in FY2020 and FY2021. That said, it is notable that even before the pandemic, there were indications of a slowdown in what had been an extraordinary—and likely unsustainable in the long term—level of growth in candidate registrations. This specific development will be a central issue for review by CFA Institute as it is critical for the CFA Program to maintain its future relevance and value for investment professionals.

Looking back on FY2021, the board wishes to thank Marg, her leadership team, and all CFA Institute employees, along with our societies, staffs, and volunteers around the globe, for their commitment during these challenging times. Finally, the board extends its appreciation to the global network of members and charterholders who have shown an unstinting commitment to exhibiting the highest professional standards.

I encourage you to read the upcoming proxy statement for more information on the year just finished and the future strategy for CFA Institute.

Mark Lazberger, CFA
Chair, Board of Governors

OVERVIEW

MESSAGE FROM OUR PRESIDENT AND CEO

Dear colleagues,

As we entered fiscal year 2021 in September of 2020, much uncertainty awaited us.

We had just experienced our first-ever exam cancellations in June 2020 due to the coronavirus pandemic, and we looked ahead with trepidation. And although FY2021 did not unfold exactly as we had planned or even dared to hope, it did accelerate plans whereby we made much progress toward seating our deferred candidates while at the same time strengthening our sense of purpose and focusing our strategy for the future.

Our mission has never been more relevant. We seek to lead the investment industry with the highest standards of education, ethics, and professional excellence for the ultimate benefit of society. Our strategic plan and initiatives are clearly designed to do just that.

The investment profession continues to change rapidly; investors seek, and employers want, capable, qualified professionals. CFA Institute stands distinctively positioned to address this challenge. We have a globally recognized and valued brand, leading capabilities in thought-leadership content and learning, and deep expertise in testing. In short, we hold a core set of capabilities to create, deliver, and validate investment professionals.

To both retain and grow our position, our strategy focuses on modernizing the CFA Program to ensure that the program remains the first choice for employers and, as a result, for candidates; and creating a professional learning platform that meets investment professionals' needs from career entry to career exit.

The investment profession is being called on to contribute meaningfully and clearly to society, not just to its own self-interest. CFA Institute stands uniquely capable of delivering on this call. We have convening power because of our diverse, large membership—from all parts of the market and the world—and our singular focus on investor outcomes. We are not driven by a commercial outcome, nor are we a trade association. We are global; we have scale; and we are recognized for our thought leadership and ethics.

Widening economic disparity, climate change, and social inequality—not to mention an ongoing pandemic—continue to challenge our world. Fintech, lower-for-longer interest rates, industry consolidation, and fee compression continue to disrupt our industry. New technology, evolving business models, and learning preferences are changing what is required of the profession. All of this is unfolding as we struggle to adapt to the future of work given all of the changes brought about by the pandemic.

Despite this tumult, we must look beyond today and think about tomorrow. Our organization brings the strength of our renowned credentials and industry standards to every corner of the globe, not to mention the deep expertise of our charterholders and members, to lead the industry forward. In the face of so much change, we must adapt and continue to lead. And we're in a prime position to do so and thus to increase our influence across the investment profession ecosystem.

To accomplish this, we will deliver research and thought leadership that shapes how the industry thinks and evolves through more focused efforts and with a much bolder voice. We will have much more to say about this in FY2022; exciting work is underway.

We continue to expand our educational products to support the new dynamics of learning requirements from career entry to exit. In FY2021, we launched the first global Certificate in Environmental, Social, and Governance (ESG) Investing. This education program represents a new global qualification for ESG investing. It aims to strengthen market integrity by delivering the benchmark knowledge and skills required by investment professionals to integrate ESG factors into the investment process.

The certificate was developed by CFA Society of the United Kingdom, and we partnered with their team to bring it to our global platform. As investor interest in ESG investing accelerates, this certificate meets the market demand from investment professionals and is accessible to new audiences. It goes beyond those in traditional investment roles and is designed to be applicable to anyone who is interested in learning how to analyze and integrate material ESG factors into their daily practices, whether that be in sales and distribution, product development, or a portfolio management role. This new certificate stands as a prime example of not only the relevance but also the diversification of our product portfolio, and I'm pleased to report that demand has been strong.

We also undertook much work on our voluntary, Global ESG Disclosure Standards for Investment Products. With so much product proliferation in the space, setting global industry standards to ensure transparency and safeguard trust is integral to our mission. These Standards primarily focus on disclosure requirements for investment products with ESG-related features so that investors can

more comprehensively evaluate whether or not an investment product will meet their needs.

With our CFA Program curriculum, we have a tried-and-true process to ensure its ongoing relevance and timeliness. Our Practice Analysis team stays on top of the latest in industry practice. In addition to the time-tested fundamentals, the CFA Program curriculum includes fintech, artificial intelligence, blockchain, cryptocurrency, and ESG content, to name but a few of the topics.

We launched computer-based testing (CBT) in February 2021 for Level I, as planned. But as pandemic conditions made gathering candidates in large testing centers impossible, our preparations for this transition proved invaluable. We quickly pivoted to adopt CBT for Levels II and III for the May 2021 exams and beyond. In fact, December 2020 marked the very last paper-based exams.

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I am pleased to note that candidates reported positive experiences with the new testing approach, which utilizes test centers around the world over a multiday window and through computer testing versus the previous approach of giving the exam on paper in large-capacity locations on one day. The vast majority of candidates who completed the post-exam survey expressed positive views of their experience.

That's not to say we did not have our challenges with the exams. Pandemic-related restrictions, often put into effect by public officials very close to exams dates in some countries, meant that some candidates saw their exams postponed with very little notice. While beyond our control, we certainly empathized with our candidates. All told, we sat nearly 215,000 candidates in FY2021. We have learned much through this period that will inform our service levels and schedule planning going forward.

I commend our candidates for their perseverance. Exam preparation under these conditions—the pandemic and, in some cases, multiple exam postponements—has proved to be quite challenging as reflected in the historically low pass rates that candidates recorded in FY2021. We have assured our candidates that nothing changed in our processes or in how we grade the exams. We expect pass rates to normalize once pandemic conditions abate.

Our thought leadership contributions continue to guide our candidates, charterholders, members, societies, and indeed the industry at large. In FY2021, we published insightful research, including The Future of Work in Investment Management, COVID-19, One Year Later: Capital Markets Entering Unchartered Waters, and The Future of Sustainability in Investment Management: From Ideas to Reality—to name just a few. We also partnered for the first time with Mercer to deliver the Mercer CFA Institute Global Pension Index, providing important insight on the effectiveness and health of pension plans around the globe.

I am incredibly proud of our thought leadership work; you can expect bigger things from us in the future in this regard. Our research can unlock actionable solutions to the profession's biggest issues. With cutting-edge thought leadership, we can drive the industry forward.

To reflect our continued focus on the evolving investment industry, building on our history of conference excellence, we relaunched our flagship annual event into the Alpha Summit. This inspirational event set the tone for how investment professionals can shape the future of finance in unexpected ways. We're excited to use our convening power to inspire our members, charterholders, and investment professionals globally. Watch this space for more in 2022.

With respect to our financial status, I would first remind our members that our FY2021 ran from 1 September 2020, to 31 August 2021. More details about organizational developments since the close of the fiscal year will be covered in our upcoming proxy statement.

As I explained in my letter accompanying last year's annual report, we recognize candidate revenue once a candidate sits for an exam and receives the results—not when they register. FY2021 was unfortunately marked by many pandemic-related cancellations and deferrals due to COVID-19, which not only was frustrating for our candidates but also prevented us recognizing revenues at the pace of a normal year. We have done our best to keep candidates moving through the process. We know they studied hard and eagerly wanted to sit for the exams. Yet at each scheduled exam window, health concerns and local regulations often prevented us from offering the exams in some markets; in other instances, candidates chose to defer their exams, per our policy.

Despite those circumstances, we recognized $282.7 million in revenue in FY2021. Total deferred revenue stood at $370.2 million at the close of the fiscal year, which we will recognize when we seat the associated candidates and they receive their results. At the same time, we diligently held down the expense line, including reducing headcount, and thus we ended the fiscal year with a loss from operations of $21.7 million. Our liquidity position supported on-going operations.

Our financial position is backed by significant reserves of $558.2 million. I again want to express my gratitude for the prescience of our boards, past and present, for building our reserves to weather unforeseen financial impacts, such as those we experienced in FY2020 and FY2021. As a result, our financial condition remains healthy.

Looking ahead, as we get more and more candidates back on schedule, we will continue to recognize revenue from the exam postponements and deferrals that hampered us over the past two years. Yet this will take time given the significant volume of deferrals, and thus our finances will be affected by this issue again in FY2022.

We held steady the operational funding levels for our societies in FY2021. Our global network remains one of our greatest strengths. Our societies are key to that network: serving and keeping us connected to charterholders, members, volunteers, and industry influencers; helping us to understand the unique aspects of our respective regions; and guiding us on how to best expand our presence in local markets. The role that societies play in serving our joint constituencies, promoting our global programs, supporting current and potential candidates, advancing the professional learning and career goals of our members and charterholders, and serving as our local voice in advocacy is invaluable as it relates to achieving our collective goals. I want to thank our societies, their all-volunteer boards, staffs, and members for standing by us throughout this challenging time.

Volunteers remain incredibly important to our work and mission. We rely on volunteers in myriad ways—from grading exams, contributing to standard-setting efforts, and helping to define our various codes to performing practice analysis and serving on committees—and we truly appreciate their efforts. Thank you to all our volunteers around the world.

I also want to thank our staff for their dedication and perseverance during this extraordinary period. The vast majority of our staff worked remotely in FY2021. They have proven they can function at a high level under these conditions, but we all know this has been a trying time. We've had a significant amount of change to deal with—both at CFA Institute and in our own lives—and our teams continue to amaze me. My deepest thanks go out to them.

For more than 70 years, we at CFA Institute have pursued a mission to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

Our standards for professional excellence, ethics, and education can and will do more to influence the long-term view that strong capital markets can help communities thrive and economies grow. CFA Institute can build trust in the markets and help the industry maintain the balance between profit and purpose. Through our professional standards and

OVERVIEW

advocacy, we can bolster a more principled industry. Expanding our suite of educational products can support new workplace dynamics and professional development from career entry to exit at a time when we are all pondering the very future of work.

Despite the challenges of the past two fiscal years, I am more confident than ever that we will continue to lead this industry forward. Our vision is to empower the investment industry to realize the world's greatest possibilities. We will strive to do just that.

Thank you, as always, for your support.

Margaret Franklin, CFA
President and CEO
CFA Institute

For More Information

Mission & Vision

https://www.cfainstitute.org/en/about/vision

Governance

https://www.cfainstitute.org/en/about/governance

Corporate Documents & Policies

https://www.cfainstitute.org/en/about/governance/policies

Professional Learning

https://www.cfainstitute.org/en/membership/professional-development/collection

Office Locations

https://www.cfainstitute.org/en/utility/office-locations

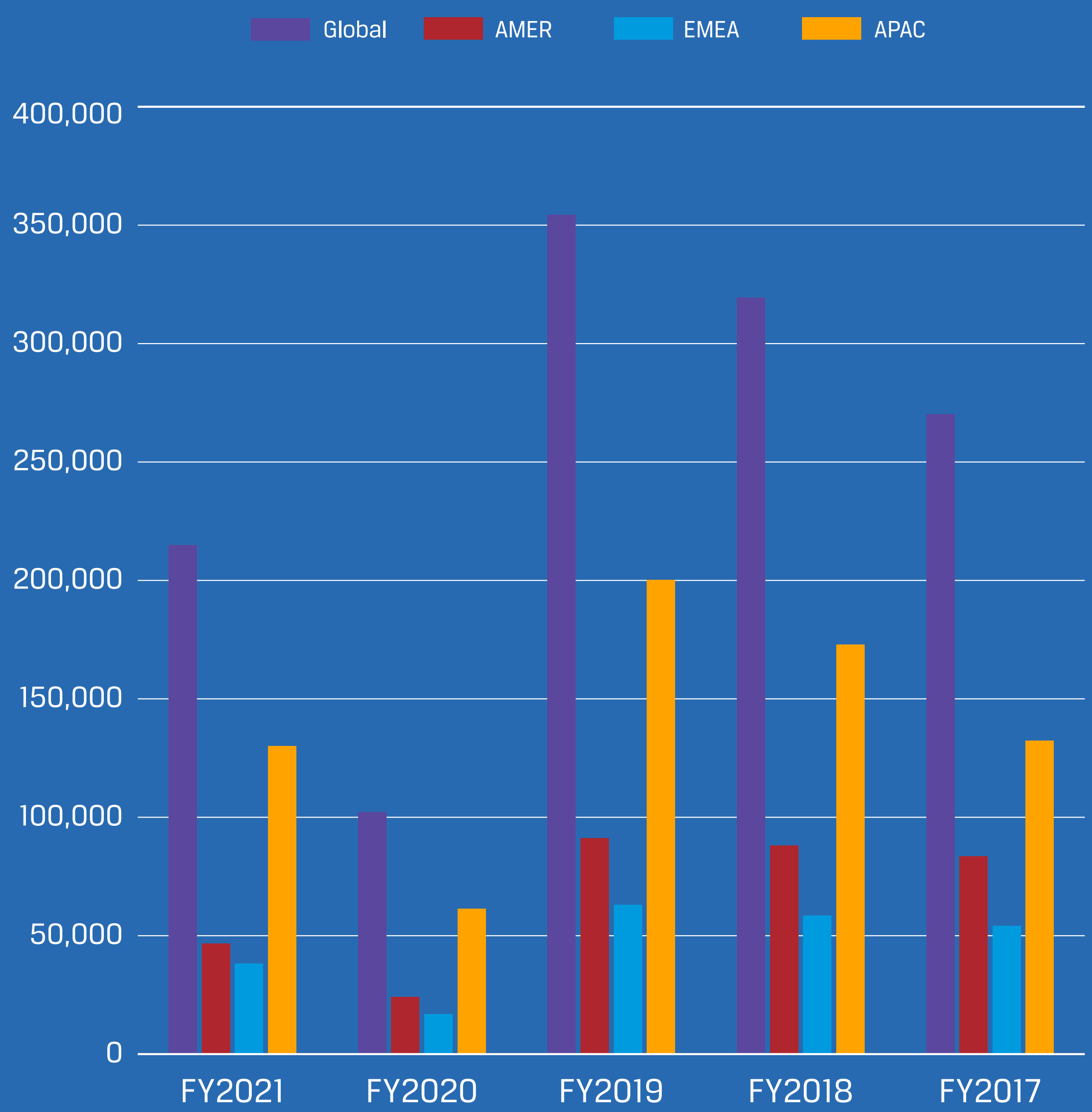
OVERVIEW

Credentialing Exam Administrations by Region

CFA PROGRAM	FY2021	FY2020	FY2019	FY2018	FY2017
Global	214,900	102,200	354,300	319,300	270,100
AMER	46,700	24,100	91,100	88,000	83,500
EMEA	38,200	16,800	63,000	58,400	54,200
APAC	130,000	61,300	200,200	172,900	132,400
CIPM PROGRAM	**FY2021**	**FY2020**	**FY2019**	**FY2018**	**FY2017**
Global	1,500	950	1,600	1,800	2,130
AMER	700	400	700	900	1,140
EMEA	500	250	500	500	500
APAC	300	300	400	400	490
INVESTMENT FOUNDATIONS PROGRAM	**FY2021**	**FY2020**	**FY2019**	**FY2018**	**FY2017**
Global	41,700	85,900	34,500	5,500	5,440
AMER	6,700	13,500	8,000	2,500	2,210
EMEA	12,800	31,000	12,400	1,300	1,420
APAC	22,200	41,400	14,100	1,700	1,810

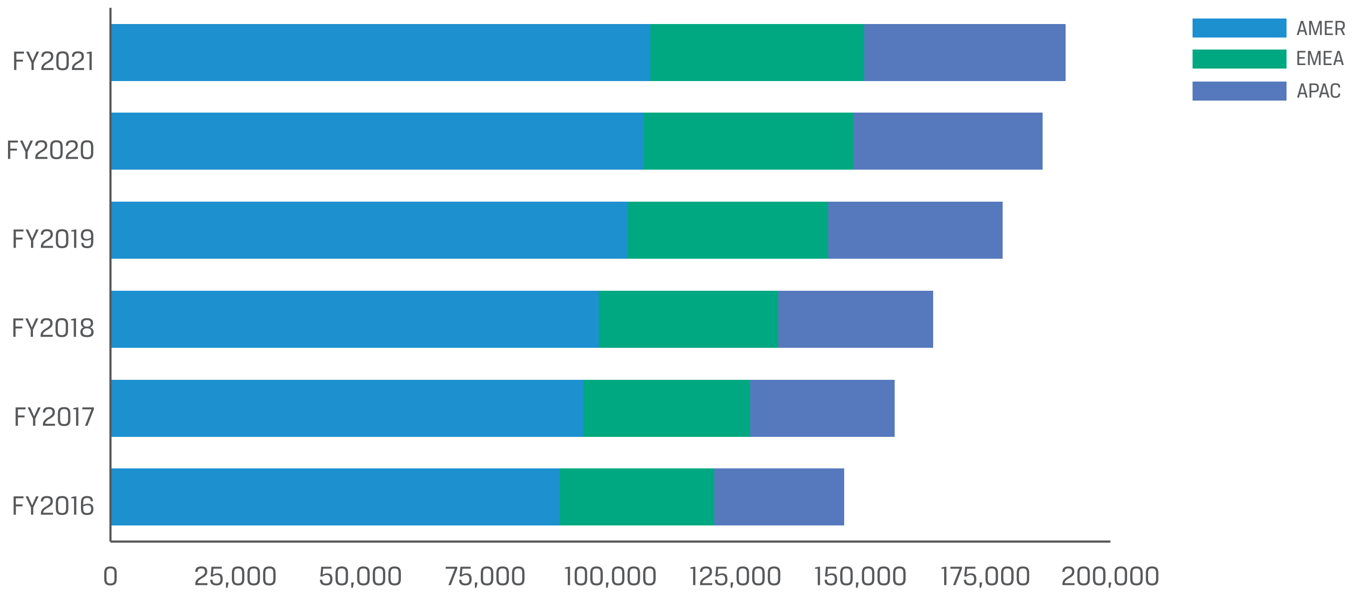
AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

CFA PROGRAM EXAM ADMINISTRATIONS BY REGION



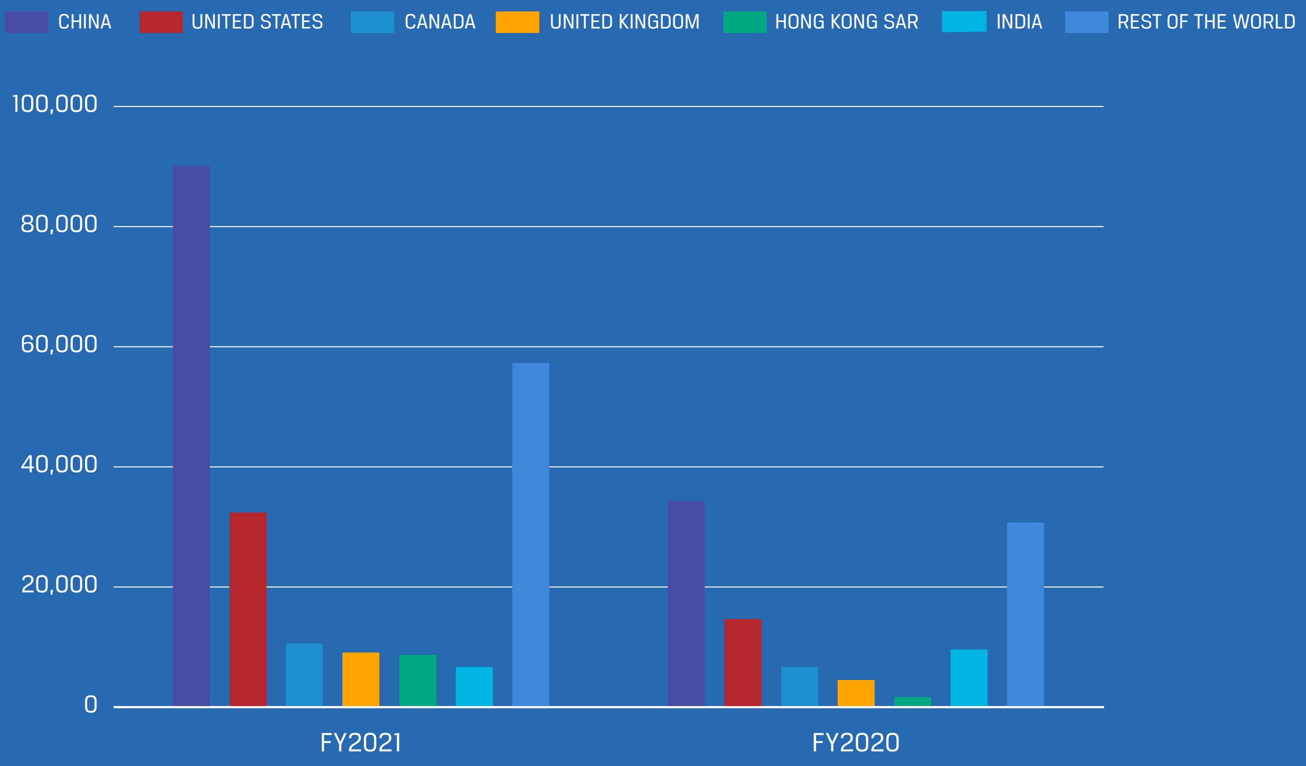
AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

CFA INSTITUTE MEMBERSHIP BY REGION

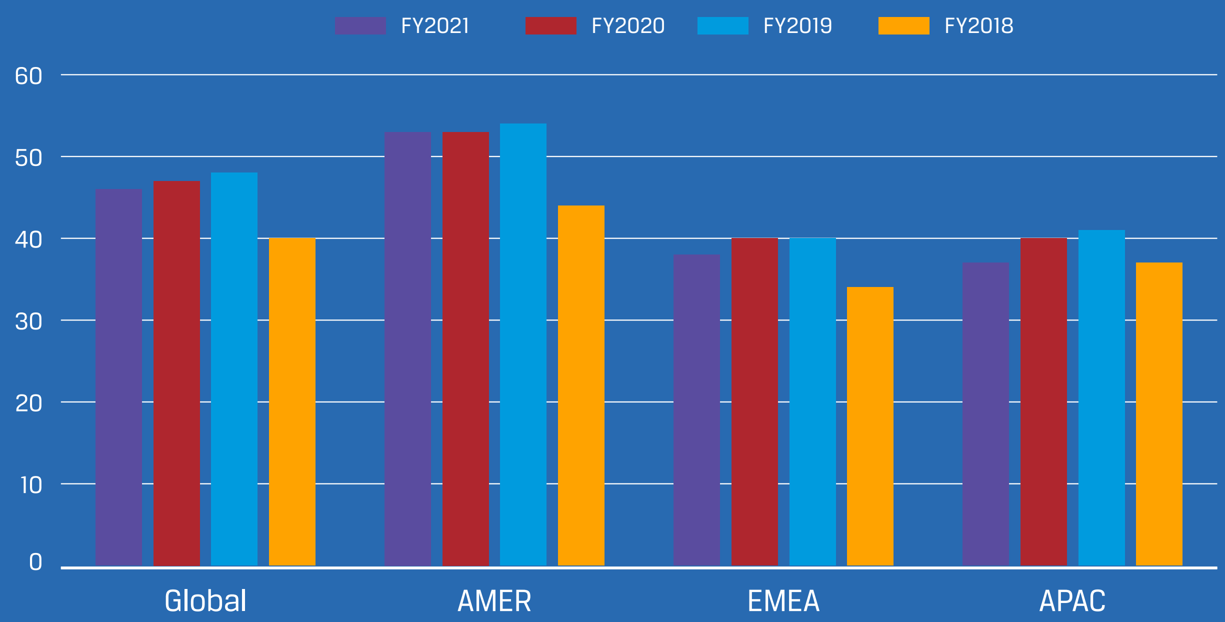


AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

CFA PROGRAM EXAM ADMINISTRATIONS: TOP MARKETS

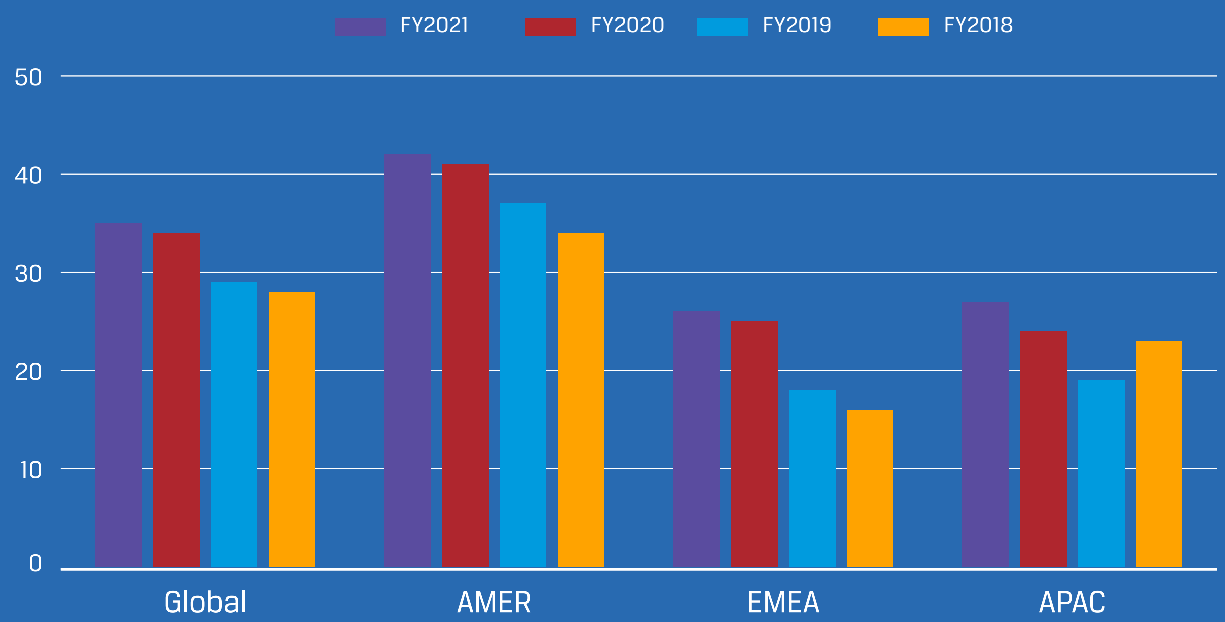


CFA INSTITUTE MEMBERSHIP NPS



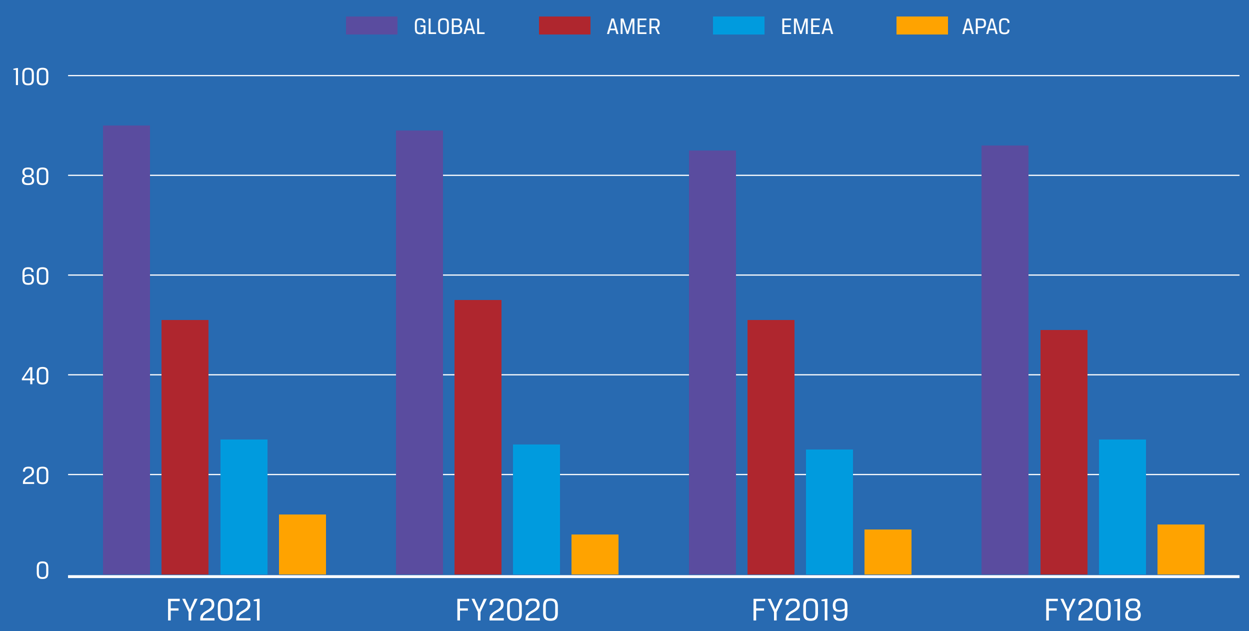
Note: The NPS methodology has been updated to be standard and FY2019 is restated with comparable values.
NPS = Net Promoter Score
AMER = Americas; APAC = Asia Pacific; EMEA = Europe, Middle East, and Africa

CFA SOCIETY NPS



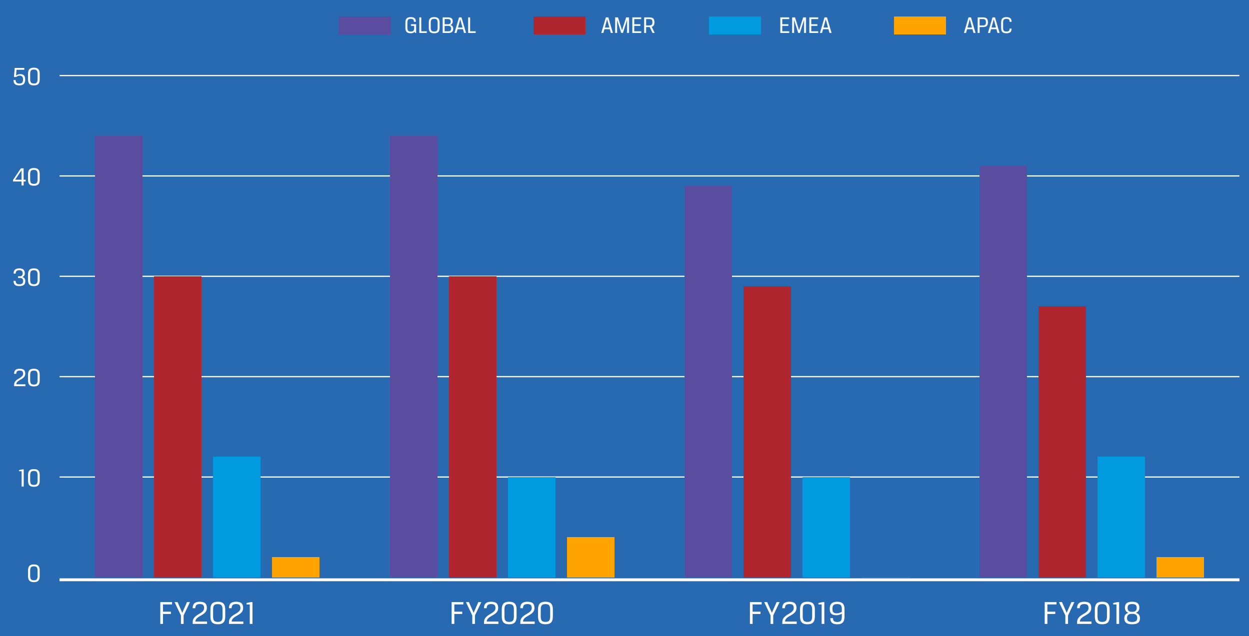
Note: The NPS methodology has been updated to be standard and FY2019 is restated with comparable values.
NPS = Net Promoter Score
AMER = Americas; APAC = Asia Pacific; EMEA = Europe, Middle East, and Africa

GIPS ADOPTION BY TOP 100 ASSET MANAGERS



GIPS = Global Investment Performance Standards
AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

AMC ADOPTION BY TOP 100 ASSET MANAGERS



AMC = Asset Manager Code
AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

PERFORMANCE

YEAR IN SUMMARY

Consolidated Financial Results for Fiscal Years Ended 31 August 2021 and 2020

	FY2021	FY2020
Members and Exam Administrations [1]		
CFA Institute Members	191,000	186,400
CFA Program Administrations	214,900	102,200
CIPM Program Administrations	1,500	950
CFA Institute Investment Foundations Administrations	42,100	85,900
Financial Performance *($ in millions)* [2]	**FY2021**	**FY2020**
Operating revenues	$282.7	$168.0
Operating expenses	304.4	306.6
Loss from operations	**(21.7)**	**(138.6)**
Other changes	77.0	42.9
Change in net assets without donor restrictions	**$55.3**	**$(95.7)**

[1] Administrations defined as exam registrations for which we recognize revenue, realized net of adjustments.
[2] Numbers are rounded.

REVENUES

Revenues for Fiscal Years Ended 31 August 2021 and 2020

(US $ IN MILLIONS) [1]	FY2021	FY2020
Credentialing programs, net	$230.4	$117.9
Member value programs	47.1	48.0
Industry engagement and other	0.1	0.3
Contributions	5.1	1.8
Total operating revenues	**$282.7**	**$168.0**

[1] Numbers are rounded.

EXPENSES

Expenses for Fiscal Years Ended 31 August 2021 and 2020

(US $ IN MILLIONS) [1]	FY2021	FY2020
Operating expenses		
Program services		
Credentialing programs	$112.6	$84.0
Member value programs	93.5	110.7
Industry engagement	20.4	21.6
Scholarships—11 September Memorial Fund	0.1	0.1
Management and general	77.8	90.2
Total operating expenses	**$304.4**	**$306.6**

[1] Numbers are rounded.

PERFORMANCE

FINANCIAL CONDITION

Financial Position as of 31 August 2021 and 2020

(US $ IN MILLIONS) [1]	FY2021	FY2020
Cash and cash equivalents	$164.0	$197.0
Other current assets	10.2	13.1
Total current assets	174.2	210.1
Noncurrent investments, at fair value	558.2	481.6
Other noncurrent assets	59.2	62.0
Total noncurrent assets	617.4	543.6
Total assets	**$791.6**	**$753.7**
Accounts payable and accrued liabilities	$27.8	$18.0
Deferred revenue	328.1	335.8
Other current liabilities	30.4	35.6
Total current liabilities	386.3	389.4
Accrued liabilities	1.1	1.2
Deferred revenue	42.1	54.0
Other noncurrent liabilities	15.3	17.6
Total noncurrent liabilities	58.5	72.8
Total liabilities	444.8	462.2
Net assets	346.8	291.5
Total liabilities and net assets	**$791.6**	**$753.7**

[1] Numbers are rounded.

CASH AND INVESTMENT DETAIL

Cash and Investment Portfolio Balance as of 31 August 2021 and 2020

(US $ IN MILLIONS) [1]	FY2021	FY2020
Cash and cash equivalents	$164.0	$197.0
Noncurrent investments, at fair value	558.2	481.6
Total cash and noncurrent investments	**$722.2**	**$678.6**

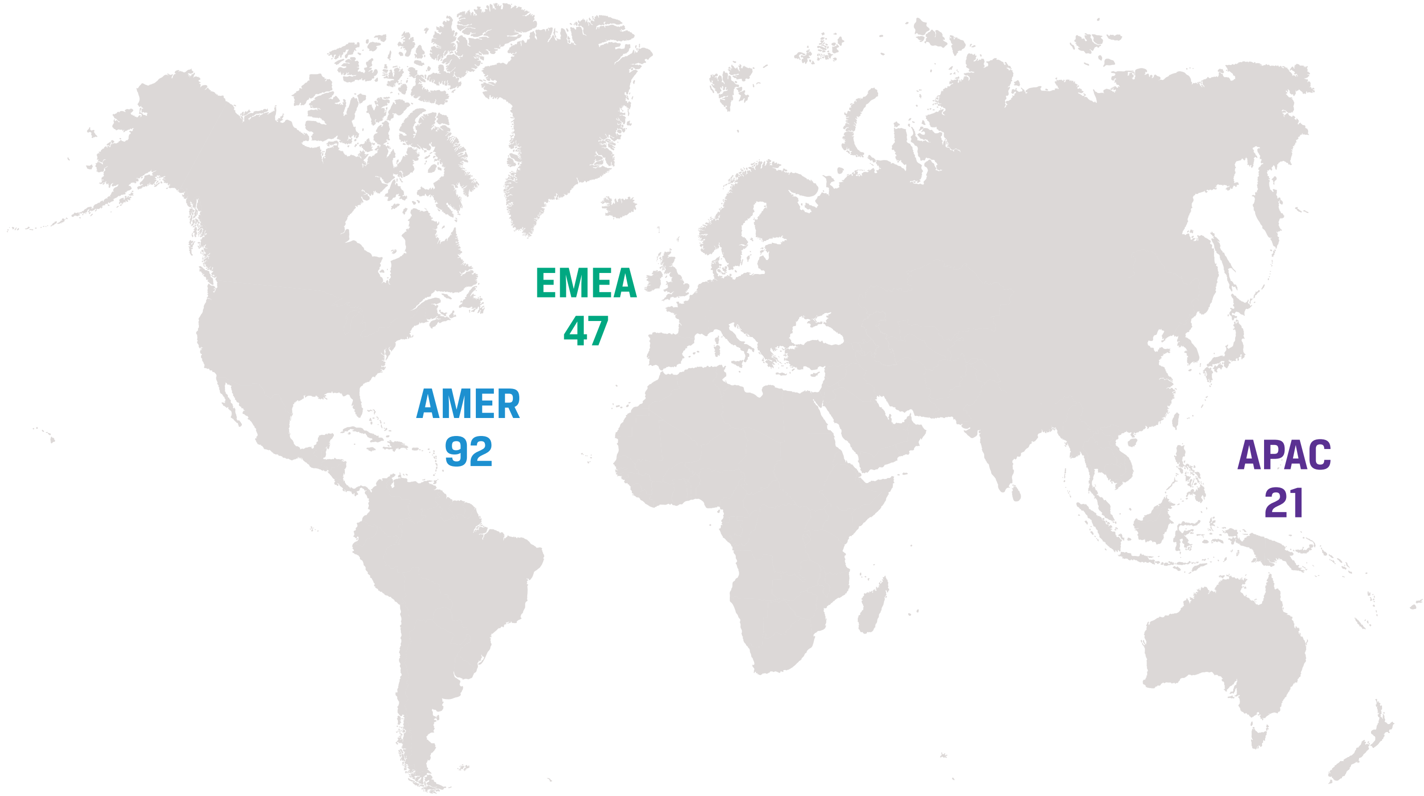
[1] Numbers are rounded.

Cash Flow for Fiscal Years Ended 31 August 2021 and 2020

(US $ IN MILLIONS) [1]	FY2021	FY2020
Change in net assets	$55.3	$(95.7)
Noncash items	(53.9)	(16.6)
Changes in assets and liabilities	(16.9)	188.3
Net cash (used in) provided by operating activities	(15.5)	76.0
Capital expenditures	(4.8)	(8.3)
Maturities and (purchases) proceeds of investments, net	(11.2)	31.7
Net cash (used in) provided by investing activities	(16.0)	23.4
Payments on borrowings, net	(1.5)	(1.4)
Distributions to non-controlling interests	-	(0.1)
Redemption of capital — non-controlling interests	-	(0.4)
Net cash used in financing activities	(1.5)	(1.9)
Net (decrease) increase in cash and cash equivalents	(33.0)	97.5
Cash and cash equivalents, beginning of year	197.0	99.5
Cash and cash equivalents, end of year	**$164.0**	**$197.0**

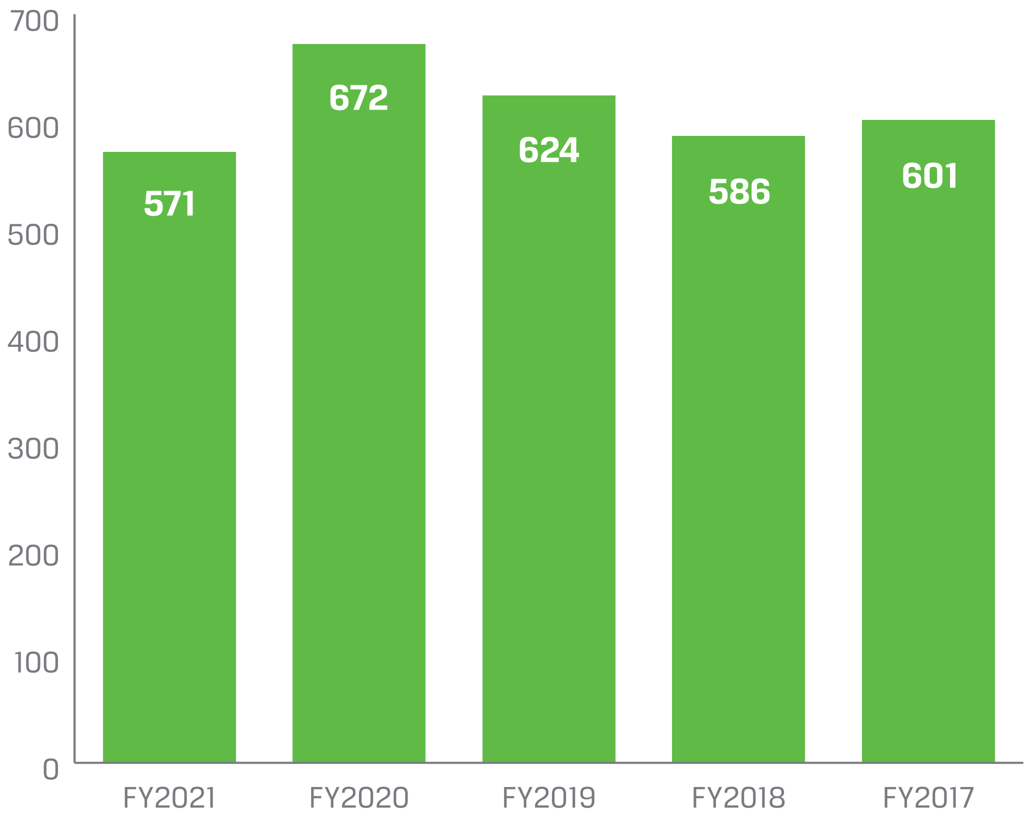
[1] Numbers are rounded.

SOCIETY LOCATIONS BY REGION



AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

TOTAL NUMBER OF CFA INSTITUTE STAFF



INDEPENDENT AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS

CFA Institute

Consolidated Financial Statements

and Accompanying Consolidating Information
As of 31 August 2021 and 2020
and Independent Auditors' Report

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KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditors' Report

The Board of Governors
CFA Institute:

We have audited the accompanying consolidated financial statements of CFA Institute and its subsidiaries, which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' 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 audit 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 auditors' 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 entity'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 entity'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 CFA Institute and its subsidiaries as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter – Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such 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 consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Richmond, Virginia
December 9, 2021

CFA Institute
Consolidated Statements of Financial Position
As of 31 August 2021 and 2020

(in thousands)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 163,989	$ 196,990
Accounts receivable, net	1,919	1,914
Prepaid expenses and other assets	8,337	10,449
Publication inventory	—	745
Total current assets	174,245	210,098
Non-current assets		
Investments, at fair value	558,195	481,616
Prepaid expenses and other assets	7,603	3,042
Property and equipment, net	37,547	39,514
Intangibles, net	14,005	19,384
Total non-current assets	617,350	543,556
Total assets	$ 791,595	$ 753,654
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 27,817	$ 18,044
Deferred revenue	328,109	335,782
Employee-related liabilities	20,369	11,854
Refund liability	5,192	19,610
Funds held for others	3,049	2,357
Derivative contract	231	253
Notes payable	1,530	1,490
Interest payable	11	13
Total current liabilities	386,308	389,403
Non-current liabilities		
Accrued liabilities	1,133	1,235
Deferred revenue	42,113	53,977
Employee-related liabilities	3,564	3,895
Derivative contract	412	838
Notes payable	11,295	12,824
Total non-current liabilities	58,517	72,769
Total liabilities	444,825	462,172
Net assets		
Net assets without donor restrictions		
Undesignated	345,744	290,302
Designated	1,026	1,180
Total net assets	346,770	291,482
Total liabilities and net assets	$ 791,595	$ 753,654

See accompanying notes to consolidated financial statements.

CFA Institute
Consolidated Statements of Activities
For the Years Ended 31 August 2021 and 2020

(in thousands)

	2021	2020
Change in net assets without donor restrictions		
Operating revenues		
Credentialing programs, net	$ 230,355	$ 117,889
Member value programs	47,144	48,012
Industry engagement and other	142	300
Contributions	5,105	1,794
Total operating revenues	282,746	167,995
Operating expenses		
Program services		
Credentialing programs	112,643	84,004
Member value programs	93,495	110,709
Industry engagement	20,440	21,558
Scholarships - 11 September Memorial Fund	85	83
Supporting services		
Management and general	77,765	90,236
Fundraising	—	3
Total operating expenses	304,428	306,593
Loss from operations	(21,682)	(138,598)
Interest and dividends (net)	11,107	12,859
Change in net assets without donor restrictions from operations	(10,575)	(125,739)
Other changes		
Gains on investments (net)	65,415	31,035
Return of capital - non-controlling interests	—	(135)
Redemption of capital - non-controlling interests	—	(346)
Unrealized gain (loss) on derivative contract	448	(512)
Change in net assets without donor restrictions	55,288	(95,697)
Net assets, beginning of year	291,482	391,745
Change in accounting standards	—	(4,566)
Net assets, end of year	$ 346,770	$ 291,482

See accompanying notes to consolidated financial statements.

CFA Institute

Consolidated Statements of Cash Flows

For the Years Ended 31 August 2021 and 2020

(in thousands)

	2021	2020
Cash flows (used in) provided by operating activities		
Reconciliation of change in net assets without donor restrictions to net cash (used in) provided by operating activities		
Change in net assets	$ 55,288	$ (95,697)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	11,909	12,220
Losses on disposition of property and equipment	58	—
Losses on disposition of intangible assets	—	1,228
Gains on investments (net)	(65,415)	(31,035)
Unrealized (gain) loss on derivative contract	(448)	512
Return of capital - non-controlling interests	—	135
Redemption of capital - non-controlling interests	—	346
Changes in:		
Accounts receivable, net	(5)	(824)
Prepaid expenses and other assets	(2,449)	10,863
Publication inventory	745	945
Accounts payable and accrued liabilities	9,888	(2,801)
Deferred revenue	(19,537)	164,881
Employee-related liabilities	8,184	(3,502)
Refund liability	(14,418)	19,610
Funds held for others	692	(833)
Interest payable	(2)	(1)
Net cash (used in) provided by operating activities	(15,510)	76,047
Cash flows (used in) provided by investing activities		
Purchases of property and equipment	(360)	(833)
Purchases of intangible assets	(4,478)	(7,466)
Purchases of investments	(59,114)	(43,099)
Proceeds from investments	47,950	74,775
Net cash (used in) provided by investing activities	(16,002)	23,377
Cash flows used in financing activities		
Loan repayments	(1,489)	(1,446)
Return of capital - non-controlling interests	—	(135)
Redemption of capital - non-controlling interests	—	(346)
Net cash used in financing activities	(1,489)	(1,927)
Net (decrease) increase in cash and cash equivalents	(33,001)	97,497
Cash and cash equivalents, beginning of year	196,990	99,493
Cash and cash equivalents, end of year	$ 163,989	$ 196,990

See accompanying notes to consolidated financial statements.

1. Organization

CFA Institute is a not-for-profit professional association, incorporated in Virginia, with a mission of leading the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. CFA Institute administers the Chartered Financial Analyst® (CFA®) Program and serves more than 191,000 members, as well as 160 member societies around the world. CFA Institute also administers the Certificate in Investment Performance Measurement (CIPM®) Program and the CFA Institute Investment Foundations™ certificate program (formerly known as the Claritas® Investment Certificate). CFA Institute has offices in Abu Dhabi; Beijing; Brussels; Charlottesville, Virginia; Hong Kong; London; Mumbai; New York City; Singapore; Shanghai; and Washington, D.C.

CFA Institute qualifies as a tax-exempt organization under Internal Revenue Code (IRC) § 501(c)(6). CFA Institute was incorporated in 1990 as the Association for Investment Management and Research (AIMR) as a result of the combination of the Financial Analysts Federation (FAF) and the Institute of Chartered Financial Analysts (ICFA). The FAF and ICFA have histories dating back to 1947 and 1962, respectively. AIMR changed its name to CFA Institute in 2004.

The organization administers the CFA Program, the objective of which is to enhance the professionalism of those involved globally in the investment decision-making process. CFA Institute awards the CFA charter to those who successfully complete three levels of examination and meet stipulated standards of professional conduct and work experience. The organization provides comprehensive continuing professional development opportunities—through conferences, events, publications, and personalized virtual resources—that empower members and other constituents to practice ethically and competently in dynamic global financial markets. The organization also promotes the use of professional standards for self-regulatory organizations, ethical conduct in the investment profession through the Code of Ethics and Standards of Professional Conduct, and other best practice guidance in conferences, publications, and webcasts.

CFA Institute Research Foundation (the Foundation), a wholly-owned and controlled subsidiary of CFA Institute, is a not-for-profit organization, incorporated in Virginia, that qualifies as a tax-exempt organization under IRC § 501(c)(3). The purpose of the Foundation is to sponsor, publish, and distribute cutting-edge research on topics that contribute to or improve global investment practices and the CFA Institute Global Body of Investment Knowledge used by investment professionals around the world. The Foundation also periodically delivers research through in-person conferences and online webinars and recognizes excellence in contributions to the global investment community through the James R. Vertin Award.

The 11 September Memorial Scholarship Fund (the Scholarship Fund) is owned and operated by the Foundation. It was established in October 2001 to benefit disabled survivors and families of the casualties of the 11 September terrorist attacks. The Scholarship Fund awards college and university scholarships to certain qualified individuals pursuing university-level education in finance, economics, accounting, or business ethics.

CFA Institute China Limited (CFA Institute China), a wholly-owned subsidiary of CFA Institute, is a limited company incorporated in 2008 in Hong Kong. CFA Institute China has a representative office located in the People's Republic of China in Shanghai. CFA Institute China and its representative office provide auxiliary services in China, including continuing professional development such as education, conferences, workshops, exhibitions, and other networking events.

Cville Operations Hub, LLC (HUB), Cville Operations Holdings, Inc. (Holdings), and Cville Master Tenant, LLC (CMT), all Virginia corporations, are wholly-owned entities of CFA Institute formed in 2012 to establish a legal entity relationship qualifying for the capture and use of Historic Rehabilitation Tax Credits pursuant to I.R.C. §§ 47-48 and Virginia Code § 58.1-339.2, relating to the acquisition and construction of the Charlottesville, Virginia property.

During the year ended 31 August 2013, partial interests in HUB and CMT were conveyed to unrelated third parties. HUB granted a ten percent (10%) non-preferred equity interest to certain unrelated third parties. CMT granted a ninety-nine and ninety-nine one-hundredths percent (99.99%) non-preferred equity interest to an unrelated third party. During the year ended 31 August 2020, Holdings purchased all of the non-preferred equity interests in HUB and CMT from the unrelated third parties.

CFA Institute India Private Limited (CFA Institute India) is a private corporation incorporated under the laws of India whose function is to provide marketing, promotional, and outreach services to CFA Institute for a fee, as well as to provide limited auxiliary services to CFA Institute members in India, including continuing professional development such as education, conferences, workshops, exhibitions, and other networking events.

CFA Global Holdings, LLC (Global Holdings), a wholly-owned subsidiary of CFA Institute, is a private corporation incorporated in 2014 under the laws of Virginia whose function is to act as a holding company for a one one-hundredths percent (0.01%) share of CFA Institute India. CFA Institute retained a ninety-nine and ninety-nine one-hundredths percent (99.99%) share of CFA Institute India.

Si Wei Beijing Enterprise Management Consulting Company Limited (Si Wei), a wholly-owned subsidiary of CFA Institute China, is a private corporation incorporated under the laws of the People's Republic of China whose function is to provide marketing, promotional, and outreach services to CFA Institute for a fee, as well as to provide limited auxiliary services to CFA Institute members in China, including continuing professional development such as education, conferences, workshops, exhibitions, and other networking events.

CFA Institute Singapore Private Limited (CFA Institute Singapore), a wholly-owned subsidiary of CFA Institute, is a private corporation incorporated under the laws of Singapore whose function is to provide consulting and training services on capital markets general knowledge and professional ethics, conference services, social and economic consulting services, market intelligence consultation, enterprise management consultation services, marketing strategy and market research services to CFA Institute for a fee, as well as to provide limited auxiliary services to CFA Institute members in Singapore, including continuing professional development such as education, conferences, workshops, exhibitions, and other networking events.

CFA Institute Limited (CFA Institute Abu Dhabi), a wholly-owned subsidiary of CFA Institute, is a private company limited under the laws of the United Arab Emirates whose function is to provide marketing, promotional, and outreach services to CFA Institute for a fee, as well as to provide limited auxiliary services to CFA Institute members in the United Arab Emirates, including continuing professional development such as education, conferences, workshops, exhibitions, and other networking events.

2. Summary of significant accounting policies

Basis of accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). All monetary values are presented in US dollars ($) throughout these consolidated financial statements.

Consolidation

The consolidated financial statements include the accounts of the CFA Institute Operations group, CFA Institute Research Foundation, and the Cville Building Operations group. The CFA Institute Operations group consolidates the accounts of CFA Institute, CFA Institute China, CFA Institute India, CFA Institute Singapore, CFA Institute Abu Dhabi, Global Holdings, and Si Wei given each entity is wholly-owned either by CFA Institute or by a wholly-owned subsidiary. CFA Institute Research Foundation is consolidated given that it is a wholly-controlled entity. The Cville Building Operations group consolidates the accounts of Holdings, CMT, and HUB given that at 31 August 2021 and 2020 each entity is wholly-owned either by CFA Institute or by a wholly-owned subsidiary. All intercompany transactions and balances have been eliminated in consolidation.

Use of estimates

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

Measure of operations

Operating revenues include candidate fees, educational product sales, member dues, and contributions. Interest and dividend income from investments are reported separately net of investment expenses and are included in the change in net assets without donor restrictions from operations. Gains and losses on investments are reported as other changes in net assets without donor restrictions.

Concentration of credit risk

CFA Institute maintains cash balances in global bank and financial institution accounts that exceed insured limits established by the Federal Deposit Insurance Corporation in the US and other national deposit protection programs. To mitigate credit risk exposure, CFA Institute deposits funds in financially sound institutions and targets a maximum daily US operating cash balance of $15,000,000 to support operational and business continuity needs. Short-term operating cash needs in excess of the $15,000,000 ceiling are invested in US government securities until required for disbursement purposes. Working capital is also maintained in non-US bank accounts to support international operations. Global cash and short-term investment balances that are in excess of the deposit protection limits are subject to some degree of credit risk.

Net assets

CFA Institute classifies net assets into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are available for use at the discretion of the Board of Governors (the Board) and management for general operating purposes. The Board may designate a portion of these net assets for specific purposes.

Net assets with donor restrictions consist of assets subject to donor imposed stipulations. A donor stipulation specifies a use for a contributed asset that is more specific than the broad limits resulting from the nature of the nonprofit organization, the environment in which it operates, and the purposes specified in its articles of incorporation.

As of 31 August 2021 and 2020, all of CFA Institute's net assets were net assets without donor restrictions.

Prior to 31 August 2020, net assets included an element of non-preferred, non-controlling equity interests related to the Cville Building Operations group. The consolidated schedule of changes in net assets for the year ended 31 August 2020 is as follows (in thousands):

	CFA Institute	Non-controlling interests	Consolidated
Net assets, beginning of year	$ 375,090	$ 16,655	$ 391,745
Change in net assets from operations	(125,897)	158	(125,739)
Gains on investments	31,035	—	31,035
Distributions	—	(135)	(135)
Redemption of non-controlling interest	16,332	(16,678)	(346)
Unrealized loss on derivative contract	(512)	—	(512)
Change in accounting standards	(4,566)	—	(4,566)
Net assets, end of year	$ 291,482	$ —	$ 291,482

Board designated net assets

In 1990, AIMR (now CFA Institute) was formed as a result of the combination of ICFA and FAF. Prior to the combination, ICFA contributed $950,000 to the Foundation. The contribution is a non-cumulative preferred claim of CFA Institute on the Foundation's net assets should the Foundation become unable to carry out its exempt purposes by reason of dissolution or otherwise. The claim is for $950,000 or the Foundation's net assets, whichever is less. CFA Institute contributed $1,000,000 to the Foundation to establish the Scholarship Fund in October 2001. Because of the control relationship between CFA Institute and the Foundation, both contributions are reported as board designated net assets.

The Scholarship Fund is recorded as a board designated net asset. Contributions by CFA Institute to the Foundation for the Scholarship Fund are recorded as net assets without donor restrictions.

The Foundation grants initial funding to authors for their proposed research projects. Upon completion and final approval of the research product, the remaining grant funding is paid. The amount of committed and unpaid research grants are shown in designated net assets in the consolidated statements of financial position.

The consolidated schedule of board designated net assets is as follows (in thousands):

	2021	2020
ICFA contribution	$ 950	$ 950
11 September Memorial Fund	58	143
Unpaid research grants	18	87
Total designated net assets	$ 1,026	$ 1,180

Contributed services

CFA Institute receives contributed services from volunteers for contributions of their time grading CFA examinations and serving on various task forces and committees. The organization utilizes the committees and task forces for governance and to address different aspects of the CFA examinations, the CFA Program curriculum, continuing education, industry standards-setting, and other areas for its membership. For the years ended 31 August 2021 and 2020, CFA Institute recorded the value of the contribution of volunteers' time of $4,723,000 and $1,511,000, respectively, as contribution revenue with a corresponding amount to professional and contract services.

Cost classification

Operating expenses are classified as either program services or supporting services. Program services are those operating expenses that directly advance the mission of CFA Institute. Supporting services are general and administrative costs. A portion of general and administrative costs that benefit multiple functions are allocated from supporting services to program services. See Note 14 for more information on the functional expense allocation.

Cash and cash equivalents

Cash and cash equivalents include short-term liquid investments with original maturities of ninety days or less following the date of purchase. Credit card transactions that have been authorized by fiscal year-end but have not settled into operating accounts by 31 August are classified as cash and cash equivalents.

Accounts receivable

The accounts receivable aging report is reviewed periodically. All accounts over 90 days past due are wholly reserved unless arrangements have been made with the debtor.

Investments

CFA Institute records its investments, current and non-current, at fair value and any change in such value is reflected in the consolidated statements of activities. Gains and losses are determined using the weighted average per share cost basis.

Publication inventory

Inventory, which consists primarily of the CFA Program candidate curriculum, is recorded using the first-in, first-out method and measured at the lower of cost or net realizable value.

Derivative contract

CFA Institute is subject to risk from potential increases in interest rates associated with note payable pertaining to the acquisition and construction of the Charlottesville property. This risk is mitigated through the use of a pay fixed receive float interest rate swap that economically hedges the exposure associated with variable-rate debt. The objective of CFA Institute is to manage exposure to this risk by limiting the impact of changes in interest rates on operations and cash flows. CFA Institute does not actively invest in derivative instruments for speculative purposes.

The 16.5-year interest rate swap agreement was executed concurrently with the note payable. HUB pays a fixed rate of two and ninety-one one-hundredths percent (2.91%) on a descending notional amount of $12,825,000, as of 31 August 2021, in return for a variable-rate interest of 30-day LIBOR plus ninety basis points. There is no prepayment penalty on the variable-rate loan, and the swap can be exited at any time. The interest rate swap was in a net liability position with a fair value of $643,000 and $1,091,000 as of 31 August 2021 and 2020, respectively.

CFA Institute's outstanding derivative financial instrument is recognized in the consolidated statements of financial position at its fair value. The change in fair value is recognized as an unrealized gain (loss) in the consolidated statements of activities and was $448,000 and ($512,000) for the years ended 31 August 2021 and 2020, respectively.

Property and equipment

Property and equipment are recorded at cost, are initially classified as construction in progress, and are depreciated when available for use. Maintenance and repairs are charged to expense as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated life of the related asset or the remaining term of the lease.

The asset life ranges for each asset class are as follows:

Buildings	30 to 40 years
Computer hardware and equipment	3 to 5 years
Furniture and fixtures	3 to 10 years
Leasehold improvements	3 to 10 years

CFA Institute evaluates long-lived assets for impairment if an indicator exists that the estimated fair market value of the asset has declined below its carrying value. As of 31 August 2021 and 2020, no long-lived assets have been impaired.

Intangibles

CFA Institute capitalizes certain costs related to software and implementation in connection with its internal-use software systems and costs related to website development. CFA Institute also capitalizes certain costs related to the acquisition of intellectual property and other contractual rights. These costs are initially classified as construction in progress and are amortized when available for use. The amortization period is based on the expected useful life of the asset.

The asset life ranges for each asset class are as follows:

Computer software	1 to 5 years
Other intangibles	3 to 10 years

Deferred revenue

Unearned registration, enrollment, member dues, and Learning Ecosystem (LES) curriculum are included in deferred revenue on the accompanying consolidated statements of financial position (see Revenue paragraph below and Note 13).

Health and welfare benefit liabilities

CFA Institute sponsors health and welfare benefit programs and, as of 1 January 2016, began partially self-funding medical and prescription benefits for US-based employees. CFA Institute purchases specific and aggregate stop-loss insurance to mitigate the risk of catastrophic losses on the health insurance plans.

CFA Institute recognizes health and welfare benefit liabilities at the time in which the liability is both probable and the amount of the liability is estimable by evaluating certain uninsured risk related to incidents occurring on or before the date of the consolidated statements of financial position. As of 31 August 2021 and 2020, the gross medical claims liability consisted of claims incurred but not reported of $449,000 and $295,000, respectively, and claims paid by a third party administrator and not yet paid by CFA Institute of $111,000 and $83,000, respectively, resulting in a medical claims liability of $560,000 and $378,000, respectively.

Notes payable

Notes payable is classified as either current or non-current. The current portion is equal to the amount of principal due within twelve months of the end of the reporting period. The full balance of current and non-current notes payable relates to the loan utilized to construct the Charlottesville, VA premises.

Revenue

CFA Institute earns its primary revenue from examination registration fees, enrollment fees, member dues, and educational product sales. Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration CFA Institute expects to be entitled to in exchange for those goods or services. These revenues are recognized net of scholarships. Scholarships awarded were $7,837,000 and $7,848,000 for the year ended 31 August 2021 and 2020, respectively. These scholarship awards are separate and distinct from the scholarships awarded by the 11 September Memorial Scholarship Fund (see Note 10).

The membership year for CFA Institute runs from 1 July to 30 June. Accordingly, CFA Institute recognizes membership dues on a pro-rata basis over the membership year. As a result, CFA Institute recorded deferred revenue for membership fees collected but not earned.

Revenue allocated to LES curriculum is recognized ratably from the time a candidate registers for an exam through the grade release date of the exam. As a result, CFA Institute recorded deferred revenue for fees allocated to LES curriculum collected but not earned.

See Note 13 for more information on revenue recognition.

Grants

CFA Institute makes grants to various organizations where such funding supports its mission. For the years ended 31 August 2021 and 2020, CFA Institute provided direct operational, growth and partnership funding in the amount of $16,848,000 and $20,115,000, respectively, to the aforementioned member societies. CFA Institute also provided other services and funding to each society to leverage their outreach into local communities. Other services include, but are not limited to, society leader training, increasing engagement with stakeholders, and collecting and remitting society dues and events.

As of 31 August 2021 and 2020, current accounts payable and accrued liabilities included accrued grants in the amount of $641,000 and $366,000, respectively.

Advertising costs

Advertising costs are expensed as incurred. Total advertising expense was $6,867,000 and $4,886,000 for the years ended 31 August 2021 and 2020, respectively.

Income taxes

CFA Institute and the Foundation are exempt from US federal income taxes under IRC §§ 501(c)(6) and 501(c)(3), respectively, and Virginia state income taxes, except for unrelated business income. Unrelated business income is subject to US federal and Virginia state income taxes. Unrelated business income is generated from online career development resources. Lobbying activities engaged in by CFA Institute generate US federal proxy tax. Federal income tax estimated payments made by CFA Institute, inclusive of unrelated business income tax and proxy tax, were $50,000 and $215,000 for the years ended 31 August 2021 and 2020, respectively. The Foundation had no unrelated business income for the years ended 31 August 2021 and 2020, respectively.

CFA Institute and the Foundation have performed evaluations of all unrelated business income and have maintained their tax-exempt status. CFA Institute and the Foundation have determined that they have adequately provided for all open tax years and have no uncertain tax positions.

Any tax effect on the results of operations of the Cville Building Operations group will be taxed on Holdings' tax return. Holdings reported $1,498,000 and $996,000 in taxable income for the periods ended 31 December 2020 and 2019, respectively. Federal income tax estimated payments made by Holdings were $292,000 and $102,000 for the years ended 31 August 2021 and 2020, respectively.

Interest costs

CFA Institute incurred interest costs for the note payable of $395,000 and $440,000 for the years ended 31 August 2021 and 2020, respectively. No portion of interest expense for either period presented has been capitalized.

New accounting pronouncements adopted

On 1 September 2020, CFA Institute adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* for resource provider transactions. The ASU helps entities evaluate whether they should account for a grant as a contribution or exchange transaction. It also clarifies and expands the criteria for determining whether a contribution is conditional. There was no adoption impact on either the current or prior period consolidated financial statements.

On 1 September 2020, CFA Institute adopted ASU No. 2018-13, *Fair Value Measurement*. The ASU modifies the disclosure of fair market value by removing, adding, and modifying aspects of the current disclosure requirements. There was no adoption impact on either the current or prior period consolidated financial statements.

New accounting pronouncements issued but not adopted

In August 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software.* The new guidance impacts the accounting for implementation, setup, and other upfront costs related to the customer in a cloud computing hosting arrangement that qualifies as a service contract. The guidance aligns the costs incurred under the hosting arrangement to the requirements for capitalizing acquisition or development costs of internal-use software. CFA Institute is required to adopt the ASU on 1 September 2021. CFA Institute is evaluating the impact of the standard on its consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance enhances presentation and disclosure requirements for not-for-profit entities that receive contributed nonfinancial assets. CFA Institute is required to adopt the ASU on 1 September 2021. CFA Institute is evaluating the impact of the standard on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new guidance requires that all leases be recognized at inception as a right-to-use lease asset and a corresponding lease liability. CFA Institute is required to adopt the ASU on 1 September 2022, with early adoption permitted. CFA Institute is evaluating the impact of the guidance on its consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848), Scope*, and in January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. Topic 848 provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from LIBOR and other reference rates that are expected to be discontinued. The optional expedients are available immediately upon issuance of the ASU and generally sunset on 31 December 2022. At the present time, none of CFA Institute's lenders have requested that they transition away from LIBOR for borrowings that bear interest based on LIBOR. CFA Institute will continue to evaluate the impact through transition.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. The new guidance replaces the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. CFA Institute is required to adopt the ASU on 1 September 2023, but expects minimal impact on its consolidated financial statements.

3. Accounts receivable

Accounts receivable as of 31 August 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Accounts receivable	$ 2,201	$ 2,150
Allowance for bad debt	(282)	(236)
Total accounts receivable	$ 1,919	$ 1,914

4. Investments

Investments, at fair value (see Note 5) as of 31 August 2021 and 2020 consisted of the following (in thousands):

	2021	2020
CFA Institute	$ 537,810	$ 464,762
The Foundation – Endowment	20,342	16,726
The Foundation – The Scholarship Fund	43	128
Total investments	$ 558,195	$ 481,616

As of 31 August 2021 and 2020, investments at fair value consisted of US registered mutual funds and collective trusts that invest in global equity, global fixed-income, emerging market debt, global real estate investment trusts, high-yield corporate bonds, inflation-protected securities, and US government securities.

The following table details the fair value and cost for the major types of investments of CFA Institute as of 31 August (in thousands):

	2021		2020	
	Fair value	Cost	Fair value	Cost
Global equity	$ 263,589	$152,321	$ 226,642	$ 164,403
Global fixed-income	121,307	116,990	104,925	98,275
Inflation-protected securities	98,844	90,071	85,297	78,263
High-yield corporate bonds	26,885	26,209	23,243	23,227
Emerging market debt	26,043	23,178	23,329	21,378
US government securities	43	43	128	126
Global real estate investment trusts	21,484	17,244	18,052	18,026
Total investments	$ 558,195	$426,056	$ 481,616	$ 403,698

Investment gains, interest, and dividends (net) for CFA Institute consisted of the following (in thousands):

	2021	2020
Interest and dividends	$ 11,301	$ 12,998
Investment expenses	(194)	(139)
Total interest and dividends (net)	11,107	12,859
Investment gains (net)	65,415	31,035
Total investment gains, interest and dividends (net)	$ 76,522	$ 43,894

5. Fair value measurements

Fair value is determined based on the price a market participant would receive to sell an asset or pay to transfer a liability in an orderly arms-length transaction-the exit price. Fair value is disclosed using a three-tiered hierarchy that draws a distinction between market participant assumptions based on: (i) observable inputs such as quoted prices in active markets (Level 1), (ii) significant inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2), and (iii) unobservable inputs that require the use of present value and other valuation techniques in the determination of fair value (Level 3).

For Level 1 assets and liabilities that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs.

For Level 2 assets and liabilities, fair value is measured primarily using information obtained from independent third parties. This third-party information is subject to review by management as part of a validation process, which includes obtaining an understanding of the underlying assumptions and the level of market participant information used to support those assumptions.

CFA Institute has no assets or liabilities classified as Level 3, whose fair value is derived from significant unobservable inputs.

The following tables present information about assets and liabilities measured at fair value on a recurring basis as of 31 August 2021 and 2020 (in thousands):

	Fair value as of 31 August 2021	Fair value measurements as of 31 August 2021 using: Level 1	Level 2	Level 3
Assets				
Global equity	$ 263,589	$ 263,589	$ —	$ —
Global fixed-income	121,307	121,307	—	—
Inflation-protected securities	98,844	98,844	—	—
High-yield corporate bonds	26,885	26,885	—	—
US government securities	43	43	—	—
Global real estate investment trusts	21,484	21,484	—	—
Emerging market debt (NAV) (1)	26,043	—	—	—
Investments, at fair value	558,195	532,152	—	—
Mutual funds - IRC § 457 accounts	2,582	2,582	—	—
Liabilities				
Deferred compensation (see Note 11)	(2,582)	(2,582)	—	—
Derivative contract	(643)	—	(643)	—
Net assets and liabilities subject to fair value measurement	$ 557,552	$ 532,152	$ (643)	$ —

	Fair value as of 31 August 2020	Fair value measurements as of 31 August 2020 using: Level 1	Level 2	Level 3
Assets				
Global equity	$ 226,642	$ 226,642	$ —	$ —
Global fixed-income	104,925	104,925	—	—
Inflation-protected securities	85,297	85,297	—	—
High-yield corporate bonds	23,243	23,243	—	—
US government securities	128	128	—	—
Global real estate investment trusts	18,052	18,052	—	—
Emerging market debt (NAV) (1)	23,329	—	—	—
Investments, at fair value	481,616	458,287	—	—
Mutual funds - IRC § 457 accounts	2,037	2,037	—	—
Liabilities				
Deferred compensation (note 11)	(2,037)	(2,037)	—	—
Derivative contract	(1,091)	—	(1,091)	—
Net assets and liabilities subject to fair value measurement	$ 480,525	$ 458,287	$ (1,091)	$ —

(1) Emerging market debt that is measured at fair value using the NAV per share (or its equivalent) practical expedient has not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated financial statements. CFA Institute had no unfunded commitments related to the investment in this fund at 31 August 2021 and 2020. CFA Institute has the ability to redeem its investment in this fund at the valuation date.

The derivative instrument is valued by a third party using a model based on factors including: (1) liquidity, (2) market conditions as of the measurement date, and (3) non-performance or credit risk.

6. Property and equipment

Property and equipment, including construction in progress, as of 31 August 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Land	$ 3,487	$ 3,487
Buildings	36,791	36,725
Computer hardware and equipment	13,243	13,629
Furniture and fixtures	3,822	4,248
Leasehold improvements	5,176	6,353
Total property and equipment	62,519	64,442
Accumulated depreciation and amortization	(24,972)	(24,928)
Property and equipment, net	$ 37,547	$ 39,514

Construction in progress, included in the schedule above, as of 31 August 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Buildings	$ —	$ 273
Computer hardware and equipment	—	60
Furniture and fixtures	81	—
Leasehold improvements	180	13
Total construction in progress	$ 261	$ 346

Depreciation expense was $2,243,000 and $2,351,000 for the years ended 31 August 2021 and 2020, respectively.

Property and equipment assets of $2,257,000 and $180,000 were disposed during the years ended 31 August 2021 and 2020, respectively. Loss on disposition of property and equipment assets were $58,000 and $0 for the years ended 31 August 2021 and 2020, respectively, and are shown in operating expenses on the consolidated statements of activities.

7. Intangibles

Intangibles, including work in process, as of 31 August 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Computer software (developed)	$ 36,584	$ 42,255
Computer software (website development)	8,286	8,755
Computer software (packaged)	5,965	6,300
Other intangibles	5,769	5,550
Total intangibles	56,604	62,860
Accumulated amortization	(42,599)	(43,476)
Intangibles, net	$ 14,005	$ 19,384

Work in process, included in the schedule above, as of 31 August 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Computer software (developed)	$ 895	$ 1,736
Other intangibles	84	1,295
Total work in process	$ 979	$ 3,031

Amortization expense was $9,666,000 and $9,869,000 for the years ended 31 August 2021 and 2020, respectively.

Intangible assets other than software or website development are considered other intangibles. “Other intangibles” includes copyrighted materials, Investment Research Challenge rights, assigned rights used in a textbook, intellectual property consisting of materials used in the CFA Program curriculum, and a top-level internet domain.

Intangible software assets of $10,543,000 and $6,671,000 were disposed during the years ended 31 August 2021 and 2020, respectively. Loss on disposition of intangible assets were $0 and $1,228,000 for the years ended 31 August 2021 and 2020, respectively, and are shown in operating expenses on the consolidated statements of activities.

For the following fiscal years, future intangible amortization for assets placed in service as of 31 August 2021 is as follows (in thousands):

	Intangible amortization
2022	$ 7,392
2023	4,384
2024	1,231
2025	19
2026	—
Thereafter	—
Total intangible amortization	$ 13,026

8. Commitments and contingencies

CFA Institute has entered into various operating leases with original terms ranging from three to fourteen years that expire on various dates through September 2030. These operating leases cover office space in various cities in which CFA Institute operates as well as leased office equipment.

CFA Institute recognizes minimum rent payments with fixed rental step-ups associated with an operating lease on a straight-lined basis over the lease term. The difference between the straight-line rent expense and rent paid is recorded as deferred rent.

Rental expense related to these operating leases was $5,032,000 and $5,263,000 for the years ended 31 August 2021 and 2020, respectively.

For the following fiscal years, future minimum payments and sublease rental income under these operating leases at 31 August 2021 are as follows (in thousands):

	Lease payments	Sublease rental income	Net lease payments
2022	$ 3,120	$ 75	$ 3,045
2023	2,992	70	2,922
2024	2,288	31	2,257
2025	2,036	—	2,036
2026	2,031	—	2,031
Thereafter	3,840	—	3,840
Total future minimum payments	$ 16,307	$ 176	$ 16,131

The Foundation awards grants to individuals subject to completion of their respective research projects. Unpaid grants, subject to this condition, totaled $18,000 and $87,000 as of 31 August 2021 and 2020, respectively. Due to the conditional nature of these unpaid grants, they are not accrued in the accompanying consolidated statements of financial position. (see Note 2, Board designated net assets.)

Effective 29 March 2021, CFA Institute has available a revolving line of credit with a bank for short-term borrowings of up to $35,000,000. Borrowings incur interest at 1-month LIBOR (floor rate of 100 basis points) plus 135 basis points. There were no outstanding borrowings at 31 August 2021. CFA Institute is charged a commitment fee of .40% for committed but unused amounts. The line of credit expires on 28 March 2022.

9. Retirement plans

In the United States, the 401(k) Retirement Plan (Plan) allows for discretionary employer and employee contributions, and fixed employer contributions, subject to IRS limits. Per the Plan's vesting schedule through 31 December 2019, participants became fully vested after one year of service. As of 1 January 2020, participants become fully vested immediately. Employee contributions are always 100% vested. Plan oversight is the responsibility of the Chief Operating Officer (COO), including appointment, monitoring, and replacement of the members of the Retirement Investment Policy Committee (RIPC). The RIPC, which is comprised of qualified CFA Institute employees, selects and monitors plan investments. The COO will retain fiduciary responsibility for all Plan administration matters other than Plan investments.

A third-party investment management company is the trustee for the plan and is the custodian. CFA Institute is both the plan sponsor and the plan administrator. Each eligible employee may direct the investment of his or her balance in up to twenty-three mutual fund alternatives offered by the Plan. Contribution expense for the 401(k) Plan totaled $8,152,000 and $6,472,000 for the years ended 31 August 2021 and 2020, respectively. No plan forfeitures were netted against contribution expenses for the years ended 31 August 2021 and 2020. CFA Institute accrues for incentive compensation and the related 401(k) contribution. Accruals for the related 401(k) contribution of $1,087,000 and $47,000 were made for the years ended 31 August 2021 and 2020, respectively.

CFA Institute also has defined contribution plans for employees in its international operations. Contribution expense for these defined contribution plans totaled $2,182,000 and $1,865,000 for the years ended 31 August 2021 and 2020, respectively.

10. 11 September Memorial Scholarship Fund

The Scholarship Fund, owned and operated by the Foundation, was established in October 2001, to benefit disabled survivors and families of the casualties of the 11 September terrorist attacks. CFA Institute made an initial contribution of $1,000,000 to the Foundation to establish the Scholarship Fund.

College and university scholarships of up to $25,000 each are awarded to individuals who were permanently disabled in the attacks, or who were the spouses, domestic partners or dependents of anyone killed or permanently disabled in the attacks, and who will pursue university-level education in finance, economics, accounting, or business ethics.

The contribution from CFA Institute to the Scholarship Fund, which is a twenty-year, self-liquidating fund, is recorded as net assets without donor restrictions because of the control relationship between CFA Institute and the Foundation (see Notes 1 and 2). The contribution from CFA Institute is designated to fund scholarships granted by the Scholarship Fund. All of the Scholarship Fund's contributions and investment income are available to meet the scholarship funding requirements. CFA Institute reimburses the Scholarship Fund for all other expenses. The Scholarship Fund awarded scholarships of $85,000 and $83,000 for the years ended 31 August 2021 and 2020, respectively. CFA Institute contributed $14,000 to cover operating expenses of the Scholarship Fund for each of the years ended 31 August 2021 and 2020.

The activity in the Scholarship Fund for the years ended 31 August 2021 and 2020 was as follows (in thousands):

	2021	2020
Designated net assets, beginning of year	$ 143	$ 221
Interest and dividends	1	3
(Losses) gains on investments (net)	(1)	2
Scholarships awarded	(85)	(83)
Designated net assets, end of year	$ 58	$ 143

11. Deferred compensation

CFA Institute maintains a deferred compensation program for participating key employees. Liabilities for the deferred compensation program of $2,582,000 and $2,037,000 were recorded as of 31 August 2021 and 2020, respectively, and are classified as non-current employee-related liabilities in the consolidated statements of financial position.

12. Notes payable

In the year ended 31 August 2013, CFA Institute acquired downtown Charlottesville real property that provided the opportunity to consolidate multiple local operations into one primary facility. The property, a designated historic structure, was refurbished during fiscal years 2013 and 2014 in such a manner to allow CFA Institute to take advantage of federal and state historic tax credits as a means to reduce the cost of the construction and renovation of the facility. To compliantly accomplish this objective, CFA Institute created three new legal entities—Holdings, HUB, and CMT—in the year ended 31 August 2012.

Acquisition of the property and the rehabilitation of the building by HUB was financed by a 16.5 year term note, maturing March, 2029, with an original amount of $22,900,000 and a remaining balance of $12,825,000 as of 31 August 2021, with a variable interest rate of 30-day LIBOR plus ninety basis points. CFA Institute is the unconditional guarantor of the term note. Monthly interest-only payments were made for the first eighteen months of the loan period, with principal and interest payments made thereafter based on a predetermined amortization schedule ending in 2029. To mitigate the interest rate risk associated with a variable interest rate note, HUB also entered into a 16.5 year pay fixed, receive float interest rate swap.

Under the financial covenants of the loan, HUB must maintain a debt service ratio of 1.2 through the life of the loan. Further, CFA Institute must maintain unrestricted and unencumbered liquidity of $125,000,000 through the life of the loan or face increases in the interest rate. CFA Institute may avoid the requirements of the unrestricted and unencumbered liquidity covenant by depositing with the lender cash collateral equal to the sum of the principal and interest payments due for the remaining term of the loan. CFA Institute is in compliance with all loan covenants, and no event of default exists.

Minimum principal payments are as follows (in thousands):

	Principal payments
2022	$ 1,530
2023	1,579
2024	1,625
2025	1,674
2026	1,723
Thereafter	4,694
Total principal payments	$ 12,825

13. Revenue

CFA Institute earns its primary revenue from examination fees, enrollment fees, member dues, and educational product sales. Substantially all of CFA Institute's revenues, with the exception of contributions, are generated from contracts with customers. Revenues are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration CFA Institute expects to be entitled to in exchange for those goods or services.

CFA Institute determines revenue recognition through the five-step model prescribed by Accounting Standards Codification (ASC) 606 as follows: (1) identify the contract, or contracts, with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when, or as, CFA Institute satisfies a performance obligation.

Credentialing programs, as reflected on the consolidated statement of activities, are net of CFA and CIPM certificate examination scholarships. CFA Institute has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities that are both imposed on and concurrent with specific revenue-producing transactions and collected by the entity from customers (e.g. sales, use, value added, and excise taxes). Fees paid by candidates are due at time of registration and are nonrefundable. However, due to the impact of COVID-19, candidates impacted by two exam cancellations were offered refunds and as such, CFA Institute has established a refund liability of $5,192,000 and $19,610,000 as of 31 August 2021 and 2020, of which $4,556,000 and $18,086,000 relate to deferred revenue, respectively. These refunds are considered a one-time exception to CFA Institute's refund policy. Variable consideration related to these refunds is not considered to be constrained, as the refund liability primarily impacts deferred revenue rather than revenue.

The following table disaggregates CFA Institute's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the years ended 31 August 2021 and 2020 (in thousands):

	2021	2020
Performance obligations satisfied at a point in time	$ 155,173	$ 83,259
Performance obligations satisfied over time	122,468	82,942
Total operating revenues from contracts with customers	$ 277,641	$ 166,201

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in ASC 606. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. When not directly observable, the primary method used to estimate standalone selling price is the market assessment approach, under which CFA Institute evaluates the market and estimates the price that a customer would be willing to pay for the goods and services provided.

Performance obligations for CFA Program and CIPM Program examination fees (included in operating revenue from credentialing programs in the accompanying consolidated statement of activities) are recognized at a point in time when the candidates' grades are delivered. LES curriculum revenue is recognized over time from the date of purchase to the respective exam's grade release date. Other educational product sales are recognized as revenue when those products are shipped or otherwise made available to the customer regardless of the associated examination date.

One-time candidate enrollment fees (included in credentialing programs on the accompanying consolidated statement of activities) are non-refundable upfront fees granting candidates a material right in the form of options to register for an unlimited number of CFA Program exams. Management has determined to use the practical alternative to determine the standalone selling price of the option. Under the practical alternative, the enrollment fee is recognized according to the standalone selling price of each of the expected performance obligations. Enrollment revenue is recognized proportionally to the number of exams the average candidate is expected to sit. Currently, CFA Institute expects a candidate to remain active in CFA Program for approximately three years and sit for three exams. CFA Institute aligns the recognition of the enrollment fee portfolio to each exam's grade delivery date (i.e. the exam's performance obligation).

Performance obligations related to membership dues are satisfied over time and thus recognized as revenue on a straight-line basis over the period in which benefits are provided, which is generally the membership year.

Contract balances

The timing of cash collections and revenue recognition results in deferred revenue (contract liabilities) on the consolidated statement of financial position. Substantially all the current and non-current deferred revenue balances on the accompanying consolidated statement of financial position as of 31 August 2021 and 2020 consist of contract liabilities.

14. Functional expenses

Expenses by functional classification for the years ended 31 August 2021 and 2020 consisted of the following (in thousands):

	Program Services				Supporting Services		
	Credentialing	Member Value	Industry Engagement	Scholarships - 11 September Memorial Fund	Management and General	Fundraising	FY 2021 Total
Salaries, Wages and Benefits	$ 24,489	$ 39,563	$ 13,318	$ —	$ 44,268	$ —	$ 121,638
Cost of Sales	5,857	88	3	—	—	—	5,948
Professional and Contract Services	56,816	21,037	4,173	—	18,743	—	100,769
Facility and Equipment	11,083	2,107	917	—	3,749	—	17,856
Travel Expenses	353	(174)	27	—	206	—	412
Grants and Sponsorships	—	17,278	742	85	213	—	18,318
Advertising	66	6,774	26	—	1	—	6,867
Bank Charges and Merchant Fees	6,501	2,073	2	—	249	—	8,825
Postage, Printing and Supplies	2,653	707	78	—	205	—	3,643
Utilities	393	746	235	—	1,366	—	2,740
Depreciation and Amortization	3,971	2,657	585	—	4,696	—	11,909
Insurance, Taxes, Interest, and Other	461	639	334	—	4,069	—	5,503
Total	$ 112,643	$ 93,495	$ 20,440	$ 85	$ 77,765	$ —	$ 304,428

	Program Services				Supporting Services		
	Credentialing	Member Value	Industry Engagement	Scholarships - 11 September Memorial Fund	Management and General	Fundraising	FY 2020 Total
Salaries, Wages and Benefits	$ 21,546	$ 38,484	$ 12,138	$ —	$ 40,342	$ —	$ 112,510
Cost of Sales	7,619	55	17	—	—	—	7,691
Professional and Contract Services	19,321	27,498	3,754	—	27,947	2	78,522
Facility and Equipment	13,870	3,557	1,089	—	4,724	—	23,240
Travel Expenses	4,441	7,203	1,836	—	2,736	—	16,216
Grants and Sponsorships	10	20,431	1,141	83	236	—	21,901
Advertising	20	4,792	33	—	41	—	4,886
Bank Charges and Merchant Fees	9,787	1,990	—	—	192	—	11,969
Postage, Printing and Supplies	3,777	1,451	203	—	474	—	5,905
Utilities	403	786	230	—	1,263	—	2,682
Depreciation and Amortization	3,077	2,791	780	—	5,572	—	12,220
Insurance, Taxes, Interest, and Other	133	1,671	337	—	6,709	1	8,851
Total	$ 84,004	$ 110,709	$ 21,558	$ 83	$ 90,236	$ 3	$ 306,593

In the above analysis, certain costs that benefit all functions have been allocated from management and general to program services. Supporting activity costs are allocated using the following methods:

Supporting Activity	**Allocation Method**
Facility Operations	Square Footage
Information Technology	Headcount
Travel Support and Event Management	Virtual Meetings (FY2021) / Meeting Spend (FY2020)
Global Contact Center	Contacts by Customer

15. Liquidity resources

CFA Institute maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Funds determined to be exceeding short-term operating cash needs are sent to long-term reserves and invested appropriately. Short-term operating cash needs in excess of the maximum daily U.S. operating cash balance of $15,000,000 are invested in U.S. government securities until required for disbursement purposes. Working capital is also maintained in non-U.S. bank accounts to support international operations.

CFA Institute's financial assets available within one year of the consolidated statements of financial position dated 31 August 2021 and 2020 for general expenditures are as follows (in thousands):

	2021	2020
Cash and cash equivalents	$ 163,989	$ 196,990
Investments	558,195	481,616
Receivables, net	1,919	1,914
Total financial assets	724,103	680,520
Less:		
Board designated net assets - 11 September Memorial Fund	58	143
Financial assets available to meet cash needs for general expenditures within one year	$ 724,045	$ 680,377

16. Supplemental disclosure of cash flows information

Supplemental cash flows information for the years ended 31 August 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Cash paid during the year for interest	$ 397	$ 441
Cash paid during the year for income taxes	$ 562	$ 699
Purchases of property and equipment included in accounts payable	$ —	$ 26
Purchases of intangible assets included in accounts payable	$ —	$ 191

17. Risks and uncertainties

In response to the COVID-19 global pandemic, CFA Institute postponed the June 2020 CFA Program exams. Due to the ongoing nature of the COVID-19 pandemic, exam administrations in certain locations during the year ended 31 August 2021 were cancelled. The postponement and cancellations resulted in the deferral of revenue related to examination fees, enrollment fees and LES curriculum. As a one-time exception to the no refund policy, CFA Institute will offer refunds to candidates impacted by two exam cancellations. See Note 13 for more information on revenue. Starting in February 2021, CFA Institute transitioned to computer-based testing for all three levels of the CFA Program, which provides CFA Institute with operational flexibility to quickly and reliably adjust to the changing landscape in response to either global or local situations, particularly relevant given the COVID-19 pandemic.

When the COVID-19 pandemic occurred, CFA Institute held a custom business interruption insurance policy that covers expenses incurred related to the June 2020 exam, additional costs incurred from June 2020 to July 2021 as a result of exam postponements, and revenue loss for candidates registered for the June 2020 exam that do not return to take the exam for thirteen months. CFA Institute is in the process of pursuing a claim through this insurance policy at 31 August 2021.

18. Subsequent events

CFA Institute has assessed the impact of subsequent events through 9 December 2021, the date the consolidated financial statements were available to be issued, and has concluded that no such events require adjustment to the consolidated financial statements.

ACCOMPANYING CONSOLIDATING INFORMATION

CFA Institute

Consolidating Statements of Financial Position
As of 31 August 2021 and 2020

(in thousands)	CFA Institute Operations*	CFA Institute Research Foundation	Cville Building Operations**	Eliminations	2021 Consolidated	2020 Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	$ 155,595	$ 197	$ 8,197	$ —	$ 163,989	$ 196,990
Accounts receivable, net	3,407	—	30	(1,518)	1,919	1,914
Advances to affiliated organization	—	83	—	(83)	—	—
Prepaid expenses and other assets	8,586	9	—	(258)	8,337	10,449
Publication inventory	—	—	—	—	—	745
Total current assets	167,588	289	8,227	(1,859)	174,245	210,098
Non-current assets						
Accounts receivable, net	3,693	—	—	(3,693)	—	—
Investments, at fair value	537,810	20,385	—	—	558,195	481,616
Investment in affiliated organization	9,021	—	—	(9,021)	—	—
Prepaid expenses and other assets	7,603	—	759	(759)	7,603	3,042
Property and equipment, net	4,838	—	35,694	(2,985)	37,547	39,514
Intangibles, net	14,005	—	—	—	14,005	19,384
Total non-current assets	576,970	20,385	36,453	(16,458)	617,350	543,556
Total assets	$ 744,558	$ 20,674	$ 44,680	$ (18,317)	$ 791,595	$ 753,654
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued liabilities	$ 27,707	$ 53	$ 592	$ (535)	$ 27,817	$ 18,044
Advances from affiliated organization	83	—	—	(83)	—	—
Deferred revenue	328,109	—	—	—	328,109	335,782
Employee-related liabilities	20,369	—	—	—	20,369	11,854
Refund liability	5,192	—	—	—	5,192	19,610
Funds held for others	3,044	5	—	—	3,049	2,357
Derivative contract	—	—	231	—	231	253
Notes payable	—	—	1,530	—	1,530	1,490
Interest payable	—	—	1,529	(1,518)	11	13
Total current liabilities	384,504	58	3,882	(2,136)	386,308	389,403
Non-current liabilities						
Accrued liabilities	1,615	—	3,693	(4,175)	1,133	1,235
Deferred revenue	42,113	—	—	—	42,113	53,977
Employee-related liabilities	3,564	—	—	—	3,564	3,895
Derivative contract	—	—	412	—	412	838
Notes payable	—	—	11,295	—	11,295	12,824
Total non-current liabilities	47,292	—	15,400	(4,175)	58,517	72,769
Total liabilities	431,796	58	19,282	(6,311)	444,825	462,172
Net assets without donor restrictions						
Undesignated	312,762	19,590	25,398	(12,006)	345,744	290,302
Designated	—	1,026	—	—	1,026	1,180
Total net assets	312,762	20,616	25,398	(12,006)	346,770	291,482
Total liabilities and net assets	$ 744,558	$ 20,674	$ 44,680	$ (18,317)	$ 791,595	$ 753,654

*CFA Institute, CFA Institute Abu Dhabi, CFA Institute China, CFA Institute India, CFA Institute Singapore, Global Holdings, and Si Wei consolidated
**CMT, Holdings, and HUB consolidated

See accompanying independent auditors' report.

CFA Institute

Consolidating Statements of Activities

For the Years Ended 31 August 2021 and 2020

(in thousands)	CFA Institute Operations*	CFA Institute Research Foundation	Cville Building Operations**	Eliminations	2021 Consolidated	2020 Consolidated
Change in net assets without donor restrictions						
Operating revenues						
Credentialing programs, net	$ 230,355	$ —	$ —	$ —	$ 230,355	$ 117,889
Member value programs	47,139	5	—	—	47,144	48,012
Industry engagement and other	142	—	2,941	(2,941)	142	300
Contributions	4,831	991	—	(717)	5,105	1,794
Total operating revenues	282,467	996	2,941	(3,658)	282,746	167,995
Operating expenses						
Program services						
Credentialing programs	112,643	—	—	—	112,643	84,004
Member value programs	93,318	295	—	(118)	93,495	110,709
Industry engagement	20,281	416	—	(257)	20,440	21,558
Scholarships – 11 September Memorial Fund	—	85	—	—	85	83
Supporting services						
Management and general	78,668	345	2,391	(3,639)	77,765	90,236
Fundraising	—	—	—	—	—	3
Total operating expenses	304,910	1,141	2,391	(4,014)	304,428	306,593
(Loss) income from operations	(22,443)	(145)	550	356	(21,682)	(138,598)
Interest and dividends (net)	10,997	374	—	(264)	11,107	12,859
Change in net assets without donor restrictions from operations	(11,446)	229	550	92	(10,575)	(125,739)
Other changes						
Gains on investments (net)	62,182	3,233	—	—	65,415	31,035
Return of capital - non-controlling interests	—	—	—	—	—	(135)
Redemption of capital - non-controlling interests	—	—	—	—	—	(346)
Unrealized gain (loss) on derivative contract	—	—	448	—	448	(512)
Change in net assets without donor restrictions	50,736	3,462	998	92	55,288	(95,697)
Net assets, beginning of year	262,026	17,154	24,400	(12,098)	291,482	391,745
Change in accounting standards	—	—	—	—	—	(4,566)
Net assets, end of year	$ 312,762	$ 20,616	$ 25,398	$ (12,006)	$ 346,770	$ 291,482

*CFA Institute, CFA Institute Abu Dhabi, CFA Institute China, CFA Institute India, CFA Institute Singapore, Global Holdings, and Si Wei consolidated
**CMT, Holdings, and HUB consolidated

See accompanying independent auditors' report.

CFA Institute

Consolidating Statements of Cash Flows

For the Years Ended 31 August 2021 and 2020

(in thousands)	CFA Institute Operations*	CFA Institute Research Foundation	Cville Building Operations**	Eliminations	2021 Consolidated	2020 Consolidated
Cash flows (used in) provided by operating activities						
Reconciliation of change in net assets without donor restrictions to net cash (used in) provided by operating activities						
Change in net assets	$ 50,736	$ 3,462	$ 998	$ 92	$ 55,288	$ (95,697)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities						
Depreciation and amortization	10,882	—	1,119	(92)	11,909	12,220
Losses on disposition of property and equipment	58	—	—	—	58	—
Losses on disposition of intangible assets	—	—	—	—	—	1,228
Gains on investments (net)	(62,182)	(3,233)	—	—	(65,415)	(31,035)
Unrealized (gain) loss on derivative contract	—	—	(448)	—	(448)	512
Return of capital – non-controlling interests	—	—	—	—	—	135
Redemption of capital – non-controlling interests	—	—	—	—	—	346
Changes in:						
Accounts receivable, net	(239)	—	(30)	264	(5)	(824)
Advances to/from affiliated organizations	(195)	195	—	—	—	—
Prepaid expenses and other assets	(2,433)	(9)	185	(192)	(2,449)	10,863
Publication inventory	723	22	—	—	745	945
Accounts payable and accrued liabilities	9,468	(15)	243	192	9,888	(2,801)
Deferred revenue	(19,537)	—	—	—	(19,537)	164,881
Employee-related liabilities	8,184	—	—	—	8,184	(3,502)
Refund liability	(14,418)	—	—	—	(14,418)	19,610
Funds held for others	692	—	—	—	692	(833)
Interest payable	—	—	262	(264)	(2)	(1)
Net cash (used in) provided by operating activities	(18,261)	422	2,329	—	(15,510)	76,047
Cash flows (used in) provided by investing activities						
Purchases of property and equipment	(360)	—	—	—	(360)	(833)
Purchases of intangible assets	(4,478)	—	—	—	(4,478)	(7,466)
Purchases of investments	(58,165)	(949)	—	—	(59,114)	(43,099)
Proceeds from investments	47,300	650	—	—	47,950	74,775
Net cash (used in) provided by investing activities	(15,703)	(299)	—	—	(16,002)	23,377
Cash flows used in financing activities						
Loan repayments	—	—	(1,489)	—	(1,489)	(1,446)
Return of capital - non-controlling interests	—	—	—	—	—	(135)
Redemption of capital - non-controlling interests	—	—	—	—	—	(346)
Net cash used in financing activities	—	—	(1,489)	—	(1,489)	(1,927)
Net (decrease) increase in cash and cash equivalents	(33,964)	123	840	—	(33,001)	97,497
Cash and cash equivalents, beginning of year	189,559	74	7,357	—	196,990	99,493
Cash and cash equivalents, end of year	$ 155,595	$ 197	$ 8,197	$ —	$ 163,989	$ 196,990

*CFA Institute, CFA Institute Abu Dhabi, CFA Institute China, CFA Institute India, CFA Institute Singapore, Global Holdings, and Si Wei consolidated
**CMT, Holdings, and HUB consolidated

See accompanying independent auditors' report.

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