

**Audited Financial Statements and  
Other Financial Information**

**SOCIETY FOR SCIENCE & THE PUBLIC**

*December 31, 2013*

# Society for Science & the Public

## Contents

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<b><i>Independent Auditor's Report on the Financial Statements</i></b>	1
<b><i>Financial Statements</i></b>	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Notes to the financial statements	5 – 14
<b><i>Other Financial Information</i></b>	
Independent auditor's report on other financial information	15
Schedule of functional expenses – year ended December 31, 2013	16
Schedule of functional expenses – year ended December 31, 2012	17

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## Independent Auditor's Report on the Financial Statements

To the Board of Trustees  
Society for Science & the Public

We have audited the accompanying financial statements of Society for Science & the Public (the Society) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Society for Science & the Public as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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# Society for Science & the Public

## Statements of Financial Position

<b>December 31,</b>	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,884,944	\$ 6,488,481
Subscriptions receivable, net	70,802	137,767
Other receivables, net	441,892	247,608
Inventory	-	20,280
Prepaid expenses	344,670	114,783
Investments	24,337,374	22,517,162
Grants receivable, net	53,512,488	63,732,446
Property and equipment, net	782,527	349,999
<b>Total assets</b>	<b>\$ 84,374,697</b>	<b>\$ 93,608,526</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 604,389	\$ 785,437
Awards payable	1,916,883	2,134,613
Deferred subscription revenue	4,657,856	5,115,841
Accrued postretirement benefits	1,216,000	1,404,000
Total liabilities	8,395,128	9,439,891
Net assets		
Unrestricted	13,853,564	12,469,821
Temporarily restricted	61,137,201	70,732,875
Permanently restricted	988,804	965,939
Total net assets	75,979,569	84,168,635
<b>Total liabilities and net assets</b>	<b>\$ 84,374,697</b>	<b>\$ 93,608,526</b>

See notes to the financial statements.

# Society for Science & the Public

## Statements of Activities

<b>Year Ended December 31,</b>	<b>2013</b>	<b>2012</b>
<b>Unrestricted activities</b>		
Revenue and support		
Science News		
Magazine subscriptions	\$ 4,606,591	\$ 4,865,340
Advertising and other	562,289	519,362
Science education programs	758,767	810,512
Membership and other	142,979	265,639
Net assets released from restriction	13,182,373	12,478,992
Total revenue and support	19,252,999	18,939,845
Expense		
Program services		
Science education programs	10,495,149	9,864,410
Science News	6,601,500	6,302,670
Outreach	544,841	726,342
Total program services	17,641,490	16,893,422
Supporting services		
General and administrative	1,047,671	1,079,014
Membership	737,357	448,856
Development	143,857	285,851
Total supporting services	1,928,885	1,813,721
Total expense	19,570,375	18,707,143
Change in unrestricted net assets from operations	(317,376)	232,702
Non-operating activity		
Investment income	1,444,094	1,762,509
Accrued postretirement benefit adjustment	257,025	(150,000)
Change in unrestricted net assets	1,383,743	1,845,211
<b>Temporarily restricted activities</b>		
Science education programs	2,999,040	3,587,541
Outreach and other	570,805	121,901
Investment income	16,854	-
Net assets released from restriction	(13,182,373)	(12,478,992)
Change in temporarily restricted net assets	(9,595,674)	(8,769,550)
<b>Permanently restricted activities</b>		
Science education programs and other	16,865	965,939
Investment income	6,000	-
Change in permanently restricted net assets	22,865	965,939
<b>Change in net assets</b>	<b>(8,189,066)</b>	<b>(5,958,400)</b>
Net assets, beginning of year	84,168,635	90,127,035
<b>Net assets, end of year</b>	<b>\$ 75,979,569</b>	<b>\$ 84,168,635</b>

# Society for Science & the Public

## Statements of Cash Flows

<b>Year Ended December 31,</b>	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (8,189,066)	\$ (5,958,400)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	179,302	146,723
Amortization of discount to net present value	(2,355,689)	(2,785,820)
Contributed property and equipment	(122,844)	-
Net investment gain restricted for permanent endowment	(6,000)	-
Net realized and unrealized gain on investments	(839,529)	(911,308)
Changes in assets and liabilities:		
Grants receivable, net	12,575,647	11,989,814
Subscriptions receivable, net	66,965	213,613
Other receivables, net	(194,284)	97,069
Prepaid expenses	(229,887)	88,587
Inventory	20,280	5,113
Accounts payable and accrued expenses	(181,048)	89,069
Awards payable	(217,730)	120,943
Deferred subscription revenue	(457,985)	7,442
Accrued postretirement benefits	(188,000)	196,000
Total adjustments	<b>8,049,198</b>	<b>9,257,245</b>
Net cash (used in) provided by operating activities	<b>(139,868)</b>	<b>3,298,845</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(10,369,841)	(9,349,521)
Proceeds from sales of investments	9,389,158	7,854,294
Purchases of property and equipment	(488,986)	(6,100)
Net cash used in investing activities	<b>(1,469,669)</b>	<b>(1,501,327)</b>
<b>Cash flows from financing activities</b>		
Net investment gain restricted for permanent endowment	<b>6,000</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,603,537)</b>	<b>1,797,518</b>
Cash and cash equivalents, beginning of year	<b>6,488,481</b>	<b>4,690,963</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,884,944</b>	<b>\$ 6,488,481</b>
<b>Supplemental disclosure of noncash investing activities</b>		
Contributed property and equipment	<b>\$ 122,844</b>	<b>\$ -</b>

See notes to the financial statements.

# Society for Science & the Public

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Society for Science & the Public (the Society), which until January 10, 2008 was known as Science Service Inc., is a not-for-profit organization incorporated in 1921 under the laws of the state of Delaware for the purpose of promoting public understanding of science. The Society's operations are financed primarily through subscription revenues and grants from private foundations and corporations. The Society's principal activities include the publication of the bi-weekly news magazine *Science News* and the administration of science competitions for middle school and high school students.

Income taxes: The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable regulations of the District of Columbia, except on net income derived from unrelated business activities.

The Society believes that it has appropriate support for any tax positions taken, and therefore does not have any uncertain tax positions that are material to the financial statements. At a minimum, the Society's Federal and state income tax returns for 2010 through 2013 are subject to examination by taxing authorities.

Basis of accounting: The Society prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expense is recognized when the obligation is incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, the Society considers demand deposits held at financial institutions to be cash and cash equivalents.

Subscriptions receivable: Subscriptions receivable consists of amounts owed from customers for subscriptions to *Science News* magazine and is presented net of an allowance for doubtful accounts in the accompanying statements of financial position. The allowance for doubtful accounts is estimated based on an analysis of future cash receipts and historical write-offs. The allowance related to subscriptions was \$10,000 and \$6,000 as of December 31, 2013 and 2012, respectively.

Other receivables: Other receivables consists primarily of amounts owed from customers for membership and services such as advertising and list rental. No allowance for doubtful accounts was recorded as of December 31, 2013 and 2012.

Inventory: Inventory consisted of paper used to produce the magazine and was valued at the lower of cost (first-in, first-out method) or market value. During 2013, the Society began buying paper directly from the magazine printer as part of the magazine printing process; meaning that the Society would be charged for paper used as its magazine was printed. The Society no longer takes possession of or manages paper inventory.

# Society for Science & the Public

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Awards payable: Awards payable are recorded when awarded to middle and high school students each year under the Intel International Science and Engineering Fair (ISEF), Intel Science Talent Search (STS), Broadcom MASTERS (MASTERS) and other award programs. Awards are generally paid out in installments over a four-year period. However, because substantially all payments are available to be paid out to the winner immediately upon the submission of proper documentation, the awards are not discounted to present value. To receive the payment, students must generally be enrolled in a college or university.

Net assets: For financial statement purposes, net assets consist of the following:

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. The Society's unrestricted net assets are undesignated.

Temporarily restricted: Temporarily restricted net assets include those net assets whose use has been donor restricted by either specified time or purpose limitation. See Note G for details of temporarily restricted net assets.

Permanently restricted: Permanently restricted net assets represent funds that are restricted in perpetuity by the donor. See Note H for details of permanently restricted net assets.

Contributions: Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

Subscriptions: Subscription revenue is recognized as income over the term of the subscription, generally one or two years. Deferred subscription revenue represents the unearned portion of subscriptions received by the Society as of each December 31.

Contributed materials: Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Society has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support. In 2013, the Society received donated software valued at approximately \$123,000. There was no such activity in 2012.

Functional allocation of expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Subsequent events: Subsequent events have been evaluated through February 21, 2014, which is the date the financial statements were available to be issued.



# Society for Science & the Public

## Notes to the Financial Statements

### B. CONCENTRATIONS

Credit risk: The Society maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of these accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Society.

Market value risk: The Society also invests funds in professionally managed portfolios containing various marketable debt and equity securities. Such investments are exposed to market and credit risks and may be subject to fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Grants receivable: The Society is the recipient of several significant grants from Intel Foundation and Broadcom Foundation. At December 31, 2013 and 2012, substantially all of the Society's grants receivable was comprised of amounts due from these two donors.

### C. INVESTMENTS

In accordance with generally accepted accounting principles, the Society uses the following prioritized input levels to measure investments carried at fair value. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 – Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Equity securities and mutual funds are measured on a recurring basis using Level 1 inputs.

Money market funds are not subject to the provisions of fair value measurement and are recorded at cost.

The following is a summary of investments at December 31,:

	2013	2012
Money market funds	\$ 430,679	\$ 219,960
Fixed income mutual funds	13,656,021	16,138,386
Equity securities and mutual funds	10,242,073	5,860,374
Blended mutual funds	8,601	298,442
	<u>\$ 24,337,374</u>	<u>\$ 22,517,162</u>

# Society for Science & the Public

## Notes to the Financial Statements

### C. INVESTMENTS - CONTINUED

Investment income consists of the following for the year ended December 31,:

	2013	2012
Interest	\$ 627,419	\$ 851,201
Net gain on investments	<u>839,529</u>	<u>911,308</u>
	<u><b>\$ 1,466,948</b></u>	<u><b>\$ 1,762,509</b></u>

### D. GRANTS RECEIVABLE

The Society receives several significant contributions from Intel Foundation and Broadcom Foundation in support of its science competitions. Payments under the respective Intel Foundation and Broadcom Foundation sponsorship agreements are to be received over periods of one to ten years. The Society also has received certain other promises to give from individuals and institutions. Grants receivable are discounted to net present value in the period promised, using discount rates ranging from 2.98% to 5%. Grants receivable are reported net of the related present value discount.

Grants receivable consists of the following at December 31,:

	2013	2012
Receivable in less than one year	\$ 13,290,217	\$ 12,809,648
Receivable in one to five years	39,405,964	44,388,180
Receivable in more than five years	<u>5,789,000</u>	<u>13,863,000</u>
	58,485,181	71,060,828
Less discount to net present value	<u>(4,972,693)</u>	<u>(7,328,382)</u>
	<u><b>\$ 53,512,488</b></u>	<u><b>\$ 63,732,446</b></u>

# Society for Science & the Public

## Notes to the Financial Statements

### E. PROPERTY AND EQUIPMENT

Acquisitions of property and equipment greater than \$5,000 are recorded at cost and depreciated using the straight-line method over their respective estimated useful lives, ranging from 3 to 35 years. Property and equipment consists of the following at December 31,:

	<b>2013</b>	<b>2012</b>
Land	\$ 26,946	\$ 26,946
Building	1,521,182	1,509,052
Office furniture and equipment	552,923	528,187
Computer equipment	713,547	590,703
Capitalized software	452,120	-
Vehicles	24,945	24,945
	3,291,663	2,679,833
Less accumulated depreciation and amortization	(2,509,136)	(2,329,834)
	<b>\$ 782,527</b>	<b>\$ 349,999</b>

### F. LEASE OBLIGATIONS

During the year ended December 31, 2009, the Society entered into a capital lease agreement for telephone equipment with a total capitalized cost of \$75,046. The equipment was placed in service in February 2010 and is included in property and equipment in the statements of financial position. Amortization expense is included with depreciation expense in the statements of activities. Accumulated depreciation in the statements of financial position included \$58,786 and \$43,777 related to the leased equipment as of December 31, 2013 and 2012, respectively. The lease is secured by the leased equipment. The present value of the minimum lease payments is included within accounts payable and accrued expenses on the statements of financial position.

During 2013, the Society entered into an operating lease for office space at 1920 N Street, NW in Washington, DC. The lease is for up to three years, with an option for the landlord to require the Society to vacate the premises after 23 months as it has plans to demolish and rebuild the property. The Society believes it is likely that the landlord will exercise this option and has accounted for landlord concessions, such as rental abatement for the first six months, over the shortened lease term. A deferred lease liability of \$44,834 is included in accounts payable and accrued expenses on the statements of financial position.

Future anticipated minimum payments for the Society's lease obligations are as follows:

Year Ending December 31,	<u>Capital Lease</u>	<u>Operating Lease</u>	<u>Total</u>
2014	\$ 18,792	\$ 146,423	\$ 165,215
2015	3,132	12,271	15,403
Total minimum lease payments	21,924	146,423	168,347
Less: amounts representing interest	(1,241)	-	(1,241)
Present value of minimum lease payments	\$ 20,683	\$ 146,423	\$ 167,106

# Society for Science & the Public

## Notes to the Financial Statements

### G. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets and related activity consist of the following:

	January 1, 2013	Additions	Releases from Restriction	December 31, 2013
ISEF sponsorships and awards	\$ 46,474,010	\$ 2,212,362	\$ (7,203,232)	\$ 41,483,140
STS sponsorships and awards, including Outreach and Membership	19,316,285	515,426	(4,519,965)	15,311,746
Broadcom MASTERS	4,897,525	150,213	(1,198,433)	3,849,305
Temporarily restricted portion of endowment	-	16,854	-	16,854
Other	45,055	691,844	(260,743)	476,156
	<b>\$ 70,732,875</b>	<b>\$ 3,586,699</b>	<b>\$ (13,182,373)</b>	<b>\$ 61,137,201</b>

	January 1, 2012	Additions	Releases from Restriction	December 31, 2012
ISEF sponsorships and awards	\$ 50,593,743	\$ 2,940,992	\$ (7,060,725)	\$ 46,474,010
STS sponsorships and awards, including Outreach and Membership	22,769,294	800,283	(4,253,292)	19,316,285
Broadcom MASTERS	6,071,809	(31,833)	(1,142,451)	4,897,525
Other	67,579	-	(22,524)	45,055
	<b>\$ 79,502,425</b>	<b>\$ 3,709,442</b>	<b>\$ (12,478,992)</b>	<b>\$ 70,732,875</b>

### H. PERMANENTLY RESTRICTED NET ASSETS

During 2012, the Society received a \$1 million endowment gift for which the income is meant to be used for supporting or expanding programs that impact K-12 students or education. However the donor also provided flexibility to the Society to use income from this fund for general operating expenses if necessary. The gift consisted of \$200,000 in cash and the remainder was recorded as a component of grants receivable on the statements of financial position. The total gift was recorded at its net present value of \$965,939 and is included as permanently restricted support in the accompanying statements of activities. There was no similar activity in 2013.

Interpretation of relevant law: The Board of Directors of the Society has interpreted the *Uniform Prudent Management of Institutional Funds Act of 2007* (UPMIFA) as adopted by the Council of the District of Columbia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

# Society for Science & the Public

## Notes to the Financial Statements

### H. PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

Return objectives and risk parameters: The Society adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The investment portfolio is intended to produce returns higher than specified market indices while assuming a moderate level of risk.

Strategies employed for achieving objectives: To satisfy its long-term objectives, the Society will rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society will target a diversified asset allocation to achieve its long-term return objectives.

Spending policy and how the investment objectives relate to spending policy: In accordance with the endowment's terms, annual earnings equal to 3% of the invested corpus will be added to the total corpus. The remaining portion of the annual earnings will be reflected as temporarily restricted net assets until appropriated for expenditure by the Board of Directors.

Funds with deficiencies: From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2013 or 2012.

Endowment net assets and related activity consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2012	\$ -	\$ -	\$ -
Contributions		965,939	965,939
Investment return			
Interest and dividends			-
Net unrealized gain			-
Net investment return	-	-	-
<b>Endowment net assets, December 31, 2012</b>	<b>-</b>	<b>965,939</b>	<b>965,939</b>
Contributions	-	16,865	16,865
Investment return			
Interest and dividends	4,023	2,520	6,543
Net unrealized gain	12,831	3,480	16,311
Net investment return	16,854	6,000	22,854
<b>Endowment net assets, December 31, 2013</b>	<b>\$ 16,854</b>	<b>\$ 988,804</b>	<b>\$ 1,005,658</b>

# Society for Science & the Public

## Notes to the Financial Statements

### I. RETIREMENT PLAN

The Society sponsors a defined contribution retirement plan. Full time employees at least 21 years old are eligible for an employer contribution. Employees are fully and immediately vested in the Society's contributions upon entry into the plan. The Society makes contributions to the plan of 3% of compensation for all eligible employees, and 7% for all eligible employees who elect to defer at least 5% of compensation. The Society's contribution was approximately \$468,000 and \$426,000 for the years ended December 31, 2013 and 2012, respectively.

### J. POSTRETIREMENT BENEFIT OBLIGATION

The Society maintains a postretirement healthcare benefit plan, which it froze in June 2008. Participation in the plan remains open to all employees hired prior to June 30, 2008. Under the plan, an employee becomes eligible to receive benefits if, upon retirement, the sum of the employee's age and years of service with the Society is at least 85 years. The plan was unfunded at December 31, 2013 and 2012, as the Society does not maintain plan assets.

The *Medicare Prescription Drug, Improvement and Modernization Act of 2003* (the Act) introduces a prescription drug benefit under Medicare (Medicare Part D) that provides several options for Medicare-eligible participants and employers, including a federal subsidy payable to companies that elect to provide a retiree prescription drug benefit which is at least actuarially equivalent to Medicare Part D. As of December 31, 2013 and 2012, the Society had not applied for the federal subsidy. Therefore, no federal subsidy is reflected in the valuation of the plan for the years ended December 31, 2013 and 2012.

The postretirement benefit obligation, included in the statements of financial position, consists of the following changes that have been recognized in the statements of activities for the years ended December 31,:

	2013	2012
Accumulated benefit obligation, beginning	\$ 1,404,000	\$ 1,208,000
Participant contributions	-	-
Benefits paid	(16,975)	(17,000)
Net periodic benefit cost	86,000	63,000
Postretirement benefit changes	(257,025)	150,000
Accumulated benefit obligation, ending	<u>\$ 1,216,000</u>	<u>\$ 1,404,000</u>

The net periodic benefit cost, included in operations, consists of the following components for the years ended December 31,:

	2013	2012
Service cost - benefits earned during the period	\$ 77,000	\$ 70,000
Interest cost on projected benefit obligation	56,000	54,000
Amortization of net gain	(47,000)	(61,000)
	<u>\$ 86,000</u>	<u>\$ 63,000</u>

# Society for Science & the Public

## Notes to the Financial Statements

### J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

Amounts recognized as a charge to unrestricted net assets that have not yet been recognized in operations as a net periodic benefit cost included the following as of December 31,:

	<b>2013</b>	<b>2012</b>
Gain, beginning of the year	\$ (700,000)	\$ (850,000)
(Gain) loss during the year	(304,025)	89,000
Amortization during the year	47,000	61,000
	<b>\$ (957,025)</b>	<b>\$ (700,000)</b>

The amount of the unrecognized gain expected to be recognized in net periodic benefit cost during the fiscal year ending December 31, 2014, is \$70,000.

The postretirement benefit charges included in non-operating items consist of the following components for the years ended December 31,:

	<b>2013</b>	<b>2012</b>
Amortization of net gain	\$ (47,000)	\$ (61,000)
Net gain (loss) experienced	304,025	(89,000)
	<b>\$ 257,025</b>	<b>\$ (150,000)</b>

The postretirement benefit obligation was determined using the following rates for the years ended December 31,:

	<b>2013</b>	<b>2012</b>
Discount rate for net periodic benefit cost	4.00%	4.50%
Discount rate for obligations at year end	5.00%	4.00%
Health care cost trend rate assumed for next year	6.50%	7.00%
Ultimate rate (year 2017)	5.00%	5.00%

# Society for Science & the Public

## Notes to the Financial Statements

### J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

The annual measurement date used to determine postretirement healthcare benefits was December 31 for each year presented.

	2013	2012
Effect of a 1% increase in medical trend:		
Postretirement benefit obligation	\$ 271,000	\$ 339,000
Postretirement benefit cost	37,000	33,000
Effect of a 1% decrease in medical trend:		
Postretirement benefit obligation	\$ (212,000)	\$ (261,000)
Postretirement benefit cost	(28,000)	(25,000)

Based on current data and assumptions, estimated future benefits expected to be paid from the plan are as follows:

Year Ending December 31,

2014	\$ 17,000
2015	18,000
2016	18,000
2017	19,000
2018	22,000
2019 to 2023	243,000

### K. COMMITMENTS AND CONTINGENCIES

Line of Credit: During 2007, the Society entered into an arrangement with a financial institution to secure a purchase card program. The card is supported by an unsecured \$1 million line of credit. The outstanding credit card balance was approximately \$25,000 and \$53,000 at December 31, 2013 and 2012, respectively, and is included with accounts payable and accrued expenses in the accompanying statements of financial position. No interest expense related to the line of credit was incurred during either of the years ended December 31, 2013 and 2012.

During 2013, the Society entered into a separate arrangement with a financial institution to secure a separate purchase card program. The card is supported by an unsecured \$250,000 line of credit. There was no outstanding balance on the card as of December 31, 2013, and no interest expense was incurred on this line during 2013.



T A T E



T R Y O N

*A Professional Corporation*

*Certified Public*

*Accountants*

*and Consultants*

## Independent Auditor's Report on Other Financial Information

To the Board of Trustees  
Society for Science & the Public

We have audited the financial statements of Society for Science & the Public as of and for the years ended December 31, 2013 and 2012, and our report thereon dated February 21, 2014, which expressed an unmodified opinion on those financial statements, appears on page one. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on the following pages are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on the following pages is fairly stated in all material respects in relation to the financial statements as a whole.

Washington, DC  
February 21, 2014

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# Society for Science & the Public

## Schedule of Functional Expenses Year Ended December 31, 2013

	Program Services			Total Program Services	Supporting Services			Total Supporting Services	Total Expense
	Science News	Science Education Programs	Outreach		General and Administrative	Membership	Development		
Salaries and benefits	\$ 2,976,358	\$ 2,037,455	\$ 186,817	\$ 5,200,630	\$ 995,635	\$ 215,033	\$ 112,941	\$ 1,323,609	\$ 6,524,239
Awards, scholarships, and grants	-	2,412,264	221,782	2,634,046	-	-	-	-	2,634,046
Professional fees and services	399,857	1,402,874	67,942	1,870,673	493,214	16,473	9,336	519,023	2,389,696
Printing	1,445,993	76,977	1,517	1,524,487	2,351	209,637	5,025	217,013	1,741,500
Events and banquets	1,176	1,535,563	-	1,536,739	9,312	553	-	9,865	1,546,604
Travel and entertainment	46,809	1,569,498	10,334	1,626,641	30,446	1,118	2,717	34,281	1,660,922
Postage and shipping	976,440	50,819	2,206	1,029,465	3,663	178,371	288	182,322	1,211,787
Supplies and other	4,297	367,717	4,054	376,068	62,897	5,058	404	68,359	444,427
Computer, software and equipment	26,187	79,153	-	105,340	75,441	55,608	1,765	132,814	238,154
Marketing and advertising	195,520	386	(2,555)	193,351	-	-	-	-	193,351
Depreciation	-	-	6,531	6,531	172,771	-	-	172,771	179,302
Repairs, maintenance, and storage	-	89	-	89	173,815	-	-	173,815	173,904
Telephone, internet, and other communication	125	56,188	169	56,482	84,448	-	44	84,492	140,974
Taxes	-	-	-	-	134,759	-	-	134,759	134,759
Utilities	-	73,004	162	73,166	46,495	-	-	46,495	119,661
Insurance	13,287	39,343	-	52,630	63,572	-	-	63,572	116,202
Registration, contribution, affiliation, and other fees	10,219	31,064	6,325	47,608	9,004	-	835	9,839	57,447
Bank fees and other charges	26,973	-	-	26,973	27,741	1,882	-	29,623	56,596
Bad debts	-	-	-	-	4,022	-	-	4,022	4,022
Miscellaneous	-	2,412	85	2,497	-	205	80	285	2,782
Overhead allocation	478,259	760,343	39,472	1,278,074	(1,341,915)	53,419	10,422	(1,278,074)	-
<b>Total Expense</b>	<b>\$ 6,601,500</b>	<b>\$ 10,495,149</b>	<b>\$ 544,841</b>	<b>\$ 17,641,490</b>	<b>\$ 1,047,671</b>	<b>\$ 737,357</b>	<b>\$ 143,857</b>	<b>\$ 1,928,885</b>	<b>\$ 19,570,375</b>

# Society for Science & the Public

## Schedule of Functional Expenses Year Ended December 31, 2012

	Program Services			Total Program Services	Supporting Services			Total Supporting Services	Total Expense
	Science News	Science Education Programs	Outreach		General and Administrative	Membership	Development		
Salaries and benefits	\$ 2,572,242	\$ 1,929,054	\$ 178,690	\$ 4,679,986	\$ 1,013,279	\$ 149,114	\$ 185,463	\$ 1,347,856	\$ 6,027,842
Awards, scholarships, and grants	-	2,465,253	304,217	2,769,470	19,932	-	-	19,932	2,789,402
Professional fees and services	374,178	1,039,976	105,995	1,520,149	395,006	35,635	11,742	442,383	1,962,532
Printing	1,605,457	64,777	2,644	1,672,878	1,458	94,507	35,533	131,498	1,804,376
Events and banquets	139	1,731,216	14,007	1,745,362	9,459	825	-	10,284	1,755,646
Travel and entertainment	78,264	1,421,173	41,373	1,540,810	53,242	1,375	5,347	59,964	1,600,774
Postage and shipping	1,044,844	43,598	1,030	1,089,472	3,386	64,379	27,292	95,057	1,184,529
Supplies and other	6,410	330,274	6,213	342,897	31,833	14	1,542	33,389	376,286
Marketing and advertising	191,156	1,567	5,111	197,834	-	-	-	-	197,834
Utilities	-	86,867	-	86,867	44,039	-	-	44,039	130,906
Computer, software and equipment	19,518	79,991	1,698	101,207	55,663	36,674	698	93,035	194,242
Taxes	-	-	-	-	126,776	-	-	126,776	126,776
Depreciation	-	-	8,256	8,256	106,967	31,500	-	138,467	146,723
Telephone, internet, and other communication	712	38,300	297	39,309	55,138	26	192	55,356	94,665
Insurance	13,148	41,452	-	54,600	56,317	-	-	56,317	110,917
Repairs, maintenance, and storage	-	80	-	80	90,456	-	-	90,456	90,536
Bank fees and other charges	32,125	70	1,269	33,464	16,798	8,613	2	25,413	58,877
Registration, contribution, affiliation, and other fees	7,958	30,464	14,456	52,878	10,863	804	1,850	13,517	66,395
Bad debts	-	-	-	-	(14,440)	-	-	(14,440)	(14,440)
Miscellaneous	-	2,305	-	2,305	-	-	20	20	2,325
Overhead allocation	356,519	557,993	41,086	955,598	(997,158)	25,390	16,170	(955,598)	-
<b>Total Expense</b>	<b>\$ 6,302,670</b>	<b>\$ 9,864,410</b>	<b>\$ 726,342</b>	<b>\$ 16,893,422</b>	<b>\$ 1,079,014</b>	<b>\$ 448,856</b>	<b>\$ 285,851</b>	<b>\$ 1,813,721</b>	<b>\$ 18,707,143</b>