Annual Report

Fiscal Year 2024

CFA Institute

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Overview

Message from our Chair

Dear Members of CFA Institute,

It is my distinct privilege to write this introduction to the FY2024 Annual Report. I am pleased to report to you, as the elected Chair of the Board of Governors, on our shared mission of advancing ethical and professional standards within the finance industry.

The Board and the management team have been diligently considering what the next decade may bring for the industry. Our discussions have been robust, thoughtful, and, most importantly, anchored in our shared commitment to you, our members. They are not without challenge. The subject of innovation, a focal point for this year and beyond, is critical as we navigate the complexities of the global financial landscape going forward. Innovation is about cultivating a mindset that anticipates change and adapts proactively.

It matters that we govern our decisions well and that we seek to pursue excellence in the oversight of our organization. We have evolved over the past decades to be a formidable international body. We must ensure that the execution of our strategy is aligned with what would be expected of us. While a spirit of volunteerism is woven throughout our history, it is imperative that we move quickly to reduce complexity, and to enable inclusive and professional growth. We are committed to including more diversified topics that not only follow financial trends, but also precede them, preparing our members for challenges and opportunities on the horizon and beyond.

CFA Institute is working to enhance membership value for charterholders with expanded career and networking resources, enriched online communities, more practical content, and a marketing campaign to elevate charterholders in the market. At the same time, we have been discussing how to strengthen our global network by launching a new membership class for candidates and other non-charterholders to extend our mission of ethical standards, education, and professional excellence to a broader audience.

Thanks to a passionate and capable management team, led by an outstanding Chief Executive, Margaret Franklin, CFA Institute stands on very firm financial ground. The Board believes the reserves play an

Overview

important role in safeguarding the very future of our organization in the event of unforeseen financial disruption. We also know that our brand and reputation for excellence will help us continue to serve our industry.

Thank you for your ongoing commitment to CFA Institute and to the ideals we uphold. We look to a future that we will build together, fortified by innovation, guided by integrity, and inspired by the collective spirit of our members.

Marshall Bailey, CFA
Chair, Board of Governors
CFA Institute

Overview

Message from our President and CEO

Dear colleagues,

As we conclude another fiscal year, I find myself reflecting not only on our accomplishments from the past year but also on the unique challenges and opportunities that lie ahead of us.

In this past year, through our shared mission to uphold the highest standards of ethics and professionalism in the global investment industry, we continued to strengthen the value and relevance of the CFA® charter and our other offerings.

We have much to reflect on and be proud of in terms of our collective accomplishments in FY2024. Let me first turn to some of our key accomplishments and strategic initiatives from the past fiscal year. These initiatives sought to enhance the reputation of the CFA charter and our other programs, improve our membership value proposition, and ensure that CFA Institute remains at the forefront of the investment profession.

With the CFA Program, candidates at Level I and Level II this year were exposed to new Practical Skills Modules on topics such as financial modeling, Python, and analyst skills. Practical Skills Modules will be required for Level III in 2025. Feedback from our candidates has been exceedingly positive, while employers value our outcome-focused orientation to produce more "desk-ready" employees.

Our Learning Content team worked with our in-house teams and experts across our industry to produce the new learning content underpinning the specialized pathways at Level III in Private Markets and Private Wealth. The Exam Development team used the content to produce pathway-specific exam items ensuring we have a robust item bank. February 2025 marks the first administration of the new Level III pathways, and I thank our teams for their hard work over the past couple of years to get us to this point. For those of you who have had exposure to this process in the past, I am sure you can appreciate how much effort was involved. Our membership has access to this new content as well.

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Last year we launched our new Private Markets and Alternative Investments Certificate. We see this certificate as an ideal program for new entrants to the industry. It is designed for those who seek to work for a General Partner firm or other alternatives specialists, existing investors or asset owners who seek to allocate investments to private markets or alternative investments, and consultants working with GP or Limited Partner firms who want to understand the investment landscape and industry practices.

We followed this certificate later in the fiscal year with a Private Equity Certificate. This program meets the learning needs of interns, analysts, and associates at private equity firms or investment banks, and students currently pursuing relevant degrees who aspire to work in this space. Further, it caters to the needs of small- to mid-sized PE firms that seek access to recognized, high-quality training content to facilitate onboarding of new employees and improve retention.

The increased use of private equity and alternatives in portfolio construction is evident. Our objective is to prepare professionals for a career in this field and to enhance their ability to serve their clients more effectively.

We also launched the Climate Risk, Valuation, and Investing Certificate. This program provides financial professionals with climate-related investment expertise. This discipline is growing rapidly across the globe as investors seek to account for climate-related factors in their investment decision-making processes. Climate risks and opportunities in investing are increasingly seen as material factors to be included in investment decisions by more end-clients around the world. Through a combination of practical skills development, knowledge building, and real-world case studies, learners will become adept at integrating climate considerations and sustainable investing strategies into portfolio management.

In September of 2023, we launched our Research and Policy Center (RPC), a thought-leadership hub focused on the most impactful issues facing the investment industry. The Research and Policy Center focuses its work on four key thematic areas: capital markets, technology, the future of the industry, and sustainability.

To coincide with the launch, we published research on the Future State of the Investment Industry, a landmark report drawing on survey responses from 3,000 investment professionals around the globe. The report offers a macro perspective of the megatrends and scenarios shaping the future of the industry, and how current and aspiring investment professionals can best prepare for what is to come.

Other notable publications from the RPC in FY24 included:

- *Valuation of Cryptoassets: A Guide for Investment Professionals*
- *Finfluencer Appeal: Investing in the Age of Social Media*
- *Net Zero in the Balance: A Guide to Transformative Industry Thinking*
- *Private Markets: Governance Issues Rise to the Fore*
- *Smart Beta, Direct Indexing, and Index-Based Investment Strategies*
- *Unstructured Data and AI: Fine-Tuning LLMs to Enhance the Investment Process*

Overview

My thanks to the Research and Policy Center team and our outstanding contributors for their thoughtful and provocative work, much of which garnered significant media coverage as well. By the end of its first year, the site attracted more than 400,000 views, clicks, and downloads per month. Our thought leadership seeks to both lead the industry going forward and to keep our members current on the state of the industry, where it's headed, burgeoning trends such as AI, and more.

We take membership value seriously, and we know we have more work to do in that regard. Last January, we launched the new membership portal, which created a streamlined, personalized, and easier-to-navigate home base for our members, populated with exclusive content, information on upcoming events, and more learning opportunities.

We also fielded a new compensation study, the result of an in-depth global survey; the output included an interactive dashboard showing compensation trends by region, role, organization, and demographics — all for member use only.

We have several more initiatives in the pipeline to enhance member value. It's encouraging that our membership retention rate came in at nearly 93 percent, up from 92 percent in the prior membership year and reversing what was a somewhat downward trend. I thank our members for this support and hope that you will see further improvements in the months and years to come.

For FY25 and beyond, we are exploring options to broaden our membership community. With this strategic direction, we are not only looking to expand our community but to also deepen the engagement and value that each member derives from our community.

By building a bigger tent of investment professionals that is more reflective of the industry, we can expand our influence and impact on the industry at large. Look for more to come on this initiative in the year ahead.

We were so pleased to gather in person at the global Society Leadership Conference this past October in Montreal — our first global SLC since the onset of the pandemic. These gatherings remain instrumental as we collectively shape the future of CFA Institute. From these dialogues emerged a theme of collective ambition and shared responsibility. As we move forward, your input and engagement will be crucial in this transformative phase.

I hope many of you have circled May 2025 on your calendars when we will once again gather in person for our annual conference, entitled CFA Institute LIVE 2025, to be held in Chicago. Our membership has been quite vocal in advocating for the return of this event, and our team is hard at work designing a conference that promises to inspire, educate, and empower attendees as they navigate the ever-evolving landscape of finance.

As we seek to further improve our industry, in FY24 we launched a version of our voluntary DEI Code adapted for Europe, starting in the Netherlands with PGGM, a large pension fund, as the founding signatory. And then early in FY25, the Australia edition launched with HESTA Super Fund as one of the first signatories, followed shortly thereafter by Singapore with GIC as one of the founding signatories. Globally, we have more than 200 signatories to the DEI Code in five markets, collectively responsible for more than 31 percent of global assets under management. Now, that is impact!

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I urge each one of you to actively lean into the opportunities and challenges ahead. Our industry stands at a pivotal juncture where innovation, ethical leadership, and skilled financial stewardship will determine the future. Your engaged participation in our upcoming activities, programs, and strategic discussions remains vital.

I am pleased to report that we achieved a sound financial performance in FY24, highlighted by our ongoing commitment to strategic growth and operational efficiency. From September 2023 to August 2024, we recorded $376 million in revenue and an operating profit of $72 million, for an operating margin of 19 percent.

Credentialing offerings, including the CFA Program, remained a key revenue driver, with $310 million in revenue. While candidate volumes continue to recover globally, some regions face slower trajectory due to economic conditions. Our focus on diversifying our revenue streams has enabled us to address these challenges effectively. We continue to innovate and adapt to meet the evolving needs of our candidates and members through our growing portfolio of certificates, as detailed above. These programs address the diverse career aspirations of finance professionals while upholding our mission to shape a more informed and ethical industry worldwide.

The pages and charts that follow will give you a high-level overview of our financial condition and key metrics, followed by our complete audited financials should you want to take a deeper dive. Looking forward to FY2025, we expect to be profitable again, primarily driven by growth in the CFA Program, certificates, and membership.

As your CEO, I am immensely grateful for your dedication and the trust you place in us. We are committed to exceeding your expectations and delivering on the promises we make. Together, we will continue to enhance our professional standards, expand our global presence, and deliver exceptional value to our members, stakeholders, and the wider financial community. I want to thank our members, our volunteers — including our all-volunteer Board — our societies around the world, and our dedicated staff at CFA Institute for everything you do. It's a remarkable network, and I am so grateful to be a part of it.

I look forward to our journey ahead, confident that, together, we will achieve even more in the years to come.

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

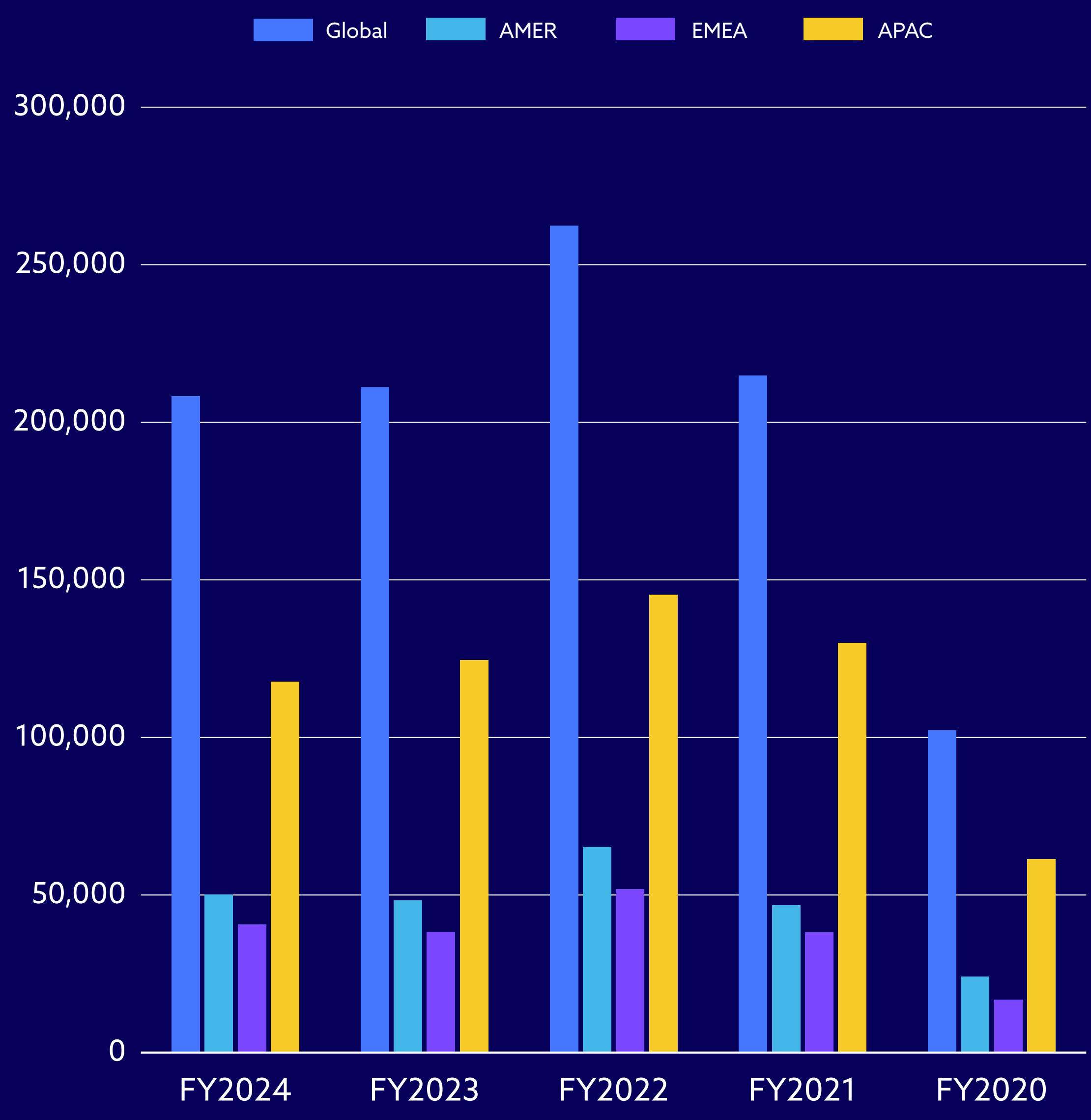
Exams and members overview

Credentialing Exam Administrations and Registrations by Region [1]

CFA Program Exam Administrations [2]	FY2024	FY2023	FY2022	FY2021	FY2020
Global	208,300	211,100	262,400	214,900	102,200
AMER	50,100	48,300	65,200	46,700	24,100
EMEA	40,600	38,300	51,900	38,200	16,800
APAC	117,600	124,500	145,300	130,000	61,300
CIPM™ Program Exam Administrations	**FY2024**	**FY2023**	**FY2022**	**FY2021**	**FY2020**
Global	900	800	900	1,500	950
AMER	400	300	400	700	400
EMEA	300	300	300	500	250
APAC	200	200	200	300	300
Certificate in ESG Investing Registrations	**FY2024**	**FY2023**	**FY2022**	**FY2021**	**FY2020**
Global	20,500	17,000	13,600	—	—
AMER	1,800	2,800	3,300	—	—
EMEA	4,100	5,800	6,500	—	—
APAC	14,600	8,400	3,800	—	—

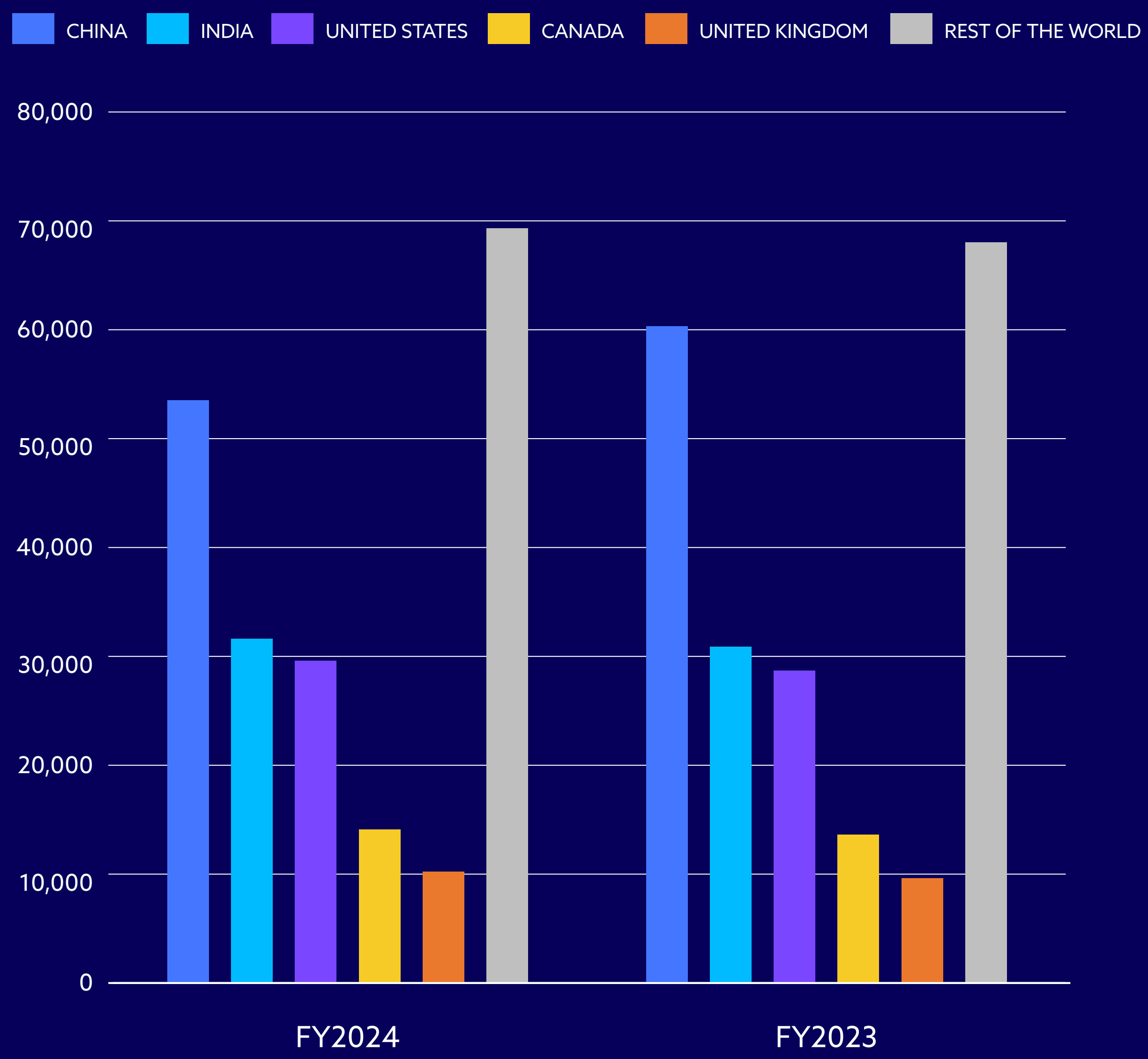
AMER = Americas; APAC = Asia Pacific; EMEA = Europe, Middle East, and Africa
(1) Numbers are rounded.
(2) Administrations are defined as exam registrations for which we recognize revenue, realized net of adjustments.

CFA Program Exam Administrations by Region

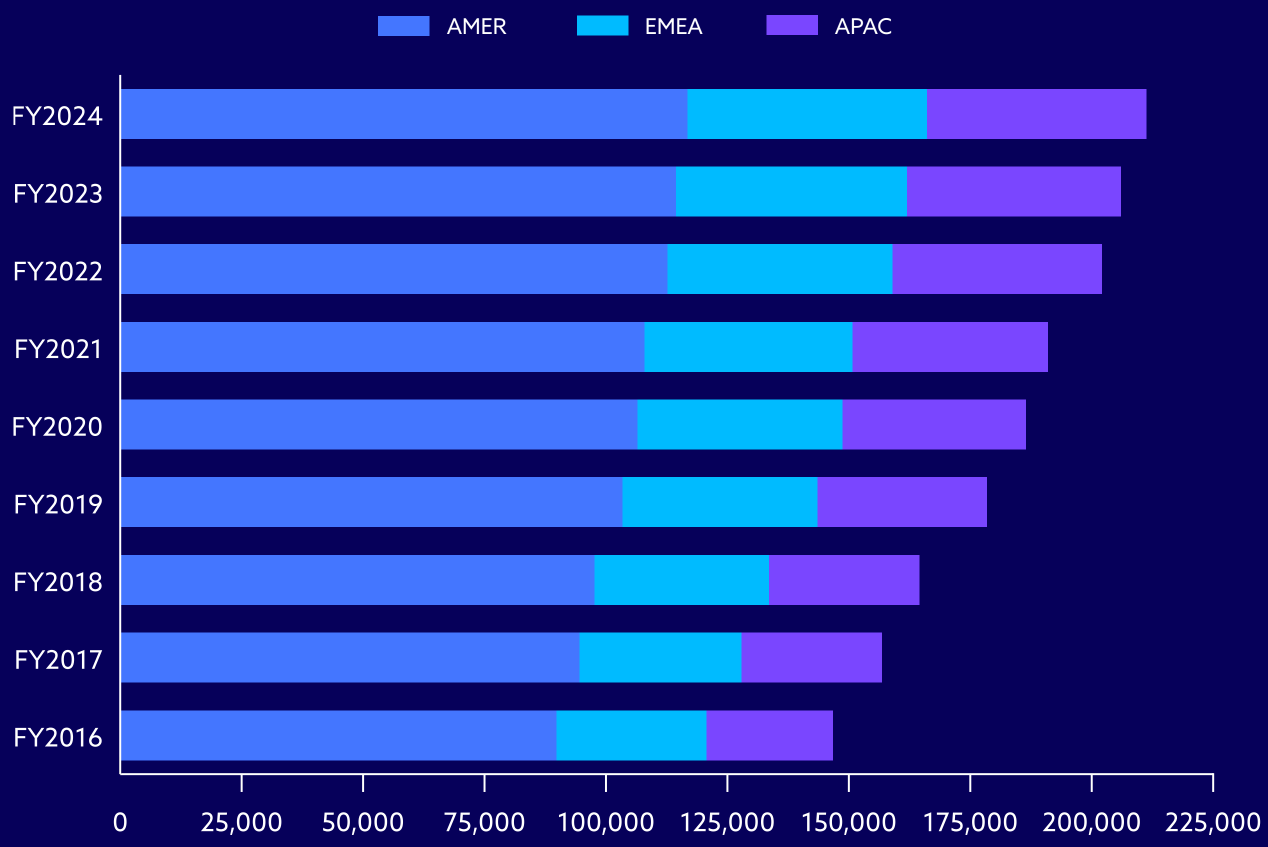


AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

CFA Program Exam Administrations: Top Markets

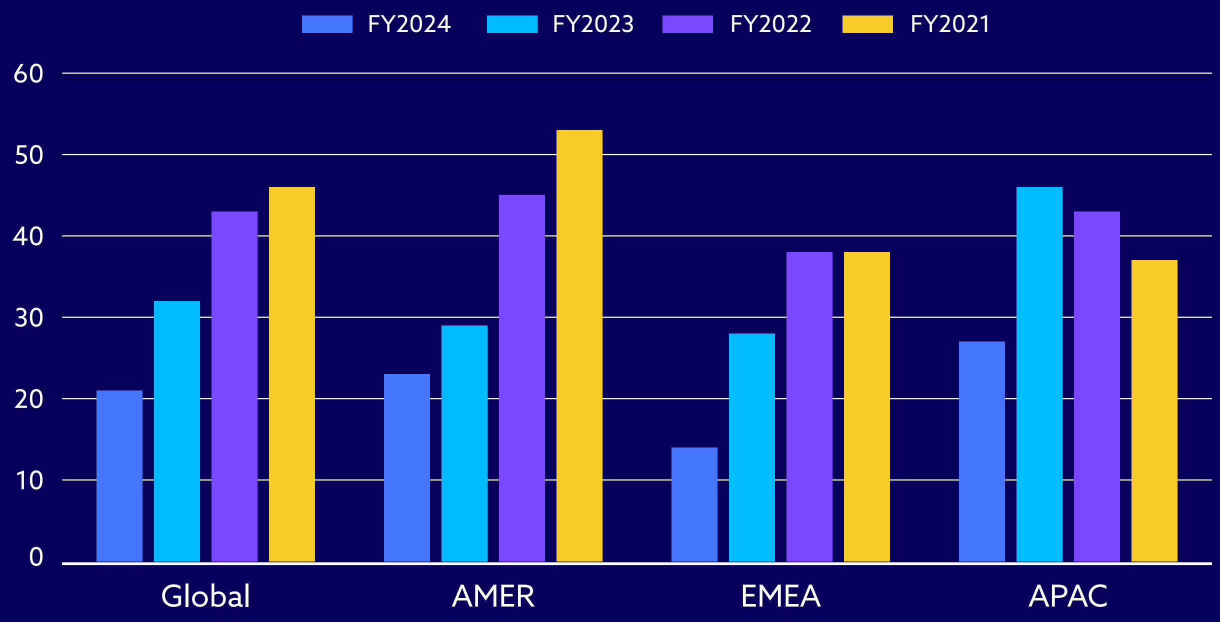


CFA Institute Membership by Region

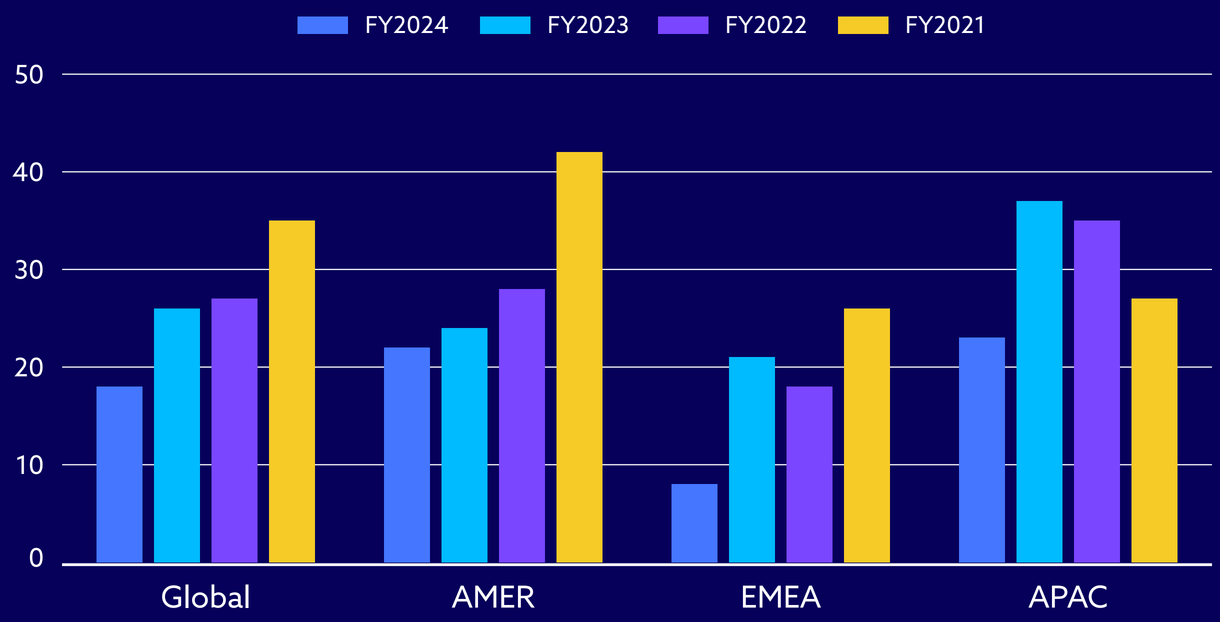


AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

CFA Institute Membership NPS [1]

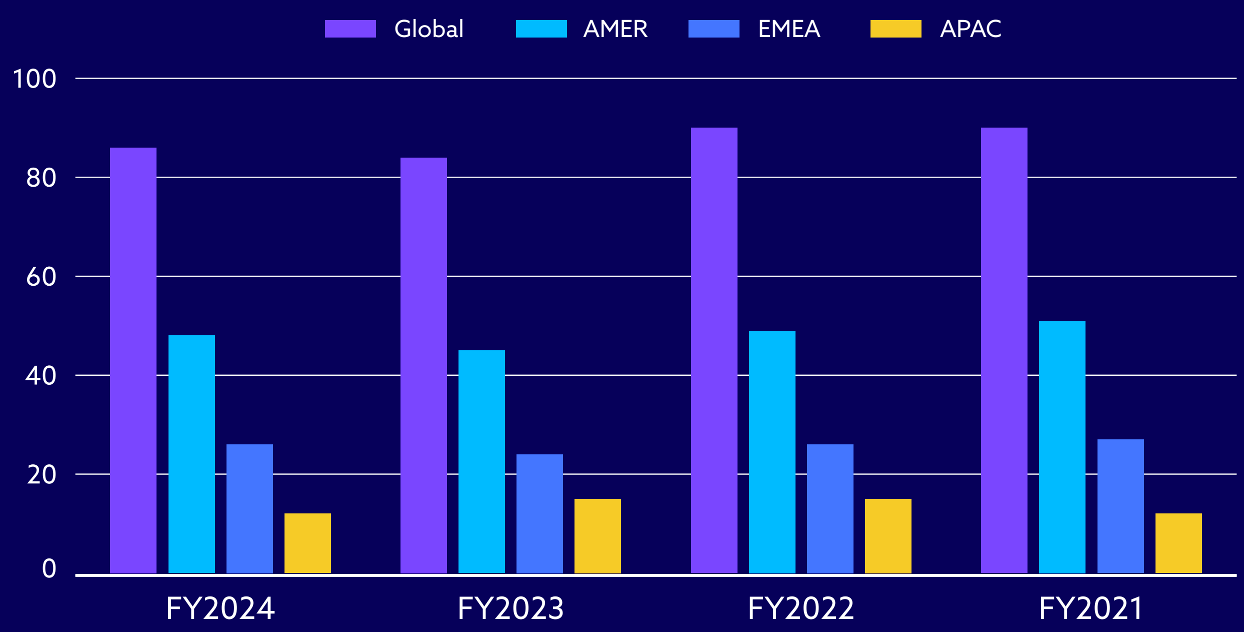


CFA Society NPS



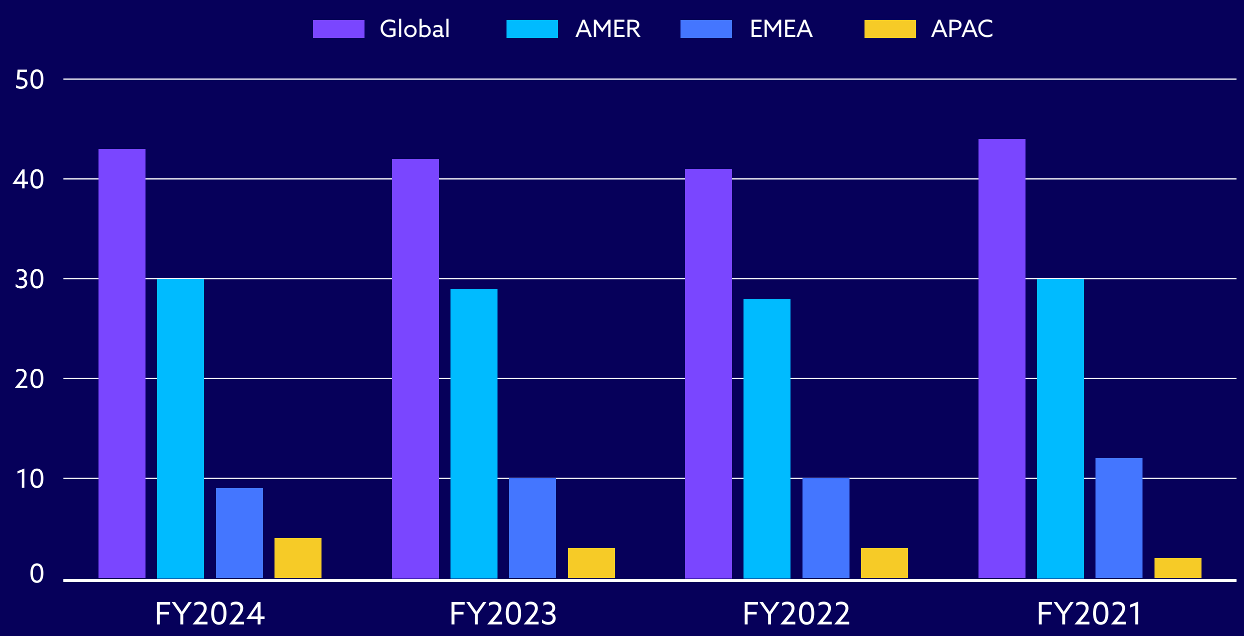
[1] Net Promoter Score (NPS) is a common metric used to measure customer loyalty. The question "How likely is it that you would recommend the product or service to a friend or colleague?" has a 0-10 scale, where 0 is not at all likely and 10 is extremely likely. Those responding 0-6 are categorized as "Detractors," those rating 7 or 8 are "Passives" and those rating 9 or 10 are "Promoters." NPS is calculated by subtracting the percentage of detractors from the percentage of promoters.
AMER = Americas; EMEA = Europe, Middle East, and Africa; APAC = Asia Pacific

GIPS® Standards Adoption by Top 100 Asset Managers



GIPS = Global Investment Performance Standards (GIPS®)
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 2024 and 2023

	FY2024	FY2023
Members and Exams		
CFA Institute Members	211,200	206,000
CFA Program Administrations [1]	208,300	211,100
CIPM Program Administrations [1]	900	800
Certificate in ESG Investing Registrations	20,500	17,000
Financial Performance (*$ in millions*) [2]	**FY2024**	**FY2023**
Operating revenues	$375.8	$345.1
Operating expenses	303.3	282.0
Income from operations	72.5	63.1
Other changes	90.2	35.8
Change in net assets without donor restrictions	**$162.7**	**$98.9**

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

Performance

Revenues

Revenues for Fiscal Years Ended 31 August 2024 and 2023

(US $ IN MILLIONS) [1]	FY2024	FY2023
Credentialing and certificate programs, net	$310.4	$276.0
Member value programs	56.1	51.8
Industry engagement and other	4.5	13.3
Contributions of cash and other financial assets	0.2	0.2
Contributions of nonfinancial assets	4.6	3.8
Total operating revenues	**$375.8**	**$345.1**

[1] Numbers are rounded.

Expenses

Expenses for Fiscal Years Ended 31 August 2024 and 2023

(US $ IN MILLIONS) [1]	FY2024	FY2023
Operating expenses		
Program services		
Credentialing and certificate programs	$119.7	$105.6
Member value programs	79.8	73.8
Industry engagement	19.2	21.3
Supporting services		
Management and general	84.6	81.3
Total operating expenses	**$303.3**	**$282.0**

[1] Numbers are rounded.

Performance

Financial condition

Financial Position as of 31 August 2024 and 2023

(US $ IN MILLIONS) [1]	FY2024	FY2023
Cash and cash equivalents	$285.3	$222.2
Short-term certificates of deposit	—	5.0
Other current assets	13.4	12.0
Total current assets	298.7	239.2
Noncurrent investments, at fair value	589.8	511.5
Other noncurrent assets	45.6	49.8
Total noncurrent assets	635.4	561.3
Total assets	**$934.1**	**$800.5**
Accounts payable and accrued liabilities	$23.9	$25.5
Deferred revenue	253.1	273.0
Other current liabilities	24.2	26.3
Total current liabilities	301.2	324.8
Deferred revenue	30.9	33.7
Other noncurrent liabilities	15.7	18.4
Total noncurrent liabilities	46.6	52.1
Total liabilities	347.8	376.9
Net assets	586.3	423.6
Total liabilities and net assets	**$934.1**	**$800.5**

[1] Numbers are rounded.

Performance

Cash and investment detail

Cash and Investment Portfolio Balance as of 31 August 2024 and 2023

(US $ IN MILLIONS) [1]	FY2024	FY2023
Cash and cash equivalents	$285.3	$222.2
Short-term certificates of deposit	—	5.0
Noncurrent investments, at fair value	589.8	511.5
Total cash and noncurrent investments	**$875.1**	**$738.7**

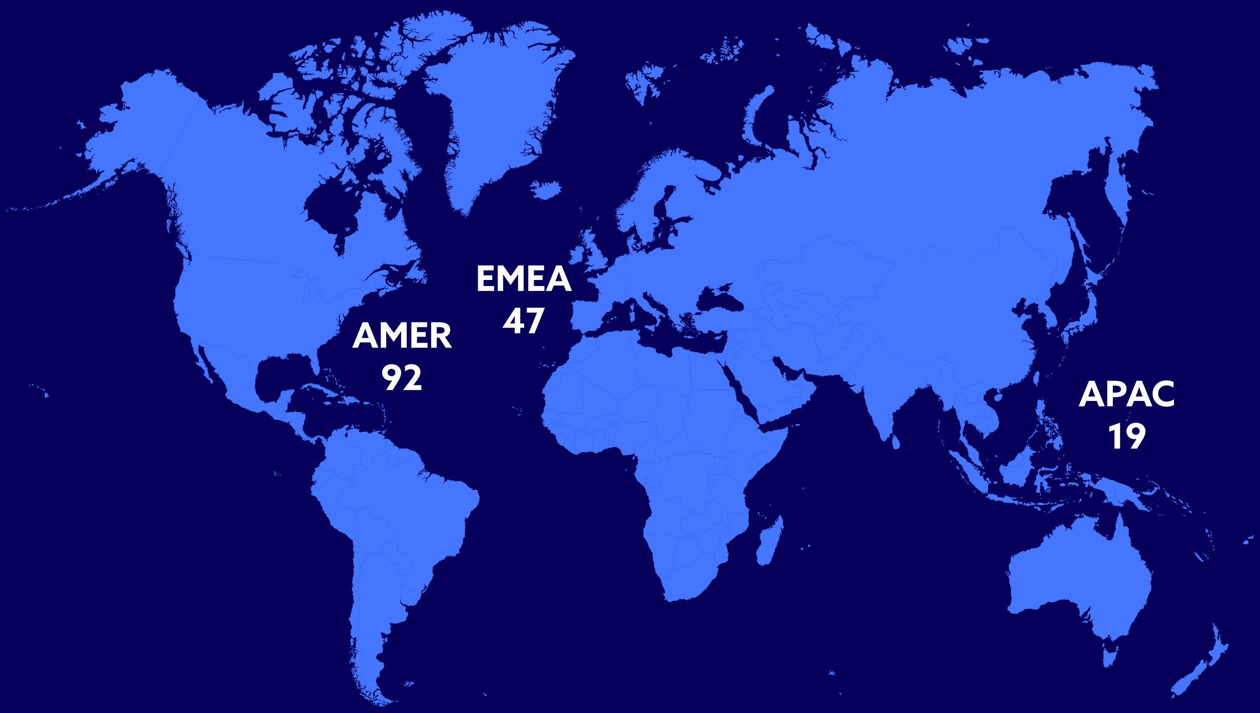
[1] Numbers are rounded.

Cash Flows for Fiscal Years Ended 31 August 2024 and 2023

(US $ IN MILLIONS) [1]	FY2024	FY2023
Change in net assets	$162.7	$98.9
Noncash items	(56.0)	3.7
Changes in assets and liabilities	(25.9)	(16.7)
Net cash provided by operating activities	80.8	85.9
Capital receipts and expenditures, net	(10.6)	1.9
Maturities and purchases of investments, net	(6.9)	(19.0)
Net cash used in investing activities	(17.5)	(17.1)
Receipts and payments on borrowings, net	(0.2)	(3.6)
Net cash used in financing activities	(0.2)	(3.6)
Net increase (decrease) in cash and cash equivalents	63.1	65.2
Cash and cash equivalents, beginning of year	222.2	157.0
Cash and cash equivalents, end of year	**$285.3**	**$222.2**

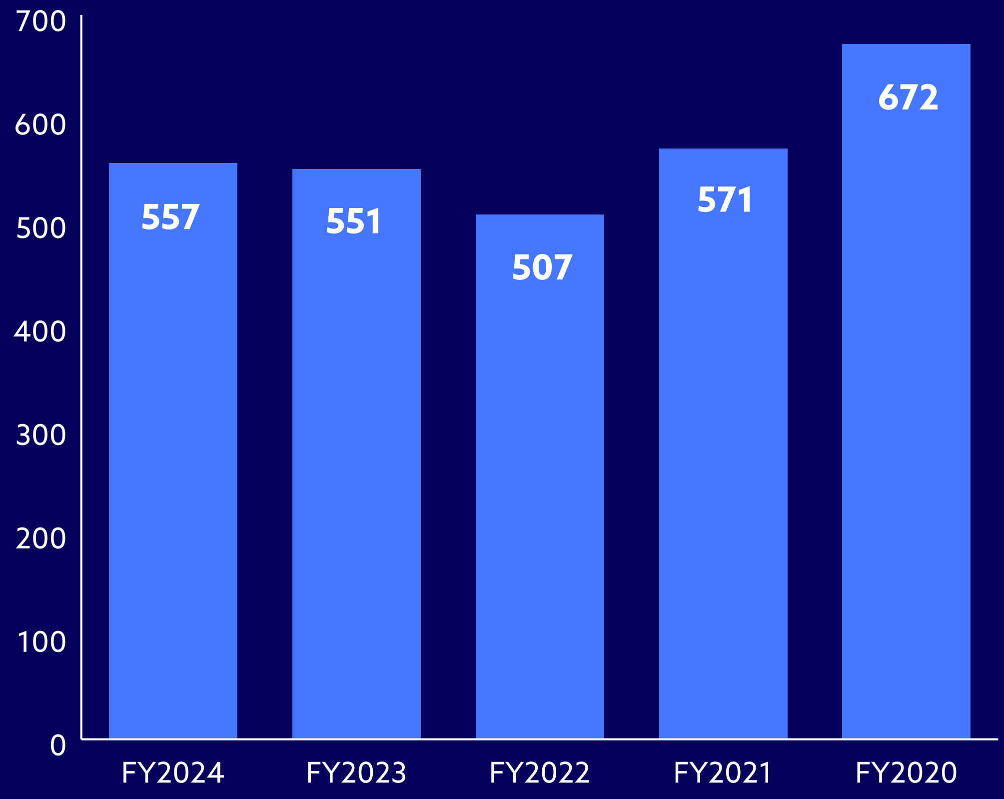
[1] Numbers are rounded.

Society Locations by Region



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

Total Number of CFA Institute Staff



Accompanying consolidated information

Independent auditors' report and audited financial statements

CFA Institute

Consolidated Financial Statements

As of 31 August 2024 and 2023
and Independent Auditors' Report

CFA Institute

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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:

Opinion

We have audited the consolidated financial statements of CFA Institute and its subsidiaries (the Company), which comprise the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

KPMG LLP

Richmond, Virginia
December 5, 2024

CFA Institute
Consolidated Statements of Financial Position
As of 31 August 2024 and 2023

(in thousands)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 285,276	$ 222,187
Short-term certificates of deposit	—	5,000
Accounts receivable, net	1,263	1,454
Prepaid expenses and other assets	12,213	10,544
Total current assets	298,752	239,185
Non-current assets		
Investments, at fair value	589,821	511,523
Prepaid expenses and other assets	5,734	6,855
Operating lease, right-of-use assets, net	7,702	9,955
Property and equipment, net	13,511	14,926
Intangibles, net	18,588	18,016
Total non-current assets	635,356	561,275
Total assets	$ 934,108	$ 800,460
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable, accrued and other liabilities	$ 23,882	$ 25,502
Deferred revenue	253,083	273,021
Employee-related liabilities	18,193	17,962
Refund liability	—	2,399
Funds held for others	2,666	2,552
Finance liability	301	230
Operating lease liability	3,086	3,116
Total current liabilities	301,211	324,782
Non-current liabilities		
Accounts payable, accrued and other liabilities	37	—
Deferred revenue	30,856	33,669
Employee-related liabilities	2,395	2,215
Finance liability	6,624	6,925
Operating lease liability	6,678	9,284
Total non-current liabilities	46,590	52,093
Total liabilities	347,801	376,875
Net assets		
Net assets without donor restrictions		
Undesignated	585,352	422,625
Designated	955	960
Total net assets	$ 586,307	$ 423,585
Total liabilities and net assets	$ 934,108	$ 800,460

See accompanying notes to consolidated financial statements.

CFA Institute
Consolidated Statements of Activities
For the Years Ended 31 August 2024 and 2023

(in thousands)

	2024	2023
Change in net assets without donor restrictions		
Operating revenues		
Credentialing and certificate programs, net	$ 310,391	$ 276,041
Member value programs	56,080	51,755
Industry engagement and other	4,541	13,261
Contributions of cash and other financial assets	173	205
Contributions of nonfinancial assets	4,639	3,863
Total operating revenues	375,824	345,125
Operating expenses		
Program services		
Credentialing and certificate programs	119,685	105,601
Member value programs	79,861	73,765
Industry engagement	19,179	21,276
Supporting services		
Management and general	84,632	81,334
Total operating expenses	303,357	281,976
Income from operations	72,467	63,149
Interest and dividends, net	23,866	20,313
Change in net assets without donor restrictions from operations	96,333	83,462
Other changes		
Gains on investments, net	66,389	15,337
Gain on derivative contract	—	141
Change in net assets without donor restrictions	162,722	98,940
Net assets, beginning of year	423,585	324,645
Net assets, end of year	$ 586,307	$ 423,585

See accompanying notes to consolidated financial statements.

CFA Institute

Consolidated Statements of Cash Flows

For the Years Ended 31 August 2024 and 2023

(in thousands)

	2024	2023
Cash flows provided by operating activities		
Reconciliation of change in net assets without donor restrictions to net cash provided by operating activities		
Change in net assets	$ 162,722	$ 98,940
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	10,827	11,069
Losses on disposition of property and equipment	—	6,383
Losses on disposition of intangible assets	—	37
Gains on investments, net	(66,389)	(15,337)
Gain on derivative contract	—	(141)
Change in operating lease, right-of-use assets/operating lease liability	(383)	1,697
Changes in:		
Accounts receivable, net	191	(823)
Prepaid expenses and other assets	(548)	(1,580)
Accounts payable, accrued and other liabilities	(950)	281
Deferred revenue	(22,751)	(10,553)
Employee-related liabilities	411	(1,664)
Refund liability	(2,399)	(2,413)
Funds held for others	114	24
Interest payable	—	(10)
Net cash provided by operating activities	80,845	85,910
Cash flows used in investing activities		
Purchases of property and equipment	(699)	(430)
Proceeds from property and equipment	—	13,941
Purchases of intangible assets	(9,919)	(11,624)
Purchases of investments	(538,770)	(19,440)
Proceeds from investments	531,862	400
Net cash used in investing activities	(17,526)	(17,153)
Cash flows used in financing activities		
Finance liability proceeds	—	7,250
Finance liability principal repayments	(230)	(95)
Loan repayments	—	(10,705)
Net cash used in financing activities	(230)	(3,550)
Net increase in cash and cash equivalents	63,089	65,207
Cash and cash equivalents, beginning of year	222,187	156,980
Cash and cash equivalents, end of year	$ 285,276	$ 222,187

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 208,000 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 Certificate in ESG Investing (ESG 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.

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 provides 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, were 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. During the year ended 31 August 2024, Cville Operations Holdings, Inc, Cville Operations Hub, LLC, and Cville Master Tenant, LLC were dissolved.

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, 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 (fiscal year 2023 only). 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 and at 31 August 2023 each entity was wholly-owned either by CFA Institute or by a wholly-owned subsidiary. During the year ended 31 August 2024, Cville Operations Holdings, Inc, Cville Operations Hub, LCC, and Cville Master Tenant, LLC were dissolved. 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 $20,000,000 to support operational and business continuity needs. Short-term operating cash needs in excess of the $20,000,000 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 2024 and 2023, all of CFA Institute's net assets were net assets without donor restrictions.

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. Because of the control relationship between CFA Institute and the Foundation, contributions are reported as board designated net assets.

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 amounts of committed and unpaid research grants are shown in designated net assets on the consolidated statements of financial position.

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

	2024	2023
ICFA contribution	$ 950	$ 950
Unpaid research grants	5	10
Total designated net assets	$ 955	$ 960

Contributed nonfinancial assets

For the years ended 31 August 2024 and 2023, contributed nonfinancial assets recognized within the consolidated statements of activities included (in thousands):

	2024	2023
Services	$ 4,639	$ 3,863
Total contributed nonfinancial assets	$ 4,639	$ 3,863

CFA Institute recorded the value of the contribution of services and facilities as contribution revenue with a corresponding amount to professional and contract 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. Contributed services from volunteers is valued at the estimated fair value for services based on compensation rates for comparable professionals.

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. In fiscal year 2023, the organization evaluated the collectability of accounts receivable using an incurred loss model. All accounts over 90 days past due were fully reserved unless arrangements had been made with the debtor. In fiscal year 2024, the organization adopted the Current Expected Credit Loss (CECL) model in accordance with Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326) (ASU 2016-13). Under CECL, the organization now recognizes an allowance for expected credit losses, using a forward-looking approach that estimates losses over the lifetime of receivables based on historical experience, current conditions, and reasonable forecasts.

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.

Certificates of deposit with an original maturity greater than 90 days and a remaining maturity of less than 365 days are included in certificates of deposit on the consolidated statement of financial position. Additionally, certificates of deposit with an original maturity of three months or less are classified as cash and cash equivalents and are reported at fair value on the consolidated statement of financial position.

Derivative contract

CFA Institute was subject to risk from potential increases in interest rates associated with a note payable pertaining to the acquisition and construction of the Charlottesville property. This risk was mitigated through the use of a pay fixed receive float interest rate swap that economically hedged the exposure associated with variable-rate debt. The objective of CFA Institute was 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 paid a fixed rate of two and ninety-one one-hundredths percent (2.91%) on a descending notional amount of $11,292,000, as of 31 August 2022, in return for a variable-rate interest of 30-day LIBOR plus ninety basis points. There was no prepayment penalty on the variable-rate loan, and the swap could be exited at any time. CFA Institute paid off the loan and exited the swap during the year ended 31 August 2023.

CFA Institute's derivative financial instrument was recognized in the consolidated statements of financial position at its fair value. The change in fair value was recognized as a gain in the consolidated statements of activities and was $141,000 for the year ended 31 August 2023. The settlement of the swap at the time of the loan pay off is reflected in financing activities on the consolidated statement of cash flows for the year ended 31 August 2023.

Leases

CFA Institute applies Accounting Standards Codification (ASC) 842, Leases, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property or equipment for a period of time in excess of twelve months in exchange for consideration. CFA Institute defines control of the asset as the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

CFA Institute's leases are primarily classified as operating leases and are included in right-of-use (ROU) assets and lease liabilities on the accompanying consolidated statements of financial position. Right-of-use assets represent the organization's right to use leased assets over the lease term. Lease liabilities represent the organization's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term. The lease liability is subsequently measured at amortized cost using the effective interest method.

Right-of-use assets are calculated as the present value of the future lease payments adjusted by any deferred rent liability and lease incentives. Right-of-use assets and lease liabilities are recognized at the lease commencement date. CFA Institute uses the rate implicit in the lease if it is determinable. When the implicit rate is not determinable, CFA Institute uses the risk-free rate, a practical expedient allowed for private entities, at the lease commencement date to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. CFA Institute does not separate lease and non-lease components.

Right-of-use assets for leases can occasionally be reduced by impairment losses. CFA Institute monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding right-of-use asset unless doing so would reduce the carrying amount of the right-of-use asset to an amount less than zero. In that case, the right-of-use asset is reduced to zero and the remainder of the adjustment is recorded in profit or loss. There were no impairments for the years ended 31 August 2024 and 2023.

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	10 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 2024 and 2023, 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 work 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

Cloud computing arrangement implementation costs
CFA Institute capitalizes certain cloud computing arrangement (CCA) implementation costs in connection with its internal-use software systems. These costs are initially classified as work in process and are amortized when available for use using the straight-line method over the term of the hosting arrangement but no more than 3 years. Capitalized CCA implementation costs are included in prepaid expenses and other assets on the accompanying consolidated statements of financial position. Capitalized CCA implementation costs as of 31 August 2024 consisted of $10,429,000 gross costs less accumulated amortization of $4,511,000. Capitalized CCA implementation costs as of 31 August 2023 consisted of $6,484,000 gross costs less accumulated amortization of $1,824,000. Amortization expense for the years ended 31 August 2024 and 2023 was $2,687,000 and $1,434,000, respectively.

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 2024 and 2023, the gross medical claims liability consisted of claims incurred but not reported of $515,000 and $339,000, respectively, and claims paid by a third party administrator and not yet paid by CFA Institute of $0 and $133,000, respectively, resulting in a medical claims liability of $515,000 and $472,000, 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. As of 31 August 2023 and 2024, there are no outstanding notes payable. The loan used to construct the Charlottesville, VA premises was fully paid off during the year ended 31 August 2023.

Finance liability
Finance liability 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 finance liability relates to the failed sale and partial leaseback transaction of the Charlottesville headquarters building (see Note 12).

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 $12,806,000 and $11,716,000 for the years ended 31 August 2024 and 2023, respectively.

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 (which includes Learning Ecosystem, Practical Skills Module (PSM) and Practice Pack within the CFA Program) 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.

Revenue from the CFA Practice Pack (PDF) is recognized at the time of sale when customers purchase the product. The CFA Practice Pack provides candidates with a comprehensive suite of study materials, including practice questions and mock exams, aimed at enhancing their exam preparation. This revenue is recognized in the period the sale occurs.

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 2024 and 2023, CFA Institute provided direct operational, growth and partnership funding in the amount of $14,769,000 and $14,326,000, 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 2024 and 2023, current accounts payable and accrued liabilities included accrued grants in the amount of $341,000 and $557,000, respectively.

Advertising costs
Advertising costs are expensed as incurred. Total advertising expense was $13,193,000 and $4,216,000 for the years ended 31 August 2024 and 2023, 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 $87,000 and $81,000 for the years ended 31 August 2024 and 2023, respectively. The Foundation had no unrelated business income for the years ended 31 August 2024 and 2023, 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 a taxable loss of $3,705,000 for the period ended 31 December 2023. Federal income tax estimated payments made by Holdings were $0 and $128,000 for the years ended 31 August 2024 and 2023, respectively. The Cville Building Operations group was dissolved in fiscal year 2024.

Interest costs

CFA Institute incurred interest costs for the note payable of $257,000 for the year ended 31 August 2023. The note payable was fully paid off within the same fiscal year. CFA Institute incurred interest costs for the finance liability of $1,044,000 and $178,000 for the years ended 31 August 2024 and 2023, respectively. No portion of interest expense for either period presented has been capitalized.

New accounting pronouncements adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842). The new guidance requires that all leases be recognized at inception as a right-of-use lease asset and a corresponding lease liability and disclose key quantitative and qualitative information about lease contracts.

Under the modified retrospective approach, the adoption of Topic 842 resulted in the recognition of right-of-use lease assets and lease liabilities of $10,046,000 and $12,551,000, respectively, as of 1 September 2022. For leases existing at transition, CFA Institute applied the package of three practical expedients and did not reassess whether an arrangement is or contains a lease, did not reassess lease classification, and did not reassess what qualifies as an initial direct cost. There was no cumulative effect adjustment to the net assets without donor restrictions at the transition date. The adoption had a material affect on CFA Institute's consolidated statement of financial position, but did not materially affect net assets or the consolidated statements of activities or cash flows.

In June 2016, the FASB issued ASU 2016-13, which introduced the CECL model. This model requires entities to estimate the credit losses that are expected to occur over the life of a financial asset and requires consideration of a broader range of reasonable and supportable information when calculating these estimates. For private entities, ASU 2016-13 was effective for fiscal years beginning after December 15, 2022. CFA Institute adopted ASU 2016-13 on 1 September 2023 and the adoption of this update did not have a significant impact on the consolidated financial statements.

3. Accounts receivable

Accounts receivable as of 31 August 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Accounts receivable	$ 1,313	$ 1,479
Allowance for bad debt	(50)	(25)
Total accounts receivable	$ 1,263	$ 1,454

4. Investments

Investments, at fair value (see Note 5) as of 31 August 2024 and 2023 consisted of the following (in thousands):

	2024	2023
CFA Institute	$ 568,689	$ 492,808
The Foundation – Endowment	21,132	18,715
Total investments	$ 589,821	$ 511,523

As of 31 August 2024 and 2023, investments at fair value consisted of US registered mutual funds, collective trusts and other pooled investments that invest in global equity, liquid growth fixed income, global fixed-income, inflation-protected securities, and other real assets.

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

	2024		2023	
	Fair value	**Cost**	**Fair value**	**Cost**
Global equity	$ 319,208	$279,258	$ 247,730	$ 164,673
Liquid growth fixed income	44,828	43,472	—	—
Global fixed-income	175,734	169,800	106,588	123,463
Inflation-protected securities	40,080	38,773	91,316	100,010
High-yield corporate bonds	—	—	25,944	28,821
Emerging market debt	—	—	23,240	23,178
Global real estate investment trusts	—	—	16,705	18,610
Other real assets	9,971	9,136	—	—
Total investments	$ 589,821	$540,439	$ 511,523	$ 458,755

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

	2024	2023
Interest and dividends	$ 24,426	$ 20,562
Investment expenses	(560)	(249)
Total interest and dividends, net	23,866	20,313
Investment gains, net	66,389	15,337
Total investment gains, interest and dividends, net	$ 90,255	$ 35,650

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 using reference rates from market-based data including publicly observable data and non-public subscription based data.

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 2024 and 2023 (in thousands):

	Fair value as of 31 Aug 2024	Fair value measurements as of 31 August 2024 using: Level 1	Level 2	Level 3	Measured at NAV [1]
Assets:					
Global equity	$ 319,208	$ 38,349	$ 40,042	$ —	$ 240,817
Liquid growth fixed income	44,828	—	25,194	—	19,634
Global fixed-income	175,734	6,719	169,015	—	—
Inflation protected securities	40,080	3,305	36,775	—	—
Other real assets	9,971	—	9,971	—	—
Investments, at fair value	589,821	48,373	280,997	—	260,451
Mutual funds - IRC § 457 accounts	2,395	2,395	—	—	—
Liabilities:					
Deferred compensation (see Note 10)	(2,395)	(2,395)	—	—	—
Net assets and liabilities subject to fair value measurement	$ 589,821	$ 48,373	$ 280,997	$ —	$ 260,451

[1] In accordance with Subtopic 820-10, certain investments were measured using the NAV per share (or its equivalent) practical expedient and these investments have not been categorized in the fair value hierarchy. These investments consist of common collective trust funds and pooled investment funds. 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 these funds at 31 August 2024. CFA Institute has the ability to redeem its investment in the funds at the valuation date.

	Fair value as of 31 Aug 2023	Fair value measurements as of 31 August 2023 using: Level 1	Level 2	Level 3	Measured at NAV [2]
Assets					
Global equity	$ 247,730	$ 247,730	$ —	$ —	$ —
Global fixed-income	106,588	106,588	—	—	—
Inflation-protected securities	91,316	91,316	—	—	—
High-yield corporate bonds	25,944	25,944	—	—	—
Global real estate investment trusts	16,705	16,705	—	—	—
Emerging market debt	23,240	—	—	—	23,240
Investments, at fair value	511,523	488,283	—	—	23,240
Mutual funds - IRC § 457 accounts	2,215	2,215	—	—	—
Liabilities					
Deferred compensation (see Note 10)	(2,215)	(2,215)	—	—	—
Net assets and liabilities subject to fair value measurement	$ 511,523	$ 488,283	$ —	$ —	$ 23,240

[2] In accordance with Subtopic 820-10, certain investments were measured using the NAV per share (or its equivalent) practical expedient and these investments have not been categorized in the fair value hierarchy. These investments consist of emerging market debt funds. 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 these funds at 31 August 2023. CFA Institute had the ability to redeem its investment in the funds at the valuation date.

6. Property and equipment

Property and equipment, including construction in progress, as of 31 August 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Buildings	$ 14,805	$ 14,805
Computer hardware and equipment	3,733	8,137
Furniture and fixtures	2,222	2,207
Leasehold improvements	5,633	5,737
Total property and equipment	26,393	30,886
Accumulated depreciation and amortization	(12,882)	(15,960)
Property and equipment, net	$ 13,511	$ 14,926

Buildings represent the value of the Charlottesville headquarters building leased back as part of the July 2023 sale and partial leaseback transaction. CFA Institute determined the portion of the transaction related to the leased back portion of the building did not meet the requirements for a sale under the failed sale leaseback accounting model. CFA Institute is deemed to own this part of the building and reflects it on the consolidated statement of financial position in property and equipment, net and will continue to depreciate the asset over the lease term (see Note 12).

Construction in progress, included in the schedule above, as of 31 August 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Computer hardware and equipment	$ 131	$ 137
Leasehold improvements	368	136
Total construction in progress	$ 499	$ 273

Depreciation expense was $2,099,000 and $2,218,000 for the years ended 31 August 2024 and 2023, respectively.

Property and equipment assets of $5,177,000 and $31,032,000 were disposed during the years ended 31 August 2024 and 2023, respectively. Loss on disposition of property and equipment assets were $0 and $6,383,000 for the years ended 31 August 2024 and 2023, respectively, and are shown in operating expenses on the consolidated statements of activities.

7. Intangibles

Intangibles, including work in process, as of 31 August 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Computer software (developed)	$ 37,613	$ 36,090
Computer software (website development)	—	544
Computer software (packaged)	524	1,289
Other intangibles	28,912	22,083
Total intangibles	67,049	60,006
Accumulated amortization	(48,461)	(41,990)
Intangibles, net	$ 18,588	$ 18,016

Work in process, included in the schedule above, as of 31 August 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Computer software (developed)	$ 146	$ 75
Other intangibles	1,721	1,838
Total work in process	$ 1,867	$ 1,913

Amortization expense was $8,728,000 and $8,851,000 for the years ended 31 August 2024 and 2023, 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 exams and materials used in various Certificate programs.

Intangible software assets of $2,257,000 and $14,639,000 were disposed during the years ended 31 August 2024 and 2023, respectively. Loss on disposition of intangible assets were $0 and $37,000 for the years ended 31 August 2024 and 2023, respectively.

For the following fiscal years, future intangible amortization for assets placed in service as of 31 August 2024 is as follows (in thousands):

	Intangible amortization
2025	$ 8,260
2026	5,590
2027	2,871
Total intangible amortization	$ 16,721

8. Leases

CFA Institute has entered into various operating leases with original terms ranging from one to thirteen 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. Some leases contain early termination or renewal options, which CFA Institute is not reasonably certain to exercise.

Lease expenses from operating leases were approximately $3,005,000 and $2,965,000 for the years ended 31 August 2024 and 2023, respectively. Sublease rental income was $38,000 and $74,000 for the years ended August 31, 2024 and 2023, respectively.

Lease liability maturities as of 31 August 2024 are as follows (in thousands):

	Lease payments
2025	$ 3,371
2026	2,560
2027	1,457
2028	1,165
2029	933
Thereafter	1,016
Total undiscounted lease payments	10,502
Less imputed interest	738
Total lease liability	$ 9,764

The weighted average remaining lease term and discount rate related to the organization's lease liabilities as of 31 August 2024 and 2023 were 4.26 years and 4.91 years and 3.55% and 3.51%, respectively.

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. As of 1 January 2020, participants become fully vested immediately. Employee contributions are always 100% vested. Plan oversight is the responsibility of the Chief People Officer (CPO), 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 CPO 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 thirteen mutual fund alternatives offered by the Plan. Contribution expense for the 401(k) Plan totaled $7,042,000 and $6,849,000 for the years ended 31 August 2024 and 2023, respectively. Plan forfeitures of $1,200 and $300 were netted against contribution expenses for the years ended 31 August 2024 and 2023, respectively. CFA Institute accrues for incentive compensation and the related 401(k) contribution. Accruals for the related 401(k) contribution of $912,000 and $953,000 were made for the years ended 31 August 2024 and 2023, respectively.

CFA Institute also has defined contribution plans for employees in its international operations. Contribution expense for these defined contribution plans totaled $1,992,000 and $1,713,000 for the years ended 31 August 2024 and 2023, respectively.

10. Deferred compensation

CFA Institute maintains a deferred compensation program for participating key employees. Liabilities for the deferred compensation program of $2,395,000 and $2,215,000 were recorded as of 31 August 2024 and 2023, respectively, and are classified as non-current employee-related liabilities on the consolidated statements of financial position.

11. 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 $11,292,000 as of 31 August 2022, with a variable interest rate of 30-day LIBOR plus ninety basis points. CFA Institute was the unconditional guarantor of the term note. 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. CFA Institute paid off the loan and exited the swap during the year ended 31 August 2023.

12. Finance liability

In July 2023, CFA Institute completed a sale and partial leaseback transaction of its Charlottesville headquarters building for net proceeds of $21,191,000. The organization leased back select floors for a ten year term. CFA Institute assessed whether a contract existed and whether there was a performance obligation to transfer control of the asset when determining whether the transfer of the property shall be accounted for as a sale of the asset. CFA Institute determined the portion of the transaction related to the land and the portion of the building it will not lease back met the criteria to be accounted for as a sale. CFA Institute disposed of assets of $25,488,000. Loss on sale was $6,255,000 and is shown in operating expenses on the fiscal year 2023 consolidated statements of activities. CFA Institute determined the portion of the transaction related to the leased back portion of the building did not meet the requirements for a sale under the failed sale leaseback accounting model. For accounting purposes, CFA Institute is therefore deemed to own this part of the building and reflects it on the consolidated statement of financial position in property and equipment, net and will continue to depreciate the asset over the lease term. CFA Institute recorded a liability for the amount received related to the partial leaseback and has imputed an interest rate of 14.80% so the net carrying amount of the finance liability and remaining asset will be zero at the end of the lease term.

Minimum principal payments are as follows (in thousands):

	2024
2025	$ 301
2026	384
2027	480
2028	593
2029	725
Thereafter	4,442
Total principal payments	$ 6,925

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 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 and certificate 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 as a one-time exception to CFA Institute's refund policy. As of 31 August 2023, CFA Institute had established a refund liability of $2,399,000 of which $2,146,000 related to deferred revenue. Variable consideration related to these refunds was not considered to be constrained as the refund liability primarily impacted deferred revenue rather than revenue. No refunds have been issued since November 2022 and the liability related to these refunds was deemed no longer valid in fiscal year 2024, leading to the closure of the refund liability account. This resulted in a reclassification among the liability accounts in the consolidated statement of financial position, with $2,146,000 being moved to deferred revenue and $253,000 recorded in the consolidated statement of activities for fiscal year 2024.

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 2024 and 2023 (in thousands):

	2024	2023
Performance obligations satisfied at a point in time	$ 212,370	$ 196,421
Performance obligations satisfied over time	155,287	132,208
Total operating revenues from contracts with customers	$ 367,657	$ 328,629

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, CIPM Program, and ESG Certificate 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, PSM and Practice Pack 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.

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 elected 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 estimates a candidate will 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 2024 and 2023 consisted of contract liabilities.

14. Functional expenses

Expenses by functional classification for the years ended 31 August 2024 and 2023 consisted of the following (in thousands):

	Program Services			Supporting Services	
	Credentialing and Certificates	Member Value	Industry Engagement	Management and General	FY 2024 Total
Salaries, Wages and Benefits	$ 28,249	$ 29,229	$ 12,078	$ 39,561	$ 109,117
Cost of Sales	5,764	33	—	—	5,797
Professional and Contract Services	56,637	25,900	5,062	26,972	114,571
Facility and Equipment	1,067	1,837	401	2,499	5,804
Travel Expenses	1,372	2,306	411	2,400	6,489
Grants and Sponsorships	2	14,794	489	145	15,430
Advertising	8,380	—	—	4,813	13,193
Bank Charges and Merchant Fees	9,359	2,562	15	135	12,071
Postage, Printing and Supplies	194	1,027	45	295	1,561
Utilities	267	331	97	653	1,348
Depreciation and Amortization	7,431	1,211	299	1,886	10,827
Insurance, Taxes, Interest, and Other	963	631	282	5,273	7,149
Total	$ 119,685	$ 79,861	$ 19,179	$ 84,632	$ 303,357

	Program Services			Supporting Services	
	Credentialing and Certificates	Member Value	Industry Engagement	Management and General	FY 2023 Total
Salaries, Wages and Benefits	$ 24,801	$ 25,510	$ 13,781	$ 39,295	$ 103,387
Cost of Sales	5,620	1	132	—	5,753
Professional and Contract Services	56,511	18,385	4,381	24,361	103,638
Facility and Equipment	815	1,613	514	2,341	5,283
Travel Expenses	809	2,930	656	1,834	6,229
Grants and Sponsorships	—	14,883	323	120	15,326
Advertising	—	2,838	—	1,378	4,216
Bank Charges and Merchant Fees	8,395	2,476	15	197	11,083
Postage, Printing and Supplies	163	969	86	357	1,575
Utilities	323	396	159	954	1,832
Depreciation and Amortization	6,716	1,871	363	2,119	11,069
Insurance, Taxes, Interest, and Other	1,448	1,893	866	8,378	12,585
Total	$ 105,601	$ 73,765	$ 21,276	$ 81,334	$ 281,976

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	Headcount
Information Technology	Headcount
Travel Support and Event Management	Virtual and In Person Meetings
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. Operational cash not needed for immediate or short-term use is invested in U.S. government securities and certificates of deposit until required for disbursement purposes. Funds determined to exceed operational cash requirements and which are not needed for strategic or other specific purposes, are transferred to long-term reserves and invested appropriately. Working capital is also maintained in non-U.S. bank accounts to support international operations. Where appropriate, any surplus working capital maintained in international bank accounts is invested in time deposits.

CFA Institute's financial assets available within one year of the consolidated statements of financial position dated 31 August 2024 and 2023 for general expenditures are as follows (in thousands):

	2024	2023
Cash and cash equivalents	$ 285,276	$ 222,187
Short-term certificates of deposit	—	5,000
Investments	589,821	511,523
Receivables, net	1,263	1,454
Total financial assets available to meet cash needs for general expenditures within one year	$ 876,360	$ 740,164

16. Supplemental disclosure of cash flows information

Supplemental cash flows information for the years ended 31 August 2024 and 2023 consisted of the following (in thousands):

	2024	2023
Cash paid during the year for interest	$ 1,044	$ 445
Cash paid during the year for income taxes	$ 407	$ 514
Purchases of property and equipment included in accounts payable	$ 42	$ 57
Purchases of intangible assets included in accounts payable	$ 834	$ 1,453
Noncash recognition of operating lease right-of-use assets upon adoption of ASC 842	$ —	$ 10,046
Noncash recognition of operating lease right-of-use assets in exchange for new operating lease liabilities	$ 422	$ 2,473
Cash paid for amounts included in the measurement of operating lease liabilities	$ 3,089	$ 2,922

17. Commitments and contingencies

The Foundation awards grants to individuals subject to completion of their respective research projects. Unpaid grants, subject to this condition, totaled $5,000 and $10,000 as of 31 August 2024 and 2023, 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.)

CFA Institute has available a revolving line of credit with a bank for short-term borrowings. During the year ended 31 August 2023 and through 28 March 2024, the $35,000,000 line was available with an interest rate of 1-month Term SOFR plus 90 basis points. Following 28 March 2024, the line was renewed for 364 days at $25,000,000 to better align with the business need, with no interest rate modification. For committed but unused amounts, CFA Institute is charged a commitment fee of .20% through 28 March 2024 and .15% after this date. There were no outstanding borrowings at 31 August 2024 or 2023. Under the financial covenants of the line of credit, CFA Institute must maintain unrestricted and unencumbered liquidity of $125,000,000. CFA Institute complies with the line of credit covenants.

18. 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 in subsequent fiscal years 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 offered 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. During the years ended 31 August 2024 and 2023, CFA Institute received $3,355,000 and $12,428,000, respectively, related to the insurance policy. The receipt is included in other operating revenues in the accompanying consolidated statement of activities. The claim was settled as of 31 August 2024.

19. Subsequent events

CFA Institute has assessed the impact of subsequent events through 05 December 2024, 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.

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CFA Institute