

**Audited Financial Statements and
Other Financial Information**

SOCIETY FOR SCIENCE & THE PUBLIC

December 31, 2014

Society for Science & the Public

Contents

<i>Independent Auditor's Report on the Financial Statements</i>	1
<i>Financial Statements</i>	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Notes to the financial statements	5 – 15
<i>Other Financial Information</i>	
Independent auditor's report on other financial information	16
Schedule of functional expenses – year ended December 31, 2014	17
Schedule of functional expenses – year ended December 31, 2013	18

T A T E



TRYON

A Professional Corporation

Certified Public

Accountants

and Consultants

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, 2014 and 2013, 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, 2014 and 2013, 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

<i>December 31,</i>	2014	2013
Assets		
Cash and cash equivalents	\$ 3,210,719	\$ 4,884,944
Subscriptions receivable, net	44,234	70,802
Other receivables, net	150,311	441,892
Prepaid expenses	363,440	344,670
Investments	25,442,416	24,337,374
Grants receivable, net	47,311,437	53,512,488
Property and equipment, net	506,393	782,527
Total assets	\$ 77,028,950	\$ 84,374,697
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 780,548	\$ 604,389
Awards payable	1,825,145	1,916,883
Deferred subscription revenue	3,776,357	4,657,856
Accrued postretirement benefits	1,872,000	1,216,000
Total liabilities	8,254,050	8,395,128
Net assets		
Unrestricted	13,718,814	13,853,564
Temporarily restricted	54,039,495	61,137,201
Permanently restricted	1,016,591	988,804
Total net assets	68,774,900	75,979,569
Total liabilities and net assets	\$ 77,028,950	\$ 84,374,697

Society for Science & the Public

Statements of Activities

Year Ended December 31,	2014	2013
Unrestricted activities		
Revenue and support		
Science News		
Magazine subscriptions	\$ 4,262,860	\$ 4,606,591
Advertising and other	459,895	562,289
Science education programs	886,628	758,767
Membership and other	259,425	142,979
Net assets released from restriction	14,854,936	13,182,373
Total revenue and support	20,723,744	19,252,999
Expense		
Program services		
Science education programs	12,197,919	10,495,149
Science News	6,832,733	7,338,857
Outreach	686,859	544,841
Total program services	19,717,511	18,378,847
Supporting services		
General and administrative	1,045,094	1,047,671
Development	240,565	143,857
Total supporting services	1,285,659	1,191,528
Total expense	21,003,170	19,570,375
Change in unrestricted net assets from operations	(279,426)	(317,376)
Non-operating activity		
Investment income	775,676	1,444,094
Accrued postretirement benefit adjustment	(631,000)	257,025
Change in unrestricted net assets	(134,750)	1,383,743
Temporarily restricted activities		
Science education programs	7,128,027	2,999,040
Outreach and other	622,404	570,805
Investment income	6,799	16,854
Net assets released from restriction	(14,854,936)	(13,182,373)
Change in temporarily restricted net assets	(7,097,706)	(9,595,674)
Permanently restricted activities		
Science education programs	11,408	16,865
Investment income	16,379	6,000
Change in permanently restricted net assets	27,787	22,865
Change in net assets	(7,204,669)	(8,189,066)
Net assets, beginning of year	75,979,569	84,168,635
Net assets, end of year	\$ 68,774,900	\$ 75,979,569

See notes to the financial statements.

Society for Science & the Public

Statements of Cash Flows

<i>Year Ended December 31,</i>	2014	2013
Cash flows from operating activities		
Change in net assets	\$ (7,204,669)	\$ (8,189,066)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	288,253	179,302
Amortization of discount to net present value	(1,781,155)	(2,355,689)
Contributed property and equipment	-	(122,844)
Net gain on investments	(106,269)	(839,529)
Contributions restricted for permanent endowment	(400,000)	(200,000)
Changes in assets and liabilities:		
Grants receivable, net	7,982,206	12,575,647
Subscriptions receivable, net	26,568	66,965
Other receivables, net	291,581	(194,284)
Prepaid expenses	(18,770)	(229,887)
Inventory	-	20,280
Accounts payable and accrued expenses	176,159	(181,048)
Awards payable	(91,738)	(217,730)
Deferred subscription revenue	(881,499)	(457,985)
Accrued postretirement benefits	656,000	(188,000)
Total adjustments	6,141,336	7,855,198
Net cash used in operating activities	(1,063,333)	(333,868)
Cash flows from investing activities		
Purchases of investments	(13,205,275)	(10,369,841)
Proceeds from sales of investments	12,206,502	9,389,158
Purchases of property and equipment	(12,119)	(488,986)
Net cash used in investing activities	(1,010,892)	(1,469,669)
Cash flows from financing activities		
Proceeds from endowment contributions	400,000	200,000
Net change in cash and cash equivalents	(1,674,225)	(1,603,537)
Cash and cash equivalents, beginning of year	4,884,944	6,488,481
Cash and cash equivalents, end of year	\$ 3,210,719	\$ 4,884,944
Supplemental disclosure of noncash investing activities		
Contributed property and equipment	\$ -	\$ 122,844

See notes to the financial statements.

Society for Science & the Public

Notes to the Financial Statements

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. Generally, income tax returns for the current year and the three prior years remain 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 \$18,632 and \$10,000 as of December 31, 2014 and 2013, 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, 2014 and 2013.

Society for Science & the Public

Notes to the Financial Statements

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. No donated software was received during the year ended December 31, 2014.

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.

Society for Science & the Public

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassifications: Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on previously reported net income. In particular, the amount previously reported as Membership expenses totaling \$737,357 for the year ended December 31, 2013, has been reclassified to Science News expenses in the current year presentation of the statements of financial position.

Subsequent events: Subsequent events have been evaluated through February 24, 2015, which is the date the financial statements were available to be issued.

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, 2014 and 2013, 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 classified as Level 1 instruments because they are actively traded on public exchanges. Money market funds included in the investment portfolio are not subject to the provisions of the fair value measurement standard as they are recorded at cost.

Society for Science & the Public

Notes to the Financial Statements

C. INVESTMENTS - CONTINUED

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

	2014	2013
Money market funds	\$ 722,641	\$ 430,679
Fixed income mutual funds and exchange traded funds	5,441,833	13,656,021
Equity securities, mutual funds and exchange traded funds	19,277,942	10,242,073
Blended mutual funds	-	8,601
	<u>\$ 25,442,416</u>	<u>\$ 24,337,374</u>

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

	2014	2013
Interest	\$ 692,585	\$ 627,419
Net gain on investments	106,269	839,529
	<u>\$ 798,854</u>	<u>\$ 1,466,948</u>

Investment management fees totaled \$78,765 and \$92,923 for the years ended December 31, 2014 and 2013, respectively.

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 1.2% to 5.0%. Grants receivable are reported net of the related present value discount.

Grants receivable consists of the following at December 31,:

	2014	2013
Receivable in less than one year	\$ 13,545,875	\$ 13,290,217
Receivable in one to five years	36,957,100	39,405,964
Receivable in more than five years	-	5,789,000
	<u>50,502,975</u>	<u>58,485,181</u>
Less discount to net present value	<u>(3,191,538)</u>	<u>(4,972,693)</u>
	<u>\$ 47,311,437</u>	<u>\$ 53,512,488</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,:

	2014	2013
Land	\$ 26,946	\$ 26,946
Building	1,521,182	1,521,182
Office furniture and equipment	552,923	552,923
Computer equipment	725,666	713,547
Capitalized software	452,120	452,120
Vehicles	24,945	24,945
	<u>3,303,782</u>	<u>3,291,663</u>
Less accumulated depreciation and amortization	<u>(2,797,389)</u>	<u>(2,509,136)</u>
	<u>\$ 506,393</u>	<u>\$ 782,527</u>

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 \$73,795 and \$58,786 related to the leased equipment as of December 31, 2014 and 2013, 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. Future minimum lease payments will total approximately \$3,132 during the year ending December 31, 2015.

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 had plans to demolish and rebuild the property. The Society believed that it was likely that the landlord would exercise this option and had accounted for landlord concessions, such as rental abatement for the first six months, over the shortened lease term. During 2014, the option for early termination expired and the Society determined that it will occupy the space for the full lease term. As of December 31, 2014 and 2013 a deferred lease liability of \$3,518 and \$44,834, respectively, is included in accounts payable and accrued expenses on the statements of financial position. Future minimum cash basis lease payments, not including increases in real estate taxes and operating expenses, are expected to total approximately \$150,100 and \$37,800 for the years ending December 31, 2015 and 2016, respectively.

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, 2014	Additions	Releases from Restriction	December 31, 2014
ISEF sponsorships and awards	\$ 41,483,140	\$ 2,069,711	\$ (8,905,634)	\$ 34,647,217
STS sponsorships and awards, including Outreach and Membership	15,311,746	5,390,580	(4,458,411)	16,243,915
Broadcom MASTERS	3,849,305	184,620	(1,326,294)	2,707,631
Temporarily restricted portion of endowment	16,854	6,799	(23,653)	-
Other	476,156	105,520	(140,944)	440,732
	<u>\$ 61,137,201</u>	<u>\$ 7,757,230</u>	<u>\$ (14,854,936)</u>	<u>\$ 54,039,495</u>

	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
	<u>\$ 70,732,875</u>	<u>\$ 3,586,699</u>	<u>\$ (13,182,373)</u>	<u>\$ 61,137,201</u>

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 original gift consisted of \$200,000 in cash and the remainder was recorded as a component of grants receivable on the statements of financial position. As of December 31, 2014, total accumulated cash contributions to the fund were \$600,000 and \$394,212 was recorded as grants receivable.

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.

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. Appropriations are made at the discretion of management to support or expand programs with an emphasis on those that impact K-12 students and education. Management also has the discretion to appropriate funds to offset expenses related to the development and administration of such programs.

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, 2014 or 2013.

Society for Science & the Public

Notes to the Financial Statements

H. PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

Endowment net assets and related activity consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2013	\$ -	\$ 965,939	\$ 965,939
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
Endowment net assets, December 31, 2013	16,854	988,804	1,005,658
Contributions	-	11,408	11,408
Investment return			
Interest and dividends	6,708	16,160	22,868
Net unrealized gain	91	219	310
Net investment return	6,799	16,379	23,178
Appropriations for expenditure	(23,653)	-	(23,653)
Endowment net assets, December 31, 2014	\$ -	\$ 1,016,591	\$ 1,016,591

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 to the plan was approximately \$495,000 and \$468,000 for the years ended December 31, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013.

Society for Science & the Public

Notes to the Financial Statements

J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

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,:

	2014	2013
Accumulated benefit obligation, beginning	\$ 1,216,000	\$ 1,404,000
Benefits paid	(18,000)	(16,975)
Net periodic benefit cost	43,000	86,000
Postretirement benefit changes	<u>631,000</u>	<u>(257,025)</u>
Accumulated benefit obligation, ending	<u>\$ 1,872,000</u>	<u>\$ 1,216,000</u>

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

	2014	2013
Service cost - benefits earned during the period	\$ 53,000	\$ 77,000
Interest cost on projected benefit obligation	60,000	56,000
Amortization of net gain	<u>(70,000)</u>	<u>(47,000)</u>
	<u>\$ 43,000</u>	<u>\$ 86,000</u>

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,:

	2014	2013
Gain, beginning of the year	\$ (957,025)	\$ (700,000)
Loss (gain) during the year	561,000	(304,025)
Amortization during the year	<u>70,000</u>	<u>47,000</u>
	<u>\$ (326,025)</u>	<u>\$ (957,025)</u>

The amount of the unrecognized gain expected to be recognized in net periodic benefit cost during the fiscal year ending December 31, 2015, is \$70,000.

Society for Science & the Public

Notes to the Financial Statements

J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

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

	2014	2013
Amortization of net gain	\$ (70,000)	\$ (47,000)
Net (loss) gain experienced	<u>(561,000)</u>	<u>304,025</u>
	<u>\$ (631,000)</u>	<u>\$ 257,025</u>

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

	2014	2013
Discount rate for net periodic benefit cost	5.00%	4.00%
Discount rate for obligations at year end	4.00%	5.00%
Health care cost trend rate assumed for next year	6.20%	6.50%
Ultimate rate (year 2017)	5.60%	5.00%

As part of the December 31, 2014 calculation of the liability related to the plan, the Society adopted the updated mortality tables promulgated by the Society of Actuaries. The table used for the 2014 calculation was RP-2014 for white collar employees. The table used for the 2013 calculation was RP-2000.

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

	2014	2013
Effect of a 1% increase in medical trend:		
Postretirement benefit obligation	\$ 483,000	\$ 271,000
Postretirement benefit cost	28,000	37,000
Effect of a 1% decrease in medical trend:		
Postretirement benefit obligation	\$ (367,000)	\$ (212,000)
Postretirement benefit cost	(23,000)	(28,000)

Society for Science & the Public

Notes to the Financial Statements

J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

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

Year Ending December 31,

2015	\$	18,000
2016		19,000
2017		19,000
2018		22,000
2019		29,000
2020 to 2024		265,000

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 \$0 and approximately \$25,000 at December 31, 2014 and 2013, 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, 2014 and 2013.

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, 2014 and 2013, and no interest expense was incurred on this line during 2014 and 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, 2014 and 2013, and our report thereon dated February 24, 2015, 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 24, 2015

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Society for Science & the Public

Schedule of Functional Expenses

Year Ended December 31, 2014

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expense
	Science News	Science Education Programs	Outreach		General and Administrative	Development		
Salaries and benefits	\$ 3,216,574	\$ 2,183,030	\$ 251,595	\$ 5,651,199	\$ 1,122,118	\$ 163,701	\$ 1,285,819	\$ 6,937,018
Awards, scholarships, and grants	-	2,526,739	153,102	2,679,841	-	-	-	2,679,841
Professional fees and services	399,054	1,546,581	112,646	2,058,281	513,038	8,473	521,511	2,579,792
Events and banquets	2,393	2,192,735	-	2,195,128	12,877	-	12,877	2,208,005
Travel and entertainment	60,527	1,657,479	11,629	1,729,635	31,536	201	31,737	1,761,372
Printing	1,408,380	87,896	65,312	1,561,588	10,239	33,557	43,796	1,605,384
Postage and shipping	883,031	79,790	4,889	967,710	3,423	12,645	16,068	983,778
Supplies and other	2,728	505,311	14,290	522,329	31,561	47	31,608	553,937
Depreciation	-	-	-	-	288,253	-	288,253	288,253
Computer, software and equipment	77,576	104,944	15,808	198,328	57,971	-	57,971	256,299
Repairs, maintenance, and storage	-	211	-	211	205,819	-	205,819	206,030
Marketing and advertising	185,231	16,906	-	202,137	-	-	-	202,137
Utilities	-	156,827	-	156,827	38,964	-	38,964	195,791
Taxes	-	-	-	-	137,827	-	137,827	137,827
Insurance	13,519	44,406	-	57,925	70,282	-	70,282	128,207
Telephone, internet, and other communications	771	53,095	40	53,906	70,259	54	70,313	124,219
Bank fees and other charges	26,028	18,434	-	44,462	37,740	2,204	39,944	84,406
Registration, contribution, affiliation, and other fees	7,812	41,972	2,424	52,208	6,323	370	6,693	58,901
Bad debts	-	-	-	-	8,632	-	8,632	8,632
Miscellaneous	745	2,590	-	3,335	-	6	6	3,341
Overhead allocation	548,364	978,973	55,124	1,582,461	(1,601,768)	19,307	(1,582,461)	-
Total Expense	\$ 6,832,733	\$ 12,197,919	\$ 686,859	\$ 19,717,511	\$ 1,045,094	\$ 240,565	\$ 1,285,659	\$ 21,003,170

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	Development		
Salaries and benefits	\$ 3,191,391	\$ 2,037,455	\$ 186,817	\$ 5,415,663	\$ 995,635	\$ 112,941	\$ 1,108,576	\$ 6,524,239
Awards, scholarships, and grants	-	2,412,264	221,782	2,634,046	-	-	-	2,634,046
Professional fees and services	416,330	1,402,874	67,942	1,887,146	493,214	9,336	502,550	2,389,696
Events and banquets	1,729	1,535,563	-	1,537,292	9,312	-	9,312	1,546,604
Travel and entertainment	47,927	1,569,498	10,334	1,627,759	30,446	2,717	33,163	1,660,922
Printing	1,655,630	76,977	1,517	1,734,124	2,351	5,025	7,376	1,741,500
Postage and shipping	1,154,811	50,819	2,206	1,207,836	3,663	288	3,951	1,211,787
Supplies and other	9,355	367,717	4,054	381,126	62,897	404	63,301	444,427
Depreciation	-	-	6,531	6,531	172,771	-	172,771	179,302
Computer, software and equipment	81,795	79,153	-	160,948	75,441	1,765	77,206	238,154
Repairs, maintenance, and storage	-	89	-	89	173,815	-	173,815	173,904
Marketing and advertising	195,520	386	(2,555)	193,351	-	-	-	193,351
Utilities	-	73,004	162	73,166	46,495	-	46,495	119,661
Taxes	-	-	-	-	134,759	-	134,759	134,759
Insurance	13,287	39,343	-	52,630	63,572	-	63,572	116,202
Telephone, internet, and other communications	125	56,188	169	56,482	84,448	44	84,492	140,974
Bank fees and other charges	28,855	-	-	28,855	27,741	-	27,741	56,596
Registration, contribution, affiliation, and other fees	10,219	31,064	6,325	47,608	9,004	835	9,839	57,447
Bad debts	-	-	-	-	4,022	-	4,022	4,022
Miscellaneous	205	2,412	85	2,702	-	80	80	2,782
Overhead allocation	531,678	760,343	39,472	1,331,493	(1,341,915)	10,422	(1,331,493)	-
Total Expense	\$ 7,338,857	\$ 10,495,149	\$ 544,841	\$ 18,378,847	\$ 1,047,671	\$ 143,857	\$ 1,191,528	\$ 19,570,375