

SOCIETY FOR CORPORATE GOVERNANCE, INC.

FINANCIAL STATEMENTS

MARCH 31, 2025 and 2024

SOCIETY FOR CORPORATE GOVERNANCE, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Society for Corporate Governance, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Society for Corporate Governance, Inc. (the "Society"), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society for Corporate Governance, Inc. as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The Society's 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.

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 for one year after the date that the financial statements are available to be issued.

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

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC and its subsidiary entities provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

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

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

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
June 23, 2025



SOCIETY FOR CORPORATE GOVERNANCE, INC.**Statements of Financial Position**

	March 31,	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 2,562,673	\$ 1,772,592
Chapter cash and cash equivalents	870,567	841,342
Accounts receivable	206,281	104,689
Investments	2,153,800	2,300,192
Prepaid expenses and other asset	334,955	384,634
Right-of-use asset – operating lease	766,787	869,236
Property and equipment	24,880	25,162
	<u>\$ 6,919,943</u>	<u>\$ 6,297,847</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	\$ 834,849	\$ 599,522
Dues paid in advance	1,324,662	1,304,178
Deferred conference revenue	384,470	96,861
Lease liability	766,787	869,236
Accrued pension liability	124,494	116,296
	<u>3,435,262</u>	<u>2,986,093</u>
Total liabilities		
	<u>3,435,262</u>	<u>2,986,093</u>
Commitments (see Note H)		
Net assets:		
Without donor restrictions:		
Undesignated and available for general activities	611,515	1,031,763
Board-designated fund	2,873,166	2,279,991
	<u>3,484,681</u>	<u>3,311,754</u>
Total net assets		
	<u>\$ 6,919,943</u>	<u>\$ 6,297,847</u>

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Statements of Activities

	Year Ended March 31,	
	2025	2024
Revenue:		
Support and revenue:		
Membership dues	\$ 2,435,559	\$ 2,338,514
National conference and seminars	2,910,612	2,334,063
Sponsorship and royalty revenue	295,655	273,643
Interest and dividends, net	164,929	98,833
Realized and unrealized gains on investments	41,044	140,546
Gain on lease modification	-	55,862
Other income	2	5
	<u>5,847,801</u>	<u>5,241,466</u>
Total support and revenue		
Expenses:		
Program services:		
Business development	172,611	168,349
Chapter development, events, and programs	437,190	331,524
Events	2,198,575	1,648,014
Membership	665,315	553,641
Research and advisory	519,509	428,765
	<u>3,993,200</u>	<u>3,130,293</u>
Total program services		
Management and administrative	<u>1,644,986</u>	<u>1,641,014</u>
Total expenses	<u>5,638,186</u>	<u>4,771,307</u>
Change in net assets before pension adjustment	209,615	470,159
Pension-related benefits - changes other than service costs (see Note F)	<u>(36,688)</u>	<u>104,085</u>
Change in net assets	172,927	574,244
Net assets without donor restrictions, beginning of year	<u>3,311,754</u>	<u>2,737,510</u>
Net assets without donor restrictions, end of year	\$ 3,484,681	\$ 3,311,754

See notes to financial statements.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Statement of Functional Expenses Year Ended March 31, 2025 (with summarized financial information for 2024)

	Program Services						Supporting Services	Total	
	Business Development	Chapter Development, Events and Programs	Events	Membership	Research and Advisory	Total	Management and Administrative	2025	2024
Salaries	\$ 110,116	\$ 197,389	\$ 481,087	\$ 246,609	\$ 322,673	\$ 1,357,874	\$ 854,326	\$ 2,212,200	\$ 1,926,401
Payroll taxes and benefits	25,552	40,107	145,327	60,240	68,899	340,125	239,341	579,466	468,478
Awards and gifts	-	-	-	-	258	258	1,480	1,738	5,284
Bank charges and credit card fees	770	1,458	3,247	164,580	1,964	172,019	15,599	187,618	157,946
Communications	1,224	2,617	5,101	2,630	2,895	14,467	8,936	23,403	74,703
Conferences and seminars	-	1,408	1,298,166	-	260	1,299,834	1,127	1,300,961	1,005,868
Depreciation and amortization	-	-	-	-	-	-	13,589	13,589	14,256
Dues and annual fees	85	12,799	352	1,680	24,367	39,283	553	39,836	35,225
Insurance	881	1,693	4,401	2,251	2,849	12,075	7,260	19,335	16,824
Catering and event-space rental	-	117,253	21,435	-	-	138,688	481	139,169	174,657
Membership development	-	-	4,311	112,208	-	116,519	-	116,519	84,041
Occupancy	7,825	14,134	33,335	17,832	21,213	94,339	58,770	153,109	193,195
Office services and supplies	668	993	2,991	1,416	4,871	10,939	3,952	14,891	3,298
Printing and compiling	1	2	5	3	4	15	11	26	8
Professional development	105	163	2,193	197	216	2,874	26,953	29,827	4,095
Professional fees	8,474	14,453	35,236	18,003	20,865	97,031	260,839	357,870	298,329
Postage and shipping	19	35	83	46	54	237	244	481	865
Publications and subscriptions	704	1,124	2,881	1,442	1,524	7,675	4,054	11,729	12,713
Technology	15,664	28,044	67,386	35,862	41,914	188,870	119,052	307,922	209,459
Travel and entertainment	539	3,382	3,574	776	5,230	13,501	3,450	16,951	34,240
Other	1,577	2,636	96,522	3,294	3,747	107,776	39,887	147,663	64,538
Total expenses	174,204	439,690	2,207,633	669,069	523,803	4,014,399	1,659,904	5,674,303	4,784,423
Other components of net periodic costs	(1,593)	(2,500)	(9,058)	(3,754)	(4,294)	(21,199)	(14,918)	(36,117)	(13,116)
Total expenses per statements of activities	\$ 172,611	\$ 437,190	\$ 2,198,575	\$ 665,315	\$ 519,509	\$ 3,993,200	\$ 1,644,986	\$ 5,638,186	\$ 4,771,307

See notes to financial statements.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Statement of Functional Expenses Year Ended March 31, 2024

	Program Services						Supporting Services	
	Business Development	Chapter Development, Events and Programs	Events	Membership	Research and Advisory	Total	Management and Administrative	Total
Salaries	\$ 109,714	\$ 137,203	\$ 399,004	\$ 215,992	\$ 279,205	\$ 1,141,118	\$ 785,283	\$ 1,926,401
Payroll taxes and benefits	23,187	26,343	113,342	48,451	52,232	263,555	204,923	468,478
Awards and gifts	335	456	1,344	703	684	3,522	1,762	5,284
Bank charges and credit card fees	537	717	2,219	141,096	1,270	145,839	12,107	157,946
Communications	1,313	2,253	5,634	3,122	3,374	15,696	59,007	74,703
Conferences and seminars	-	-	1,005,797	-	-	1,005,797	71	1,005,868
Depreciation and amortization	501	993	4,901	1,647	1,275	9,317	4,939	14,256
Dues and annual fees	108	165	451	3,253	24,394	28,371	6,854	35,225
Insurance	1,075	1,509	4,221	2,474	2,090	11,369	5,455	16,824
Catering and event-space rental	197	120,751	-	-	-	120,948	53,709	174,657
Membership development	-	-	-	74,713	-	74,713	9,328	84,041
Occupancy	9,052	13,894	37,674	21,343	20,961	102,924	90,271	193,195
Office services and supplies	177	294	778	435	452	2,136	1,162	3,298
Printing and compiling	-	1	2	1	1	5	3	8
Professional development	202	355	907	479	625	2,568	1,527	4,095
Professional fees	2,860	5,028	12,880	6,991	8,409	36,168	262,161	298,329
Postage and shipping	16	28	76	39	47	206	659	865
Publications and subscriptions	650	1,114	2,887	1,566	1,859	8,076	4,637	12,713
Technology	12,953	18,748	52,342	30,081	27,726	141,850	67,609	209,459
Travel and entertainment	5,327	1,224	3,350	703	3,908	14,512	19,728	34,240
Other	792	1,224	3,350	1,926	1,764	9,056	55,482	64,538
Total expenses	168,996	332,300	1,651,159	555,015	430,276	3,137,746	1,646,677	4,784,423
Other components of net periodic costs	(647)	(776)	(3,145)	(1,374)	(1,511)	(7,453)	(5,663)	(13,116)
Total expenses per statements of activities	\$ 168,349	\$ 331,524	\$ 1,648,014	\$ 553,641	\$ 428,765	\$ 3,130,293	\$ 1,641,014	\$ 4,771,307

See notes to financial statements.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Statements of Cash Flows

	Year Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 172,927	\$ 574,244
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,589	14,256
Change in lease liability from lease modification	-	(55,862)
Noncash lease amortization	102,449	66,016
Realized and unrealized gains on investments	(41,044)	(140,546)
Changes in:		
Accounts receivable	(101,592)	19,890
Prepaid expenses and other asset	49,679	(12,985)
Accrued pension liability	8,198	(136,223)
Dues paid in advance	20,484	45,274
Deferred conference revenue	287,609	(111,025)
Accounts payable, accrued expenses, and other liabilities	235,327	55,733
Lease liability	(102,449)	(66,016)
Net cash provided by operating activities	<u>645,177</u>	<u>252,756</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	(13,307)	(29,075)
Purchases of investment securities	(3,075,456)	(910,222)
Maturities and sales of investment securities	<u>3,262,892</u>	<u>855,645</u>
Net cash provided by (used in) investing activities	<u>174,129</u>	<u>(83,652)</u>
Change in cash and cash equivalents and chapter cash and cash equivalents	819,306	169,104
Cash and cash equivalents and chapter cash and cash equivalents, beginning of year	<u>2,613,934</u>	<u>2,444,830</u>
Cash and cash equivalents and chapter cash and cash equivalents, end of year	\$ 3,433,240	\$ 2,613,934
Summary of cash and cash equivalents:		
Cash and cash equivalents	\$ 2,562,673	\$ 1,772,592
Chapter cash and cash equivalents	<u>870,567</u>	<u>841,342</u>
Total cash and cash equivalents and chapter cash and cash equivalents	<u>\$ 3,433,240</u>	<u>\$ 2,613,934</u>
Supplemental disclosure of cash flow information:		
Noncash lease liability arising from obtaining right-of-use asset	<u>\$ -</u>	<u>\$ 935,252</u>

See notes to financial statements.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

Society for Corporate Governance, Inc. (the "Society"), was incorporated in the State of New York in 1946, as a not-for-profit service organization, for which its primary sources of income are membership dues and conference fees. The Society's purpose is to promote and assist the voluntary exchange of information and experience among its members, relating to the duties and practices of the role of corporate secretary and other governance professionals.

The Society has 21 regional chapters throughout the United States. All financial information relating to the Society's chapters has been included in these financial statements.

The Society is exempt from federal income tax under the provisions of Section 501(c)(6) of the Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of the Society have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial reporting purposes, the Society considers all highly liquid instruments purchased, with an original maturity of three months or less, to be cash and cash equivalents, except for those cash and cash equivalents held as part of the investment portfolio.

[5] Investments:

The Society's investments in certificates of deposit, money market funds, mutual funds, U.S. government obligations, and exchange-traded funds are reported at their fair values in the statements of financial position based on quoted market prices.

The Society's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the costs basis to proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investments' cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Investment expenses include the service fees and costs of bank trustees, investment managers and custodians. The balances of investment management fees are shown net of interest and dividend income on the accompanying statements of activities in the amount of \$10,104 and \$8,870 for 2025 and 2024, respectively. Those are the specific fees charged by the Society's various investment managers in each year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

[6] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, less accumulated depreciation and amortization. The Society capitalizes items of property and equipment that have a cost of \$1,000 or more and useful lives greater than one year, whereas minor costs of repair and maintenance are expensed as incurred. Depreciation of property and equipment is provided using the straight-line method over the estimated useful life of the respective assets, which range from three to eight years, the estimated useful life of the assets. Likewise, leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and when triggering events indicate that the fair value of long-lived assets may be less than the carrying value, recognizes any impairment in the year of determination. There were no triggering events during fiscal-year 2025 or 2024 requiring management to test for impairment adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Accrued vacation:

Accrued vacation is included as a liability in the financial statements and represents the Society's obligation for the potential cost of unused employee vacation time that would be payable in the event that these employees leave the Society. At March 31, 2025 and 2024, the accrued vacation obligation was approximately \$29,000 and \$44,000, respectively, and was reported as part of accounts payable, accrued expenses, and other liabilities in the accompanying statements of financial position.

[8] Leases:

The Society determines if an arrangement is a lease at inception. For the Society's operating leases, a right-of-use ("ROU") asset represents the Society's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Society's lease agreements do not provide an implicit interest rate, the Society uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Net assets:

The net assets of the Society and the changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

The Society's net assets without donor restrictions represent those resources for which there are no donor restrictions as to their use and are available for current operations. The board-designated fund, the related resources of which are subject to future uses at the discretion of the Board of Directors (the "Board"), are without donor restrictions.

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purpose and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." It is the Society's policy to report contribution and grant income subject to donor restrictions, which are received and expended in the same year of donation, as net-assets without donor restrictions. For fiscal years 2025 and 2024, the Society did not have net assets with donor restrictions.

[10] Revenue recognition:

Revenue from contracts with customers:

The Society recognizes revenue when, or as, performance obligations associated with contracts with customers are satisfied. Revenue is measured as the amount of consideration the Society receives in exchange for providing services. The primary sources of revenue from contracts with customers for the Society are membership dues, national conference and seminars, chapter events and programs, and sponsorship and royalty revenue.

(a) *Membership dues:*

Membership dues are recorded as revenues in the year to which the membership services are provided, which is on an annual basis commencing on the day in which the contract is signed and must be renewed each year. The performance obligation is satisfied throughout the membership period, and in alignment with the Society's fiscal year or portion of the fiscal year upon payment. Members immediately have full access upon payment to a broad array of information, advocacy, and services found nowhere else including publications and events, networking resources and events, and the practical resources pages.

There is no remaining performance obligation required of the Society upon the member period termination date. Dues received in advance of an applicable membership period are reported in the statements of financial position as dues paid in advance.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Revenue recognition: (continued)

Revenue from contracts with customers: (continued)

(b) National conferences and seminars:

Fees charged for national conferences and seminars are recorded as revenues in the applicable period that the national conferences and seminars take place. The performance obligation is satisfied after the national conferences and seminars take place and in alignment with the Society's fiscal year or portion of the fiscal year upon payment. There is no remaining performance obligation required of the Society upon completion of the national conferences and seminars. Payments received in advance of the national conferences and seminars are reported in the statements of financial position as deferred conference revenue.

(c) Sponsorship and royalty revenue:

The Society earns sponsorship revenue when the funds are received from sponsorships obtained for its newsletter and events. The performance obligation is satisfied when the newsletter for the events have been circulated, and in alignment with the Society's fiscal year or portion of the fiscal year upon payment. There is no remaining performance obligation required of the Society upon circulation of the newsletter. Royalty revenue is generated when funds are received mainly from sales of a joint publication with the American Bar Association. The performance obligation is satisfied when the publication is sold, and in alignment with the Society's fiscal year or portion of the fiscal year upon payment. There is no remaining performance obligation required of the Society upon sale of the publication.

[11] Functional allocation of expenses:

The costs of providing the Society's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of time spent by employees and the nature of the expense. Business development expense pertains to meetings and engagement with other corporate governance constituents for the purposes of advancing the Society's mission and goals and collaborating on substantive matters and educational programs benefiting membership. Membership program includes soliciting for prospective members and membership dues, membership relations, and similar activities. The Society incurs no significant fund-raising expenses.

[12] Income taxes:

The Society is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income-tax obligations. For the Society, these provisions could be applicable to the incurrence of unrelated business income. Because of the Society's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Society's financial statements.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Subsequent events:

The Society evaluated subsequent events through June 23, 2025, the date on which the financial statements were available to be issued.

NOTE B - RECEIVABLES

At each fiscal year-end, accounts receivable consists of amounts due from sponsorship and other exchange-type receivables. These receivables are due within one year. The Society has adopted ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires the recognition of an allowance for expected credit losses over the lifetime of the receivables.

Management evaluates the collectability of accounts receivable based on historical collection experience, current economic conditions, and reasonable and supportable forecasts of future economic conditions. Management believed that receivables will be fully collectible, therefore, there was no allowance for doubtful accounts for both fiscal years ended 2025 and 2024.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE C - INVESTMENTS

At each fiscal year end, investments consisted of the following:

	March 31,	
	2025	2024
	Fair Value	
Certificates of deposit	\$ 90,796	\$ 90,299
Money market funds	16,987	2,620
Mutual funds-equity securities	374,289	299,482
U.S. government obligations	1,393,844	1,607,066
Exchange-traded funds	277,884	300,725
	<u>\$ 2,153,800</u>	<u>\$ 2,300,192</u>

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued.

The availability of available market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following table summarizes the fair values of the investments at each fiscal year end, in accordance with the ASC Topic 820 valuation levels:

	March 31,					
	2025			2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 90,796	\$ 90,796	\$ -	\$ 90,299	\$ 90,299
Money market funds	16,987	-	16,987	2,620	-	2,620
Mutual funds-equity securities	374,289	-	374,289	299,482	-	299,482
U.S. government obligations	-	1,393,844	1,393,844	-	1,607,066	1,607,066
Exchange-traded funds	277,884	-	277,884	300,725	-	300,725
	<u>\$ 669,160</u>	<u>\$ 1,484,640</u>	<u>\$ 2,153,800</u>	<u>\$ 602,827</u>	<u>\$ 1,697,365</u>	<u>\$ 2,300,192</u>

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year end, property and equipment consisted of the following:

	March 31,	
	2025	2024
Furniture and equipment	\$ 112,719	\$ 99,412
Leasehold improvements	5,327	5,327
	118,046	104,739
Less: accumulated depreciation	(93,166)	(79,577)
	\$ 24,880	\$ 25,162

There were no disposals during fiscal year 2025. During fiscal year 2024, the Society disposed of approximately \$106,000 of fully-depreciated property and equipment that was no longer in use.

NOTE E - DUES PAID IN ADVANCE AND DEFERRED CONFERENCE REVENUE

The following table provides information about significant changes in dues paid in advance:

	March 31,	
	2025	2024
Dues paid in advance, beginning of year	\$ 1,304,178	\$ 1,258,904
Revenue recognized that was included in dues paid in advance at the beginning of the year	(1,304,178)	(1,258,904)
Increase in dues paid in advance due to cash received during the period	1,324,662	1,304,178
Dues paid in advance, end of year	\$ 1,324,662	\$ 1,304,178

The following table provides information about significant changes in deferred conference revenue:

	March 31,	
	2025	2024
Deferred conference revenue, beginning of year	\$ 96,861	\$ 207,886
Revenue recognized that was included in deferred conference revenue at the beginning of the year	(96,861)	(207,886)
Increase in deferred conference revenue due to cash received during the period	384,470	96,861
Deferred conference revenue, end of year	\$ 384,470	\$ 96,861

There were no other significant assets or liabilities at March 31, 2025 or 2024.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE F - EMPLOYEE-BENEFIT PLANS

[1] Defined-benefit pension plan:

The Society maintains a defined-benefit pension plan that entitles employees to a retirement benefit payable at normal retirement age, as determined under a defined-benefit formula. As of December 31, 2009, the defined-benefit plan was amended to freeze the accrual of future benefits. The amendment did not reduce employee benefits already accrued through the freeze date, but no future accrual service will be credited and no future changes in compensation will be taken into account in the determination of a participant's accrued benefit. Furthermore, current or future employees may not become active participants of the plan. As a result of the plan freeze, the plan's projected benefit obligation is equal to its accumulated benefit obligation.

The following table sets forth the changes in the plan's benefit obligations and plan assets and the components of the plan amounts recognized in the financial statements:

	March 31,	
	2025	2024
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 1,949,309	\$ 2,026,547
Service cost	4,510	4,510
Interest cost	81,836	83,412
Actuarial gain	53,224	(40,007)
Expense charges	(4,510)	(4,270)
Benefits paid	(120,643)	(120,883)
Projected benefit obligation at end of year	<u>1,963,726</u>	<u>1,949,309</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	1,833,013	1,774,028
Actual return on plan assets	98,372	147,490
Employer contributions	33,000	36,648
Benefits paid	(125,153)	(125,153)
Fair value of plan assets at end of year	<u>1,839,232</u>	<u>1,833,013</u>
Underfunded status at end of year	<u>\$ (124,494)</u>	<u>\$ (116,296)</u>
Adjustment to net assets, reported in the statements of activities:		
Net gains (losses)	<u>\$ (571)</u>	<u>\$ 117,201</u>
Components of net periodic benefit cost:		
Service cost	\$ 4,510	\$ 4,510
Interest cost	81,836	83,412
Expected return on plan assets	(80,256)	(109,049)
Amortization of net loss	34,537	38,753
Periodic benefit cost	<u>\$ 40,627</u>	<u>\$ 17,626</u>

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE F - EMPLOYEE-BENEFIT PLANS (CONTINUED)

[1] Defined-benefit pension plan: (continued)

The plan's assets at each year end consisted of the following:

	March 31,	
	2025	2024
Cash	\$ -	\$ 20,852
Equity securities	-	671,725
Fixed-income securities	1,839,232	1,140,436
	<u>\$ 1,839,232</u>	<u>\$ 1,833,013</u>

The plan trustees' primary investment objective is to optimize the long-term return on the plan's assets at an acceptable level of risk with a low level of expense. During fiscal year 2025, the plan's assets were fully invested in fixed income securities owned and managed by the Mutual of America's General Account investment managers and are considered Level 1 within the fair value hierarchy. The benchmark investment objective is an annual return of 5.25% to 6.75%, the current actuarial preretirement valuation rate needed to meet the long-term pension obligations.

The weighted-average assumptions used are as follows:

	March 31,	
	2025	2024
Discount rate	4.90%	4.50%
Expected long-term return on plan assets	5.25%	6.75%
Rate of compensation increase	0.00%	0.00%

The funding policy is to make the minimum annual contributions required by applicable regulations. Management contributed \$33,000 and \$36,648 for fiscal years 2025 and 2024, respectively.

Based on expected future service, the benefit distributions expected to be paid in future fiscal years are:

Year Ending March 31,	Expected Benefit Distributions
2026	\$ 676,000
2027	284,000
2028	108,000
2029	178,000
2030 - 2035	683,000

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE F - EMPLOYEE-BENEFIT PLANS (CONTINUED)

[2] 401(k) savings plan:

The Society also maintains a defined-contribution retirement plan, established under Section 401(k) of the Code for eligible employees. Employees may contribute any whole percentage amount of their gross compensation, subject to the Code's limitations. Total employer contributions for fiscal years 2025 and 2024 were \$103,311 and \$82,157, respectively. All contributions to the plan are immediately vested.

NOTE G - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Society's financial assets at each fiscal-year end available for general expenditures within one year of the statements of financial position dates:

	March 31,	
	2025	2024
Cash and cash equivalents	\$ 2,562,673	\$ 1,772,592
Chapter cash and cash equivalents	870,567	841,342
Accounts receivable	206,281	104,689
Investments	<u>2,153,800</u>	<u>2,300,192</u>
Total financial assets available within one year	5,793,321	5,018,815
Less: amounts unavailable to management without the Board's approval:		
Board-designated fund	<u>(2,873,166)</u>	<u>(2,279,991)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,920,155</u>	<u>\$ 2,738,824</u>

Liquidity policy:

The Society's liquidity policy is to ensure that the Society operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor restriction will be used to satisfy the minimum liquidity target. Additionally, the Society has a Board-designated fund without donor restrictions that, although the Society doesn't intend to spend these funds for purposes other than those identified, and approved by the Board, could be used to help manage unanticipated liquidity needs, if needed.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE H - COMMITMENTS

[1] Leases:

The Society leases office space under an operating lease agreement that expires in October 2025. During fiscal year 2024, the operating lease contract was amended significantly whereby the Society relocated their previous space to new space in the same building as well as a change in the lease term through August 2031.

Total lease costs under these agreements were \$135,578 and \$149,329 for fiscal years 2024 and 2023, respectively. There were no variable costs included in the total lease costs for fiscal year 2025 or 2024.

The future minimum lease payments required under this operating lease are as follows:

Year Ending March 31,	March 31,	
	2025	2024
2025	\$ -	\$ 135,578
2026	135,578	135,578
2027	135,578	135,578
2028	135,578	135,578
2029	135,578	135,578
Thereafter	327,647	327,647
	869,959	1,005,537
Less: amount representing interest	(103,172)	(136,301)
Amount reported on statements of financial position	\$ 766,787	\$ 869,236
	March 31,	
	2025	2024
Current portion of operating lease liabilities	\$ 106,711	\$ 102,449
Operating lease liabilities, net of current portion	660,076	766,787
Total operating lease liabilities	\$ 766,787	\$ 869,236
Weighted average remaining lease term:		
Operating lease	77 months	89 months
Weighted average discount rate:		
Operating lease	4.08%	4.08%

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Notes to Financial Statements March 31, 2025 and 2024

NOTE H - COMMITMENTS (CONTINUED)

[2] Other contracts:

In the normal course of its business, the Society enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

NOTE I - CREDIT RISK

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash-equivalents deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Corporation coverage, management believes that the Society does not face a significant risk of loss on these accounts that might result from failures of these financial institutions.