

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

SOCIETY FOR SCIENCE & THE PUBLIC

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Society for Science & the Public (d/b/a Society for Science)
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the Society for Science & the Public d/b/a Society for Science (the Society), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2023 and 2022, 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. 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 audit. 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 available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.



July 8, 2024

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,343,720	\$ 15,791,540
Investments	41,728,642	27,387,157
Grants and contributions receivable, net	60,569,206	41,611,194
Accounts receivable, net	696,276	477,261
Prepaid expenses	540,914	651,700
Property and equipment, net	1,357,392	230,359
Other assets	774,207	606,941
Right-of-use asset, net	<u>644,678</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 114,655,035</u>	<u>\$ 86,756,152</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,138,220	\$ 1,006,330
Accrued salaries and related benefits	1,199,426	1,187,382
Awards payable	5,289,539	5,080,378
Deferred revenue	4,315,936	4,166,342
Accrued postretirement benefits	1,943,000	1,830,000
Operating lease liability, net	<u>644,678</u>	<u>-</u>
Total liabilities	<u>14,530,799</u>	<u>13,270,432</u>

NET ASSETS

Without donor restrictions	24,844,775	21,350,251
With donor restrictions	<u>75,279,461</u>	<u>52,135,469</u>
Total net assets	<u>100,124,236</u>	<u>73,485,720</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 114,655,035</u>	<u>\$ 86,756,152</u>

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions - Science education programs	\$ 15,936,817	\$ 40,267,439	\$ 56,204,256
Magazine subscriptions	3,337,841	-	3,337,841
Conference and other	1,408,749	-	1,408,749
Advertising and other	919,420	-	919,420
Contributed non-financial assets	-	993,000	993,000
Net assets released from donor restrictions	<u>18,419,163</u>	<u>(18,419,163)</u>	<u>-</u>
Total support and revenue	<u>40,021,990</u>	<u>22,841,276</u>	<u>62,863,266</u>
EXPENSES			
Program Services:			
Science Education Programs	21,069,334	-	21,069,334
Science News	11,513,643	-	11,513,643
Alumni	731,784	-	731,784
Special Initiatives	<u>197,469</u>	<u>-</u>	<u>197,469</u>
Total program services	<u>33,512,230</u>	<u>-</u>	<u>33,512,230</u>
Supporting Services:			
General and Administrative	2,880,542	-	2,880,542
Development	<u>3,092,338</u>	<u>-</u>	<u>3,092,338</u>
Total supporting services	<u>5,972,880</u>	<u>-</u>	<u>5,972,880</u>
Total expenses	<u>39,485,110</u>	<u>-</u>	<u>39,485,110</u>
Changes in net assets before other items	536,880	22,841,276	23,378,156
OTHER ITEMS			
Investment return, net	3,094,644	302,716	3,397,360
Accrued postretirement benefit adjustment	<u>(137,000)</u>	<u>-</u>	<u>(137,000)</u>
Changes in net assets	3,494,524	23,143,992	26,638,516
Net assets at beginning of year	<u>21,350,251</u>	<u>52,135,469</u>	<u>73,485,720</u>
NET ASSETS AT END OF YEAR	<u>\$ 24,844,775</u>	<u>\$ 75,279,461</u>	<u>\$ 100,124,236</u>

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions - Science education programs	\$ 9,633,596	\$ 8,539,009	\$ 18,172,605
Magazine subscriptions	3,352,262	-	3,352,262
Conference and other	1,680,818	-	1,680,818
Advertising and other	791,194	-	791,194
Contributed non-financial assets	-	770,000	770,000
Net assets released from donor restrictions	<u>18,662,424</u>	<u>(18,662,424)</u>	<u>-</u>
Total support and revenue	<u>34,120,294</u>	<u>(9,353,415)</u>	<u>24,766,879</u>
EXPENSES			
Program Services:			
Science Education Programs	21,413,101	-	21,413,101
Science News	9,980,668	-	9,980,668
Alumni	901,004	-	901,004
Special Initiatives	<u>393,007</u>	<u>-</u>	<u>393,007</u>
Total program services	<u>32,687,780</u>	<u>-</u>	<u>32,687,780</u>
Supporting Services:			
General and Administrative	2,153,044	-	2,153,044
Development	<u>2,718,958</u>	<u>-</u>	<u>2,718,958</u>
Total supporting services	<u>4,872,002</u>	<u>-</u>	<u>4,872,002</u>
Total expenses	<u>37,559,782</u>	<u>-</u>	<u>37,559,782</u>
Changes in net assets before other items	(3,439,488)	(9,353,415)	(12,792,903)
OTHER ITEMS			
Investment return, net	(3,770,193)	(415,870)	(4,186,063)
Accrued postretirement benefit adjustment	<u>840,000</u>	<u>-</u>	<u>840,000</u>
Changes in net assets	(6,369,681)	(9,769,285)	(16,138,966)
Net assets at beginning of year	<u>27,719,932</u>	<u>61,904,754</u>	<u>89,624,686</u>
NET ASSETS AT END OF YEAR	<u>\$ 21,350,251</u>	<u>\$ 52,135,469</u>	<u>\$ 73,485,720</u>

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services				Total Expenses
	Science Education Programs	Science News	Alumni	Special Initiatives	Total Program Services	General and Administrative	Development	Total Supporting Services	
Salaries and benefits	\$ 5,407,808	\$ 5,598,899	\$ 507,306	\$ 24,167	\$ 11,538,180	\$ 1,248,149	\$ 1,671,123	\$ 2,919,272	\$ 14,457,452
Professional fees and services	4,336,354	1,107,786	54,555	169,355	5,668,050	991,715	273,971	1,265,686	6,933,736
Awards, scholarships and grants	5,167,124	2,000	-	-	5,169,124	10,083	-	10,083	5,179,207
Printing, production and postage	214,022	3,053,490	1,090	392	3,268,994	2,353	575,937	578,290	3,847,284
Travel and entertainment and events	3,028,197	110,007	8,732	3,555	3,150,491	28,552	31,602	60,154	3,210,645
Technology	1,381,775	822,186	137,634	-	2,341,595	100,863	360,013	460,876	2,802,471
Real estate occupancy and utilities	686,631	261,628	16,832	-	965,091	49,980	67,866	117,846	1,082,937
Other expense	188,957	304,311	1,252	-	494,520	447,668	23,033	470,701	965,221
Marketing and promotion	353,653	239,095	3,165	-	595,913	-	86,624	86,624	682,537
Equipment and supplies	304,813	14,241	1,218	-	320,272	1,179	2,169	3,348	323,620
TOTAL	\$ 21,069,334	\$ 11,513,643	\$ 731,784	\$ 197,469	\$ 33,512,230	\$ 2,880,542	\$ 3,092,338	\$ 5,972,880	\$ 39,485,110

See accompanying notes to financial statements.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services				Total Expenses
	Science Education Programs	Science News	Alumni	Special Initiatives	Total Program Services	General and Administrative	Development	Total Supporting Services	
Salaries and benefits	\$ 5,122,806	\$ 5,380,667	\$ 624,563	\$ 105,541	\$ 11,233,577	\$ 1,358,740	\$ 1,317,116	\$ 2,675,856	\$ 13,909,433
Professional fees and services	3,981,266	891,536	77,208	145,569	5,095,579	462,415	279,168	741,583	5,837,162
Awards, scholarships and grants	5,513,812	4,055	385	-	5,518,252	-	-	-	5,518,252
Printing, production and postage	318,816	2,380,931	4,250	29,621	2,733,618	26,932	666,883	693,815	3,427,433
Travel and entertainment and events	3,187,795	22,864	11,961	-	3,222,620	7,951	13,550	21,501	3,244,121
Technology	1,587,291	660,798	155,644	100,515	2,504,248	96,911	243,867	340,778	2,845,026
Marketing and promotion	601,649	220,840	7,274	10,500	840,263	-	113,006	113,006	953,269
Real estate occupancy and utilities	602,304	182,836	17,355	-	802,495	39,614	51,173	90,787	893,282
Other expense	230,066	229,839	1,063	-	460,968	83,259	31,653	114,912	575,880
Equipment and supplies	267,296	6,302	1,301	1,261	276,160	77,222	2,542	79,764	355,924
TOTAL	\$ 21,413,101	\$ 9,980,668	\$ 901,004	\$ 393,007	\$ 32,687,780	\$ 2,153,044	\$ 2,718,958	\$ 4,872,002	\$ 37,559,782

See accompanying notes to financial statements.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 26,638,516	\$ (16,138,966)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	11,862	7,780
Unrealized and realized (gain) loss	(2,006,430)	4,875,984
Accrued postretirement benefit adjustment	137,000	(840,000)
Permanently restricted contributions	(37,969)	(67,255)
Change in discount on long-term receivables	1,448,002	(1,978,992)
Change in allowance for credit losses	55,041	(5,743)
Amortization of right-of-use asset	310,102	-
(Increase) decrease in:		
Accounts receivable, net	(274,056)	(324,655)
Grants and pledges receivable	(20,406,014)	8,205,752
Prepaid expenses	110,786	(73,252)
Other assets	(167,266)	(507,716)
Increase (decrease) in:		
Accounts payable and accrued liabilities	131,890	392,952
Accrued salaries and related benefits	12,044	134,596
Awards payable	209,161	352,702
Deferred revenue	149,594	639,923
Accrued postretirement benefits	(24,000)	102,000
Operating lease liability	<u>(310,102)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>5,988,161</u>	<u>(5,224,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(1,138,895)	(197,025)
Purchase of investments	(14,389,580)	(1,148,948)
Proceeds from sale of investments	<u>2,054,525</u>	<u>1,599,569</u>
Net cash (used) provided by investing activities	<u>(13,473,950)</u>	<u>253,596</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Donation to restricted endowment	<u>37,969</u>	<u>67,255</u>
Net cash provided by financing activities	<u>37,969</u>	<u>67,255</u>
Net decrease in cash and cash equivalents	(7,447,820)	(4,904,039)
Cash and cash equivalents at beginning of year	<u>15,791,540</u>	<u>20,695,579</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,343,720</u>	<u>\$ 15,791,540</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Asset	<u>\$ 954,780</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 954,780</u>	<u>\$ -</u>

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The 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.

Program Services -

- **Science Education Programs** - For decades, Society for Science has offered world-class science and engineering research competitions for young people. The Regeneron Science Talent Search (Regeneron STS) is the nation's oldest and most prestigious science and math competition for high school seniors. The Regeneron International Science and Engineering Fair (Regeneron ISEF) is the world's largest global science competition for high schoolers. The Thermo Fisher Scientific Junior Innovators Challenge (Thermo Fisher JIC) is the Society's premier middle school STEM competition for U.S. students in grades six through eight. Through these competitions, the Society encourages and rewards independent scientific research and project-based learning while growing the pipeline of future STEM professionals. In 2015, the Society expanded its programming to include Outreach and Equity work, to ensure that every young person in the United States with an interest in STEM, has the opportunity to become a scientist or engineer. The Advocate Program supports educators mentoring underrepresented students in STEM fields and helping students find and compete in science research competitions. Two annual Research Teachers Conferences, one for middle school teachers and one for high school teachers, bring together science research teachers to share best practices, troubleshoot challenges and develop a support network for teachers who lead students in scientific research. The Society's STEM Research Grants help teachers expand and enhance independent research programs for students, and our STEM Action Grants provide catalytic funds for innovative community-based STEM organizations. These programs reach millions of students, educators and community members across the United States, the District of Columbia and U.S. territories.
- **Science News Media Group** - Society for Science was founded in 1921 with a mission to provide in-depth, trustworthy, accurate science journalism for the public. Since then, our offerings have grown to include our flagship print magazine *Science News* and its website. We also created *Science News Explores*, where younger readers, their families and teachers can explore new discoveries across science, technology, engineering, and medicine, and learn how research helps us all understand our world and our lives. Through its Science News Learning program, the Society provides *Science News* magazine and supplementary educator guides to more than 5,800 middle and high schools across the U.S., making current science accessible to students and educators. *Science News* has more than 116,000 paid subscribers, and over 17 million unique online users in 2023. *Science News* has 5.1 million followers on Twitter/X, and 2.7 million followers on Facebook, with an additional 124,000 across other social channels. The *Science News Explores* print magazine has nearly 16,000 individual subscribers, while the website drew more than 5 million unique visitors in 2023 and over 1 million Facebook followers.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Program Services (continued) -

- **Alumni** - In 2014, the Society established an Alumni Program that seeks to engage Society alumni through online networks, events and volunteer opportunities. The program also works to re-establish connections with alumni who have lost touch with the Society. The community is comprised of more than 75,000 STS, ISEF and middle school competition alumni across the globe.
- **Special Initiatives** - These are special projects geared toward the betterment of the Society overall and supported by board approved funding.
- **General and Management** - Activities associated with the Society's administrative functions which include Executive Team, Human Resources and Accounting in support of the organization.
- **Development** - Activities associated with fundraising to support the Society's various programs and general support through unrestricted and restricted contributions and donations.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Society's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Society that are subject to the guidance in FASB ASC 326 are accounts receivable. The Society implemented the ASU on January 1, 2023, using a modified retrospective approach (see Note 4).

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents -

The Society considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$12,245,474 and \$312,122 for the years ended December 31, 2023 and 2022, respectively.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Society maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Receivables -

Accounts receivable primarily consists of amounts due within one year related to Magazine subscriptions, Conference and other, and Advertising and other. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in Contributions - Science education programs.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 35 years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2023 and 2022 totaled \$11,862 and \$7,780, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statements of Activities and Changes in Net Assets, to its current fair value.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Income taxes -

The Society is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Society is not a private foundation.

Awards payable -

Awards payable are recorded when unconditionally awarded to middle and high school students each year under the Regeneron Science Talent Search (STS), Thermo Fisher Junior Innovators Challenge (JIC), 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.

Support from grants and contributions -

Contributions are recognized in the appropriate category of net assets in the period received. The Society performs an analysis of the individual contribution agreements to determine if the funding streams follow the contribution rules or if they should be recorded as exchange transactions depending upon whether the transaction is deemed nonreciprocal or reciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Society had no refundable advances as of December 31, 2023 and 2022.

In addition, the Society may obtain funding source agreements related to conditional contributions, which will be received in future years. There were no unrecognized conditional contributions as of December 31, 2023. Unrecognized conditional contributions to be received in future years totaled approximately \$7,940,000 as of December 31, 2022.

Contributed non-financial assets -

Contributed non-financial assets are recorded at their fair value as of the date of the gift and consisted of contributed services. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. The contributed nonfinancial assets were restricted by the donors in support of a specific program.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue from contracts with customers -

The Society's Magazine subscriptions, Conference and other, and Advertising and other are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Society has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred 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.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various program and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. 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.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Risks and uncertainties -

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications included are primarily for the purpose of more precise classification of accounts receivable from exchange transactions due to the adoption of ASU 2016-13.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Society are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Society are deemed to be actively traded.
- *U.S. Government Securities* - Valued at the closing price reported in the active market in which the individual securities are traded.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2023</u>
Investments:				
Money market funds	\$ 12,245,474	\$ -	\$ -	\$ 12,245,474
Equities	5,498,227	-	-	5,498,227
Mutual funds	21,988,201	-	-	21,988,201
U.S. Government securities	<u>1,996,740</u>	<u>-</u>	<u>-</u>	<u>1,996,740</u>
TOTAL INVESTMENTS	\$ <u>41,728,642</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>41,728,642</u>

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2022</u>
Investments:				
Money market funds	\$ 312,122	\$ -	\$ -	\$ 312,122
Equities	9,926,876	-	-	9,926,876
Mutual funds	<u>17,148,159</u>	<u>-</u>	<u>-</u>	<u>17,148,159</u>
TOTAL INVESTMENTS	\$ <u>27,387,157</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>27,387,157</u>

Included in investment return, net are the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 1,509,205	\$ 845,803
Unrealized and realized gain (loss)	2,006,430	(4,875,984)
Investment expenses	<u>(118,275)</u>	<u>(155,882)</u>
INVESTMENT RETURN, NET	\$ <u>3,397,360</u>	\$ <u>(4,186,063)</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

The Society has received written promises to give from donors totaling \$64,226,996 and \$43,820,982, respectively as of December 31, 2023 and 2022. Grants and contributions receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows using a discount rate of 4.36%.

Following is a schedule of amounts due, by year, as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 20,338,715	\$ 13,928,610
One to five years	<u>43,888,281</u>	<u>29,892,372</u>
Total	64,226,996	43,820,982
Less: Allowance to discount balance to present value	<u>(3,657,790)</u>	<u>(2,209,788)</u>
NET GRANTS AND CONTRIBUTIONS RECEIVABLE	\$ <u>60,569,206</u>	\$ <u>41,611,194</u>

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

4. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue streams as of:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Magazine subscriptions	\$ 523,972	\$ 203,925	\$ 62,602
Conference and other	95,898	171,953	38,300
Advertising and other	179,207	149,143	99,464
Less: Allowance for credit losses	(102,801)	-	-
Less: Allowance for doubtful accounts	<u>-</u>	<u>(47,760)</u>	<u>(53,503)</u>
TOTAL CONTRACT ASSETS	<u>\$ 696,276</u>	<u>\$ 477,261</u>	<u>\$ 146,863</u>

The allowance for credit losses consisted of the following as of and for the year ended December 31, 2023:

Allowance for credit losses, beginning of year	\$ 47,760
Additions (charges to expenses)	212,263
Deductions (write-offs, net of recoveries)	<u>(157,222)</u>
ALLOWANCE FOR CREDIT LOSSES, END OF YEAR	<u>\$ 102,801</u>

Contract liabilities consisted of the following revenue streams as of:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Magazine subscriptions	\$ 3,912,102	\$ 3,691,598	\$ 3,165,601
Conference and other	355,891	457,236	368,674
Advertising and other	<u>47,943</u>	<u>17,508</u>	<u>(7,854)</u>
TOTAL CONTRACT LIABILITIES	<u>\$ 4,315,936</u>	<u>\$ 4,166,342</u>	<u>\$ 3,526,421</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 26,946	\$ 26,946
Buildings	1,521,182	1,521,182
Furniture	612,236	612,236
Computer equipment	725,666	725,666
Vehicles	24,945	24,945
Capitalized software	<u>2,098,801</u>	<u>959,906</u>
Total property and equipment	5,009,776	3,870,881
Less: Accumulated depreciation and amortization	<u>(3,652,384)</u>	<u>(3,640,522)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 1,357,392</u>	<u>\$ 230,359</u>

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

	<u>January 1, 2023</u>	<u>Additions and Reclassifications</u>	<u>Releases from Restrictions</u>	<u>December 31, 2023</u>
ISEF sponsorships and awards	\$ 1,378,524	\$ 24,927,307	\$ (1,348,397)	\$ 24,957,434
STS sponsorships and awards, including				
Outreach and Membership	41,345,536	1,108,786	(12,648,040)	29,806,282
JIC sponsorships and awards	325,739	361,865	(395,403)	292,201
Capital Campaign	-	10,916,443	-	10,916,443
Other	4,855,835	3,736,357	(3,758,702)	4,833,490
Endowment	4,258,862	209,681	-	4,468,543
Accumulated endowment (losses) earnings	<u>(29,027)</u>	<u>302,716</u>	<u>(268,621)</u>	<u>5,068</u>
TOTAL	<u>\$ 52,135,469</u>	<u>\$ 41,563,155</u>	<u>\$ (18,419,163)</u>	<u>\$ 75,279,461</u>

Net assets with donor restrictions consist of the following at December 31, 2022:

	<u>January 1, 2022</u>	<u>Additions and Reclassifications</u>	<u>Releases from Restrictions</u>	<u>December 31, 2022</u>
ISEF sponsorships and awards	\$ 460,762	\$ 1,415,344	\$ (497,582)	\$ 1,378,524
STS sponsorships and awards, including				
Outreach and Membership	52,546,211	852,045	(12,052,720)	41,345,536
JIC sponsorships and awards	883,475	2,610,719	(3,168,455)	325,739
Other	3,218,291	4,363,646	(2,726,102)	4,855,835
Endowment	4,191,607	67,255	-	4,258,862
Accumulated endowment earnings (losses)	<u>604,408</u>	<u>(415,870)</u>	<u>(217,565)</u>	<u>(29,027)</u>
TOTAL	<u>\$ 61,904,754</u>	<u>\$ 8,893,139</u>	<u>\$ (18,662,424)</u>	<u>\$ 52,135,469</u>

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,343,720	\$ 15,791,540
Investments	41,728,642	27,387,157
Grants and contributions receivable, net	60,569,206	41,611,194
Accounts receivable, net	<u>696,276</u>	<u>477,261</u>
Subtotal financial assets available within one year	111,337,844	85,267,152
Less: Donor restricted funds	<u>(75,279,461)</u>	<u>(52,135,469)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 36,058,383</u>	<u>\$ 33,131,683</u>

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

7. LIQUIDITY AND AVAILABILITY (Continued)

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 funds without donor restrictions 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.

8. CONTRIBUTED NON-FINANCIAL ASSETS

During the years ended December 31, 2023 and 2022, the Society was the beneficiary of donated services which allowed the Society to provide greater resources toward various programs. Donated services have been recorded based on their fair value which has been estimated based on the cost of such services in the Society's principal market.

Contributed non-financial assets have donor-imposed restrictions associated with supporting Science Education programs during the years ended December 31, 2023 and 2022. To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Donated IT services	\$ 720,000	\$ 720,000
Donated ISEF adult mixer and museum	223,000	-
Donated translation services	<u>50,000</u>	<u>50,000</u>
TOTAL CONTRIBUTED NON-FINANCIAL ASSETS	<u>\$ 993,000</u>	<u>\$ 770,000</u>

The following programs have benefited from these donated services:

	<u>2023</u>	<u>2022</u>
Science Education Programs	\$ 671,139	\$ 472,069
Science News	214,985	187,208
Alumni	13,831	17,784
General and Administrative	39,277	40,502
Development	<u>53,768</u>	<u>52,437</u>
TOTAL PROGRAMS BENEFITED	<u>\$ 993,000</u>	<u>\$ 770,000</u>

9. LEASE COMMITMENTS

The Society follows FASB ASC 842 for leases. The Society has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

9. LEASE COMMITMENTS (Continued)

The Society has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

The Society has an operating lease for office space at 1701 Rhode Island Avenue, NW in Washington, D.C., which expires December 2024. The lease has monthly payments of approximately \$55,000 per month.

For the years ended December 31, 2023 and 2022, respectively, total lease cost was \$551,501 and \$405,570, respectively. Total cash paid for operating leases was \$544,710 and \$414,900, respectively. Lease expense is included within real estate occupancy and utilities in the accompanying Statements of Functional Expenses. The operating lease liability is discounted at a rate of 5.16%.

For the year ended December 31, 2023, total amortization on the right-of-use asset was \$310,102.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2023:

Year Ending December 31, 2024	\$ 660,000
Less: Imputed interest	<u>(15,322)</u>
LEASE LIABILITY, NET	<u>\$ 644,678</u>

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.

Contributions to the Plan during the years ended December 31, 2023 and 2022 totaled \$996,246 and \$933,854, respectively.

11. POSTRETIREMENT BENEFITS

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, 2023 and 2022, 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, 2022 and 2021, 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, 2023 and 2022.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

11. POSTRETIREMENT BENEFITS (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 and Changes in Net Assets for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accumulated benefit obligation, beginning	\$ 1,830,000	\$ 2,568,000
Benefits paid	(24,000)	(20,000)
Service cost-benefits earned during the period	34,000	52,000
Interest cost on projected benefit obligation	91,000	70,000
Unrecognized loss amortization	(125,000)	-
Net gain (loss) during the year	<u>137,000</u>	<u>(840,000)</u>
ACCUMULATED BENEFIT OBLIGATION, ENDING	<u>\$ 1,943,000</u>	<u>\$ 1,830,000</u>

The net periodic benefit cost included in operations consists of the following components for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Service costs	\$ 34,000	\$ 52,000
Interest cost on projected benefit obligation	91,000	70,000
Amortization of net loss	<u>(125,000)</u>	<u>-</u>
NET PERIODIC BENEFIT COST	<u>\$ -</u>	<u>\$ 122,000</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Unrecognized gain, beginning of the year	\$ 1,057,000	\$ 217,000
Net (loss) gain during the year	<u>(137,000)</u>	<u>840,000</u>
UNRECOGNIZED GAIN, END OF YEAR	<u>\$ 920,000</u>	<u>\$ 1,057,000</u>

The amount of the unrecognized gain expected to be recognized in net periodic benefit cost during the fiscal year ending December 31, 2024 is \$(104,000).

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Amortization of Net Gain	<u>\$ (137,000)</u>	<u>\$ 840,000</u>

The postretirement benefit obligation was determined using the following rates for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Discount rate for net periodic benefit cost	5.00%	2.75%
Discount rate for obligations at year-end	4.75%	5.00%
Healthcare cost trend rate assumed for next year	5.80%	6.00%
Ultimate rate (year 2027)	5.00%	5.00%

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

11. POSTRETIREMENT BENEFITS (Continued)

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 years ended December 31, 2023 and 2022. Based on current data and assumptions, estimated future benefits expected to be paid from the postretirement plan are as follows:

<u>Years Ending December 31,</u>	
2024	\$ 34,000
2025	50,000
2026	59,000
2027	68,000
2028	73,000
2028 - 2033	<u>412,000</u>
TOTAL	<u>\$ 696,000</u>

12. CONCENTRATION OF REVENUE

The Society is the recipient of several significant grants from Regeneron Pharmaceuticals, Inc. (Regeneron). At December 31, 2023 and 2022, approximately 49%, and 91%, respectively of the Society's unconditional grants receivable were comprised of amounts due from Regeneron.

During the year ended December 31, 2023, approximately 52% of the Society's total support and revenue was derived from grants awarded by Regeneron.

13. COMMITMENTS AND CONTINGENCIES

Line of credit: During 2016, the Society entered into an arrangement with a financial institution to secure the corporate credit card. The card is supported by an unsecured \$500,000 line of credit. The outstanding credit card balances were \$80,382 and \$160,409 at December 31, 2023 and 2022, respectively. No interest expense related to the line of credit was incurred during either of the years ended December 31, 2023 and 2022.

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.

14. ENDOWMENT

Since 2012, the Society has 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. The Society's endowment funds consist of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law -

The Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the District of Columbia as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

14. ENDOWMENT (Continued)

Interpretation of relevant law (continued) -

As a result, of this interpretation, the Society classifies as net assets with donor restrictions: (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.

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

- The duration and preservation of the fund;
- The purpose of the Society and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Society.

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 individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to maintain as a fund of perpetual duration. However, there were no funds with deficiencies as of December 31, 2023. Deficiencies of this nature did exist in donor-restricted endowment funds as of December 31, 2022, which together had an original gift value of \$4,258,862, and a deficiency of \$29,027.

SOCIETY FOR SCIENCE & THE PUBLIC (D/B/A SOCIETY FOR SCIENCE)

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

14. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of December 31, 2023:

	<u>With Donor Restrictions</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,468,543
Accumulated investment losses	<u>5,068</u>
TOTAL ENDOWMENT FUNDS	\$ <u>4,473,611</u>

Changes in endowment net assets for the year ended December 31, 2023:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 4,229,835
Investment income, net	302,716
Contributions	37,969
Appropriation of endowment assets for expenditure	(268,621)
Other changes	<u>171,712</u>
ENDOWMENT NET ASSETS, END OF YEAR	\$ <u>4,473,611</u>

Endowment net asset composition by type of fund as of December 31, 2022:

	<u>With Donor Restrictions</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,258,862
Accumulated investment earnings	<u>(29,027)</u>
TOTAL ENDOWMENT FUNDS	\$ <u>4,229,835</u>

Changes in endowment net assets for the year ended December 31, 2022:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 4,796,015
Investment return, net	(415,870)
Contributions	67,255
Appropriation of endowment assets for expenditure	<u>(217,565)</u>
ENDOWMENT NET ASSETS, END OF YEAR	\$ <u>4,229,835</u>

15. SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through July 8, 2024, the date the financial statements were issued.

The Society purchased the mortgage on the property at 1776 Massachusetts Avenue NW in Washington, D.C. on March 29, 2024 for \$11,500,000. The Society incorporated the "Society 1776 Mass Ave LLC" on May 8, 2024 as a disregarded entity for the sole purpose of owning the new property. The existing property owner and borrower was in default on the mortgage, so the Society 1776 Mass Ave LLC filed for foreclosure and acquired the property at auction on June 21, 2024. The 96,000 square foot building will be redeveloped to serve as the new headquarters for the Society while also leasing excess space to other tenants.