

**Audited Financial Statements and  
Other Financial Information**

**SOCIETY FOR SCIENCE & THE PUBLIC**

*December 31, 2015*

# Society for Science & the Public

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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, 2015 and 2014, 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, 2015 and 2014, 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>	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 2,070,708	\$ 3,210,719
Subscriptions receivable, net	66,720	44,234
Other receivables, net	119,955	150,311
Prepaid expenses	564,628	363,440
Investments	24,785,480	25,442,416
Grants receivable, net	45,532,129	47,311,437
Property and equipment, net	249,053	506,393
<b>Total assets</b>	<b>\$ 73,388,673</b>	<b>\$ 77,028,950</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 673,828	\$ 780,548
Awards payable	2,221,864	1,825,145
Deferred subscription revenue	3,880,613	3,776,357
Accrued postretirement benefits	1,608,000	1,872,000
Total liabilities	8,384,305	8,254,050
Net assets		
Unrestricted	12,967,630	13,718,814
Temporarily restricted	51,029,314	54,039,495
Permanently restricted	1,007,424	1,016,591
Total net assets	65,004,368	68,774,900
<b>Total liabilities and net assets</b>	<b>\$ 73,388,673</b>	<b>\$ 77,028,950</b>

# Society for Science & the Public

## Statements of Activities

<b>Year Ended December 31,</b>	<b>2015</b>	<b>2014</b>
<b>Unrestricted activities</b>		
Revenue and support		
Science News		
Magazine subscriptions	\$ 3,740,396	\$ 4,262,860
Advertising and other	566,458	459,895
Science education programs	959,823	886,628
Membership and other	408,058	259,425
Net assets released from restriction	15,964,261	14,854,936
Total revenue and support	21,638,996	20,723,744
Expense		
Program services		
Science education programs	12,879,410	12,197,919
Science News	6,465,227	6,832,733
Outreach	1,150,383	686,859
Total program services	20,495,020	19,717,511
Supporting services		
General and administrative	1,419,375	1,045,094
Development	645,108	240,565
Total supporting services	2,064,483	1,285,659
Total expense	22,559,503	21,003,170
Change in unrestricted net assets from operations	(920,507)	(279,426)
Non-operating activity		
Investment (loss) income	(216,677)	775,676
Accrued postretirement benefit adjustment	386,000	(631,000)
Change in unrestricted net assets	(751,184)	(134,750)
<b>Temporarily restricted activities</b>		
Science education programs	9,932,827	6,791,739
Outreach and other	3,021,253	958,692
Investment income	-	6,799
Net assets released from restriction	(15,964,261)	(14,854,936)
Change in temporarily restricted net assets	(3,010,181)	(7,097,706)
<b>Permanently restricted activities</b>		
Science education programs	5,784	11,408
Investment (loss) income	(14,951)	16,379
Change in permanently restricted net assets	(9,167)	27,787
<b>Change in net assets</b>	<b>(3,770,532)</b>	<b>(7,204,669)</b>
Net assets, beginning of year	68,774,900	75,979,569
<b>Net assets, end of year</b>	<b>\$ 65,004,368</b>	<b>\$ 68,774,900</b>

See notes to the financial statements.

# Society for Science & the Public

## Statements of Cash Flows

<i>Year Ended December 31,</i>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (3,770,532)	\$ (7,204,669)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	257,340	288,253
Amortization of discount to net present value	(1,371,668)	(1,781,155)
Net loss (gain) on investments	994,788	(106,269)
Contributions restricted for permanent endowment	(200,000)	(400,000)
Changes in assets and liabilities:		
Grants receivable, net	3,150,976	7,982,206
Subscriptions receivable, net	(22,486)	26,568
Other receivables, net	30,356	291,581
Prepaid expenses	(201,188)	(18,770)
Accounts payable and accrued expenses	(106,720)	176,159
Awards payable	396,719	(91,738)
Deferred subscription revenue	104,256	(881,499)
Accrued postretirement benefits	(264,000)	656,000
Total adjustments	2,768,373	6,141,336
Net cash used in operating activities	(1,002,159)	(1,063,333)
<b>Cash flows from investing activities</b>		
Purchases of investments	(2,523,006)	(13,205,275)
Proceeds from sales of investments	2,185,154	12,206,502
Purchases of property and equipment	-	(12,119)
Net cash used in investing activities	(337,852)	(1,010,892)
<b>Cash flows from financing activities</b>		
Proceeds from endowment contributions	200,000	400,000
<b>Net change in cash and cash equivalents</b>	<b>(1,140,011)</b>	<b>(1,674,225)</b>
Cash and cash equivalents, beginning of year	3,210,719	4,884,944
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,070,708</b>	<b>\$ 3,210,719</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 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 \$0 and \$18,632 as of December 31, 2015 and 2014, respectively.

Other receivables: Other receivables consists primarily of amounts owed from customers for membership and services such as advertising and list rental and are 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 other receivables was \$31,800 and \$0 as of December 31, 2015 and 2014, respectively.

# 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 services: During the year ended December 31, 2015, the Society received \$895,000 in contributed services. A donor contributed web site security and monitoring services at no charge to the Society. The Society recorded the estimated fair value of the contributed services as contribution revenue and a corresponding expense on the statements of activities.

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

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

Joint costs: During the year ended December 31, 2015, the Society incurred joint costs of \$397,904 for the production (printing and postage) of subscriber and newsletter mailings that included fund raising appeals. The Organization allocated \$26,128 to fund raising expense.

Subsequent events: Subsequent events have been evaluated through February 24, 2016, 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, 2015 and 2014, substantially all of the Society's grants receivable were 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, exchange-traded funds, 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,:

	2015	2014
Money market funds	\$ 673,601	\$ 722,641
Fixed income mutual funds and exchange traded funds	12,285,281	5,441,833
Equity securities, mutual funds and exchange traded funds	<u>11,826,598</u>	<u>19,277,942</u>
	<u><b>\$ 24,785,480</b></u>	<u><b>\$ 25,442,416</b></u>

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

	2015	2014
Interest	\$ 763,160	\$ 692,585
Net (loss) gain on investments	<u>(994,788)</u>	<u>106,269</u>
	<u><b>\$ (231,628)</b></u>	<u><b>\$ 798,854</b></u>

Investment management fees totaled \$117,060 and \$78,765 for the years ended December 31, 2015 and 2014, 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,:

	2015	2014
Receivable in less than one year	\$ 15,601,942	\$ 13,545,875
Receivable in one to five years	<u>32,321,122</u>	<u>36,957,100</u>
	47,923,064	50,502,975
Less discount to net present value	<u>(2,390,935)</u>	<u>(3,191,538)</u>
	<u><b>\$ 45,532,129</b></u>	<u><b>\$ 47,311,437</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,:

	2015	2014
Land	\$ 26,946	\$ 26,946
Building	1,521,182	1,521,182
Office furniture and equipment	552,923	552,923
Computer equipment	725,666	725,666
Capitalized software	452,120	452,120
Vehicles	24,945	24,945
	<u>3,303,782</u>	<u>3,303,782</u>
Less accumulated depreciation and amortization	<u>(3,054,729)</u>	<u>(2,797,389)</u>
	<u>\$ 249,053</u>	<u>\$ 506,393</u>

During 2015, the Society listed its land and buildings as being for sale. As of the February 24, 2016, no sales agreement had been accepted by the Society.

### F. LEASE OBLIGATIONS

During 2013, the Society entered into an operating lease for office space at 1920 N Street, NW in Washington, DC. The lease was 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. This lease was amended during 2015 whereby the Society vacated its former space and now occupies other space in the same building. Also, as part of the terms of the amendment, the lease was extended until March 31, 2017. The landlord has an option to terminate the lease early. The Society believes that it is more likely than not that the landlord will exercise its early termination option and has accounted for landlord concessions, such as a rental abatement for the first month, over a shortened lease term of nine months. As of December 31, 2015 and 2014 a deferred lease liability of \$21,113 and \$3,518, respectively, is included in accounts payable and accrued expenses in 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 \$322,653 and \$81,156 for the years ending December 31, 2016 and 2017, respectively, unless the early termination option is exercised.

# 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, 2015	Additions	Releases from Restriction	December 31, 2015
ISEF sponsorships and awards	\$ 34,647,217	\$ 1,664,916	\$ (8,276,790)	\$ 28,035,343
STS sponsorships and awards, including				
Outreach and Membership	16,243,915	204,449	(5,238,838)	11,209,526
Broadcom MASTERS	2,707,631	9,475,811	(1,454,859)	10,728,583
Other	440,732	1,608,904	(993,774)	1,055,862
	<b>\$ 54,039,495</b>	<b>\$ 12,954,080</b>	<b>\$ (15,964,261)</b>	<b>\$ 51,029,314</b>

	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
	<b>\$ 61,137,201</b>	<b>\$ 7,757,230</b>	<b>\$ (14,854,936)</b>	<b>\$ 54,039,495</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. As of December 31, 2015, total accumulated cash contributions to the fund were \$800,000 and \$200,000 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.

The endowment had a net investment loss during the year ended December 31, 2015. As the net loss was less than 3% of the invested corpus, it was applied against the previously accumulated earnings included within the corpus. Thus, the net investment loss is reflected within the change in permanently restricted net assets on the statements of activities.

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, 2015 and 2014.

# 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, 2014	\$ 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)
<b>Endowment net assets, December 31, 2014</b>	<b>-</b>	<b>1,016,591</b>	<b>1,016,591</b>
Contributions	-	5,784	5,784
Investment return			
Interest and dividends	-	34,104	34,104
Net unrealized loss	-	(49,055)	(49,055)
Net investment loss	-	(14,951)	(14,951)
<b>Endowment net assets, December 31, 2015</b>	<b>\$ -</b>	<b>\$ 1,007,424</b>	<b>\$ 1,007,424</b>

### 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 \$512,000 and \$495,000 for the years ended December 31, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014.

# 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,:

	<b>2015</b>	<b>2014</b>
Accumulated benefit obligation, beginning	\$ 1,872,000	\$ 1,216,000
Benefits paid	(18,000)	(18,000)
Net periodic benefit cost	140,000	43,000
Postretirement benefit changes	<u>(386,000)</u>	<u>631,000</u>
Accumulated benefit obligation, ending	<b><u>\$ 1,608,000</u></b>	<b><u>\$ 1,872,000</u></b>

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

	<b>2015</b>	<b>2014</b>
Service cost - benefits earned during the period	\$ 77,000	\$ 53,000
Interest cost on projected benefit obligation	75,000	60,000
Amortization of net gain	<u>(12,000)</u>	<u>(70,000)</u>
	<b><u>\$ 140,000</u></b>	<b><u>\$ 43,000</u></b>

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>2015</b>	<b>2014</b>
Gain, beginning of the year	\$ (326,000)	\$ (957,000)
(Gain) loss during the year	(398,000)	561,000
Amortization during the year	<u>12,000</u>	<u>70,000</u>
	<b><u>\$ (712,000)</u></b>	<b><u>\$ (326,000)</u></b>

The amount of the unrecognized gain expected to be recognized in net periodic benefit cost during the fiscal year ending December 31, 2016, is \$46,000.

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

	<b>2015</b>	<b>2014</b>
Amortization of net gain	\$ (12,000)	\$ (70,000)
Net gain (loss) experienced	<u>398,000</u>	<u>(561,000)</u>
	<b><u>\$ 386,000</u></b>	<b><u>\$ (631,000)</u></b>

# Society for Science & the Public

## Notes to the Financial Statements

### J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

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

	<b>2015</b>	<b>2014</b>
Discount rate for net periodic benefit cost	4.00%	5.00%
Discount rate for obligations at year end	4.50%	4.00%
Health care cost trend rate assumed for next year	6.25%	6.20%
Ultimate rate (year 2021)	5.00%	5.60%

The mortality table used in the calculation of the Plan's liability was RP-2014 for white collar employees for the years ended December 31, 2015 and 2014.

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

	<b>2015</b>	<b>2014</b>
Effect of a 1% increase in medical trend:		
Postretirement benefit obligation	\$ 397,000	\$ 483,000
Postretirement benefit cost	45,000	28,000
Effect of a 1% decrease in medical trend:		
Postretirement benefit obligation	\$ (303,000)	\$ (367,000)
Postretirement benefit cost	(33,000)	(23,000)

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

Year Ending December 31,	
2016	\$ 19,000
2017	19,000
2018	23,000
2019	29,000
2020	35,000
2021 to 2025	255,000



# Society for Science & the Public

## Notes to the Financial Statements

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### 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 at December 31, 2015 and 2014. No interest expense related to the line of credit was incurred during either of the years ended December 31, 2015 and 2014.

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, 2015 and 2014, and no interest expense was incurred on this line during 2015 and 2014.

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, 2015 and 2014, and our report thereon dated February 24, 2016, 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, 2016

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# Society for Science & the Public

## Schedule of Functional Expenses

*Year Ended December 31, 2015*

	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	\$ 3,245,217	\$ 2,218,575	\$ 434,311	\$ 5,898,103	\$ 1,118,404	\$ 309,797	\$ 1,428,201	\$ 7,326,304
Professional fees and services	474,757	1,953,660	96,556	2,524,973	577,232	118,298	695,530	3,220,503
Awards, scholarships, and grants	-	2,862,355	99,658	2,962,013	-	-	-	2,962,013
Events and banquets	1,263	2,007,716	70,826	2,079,805	15,102	-	15,102	2,094,907
Travel and entertainment	63,795	1,544,288	152,794	1,760,877	35,765	2,330	38,095	1,798,972
Printing	1,194,457	83,181	80,264	1,357,902	11,988	95,632	107,620	1,465,522
Postage and shipping	689,763	81,007	69,731	840,501	6,420	47,516	53,936	894,437
Computer, software and equipment	18,970	167,922	3,502	190,394	669,152	508	669,660	860,054
Supplies and other	9,257	450,931	15,611	475,799	41,940	4,696	46,636	522,435
Repairs, maintenance, and storage	-	175	-	175	270,144	-	270,144	270,319
Depreciation	-	-	-	-	257,340	-	257,340	257,340
Telephone, internet, and other communications	878	87,229	78	88,185	66,273	85	66,358	154,543
Utilities	-	96,534	-	96,534	46,604	-	46,604	143,138
Taxes	-	1,129	-	1,129	140,739	-	140,739	141,868
Insurance	28,377	41,321	-	69,698	62,478	-	62,478	132,176
Bank fees and other charges	30,720	41,869	108	72,697	52,426	2,748	55,174	127,871
Marketing and advertising	93,346	3,294	-	96,640	-	1,814	1,814	98,454
Registration, contribution, affiliation, and other fees	6,841	26,833	18,939	52,613	6,483	1,115	7,598	60,211
Bad debts	-	-	-	-	25,347	-	25,347	25,347
Miscellaneous	592	2,195	-	2,787	300	2	302	3,089
Overhead allocation	606,994	1,209,196	108,005	1,924,195	(1,984,762)	60,567	(1,924,195)	-
<b>Total Expense</b>	<b>\$ 6,465,227</b>	<b>\$ 12,879,410</b>	<b>\$ 1,150,383</b>	<b>\$ 20,495,020</b>	<b>\$ 1,419,375</b>	<b>\$ 645,108</b>	<b>\$ 2,064,483</b>	<b>\$ 22,559,503</b>

# 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)	-
<b>Total Expense</b>	<b>\$ 6,832,733</b>	<b>\$ 12,197,919</b>	<b>\$ 686,859</b>	<b>\$ 19,717,511</b>	<b>\$ 1,045,094</b>	<b>\$ 240,565</b>	<b>\$ 1,285,659</b>	<b>\$ 21,003,170</b>