

**Society for Science &  
the Public  
(d/b/a Society for Science)**

Financial Report  
December 31, 2021

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RSM US LLP

## Independent Auditor's Report

Board of Trustees  
Society for Science & the Public  
(d/b/a Society for Science)

### Opinion

We have audited the financial statements of Society for Science & the Public, (d/b/a Society for Science) (the Society), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 2021 and 2020, 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.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

*RSM US LLP*

Washington, D.C.  
June 24, 2022

**Society for Science & the Public**  
**(d/b/a Society for Science)**

**Statements of Financial Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 20,695,579	\$ 10,270,040
Subscriptions receivable, net	62,790	40,483
Other receivables, net	455,852	170,607
Prepaid expenses	674,669	523,401
Investments	32,713,762	30,557,978
Grants receivable, net	47,469,179	60,818,023
Property and equipment, net	41,114	45,977
	<u>41,114</u>	<u>45,977</u>
<b>Total assets</b>	<b>\$ 102,112,945</b>	<b>\$ 102,426,509</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,666,164	\$ 1,739,953
Awards payable	4,727,676	4,807,952
Deferred subscription revenue	3,526,419	3,441,160
Paycheck Protection Program loan	-	1,826,000
Accrued postretirement benefits	2,568,000	2,586,000
	<u>2,568,000</u>	<u>2,586,000</u>
	<u>12,488,259</u>	<u>14,401,065</u>
Commitments and contingencies (Notes 7, 13 and 14)		
Net assets:		
Without donor restrictions	27,719,932	20,311,751
With donor restrictions	61,904,754	67,713,693
<b>Total net assets</b>	<b>89,624,686</b>	<b>88,025,444</b>
	<u>89,624,686</u>	<u>88,025,444</u>
<b>Total liabilities and net assets</b>	<b>\$ 102,112,945</b>	<b>\$ 102,426,509</b>
	<u>\$ 102,112,945</u>	<u>\$ 102,426,509</u>

See notes to financial statements.

**Society for Science & the Public**  
**(d/b/a Society for Science)**

**Statements of Activities**  
**Years Ended December 31, 2021 and 2020**

	2021	2020
Activities without donor restrictions:		
Revenue and support:		
Science News:		
Magazine subscriptions	\$ 3,269,507	\$ 3,216,723
Advertising and other	532,378	505,322
Science education programs	7,671,267	4,051,561
Membership and other	4,945,101	2,296,854
Net assets released from donor restriction	15,572,903	14,227,928
<b>Total revenue and support</b>	<b>31,991,156</b>	<b>24,298,388</b>
Expenses:		
Program services:		
Science education programs	15,189,695	12,686,820
Science News	8,714,308	7,966,136
Alumni	783,745	536,872
Special initiatives	622,667	272,979
<b>Total program services</b>	<b>25,310,415</b>	<b>21,462,807</b>
Supporting services:		
Development	2,318,865	2,007,560
General and administrative	1,960,816	1,706,787
<b>Total supporting services</b>	<b>4,279,681</b>	<b>3,714,347</b>
<b>Total expenses</b>	<b>29,590,096</b>	<b>25,177,154</b>
<b>Change in net assets without donor restrictions from operations</b>	<b>2,401,060</b>	<b>(878,766)</b>
Non-operating activity:		
Investment income, net	3,059,739	2,065,357
Forgiveness of Paycheck Protection Program loan	1,839,898	-
Accrued postretirement benefit adjustment	107,484	(309,000)
<b>Change in net assets without donor restrictions</b>	<b>7,408,181</b>	<b>877,591</b>
Activities with donor restrictions:		
Science education programs	7,265,766	14,762,084
Outreach and other	2,196,662	3,303,116
Investment income, net	301,536	313,458
Net assets released from restriction	(15,572,903)	(14,227,928)
<b>Change in net assets with donor restrictions</b>	<b>(5,808,939)</b>	<b>4,150,730</b>
<b>Change in net assets</b>	<b>1,599,242</b>	<b>5,028,321</b>
Net assets:		
Beginning	88,025,444	82,997,123
Ending	<b>\$ 89,624,686</b>	<b>\$ 88,025,444</b>

See notes to financial statements.

**Society for Science & the Public**  
**(d/b/a Society for Science)**

**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program Services					Supporting Services		
	Science Education Programs	Science News	Alumni	Special Initiatives	Total Program Services	Development	General and Administrative	Total Supporting Services
Salaries and benefits	\$ 4,935,577	\$ 4,834,115	\$ 486,111	\$ 199	\$ 10,256,002	\$ 1,210,499	\$ 1,194,009	\$ 2,404,508
Awards, scholarships and grants	5,027,166	-	-	-	5,027,166	-	-	-
Professional fees and services	2,436,019	745,389	111,367	304,331	3,597,106	260,325	452,466	712,791
Printing, production and postage	247,879	2,016,555	6,523	101,192	2,372,149	446,349	27,311	473,660
Technology	1,191,092	696,266	147,404	169,392	2,204,154	215,972	82,565	298,537
Real estate occupancy and utilities	366,607	210,035	18,890	-	595,532	48,223	44,027	92,250
Marketing and promotion	304,611	120,601	2,898	45,160	473,270	104,674	-	104,674
Travel and entertainment and events	554,564	3,727	1,204	33	559,528	3,392	3,772	7,164
Other administrative costs	65,144	80,321	1,061	-	146,526	27,004	149,996	177,000
Equipment and supplies	61,036	7,299	8,287	2,360	78,982	2,427	6,670	9,097
<b>Total expenses</b>	<b>\$ 15,189,695</b>	<b>\$ 8,714,308</b>	<b>\$ 783,745</b>	<b>\$ 622,667</b>	<b>\$ 25,310,415</b>	<b>\$ 2,318,865</b>	<b>\$ 1,960,816</b>	<b>\$ 4,279,681</b>

See notes to financial statements.

**Society for Science & the Public  
(d/b/a Society for Science)**

**Statement of Functional Expenses  
Year Ended December 31, 2020**

	Program Services					Supporting Services			Total Expense
	Science Education Programs	Science News	Alumni	Special Initiatives	Total Program Services	Development	General and Administrative	Total Supporting Services	
Salaries and benefits	\$ 4,301,091	\$ 4,512,193	\$ 417,461	\$ 3,507	\$ 9,234,252	\$ 972,148	\$ 1,198,120	\$ 2,170,268	\$ 11,404,520
Awards, scholarships and grants	4,167,336	1,000	-	-	4,168,336	-	-	-	4,168,336
Professional fees and services	2,206,307	519,201	34,070	71,879	2,831,457	212,979	227,262	440,241	3,271,698
Printing, production and postage	222,129	1,829,272	535	1,704	2,053,640	384,118	18,989	403,107	2,456,747
Technology	899,336	692,499	58,108	194,889	1,844,832	247,170	87,493	334,663	2,179,495
Real estate occupancy and utilities	341,308	212,710	14,263	-	568,281	49,196	46,230	95,426	663,707
Marketing and promotion	135,728	108,198	90	261	244,277	102,201	110	102,311	346,588
Other administrative costs	89,697	70,164	1,135	-	160,996	32,859	118,896	151,755	312,751
Equipment and supplies	168,879	9,162	467	-	178,508	2,623	8,006	10,629	189,137
Travel and entertainment and events	155,009	11,737	10,743	739	178,228	4,266	1,681	5,947	184,175
<b>Total expenses</b>	<b>\$ 12,686,820</b>	<b>\$ 7,966,136</b>	<b>\$ 536,872</b>	<b>\$ 272,979</b>	<b>\$ 21,462,807</b>	<b>\$ 2,007,560</b>	<b>\$ 1,706,787</b>	<b>\$ 3,714,347</b>	<b>\$ 25,177,154</b>

See notes to financial statements.



**Society for Science & the Public**  
**(d/b/a Society for Science)**

**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,599,242	\$ 5,028,321
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,863	4,862
Bad debt expense	17,708	27,430
Accrued postretirement benefit adjustment	(107,484)	309,000
Realized and unrealized gains on investments	(2,188,745)	(1,652,035)
Amortization of discount on grants receivable	250,384	(3,520,495)
Contributions restricted for endowment	(300,000)	(300,000)
Forgiveness of Paycheck Protection Program loan	(1,826,000)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Subscriptions receivable	(22,307)	(9,353)
Other receivables	(302,953)	(27,019)
Prepaid expenses	(151,268)	342,932
Grants receivable	13,098,460	(3,931,044)
Increase (decrease) in:		
Accounts payable and accrued expenses	(73,789)	324,693
Awards payable	(80,276)	295,304
Deferred subscription revenue	85,259	(604,719)
Accrued postretirement benefits	89,484	75,000
<b>Net cash provided by (used in) operating activities</b>	<b>10,092,578</b>	<b>(3,637,123)</b>
Cash flows from investing activities:		
Purchases of investments	(2,836,733)	(2,242,457)
Proceeds from sales of investments	2,869,694	1,979,572
<b>Net cash provided by (used in) investing activities</b>	<b>32,961</b>	<b>(262,885)</b>
Cash flows from financing activities:		
Proceeds from endowment contributions	300,000	300,000
Proceeds from Paycheck Protection Program loan	-	1,826,000
<b>Net cash provided by financing activities</b>	<b>300,000</b>	<b>2,126,000</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>10,425,539</b>	<b>(1,774,008)</b>
Cash and cash equivalents:		
Beginning	10,270,040	12,044,048
Ending	\$ 20,695,579	\$ 10,270,040
Supplemental schedules of noncash investing and financing activities:		
Donated securities	\$ 26,648	\$ 100,118
Forgiveness of Paycheck Protection Program loan	\$ 1,826,000	\$ -

See notes to financial statements.

**Society for Science & the Public  
(d/b/a Society for Science)**

**Notes to Financial Statements**

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**Note 1. Nature of Activities and Significant Accounting Policies**

**Nature of activities:** Society for Science & the Public (d/b/a Society for Science) (the Society) is a nonprofit 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. In November 2020, the Society adopted the "doing business as" name of Society for Science. The Society's official corporate name is Society for Science & the Public.

A summary of the Society's significant accounting policies follows:

**Basis of presentation:** The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-For-Profit Entities Topic of the FASB ASC, the Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions:** Net assets without donor restrictions include undesignated funds that are available for the support of the Society's activities and not subject to donor-imposed restrictions. Also included in net assets without donor restrictions are board-designated and certain amounts not available to support general activities.

**Net assets with donor restrictions:** Net assets with donor restrictions result from unconditional contributions whose use is limited by donor-imposed stipulations that are fulfilled and removed by actions of the Society pursuant to these stipulations.

**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 has been classified as other than a private foundation.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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

**Investments:** Investments with readily determinable fair values are reflected at fair value. The change in fair value of these investments is recorded as a component of investment income in the statements of activities.

**Financial 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.

**Society for Science & the Public  
(d/b/a Society for Science)**

**Notes to Financial Statements**

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

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.

**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 as of December 31, 2021 and 2020.

**Grants receivable:** Grants receivable consist of unconditional promises to give from donors. Grants receivable are discounted to net present value in the period promised, using discount rates ranging from 2.20% to 5.05%. Grants receivable are reported net of the related present value discount. Management periodically reviews the status of all promises to give for collectability. Each promise to give is assessed based on management's knowledge of and relationship with the donor and the payment history of each donor.

**Other receivables:** Other receivables consist 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 \$53,503 and \$75,836 as of December 31, 2021 and 2020, respectively.

**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 three to 35 years.

**Impairment policy:** Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. During the years ended December 31, 2021 and 2020, management did not consider the value of any property or equipment or intangible assets to be impaired.

**Awards payable:** Awards payable are recorded when unconditionally awarded to middle and high school students each year under the Regeneron Science Talent Search (STS), Broadcom MASTERS (MASTERS), Intel International Science and Engineering Fair (ISEF), 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.

**Grants and contributions:** Grants and unconditional contributions are recognized as revenue when received or promised. Contributions received with conditions are recognized when the conditions are met. Contributions are recorded as support with or without donor restrictions depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. Within net assets with donor restrictions, amounts are reclassified to net assets without donor restrictions when restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

**Society for Science & the Public  
(d/b/a Society for Science)**

**Notes to Financial Statements**

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Program service revenue:** Revenue from contracts with customers is derived primarily from *Science News* and scientific education programs. *Science News* consists of primarily subscription, advertising and licensing revenue. Subscription revenue relates to publications periodically through the year and is recognized as income over the term of the subscription, generally one to two years. Deferred subscription revenue represents the unearned portion of subscriptions received by the Society as of December 31. Advertising revenue relates to advertising in those publications and is recognized as the respective issues are published. Scientific education programs consist primarily of revenue derived from fees related to ISEF. Revenue is recognized over the period when the services are provided. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. The Society did not have any impairments from contracts with customers. There are no incremental costs on obtaining a contract and no significant financing components. In addition, there were no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

**Contributed services:** During each of the years ended December 31, 2021 and 2020, the Society received \$720,000 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. All expenses specifically identifiable to a grant, program activity or project are charged directly to the department for that activity.

Expenses specifically for general and administrative organizational support, such as finance, human resources and positions of executive office and board costs are directly charged to departments which are included as general and administrative. Other costs not readily associated with a specific grant or program activity, nor general and administrative expenses, are pooled as common support costs and allocated to each program based on the total direct expenses for each function. Common costs are those support costs that apply across the organization, such as information technology, facilities, internal marketing and design, communications and part of executive support.

**Operations:** The Society considers investment income, the accrued postretirement benefit adjustment, and other significant incidental activities as non-operating activities. All other activities are considered operating activities.

**Adopted accounting pronouncement:** During the year ended December 31, 2021, the Society adopted FASB issued Accounting Standards Update (ASU) 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. The guidance in this ASU removes, adds and clarifies certain disclosure requirements for employers that sponsor defined benefit pension plan or other postretirement plans.

**Notes to Financial Statements**

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Upcoming accounting pronouncements:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statements of activities. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Society is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 addresses presentation and disclosure of contributed nonfinancial assets, and should be applied on a retrospective basis. The Society anticipates adopting the new standard during the year ending December 31, 2022, and is currently evaluating the impact of the adoption of the new standard on the financial statements.

**Subsequent events:** Subsequent events have been evaluated through June 24, 2022, which is the date the financial statements were available to be issued.

**Note 2. Concentrations**

The Society is the recipient of several significant grants from Regeneron Pharmaceuticals, Inc. (Regeneron), Broadcom Foundation and Intel Foundation. At December 31, 2021 and 2020, substantially all of the Society's unconditional grants receivable were comprised of amounts due from Regeneron and Broadcom Foundation.

**Note 3. Investments**

In accordance with U.S. GAAP, 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

**Society for Science & the Public  
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**Notes to Financial Statements**

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**Note 3. Investments (Continued)**

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.

The following is a summary of investments at December 31, 2021 and 2020:

	2021	2020
Money market funds at cost	\$ 183,901	\$ 148,855
Fixed income funds (Level 1)	12,117,635	12,665,391
Equity funds (Level 1)	12,364,106	10,821,801
Equity securities (Level 1)	8,048,120	6,921,931
	<u>\$ 32,713,762</u>	<u>\$ 30,557,978</u>

Investment income consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 1,315,723	\$ 856,908
Realized and unrealized gains	2,188,745	1,652,035
Investment fees	(143,193)	(130,128)
	<u>\$ 3,361,275</u>	<u>\$ 2,378,815</u>

**Note 4. Grants Receivable**

The Society receives several significant contributions from Regeneron and Broadcom Foundation in support of its science competitions. The Society also has received certain other promises to give from individuals and institutions.

In 2016 Regeneron entered into a 10-year grant commitment with the Society to sponsor STS. Due to potential uncertainties, total potential gross payments of \$3,617,292 due from Regeneron during the year ended December 31, 2026, has not been included within the grants receivable balance as of December 31, 2020, due to uncertainty.

Under the terms of the sponsorship agreement, Regeneron placed \$7,000,000 into an escrow account held by a third-party escrow agent. The balance in the escrow account will be paid to either the Society or Regeneron, depending on the occurrence of certain events. Interest accruing on the amount in escrow will be paid to Regeneron. The Society's financial statements do not reflect any balances related to the amount in escrow.

**Society for Science & the Public  
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**Notes to Financial Statements**

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**Note 4. Grants Receivable (Continued)**

Regeneron also has a remaining grant commitment of up to \$12,978,000 conditioned upon the total funding of ISEF at an acceptable level, and \$1,545,000 for reimbursement of certain ISEF expenses incurred. These amounts are to be paid in periodic payments through 2024 and are not included within the grants receivable balances due to the outstanding condition to be met annually.

Grants receivable consists of the following at December 31, 2021 and 2020:

	2021	2020
Receivable in less than one year	\$ 10,427,183	\$ 16,734,801
Receivable in one to five years	41,230,776	48,021,618
	51,657,959	64,756,419
Less discount to net present value	(4,188,780)	(3,938,396)
	<u>\$ 47,469,179</u>	<u>\$ 60,818,023</u>

**Note 5. Property and Equipment**

Property and equipment consists of the following at December 31, 2021 and 2020:

	2021	2020
Land	\$ 26,946	\$ 26,946
Building	1,521,182	1,521,182
Office furniture and equipment	577,236	577,236
Computer equipment	725,666	725,666
Capitalized software	797,881	797,881
Vehicles	24,945	24,945
	3,673,856	3,673,856
Less accumulated depreciation and amortization	(3,632,742)	(3,627,879)
	<u>\$ 41,114</u>	<u>\$ 45,977</u>

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**Note 6. Liquidity and Availability**

Financial assets available for general expenditure within one year as of December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 20,695,579	\$ 10,270,040
Subscription and other receivables	518,642	211,090
Investments	32,713,762	30,557,978
Grants receivable	47,469,179	60,818,023
Subtotal financial assets	<u>101,397,162</u>	<u>101,857,131</u>
Amounts not available for general expenditures within one year:		
Net assets with donor restrictions	<u>(61,904,754)</u>	<u>(67,713,693)</u>
Amounts available for expenditures within one year	<u>\$ 39,492,408</u>	<u>\$ 34,143,438</u>

The endowment fund is donor-restricted. A portion of the income from the donor-restricted endowment may be available for general use according to the endowment's spending policy.

While the Society does not have a liquidity policy, grant funds and unrestricted funds that are received during the course of the year are deposited in the Society's operating checking account and used to cover day-to-day operations. Funds designated for student awards due or certain restricted purposes are segregated in separate bank accounts and transferred to the operating account as required to fund those expenses. In the case where the operating funds available dip below those required to meet near-term expenses, funds are borrowed from the student amount and repaid when additional funds are received. Additionally, with the approval of the Society's board, certain operating expenses are funded using invested funds, and funds are transferred from the investments to the operating checking account periodically to cover those expenses.

**Note 7. Lease Obligations**

The Society entered into an operating lease for office space at 1701 Rhode Island Avenue NW in Washington, D.C., which expires June 2023. The lease has monthly payments of approximately \$35,000 per month.

Future minimum lease payments under the lease are as follows:

Years ending December 31:		
2022		\$ 414,900
2023		214,710
		<u>\$ 629,610</u>

Rental expense under these leases was \$371,042 and \$383,009 for the years ended December 31, 2021 and 2020, respectively.



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**Note 8. Net Assets**

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	January 1, 2021	Additions	Releases from Restriction	December 31, 2021
ISEF sponsorships and awards	\$ 70,406	\$ 825,700	\$ (435,344)	\$ 460,762
STS sponsorships and awards, including				
Outreach and Membership	59,613,050	3,311,965	(10,378,804)	52,546,211
Broadcom MASTERS	2,537,177	586,014	(2,239,716)	883,475
Other	1,144,708	4,592,622	(2,519,039)	3,218,291
Promises to give for endowment	1,557,480	146,127	-	1,703,607
Endowment	2,790,872	301,536	-	3,092,408
	<u>\$ 67,713,693</u>	<u>\$ 9,763,964</u>	<u>\$ (15,572,903)</u>	<u>\$ 61,904,754</u>

	January 1, 2020	Additions	Releases from Restriction	December 31, 2020
ISEF sponsorships and awards	\$ 70,906	\$ 99,500	\$ (100,000)	\$ 70,406
STS sponsorships and awards, including				
Outreach and Membership	56,021,905	13,599,998	(10,008,853)	59,613,050
Broadcom MASTERS	4,352,349	155,722	(1,970,894)	2,537,177
Other	940,389	2,352,500	(2,148,181)	1,144,708
Promises to give for endowment	-	1,557,480	-	1,557,480
Endowment	2,177,414	613,458	-	2,790,872
	<u>\$ 63,562,963</u>	<u>\$ 18,378,658</u>	<u>\$ (14,227,928)</u>	<u>\$ 67,713,693</u>

**Note 9. Endowment**

Since 2012, the Society received endowment gifts 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.

**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 Society 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 net assets with donor restrictions: (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The accumulated investment income in excess of portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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**Note 9. Endowment (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

It is the Society's interpretation of the donor gift instrument that no appropriations should be made from the endowment fund when it is underwater. Accordingly, no appropriations were made from an underwater fund.

**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 net assets with donor restrictions 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, 2021 and 2020.

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**Note 9. Endowment (Continued)**

Endowment net assets and related activity consist of the following:

	With Donor Restrictions		Total
	Accumulated Income	Held in Perpetuity	
Endowment net assets, December 31, 2019	\$ 131,146	\$ 2,046,268	\$ 2,177,414
Contributions	-	300,000	300,000
Investment return	245,167	68,291	313,458
Endowment net assets, December 31, 2020	376,313	2,414,559	2,790,872
Investment return	228,095	73,441	301,536
Endowment net assets, December 31, 2021	\$ 604,408	\$ 2,488,000	\$ 3,092,408

**Note 10. Retirement Plan**

The Society sponsors a defined contribution retirement plan (the 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 \$880,000 and \$797,000 for the years ended December 31, 2021 and 2020, respectively.

**Note 11. Postretirement Benefit Obligation**

The Society maintains a postretirement healthcare benefit plan (the postretirement 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, 2021 and 2020, 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, 2021 and 2020, the Society had not applied for the federal subsidy. Therefore, no federal subsidy is reflected in the valuation of the postretirement plan for the years ended December 31, 2021 and 2020.

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**Note 11. 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, 2021 and 2020:

	2021	2020
Accumulated benefit obligation, beginning	\$ 2,586,000	\$ 2,202,000
Benefits paid	(22,000)	(18,000)
Service cost – benefits earned during the period	54,000	43,000
Interest cost on projected benefit obligation	64,000	71,000
Net (gain) loss during the year	(114,000)	288,000
Accumulated benefit obligation, ending	<u>\$ 2,568,000</u>	<u>\$ 2,586,000</u>

The net periodic benefit cost included in operations consists of the following components for the years ended December 31, 2021 and 2020:

	2021	2020
Service cost – benefits earned during the period	\$ 54,000	\$ 43,000
Interest cost on projected benefit obligation	64,000	71,000
Amortization of net gain	-	(21,000)
	<u>\$ 118,000</u>	<u>\$ 93,000</u>

Amounts in net assets without donor restrictions that have not yet been recognized in operations as a net periodic benefit cost include the following as of December 31, 2021 and 2020:

	2021	2020
Unrecognized gain, beginning of the year	\$ 103,000	\$ 412,000
Net gain (loss) during the year	114,000	(288,000)
Amortization of net gain	-	(21,000)
Unrecognized gain, end of the year	<u>\$ 217,000</u>	<u>\$ 103,000</u>

The amount of the unrecognized gain (loss) expected to be recognized in net periodic benefit cost during the fiscal year ending December 31, 2022, is \$0.

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**Note 11. Postretirement Benefit Obligation (Continued)**

The other postretirement benefit charges included in non-operating items as the accrued postretirement benefit adjustment consist of the following components for the years ended December 31, 2021 and 2020:

	2021	2020
Amortization of net gain	\$ -	\$ (21,000)
Net gain (loss) during the year	114,000	(288,000)
	\$ 114,000	\$ (309,000)

The postretirement benefit obligation was determined using the following rates for the years ended December 31, 2021 and 2020:

	2021	2020
Discount rate for net periodic benefit cost	2.50%	3.25%
Discount rate for obligations at year-end	2.75%	2.50%
Healthcare cost trend rate assumed for next year	5.40%	5.50%
Ultimate rate (year 2027)	5.00%	5.00%

The mortality table used in the calculation of the postretirement plan's liability was the PRIH-2012 mortality table for white-collar employees and annuitants projected using generational mortality improvement scale MP-2021 for the year ended December 31, 2021. For the year ended December 31, 2020, the same mortality table revised using generational improvement scale MP-2020 was used.

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

Years ending December 31:	
2022	\$ 28,000
2022	41,000
2024	47,000
2025	50,000
2026	57,000
2027-2029	359,000
	\$ 582,000

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**Note 12. Program Protection Program Loan**

In April 2020, the Society obtained a loan totaling \$1,826,000, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act of March 27, 2020. The loan was scheduled to mature on April 21, 2022, and had an interest rate of 1% per annum. Proceeds from the loan may only be used for payroll costs, mortgage interest payments, rent and utilities incurred.

The loan and related accrued interest are forgivable after 24 weeks if the Society uses the loan proceeds for eligible purposes. The unforgiven portion of the PPP loan is payable over two years, with a deferral of payments for the first six months. The note payable may be prepaid by the Society at any time prior to maturity with no prepayment penalties. The Society accounted for the loan in accordance with ASC 470 and recorded a gain on loan forgiveness in the period when official notification of forgiveness is received. The Society used the entire proceeds of the loan for qualifying expenses as described in the CARES Act. and in January 26, 2021, the Society received forgiveness of the PPP loan and \$1,839,898 was recorded as revenue on the statement of activities at December 31, 2021.

**Note 13. Commitments and Contingencies**

**Line of credit:** During 2016, the Society entered into an arrangement with a financial institution to secure a corporate credit card. The card is supported by an unsecured \$500,000 line of credit. The outstanding credit card balance was \$110,199 and \$71,086 at December 31, 2021 and 2020, respectively. No interest expense related to the line of credit was incurred during either of the years ended December 31, 2021 and 2020.

**Hotel contracts:** The Society has contracts with various hotels and convention centers for future events. In the event that the Society cancels, it may be held liable for liquidated damages incurred by the burdened entity as calculated in accordance with the terms of the applicable agreement.

**Note 14. COVID-19**

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a Public Health Emergency of International Concern and, on March 11, 2020, declared it to be a pandemic. During 2020 and 2021 the operations of the Society were negatively impacted by the global outbreak of COVID-19. It is unknown for how long the adverse conditions associated with COVID-19 will last and what the complete financial effect will be to the Society. The impact of restrictions on gatherings disrupted the Society's in-person research science competitions and conferences in 2020 and 2021 which adversely impacted the Society's revenues, and may continue to do so in the future. In 2020 and 2021 the Society modified all of its major in-person events to virtual events, but has returned to in-person events in 2022. Reduced revenues were offset by savings in 2020 and 2021 as a result of events being virtual rather than in-person, and will be as necessary going forward, with no material effect on the operating net income or available cash. Finally, the Society has considerable cash reserves and investments to provide further insulation should the reduced revenues lead to cash shortages created by this pandemic.