

**Audited Financial Statements and
Other Financial Information**

SOCIETY FOR SCIENCE & THE PUBLIC

December 31, 2017

Society for Science & the Public

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T A T E



TRYON

A Professional Corporation

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Accountants

and Consultants

Independent Auditor's Report on the Financial Statements

To the Board of Trustees
Society for Science & the Public

We have audited the accompanying financial statements of Society for Science & the Public (the Society) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Society for Science & the Public as of December 31, 2017 and 2016, 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.

Tate & Tryon

Washington, DC
February 16, 2018

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Society for Science & the Public

Statements of Financial Position

December 31,	2017	2016
Assets		
Cash and cash equivalents	\$ 6,379,859	\$ 2,294,718
Subscriptions receivable, net	32,358	35,433
Other receivables, net	180,576	232,228
Prepaid expenses	706,380	453,725
Investments	27,130,890	26,543,262
Grants receivable, net	67,694,362	78,442,518
Property and equipment, net	152,730	286,247
Total assets	\$ 102,277,155	\$ 108,288,131
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,044,608	\$ 515,015
Awards payable	2,880,760	2,594,490
Deferred subscription revenue	3,285,630	3,267,555
Accrued postretirement benefits	1,968,000	1,789,000
Total liabilities	9,178,998	8,166,060
Net assets		
Unrestricted	15,564,904	14,240,490
Temporarily restricted	76,164,771	84,848,677
Permanently restricted	1,368,482	1,032,904
Total net assets	93,098,157	100,122,071
Total liabilities and net assets	\$ 102,277,155	\$ 108,288,131

Society for Science & the Public

Statements of Activities

Year Ended December 31,	2017	2016
Unrestricted activities		
Revenue and support		
Science News		
Magazine subscriptions	\$ 3,296,490	\$ 3,649,680
Advertising and other	503,418	535,176
Science education programs	972,533	906,959
Membership and other	674,979	578,857
Net assets released from restriction	22,797,247	18,923,015
Total revenue and support	28,244,667	24,593,687
Expense		
Program services		
Science education programs	18,270,972	14,445,506
Science News	6,653,457	6,149,816
Special Initiatives	983,481	-
Alumni	637,629	-
Outreach	-	1,962,769
Total program services	26,545,539	22,558,091
Supporting services		
General and administrative	1,254,891	1,471,265
Development	1,525,701	814,721
Total supporting services	2,780,592	2,285,986
Total expense	29,326,131	24,844,077
Change in unrestricted net assets from operations	(1,081,464)	(250,390)
Non-operating activity		
Investment income	2,488,549	1,627,399
Accrued postretirement benefit adjustment	(82,671)	(104,149)
Change in unrestricted net assets	1,324,414	1,272,860
Temporarily restricted activities		
Science education programs	12,763,459	50,548,766
Outreach and other	1,269,232	2,173,712
Investment income	80,650	19,900
Net assets released from restriction	(22,797,247)	(18,923,015)
Change in temporarily restricted net assets	(8,683,906)	33,819,363
Permanently restricted activities		
Science education programs	300,000	-
Investment income	35,578	25,480
Change in permanently restricted net assets	335,578	25,480
Change in net assets	(7,023,914)	35,117,703
Net assets, beginning of year	100,122,071	65,004,368
Net assets, end of year	\$ 93,098,157	\$ 100,122,071

See notes to the financial statements.

Society for Science & the Public

Statements of Cash Flows

Year Ended December 31,	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (7,023,914)	\$ 35,117,703
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	138,278	303,807
Net gain on investments	(1,775,168)	(901,848)
Contributions restricted for permanent endowment	-	(200,000)
Changes in assets and liabilities:		
Grants receivable, net	10,748,156	(32,910,389)
Subscriptions receivable, net	3,075	31,287
Other receivables, net	51,652	(112,273)
Prepaid expenses	(252,655)	110,903
Accounts payable and accrued expenses	529,593	(158,813)
Awards payable	286,270	372,626
Deferred subscription revenue	18,075	(613,058)
Accrued postretirement benefits	179,000	181,000
Total adjustments	9,926,276	(33,896,758)
Net cash provided by operating activities	2,902,362	1,220,945
Cash flows from investing activities		
Purchases of investments	(1,958,136)	(2,062,139)
Proceeds from sales of investments	3,145,676	1,206,205
Purchases of property and equipment	(4,761)	(341,001)
Net cash provided by (used in) investing activities	1,182,779	(1,196,935)
Cash flows from financing activities		
Proceeds from endowment contributions	-	200,000
Net change in cash and cash equivalents	4,085,141	224,010
Cash and cash equivalents, beginning of year	2,294,718	2,070,708
Cash and cash equivalents, end of year	\$ 6,379,859	\$ 2,294,718

See notes to the financial statements.

Society for Science & the Public

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Subscriptions receivable: Subscriptions receivable consists of amounts owed from customers for subscriptions to *Science News* magazine and is presented net of an allowance for doubtful accounts in the accompanying statements of financial position. The allowance for doubtful accounts is estimated based on an analysis of future cash receipts and historical write-offs. The allowance related to subscriptions was \$0 and \$8,833 as of December 31, 2017 and 2016, respectively.

Other receivables: Other receivables consists primarily of amounts owed from customers for membership and services such as advertising and list rental and are presented net of an allowance for doubtful accounts in the accompanying statements of financial position. The allowance for doubtful accounts is estimated based on an analysis of future cash receipts and historical write-offs. The allowance related to other receivables was \$29,051 and \$12,184 as of December 31, 2017 and 2016, respectively.

Society for Science & the Public

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Awards payable: Awards payable are recorded when awarded to middle and high school students each year under the 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.

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

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

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

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

Contributions: Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished). Effective with 2016, the Society adopted a new policy regarding the valuation of long-term promises to give. Under the new policy, absent unusual circumstances, the Society will not record a receivable related to the portion of long-term promises to give that are due in greater than five years. The Society has concluded that the uncertainty regarding events scheduled to occur in more than five years typically precludes an accurate valuation for these amounts. Thus, the new accounting policy should provide for a reasonable and conservative presentation of receivables related to promises to give.

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

Contributed services: During the years ended December 31, 2017 and 2016, the Society received \$720,000 and \$700,000 in contributed services. A donor contributed web site security and monitoring services at no charge to the Society. The Society recorded the estimated fair value of the contributed services as contribution revenue and a corresponding expense on the statements of activities.

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

Society for Science & the Public

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent events: Subsequent events have been evaluated through February 16, 2018, which is the date the financial statements were available to be issued.

B. CONCENTRATIONS

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

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

Grants receivable: The Society is the recipient of several significant grants from Regeneron Pharmaceuticals, Inc. (Regeneron), Broadcom Foundation, and Intel Foundation. At December 31, 2017 and 2016, substantially all of the Society's grants receivable were comprised of amounts due from these three donors.

C. INVESTMENTS

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

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

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

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

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

Society for Science & the Public

Notes to the Financial Statements

C. INVESTMENTS - CONTINUED

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

	2017	2016
Money market funds	\$ 410,997	\$ 811,966
Fixed income mutual funds and exchange traded funds	11,214,264	12,708,636
Equity securities, mutual funds and exchange traded funds	15,505,629	13,022,660
	<u>\$ 27,130,890</u>	<u>\$ 26,543,262</u>

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

	2017	2016
Interest	\$ 829,609	\$ 770,931
Net gain on investments	1,775,168	901,848
	<u>\$ 2,604,777</u>	<u>\$ 1,672,779</u>

Investment management fees totaled \$129,893 and \$114,997 for the years ended December 31, 2017 and 2016, respectively.

D. GRANTS RECEIVABLE

The Society receives several significant contributions from Regeneron, Broadcom Foundation, and Intel Foundation in support of its science competitions. The Society also has received certain other promises to give from individuals and institutions. Grants receivable are discounted to net present value in the period promised, using discount rates ranging from 2.20% to 5.05%. Grants receivable are reported net of the related present value discount.

During 2016, sponsorship of Science Talent Search was transferred from Intel Foundation to Regeneron. Regeneron entered into a ten-year grant commitment with the Society to sponsor STS. As discussed in Note A, given the uncertainty of valuing long-term grant commitments, the Society's policy is to record a receivable related only to grant amounts due within five years. Thus, total potential gross payments of \$38,831,000 due from Regeneron for the years 2023 through 2026 have not been included within the grants receivable balance as of December 31, 2017.

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

Notes to the Financial Statements

D. GRANTS RECEIVABLE - CONTINUED

Grants receivable consists of the following at December 31,:

	2017	2016
Receivable in less than one year	\$ 18,329,135	\$ 20,642,032
Receivable in one to five years	54,911,014	63,995,379
	<u>73,240,149</u>	<u>84,637,411</u>
Less discount to net present value	<u>(5,545,787)</u>	<u>(6,194,893)</u>
	<u>\$ 67,694,362</u>	<u>\$ 78,442,518</u>

E. PROPERTY AND EQUIPMENT

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

	2017	2016
Land	\$ 26,946	\$ 26,946
Building	1,521,182	1,521,182
Office furniture and equipment	552,923	552,923
Computer equipment	725,666	725,666
Capitalized software	797,881	793,120
Vehicles	24,945	24,945
	<u>3,649,543</u>	<u>3,644,782</u>
Less accumulated depreciation and amortization	<u>(3,496,813)</u>	<u>(3,358,535)</u>
	<u>\$ 152,730</u>	<u>\$ 286,247</u>

F. LEASE OBLIGATIONS

During 2013, the Society entered into an operating lease for office space at 1920 N Street, NW in Washington, DC. The lease was subsequently amended to extend the term until March 31, 2017. The landlord terminated the lease early during the year ended December 31, 2016.

In conjunction with the landlord's termination of the 1920 N Street lease, the Society entered into an operating lease for office space at 1233 20th Street, NW in Washington, DC during 2016. The lease is for three years and contains a rental abatement equal to the first two months of rent. The lease further contains an escalation clause that adjusts annual base rentals and a pass-through clause related to real estate taxes and operating expenses. Rental expense under these leases was \$391,994 and \$326,352 for the years ended December 31, 2017 and 2016, respectively.

As of December 31, 2017 and 2016 a deferred lease liability of \$48,385 and \$61,045, respectively, is included in accounts payable and accrued expenses in the statements of financial position. Future minimum cash basis lease payments, not including increases in real estate taxes and operating expenses, are expected to total approximately \$405,403 and \$347,670 for the years ending December 31, 2018 and 2019, respectively.

Society for Science & the Public

Notes to the Financial Statements

G. TEMPORARILY RESTRICTED NET ASSETS

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

	January 1, 2017	Additions	Releases from Restriction	December 31, 2017
ISEF sponsorships and awards	\$ 21,500,769	\$ 1,256,429	\$ (9,111,681)	\$ 13,645,517
STS sponsorships and awards, including				
Outreach and Membership	53,075,047	11,421,693	(10,508,353)	53,988,387
Broadcom MASTERS	9,524,464	117,848	(1,924,794)	7,717,518
Other	748,397	1,317,371	(1,252,419)	813,349
	\$ 84,848,677	\$ 14,113,341	\$ (22,797,247)	\$ 76,164,771

	January 1, 2016	Additions	Releases from Restriction	December 31, 2016
ISEF sponsorships and awards	\$ 28,035,343	\$ 1,438,630	\$ (7,973,204)	\$ 21,500,769
STS sponsorships and awards, including				
Outreach and Membership	11,209,526	49,905,406	(8,039,885)	53,075,047
Broadcom MASTERS	10,728,583	424,554	(1,628,673)	9,524,464
Other	1,055,862	973,788	(1,281,253)	748,397
	\$ 51,029,314	\$ 52,742,378	\$ (18,923,015)	\$ 84,848,677

H. PERMANENTLY RESTRICTED NET ASSETS

During 2012, the Society received a \$1 million endowment gift for which the income is meant to be used for supporting or expanding programs that impact K-12 students or education. However the donor also provided flexibility to the Society to use income from this fund for general operating expenses if necessary. As of December 31, 2017, the endowment gift had been fully funded.

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

H. PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

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

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

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

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

Spending policy and how the investment objectives relate to spending policy: In accordance with the endowment's terms, annual earnings equal to 3% of the invested corpus will be added to the total corpus. The remaining portion of the annual earnings will be reflected as temporarily restricted net assets until appropriated for expenditure. Appropriations are made at the discretion of management to support or expand programs with an emphasis on those that impact K-12 students and education. Management also has the discretion to appropriate funds to offset expenses related to the development and administration of such programs.

Funds with deficiencies: From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2017 and 2016.

Society for Science & the Public

Notes to the Financial Statements

H. PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

Endowment net assets and related activity consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2016	\$ -	\$ 1,007,424	\$ 1,007,424
Contributions	-	-	-
Investment return			
Interest and dividends	13,097	16,979	30,076
Net unrealized gain	6,803	8,501	15,304
Net investment gain	19,900	25,480	45,380
Appropriation of endowment assets for expenditure	(19,900)	-	(19,900)
Endowment net assets, December 31, 2016	-	1,032,904	1,032,904
Contributions	-	300,000	300,000
Investment return			
Interest and dividends	38,725	17,083	55,808
Net unrealized gain	41,925	18,495	60,420
Net investment return	80,650	35,578	116,228
Appropriation of endowment assets for expenditure	(80,650)	-	(80,650)
Endowment net assets, December 31, 2017	\$ -	\$ 1,368,482	\$ 1,368,482

I. RETIREMENT PLAN

The Society sponsors a defined contribution retirement plan. Full time employees at least 21 years old are eligible for an employer contribution. Employees are fully and immediately vested in the Society's contributions upon entry into the plan. The Society makes contributions to the plan of 3% of compensation for all eligible employees, and 7% for all eligible employees who elect to defer at least 5% of compensation. The Society's contribution to the plan was approximately \$687,000 and \$614,000 for the years ended December 31, 2017 and 2016, respectively.

J. POSTRETIREMENT BENEFIT OBLIGATION

The Society maintains a postretirement healthcare benefit plan, which it froze in June 2008. Participation in the plan remains open to all employees hired prior to June 30, 2008. Under the plan, an employee becomes eligible to receive benefits if, upon retirement, the sum of the employee's age and years of service with the Society is at least 85 years. The plan was unfunded at December 31, 2017 and 2016, 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, 2017 and 2016, the Society had not applied for the federal subsidy. Therefore, no federal subsidy is reflected in the valuation of the plan for the years ended December 31, 2017 and 2016.

Society for Science & the Public

Notes to the Financial Statements

J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

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

	2017	2016
Accumulated benefit obligation, beginning	\$ 1,789,000	\$ 1,608,000
Benefits paid	(14,000)	(16,000)
Net periodic benefit cost	111,000	93,000
Postretirement benefit changes	82,000	104,000
Accumulated benefit obligation, ending	\$ 1,968,000	\$ 1,789,000

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

	2017	2016
Service cost - benefits earned during the period	\$ 71,000	\$ 67,000
Interest cost on projected benefit obligation	76,000	72,000
Amortization of net gain	(36,000)	(46,000)
	\$ 111,000	\$ 93,000

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

	2017	2016
Gain, beginning of the year	\$ (608,000)	\$ (712,000)
Loss during the year	46,000	58,000
Amortization during the year	36,000	46,000
	\$ (526,000)	\$ (608,000)

The amount of the unrecognized gain expected to be recognized in net periodic benefit cost during the fiscal year ending December 31, 2018, is \$30,000.

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

	2017	2016
Amortization of net gain	\$ (36,000)	\$ (46,000)
Net loss experienced	(46,000)	(58,000)
	\$ (82,000)	\$ (104,000)

J. POSTRETIREMENT BENEFIT OBLIGATION – CONTINUED

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

	2017	2016
Discount rate for net periodic benefit cost	4.25%	4.50%
Discount rate for obligations at year end	3.75%	4.25%
Health care cost trend rate assumed for next year	6.25%	6.50%
Ultimate rate (year 2023)	5.00%	5.00%

The mortality table used in the calculation of the Plan's liability was the RP-2014 mortality table for white collar employees projected using generational mortality improvement scale MP-2016 for the year ended December 31, 2016. For 2017, the same mortality table revised using generational improvement scale MP-2017 was used.

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

	2017	2016
Effect of a 1% increase in medical trend:		
Postretirement benefit obligation	\$ 475,000	\$ 441,000
Postretirement service cost	40,000	39,000
Effect of a 1% decrease in medical trend:		
Postretirement benefit obligation	\$ (365,000)	\$ (338,000)
Postretirement service cost	(31,000)	(30,000)

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

Year Ending December 31,

2018	\$ 15,000
2019	19,000
2020	28,000
2021	37,000
2022	44,000
2023 to 2027	274,000

K. COMMITMENTS AND CONTINGENCIES

Line of Credit: During 2007, the Society entered into an arrangement with a financial institution to secure a purchase card program. The card is supported by an unsecured \$1 million line of credit. The outstanding credit card balance was \$0 at December 31, 2017 and 2016. No interest expense related to the line of credit was incurred during either of the years ended December 31, 2017 and 2016.

During 2013, the Society entered into a separate arrangement with a financial institution to secure a separate purchase card program. The card is supported by an unsecured \$250,000 line of credit. There was no outstanding balance on the card as of December 31, 2017 and 2016, and no interest expense was incurred on this line during 2017 and 2016.

T A T E



T R Y O N

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on Other Financial Information

To the Board of Trustees
Society for Science & the Public

We have audited the financial statements of Society for Science & the Public as of and for the years ended December 31, 2017 and 2016, and our report thereon dated February 16, 2018, which expressed an unmodified opinion on those financial statements, appears on page one. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on the following pages are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on the following pages is fairly stated in all material respects in relation to the financial statements as a whole.

Tate & Tryon

Washington, DC
February 16, 2018

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Society for Science & the Public

Schedule of Functional Expenses

Year Ended December 31, 2017

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expense
	Science News	Science Education Programs	Alumni	Special Initiatives		General and Administrative	Development		
Salaries and benefits	\$ 3,371,344	\$ 2,958,646	\$ 346,674	\$ 99,240	\$ 6,775,904	\$ 2,277,044	\$ 758,460	\$ 3,035,504	\$ 9,811,408
Awards, scholarships, and grants		4,608,381			4,608,381			-	4,608,381
Professional fees and services	556,012	2,538,855	40,957	642,211	3,778,035	409,251	31,628	440,879	4,218,914
Events and banquets		2,601,179	68,416		2,669,595	16,676	15,461	32,137	2,701,732
Travel and entertainment	64,971	1,862,346	16,458	251	1,944,026	55,307	23,838	79,145	2,023,171
Computer, software and equipment	110,703	370,736	28,370	131,144	640,953	1,095,860	100,326	1,196,186	1,837,139
Printing	1,018,591	64,358	5,245	52,350	1,140,544	42,803	42,067	84,870	1,225,414
Postage and shipping	558,026	87,218	4,703	41,732	691,679	18,046	61,071	79,117	770,796
Repairs, maintenance, and storage	4,033	139,121			143,154	507,417		507,417	650,571
Marketing and advertising	65,628	242,107	8,817	16,553	333,105	41,768	32,070	73,838	406,943
Supplies and other	3,142	248,962	21,191		273,295	59,610	1,177	60,787	334,082
Insurance	14,300	46,402			60,702	81,930		81,930	142,632
Depreciation		113,667			113,667	24,611		24,611	138,278
Taxes	2,536	1,132			3,668	124,184		124,184	127,852
Telephone, internet, and other communications	3,467	54,473			57,940	57,271	849	58,120	116,060
Registration, contribution, affiliation, and other fees	13,523	35,787	3,786		53,096	5,453	13,931	19,384	72,480
Bank fees and other charges	31,596	21,256			52,852	10,726	4,565	15,291	68,143
Utilities					-	38,125		38,125	38,125
Bad debts		205			205	33,805		33,805	34,010
Overhead allocation	835,585	2,276,141	93,012		3,204,738	(3,644,996)	440,258	(3,204,738)	-
Total Expense	\$ 6,653,457	\$ 18,270,972	\$ 637,629	\$ 983,481	\$ 26,545,539	\$ 1,254,891	\$ 1,525,701	\$ 2,780,592	\$ 29,326,131

Society for Science & the Public

Schedule of Functional Expenses

Year Ended December 31, 2016

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expense
	Science News	Science Education Programs	Outreach		General and Administrative	Development		
Salaries and benefits	\$ 2,960,559	\$ 2,372,646	\$ 859,246	\$ 6,192,451	\$ 1,689,300	\$ 470,323	\$ 2,159,623	\$ 8,352,074
Awards, scholarships, and grants	-	2,974,793	-	2,974,793	-	-	-	2,974,793
Professional fees and services	452,707	1,889,145	393,300	2,735,152	797,750	94,253	892,003	3,627,155
Events and banquets	1,974	2,238,683	111,715	2,352,372	164	-	164	2,352,536
Travel and entertainment	75,275	1,719,152	64,717	1,859,144	51,949	7,861	59,810	1,918,954
Computer, software and equipment	29,265	144,089	77,127	250,481	933,232	3,000	936,232	1,186,713
Printing	1,128,313	173,200	13,132	1,314,645	92,089	77,395	169,484	1,484,129
Postage and shipping	600,790	106,312	48,984	756,086	14,461	39,614	54,075	810,161
Repairs, maintenance, and storage	1,355	5,849	-	7,204	445,001	-	445,001	452,205
Marketing and advertising	7,812	25,876	25,023	58,711	-	634	634	59,345
Supplies and other	4,075	582,529	85,684	672,288	63,194	1,823	65,017	737,305
Insurance	28,691	26,274	-	54,965	65,496	-	65,496	120,461
Depreciation	-	113,667	-	113,667	190,140	-	190,140	303,807
Taxes	-	-	-	-	141,219	-	141,219	141,219
Telephone, internet, and other communications	788	63,300	489	64,577	70,853	272	71,125	135,702
Registration, contribution, affiliation, and other fees	9,372	23,548	19,619	52,539	21,776	4,156	25,932	78,471
Bank fees and other charges	23,468	(8,226)	(108)	15,134	(855)	5,677	4,822	19,956
Utilities	-	53,620	103	53,723	36,151	-	36,151	89,874
Bad debts	(1,265)	-	-	(1,265)	-	-	-	(1,265)
Miscellaneous	243	-	-	243	-	239	239	482
Overhead allocation	826,394	1,941,049	263,738	3,031,181	(3,140,655)	109,474	(3,031,181)	-
Total Expense	\$ 6,149,816	\$ 14,445,506	\$ 1,962,769	\$ 22,558,091	\$ 1,471,265	\$ 814,721	\$ 2,285,986	\$ 24,844,077