EisnerAmper

SOCIETY FOR CORPORATE GOVERNANCE, INC.

FINANCIAL STATEMENTS

March 31, 2018 and 2017

EISNERAMPER

EisnerAmper LLP
750 Third Avenue
New York, NY 10017
T 212.949.8700
F 212.891.4100
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Society for Corporate Governance, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Society for Corporate Governance, Inc. (the "Society"), which comprise the statements of financial position as of March 31, 2018 and 2017, 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

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.

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 the Society for Corporate Governance, Inc. as of March 31, 2018 and 2017, 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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
June 13, 2018

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Statements of Financial Position

	March 31, 2018	March 31, 2017
ASSETS		
Cash and cash equivalents	**$ 1,567,593**	$ 1,589,595
Chapter cash	**805,691**	804,240
Accounts receivable (Note B)	**31,414**	113,446
Prepaid expenses and other asset	**364,834**	198,203
Investments (Note C)	**1,292,693**	1,164,661
Property and equipment (Note D)	**48,844**	51,256
	$ 4,111,069	$ 3,921,401
LIABILITIES AND NET ASSETS		
Accounts payable, accrued expenses, and other liabilities	**$ 166,667**	$ 182,405
Dues paid in advance	**1,175,055**	1,125,661
Deferred conference revenue	**212,325**	183,107
Accrued pension cost (Note E)	**283,234**	348,263
Total liabilities	**1,837,281**	1,839,436
Commitments (Note G)		
Net assets:		
Unrestricted:		
General, undesignated	**841,312**	716,708
Board-designated fund	**1,394,074**	1,365,257
Total unrestricted net assets	**2,235,386**	2,081,965
Temporarily restricted net assets	**38,402**	
Total net assets	**2,273,788**	2,081,965
	$ 4,111,069	$ 3,921,401

See notes to financial statements.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Statements of Activities

	Year Ended March 31, 2018	Year Ended March 31, 2017
Unrestricted support and revenue:		
Membership dues and entrance fees	**$ 1,960,384**	$ 1,810,061
National conference and seminars	**2,122,290**	1,888,058
Chapter events and programs	**294,023**	273,254
Sponsorship and royalty revenue	**119,986**	82,639
Interest and dividends	**31,895**	18,677
Realized and unrealized gains on investments	**10,695**	28,992
Rental income (Note G)		103,895
Grant income	**10,786**	
Other income	**10**	500
Total unrestricted support and revenue	**4,550,069**	4,206,076
Expenses:		
Program services:		
Business development	**218,053**	181,795
Chapter development	**108,226**	84,567
Chapter events and programs	**290,235**	269,010
Events	**1,860,714**	1,480,680
Membership	**503,460**	384,622
Research and advocacy	**505,060**	417,646
Total program services	**3,485,748**	2,818,320
General and administrative - operations	**929,219**	943,239
General and administrative - rental of 521 Fifth Avenue		99,905
	929,219	1,043,144
Total expenses	**4,414,967**	3,861,464
Increase in unrestricted net assets before adjustment related to pension plan	**135,102**	344,612
Pension-related changes other than periodic costs (Note E)	**18,319**	120,882
Increase in unrestricted net assets	**153,421**	465,494
Temporarily restricted grant income	**38,402**	
Increase in net assets	**191,823**	465,494
Net assets, beginning of year	**2,081,965**	1,616,471
Net assets, end of year	**$ 2,273,788**	$ 2,081,965

See notes to financial statements.

SOCIETY FOR CORPORATE GOVERNANCE, INC.

Statements of Cash Flows

	Year Ended March 31, 2018	Year Ended March 31, 2017
Cash flows from operating activities:		
Increase in net assets	**$ 191,823**	$ 465,494
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**25,765**	23,418
Net realized and unrealized gains on investments	**(10,695)**	(28,992)
Changes in:		
Accounts receivable	**82,032**	(60,982)
Prepaid expenses and other asset	**(166,631)**	74,741
Accounts payable, accrued expenses, and other liabilities	**(15,738)**	18,210
Dues paid in advance	**49,394**	91,037
Deferred conference revenue	**29,218**	(205,709)
Accrued pension cost	**(65,029)**	(140,268)
Net cash provided by operating activities	**120,139**	236,949
Cash flows from investing activities:		
Purchases of furniture and equipment	**(23,353)**	(27,117)
Purchases of investment securities	**(500,894)**	(684,469)
Redemptions of investment securities	**383,557**	217,000
Net cash used in investing activities	**(140,690)**	(494,586)
Decrease in cash and cash equivalents	**(20,551)**	(257,637)
Cash and cash equivalents and chapter cash, beginning of year	**2,393,835**	2,651,472
Cash and cash equivalents and chapter cash, end of year	**$ 2,373,284**	$ 2,393,835

	March 31, 2018	March 31, 2017
Summary of cash and cash equivalents:		
Cash and cash equivalents	**$ 1,567,593**	$ 1,589,595
Chapter cash	**805,691**	804,240
Total cash and cash equivalents and chapter cash	**$ 2,373,284**	$ 2,393,835

See notes to financial statements.

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 maintained in the Society's investment portfolio.

[5] Investments:

The Society's investments in certificates of deposit, equity and debt securities, and mutual 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 unrestricted net assets. Realized gains and losses on investments are determined by comparison of the costs of acquisition to proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

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

[6] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition. The Society capitalizes items of property and equipment that have a cost of $1,000 or more and a useful life 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 recognized any impairment in the year of determination. Long-lived assets were tested for impairment as of March 31, 2018 and 2017, respectively, and in the opinion of management, there were no impairments. 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; the obligation is recalculated every year. At March 31, 2018 and 2017, the accrued vacation obligation was approximately $55,900 and $40,200, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

[8] Deferred rent:

Rental income and rental expense are recognized using the straight-line method over the term of the lease. The difference between rent expense incurred and the rental amounts paid, which is attributable to scheduled rent increases, is reported as a "deferred rent" obligation and is included as part of accounts payable, accrued expenses, and other liabilities in the statements of financial position.

[9] Net assets:

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

i. Unrestricted:

Unrestricted net assets represent those resources that are not subject to restrictions and are available for current operations. The Board of Directors has designated a portion of unrestricted net assets to be known as the Board-designated fund, for future capital acquisition or projects and to act as a secondary cash reserve, to be determined and approved by the Board of Directors.

ii. Temporarily restricted:

Temporarily restricted net assets represent those resources the use of which has been restricted to specific purposes. When a restriction expires, that is, when a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as "net assets released from restrictions." It is Society's policy to report temporarily restricted income received and expended in the same year in the unrestricted net-asset category.

[10] Revenue recognition:

i. Membership dues and entrance fees:

Membership dues are recognized as income over the membership period, and amounts received applicable to a subsequent year are reported as dues paid in advance.

ii. National conference and seminars, chapter events and programs:

National conference, seminars, chapter events and program fees are recognized as revenues in the applicable period the event takes place. Amounts received in advance of an event taking place are reported as deferred conference revenue.

iii. Rental income:

Rental income, which represents sublease rental income on 521 Fifth Avenue, is recognized as income when earned (see Note G).

iv. Sponsorship and royalty revenue:

The Society earns sponsorship revenue from sponsorships obtained for its newsletter and events. Royalty revenue is generated mainly from sales of a joint publication with the American Bar Association.

v. Grant income:

Grant income is recognized as revenue upon the receipt of cash or unconditional pledges. Grant income is available for unrestricted use unless specifically restricted by the donor.

[11] Other membership services expenses:

Other membership services expenses are primarily related to (i) the Society's research and reference services for members; (ii) educational programs; (iii) the preparation of positions on proposed regulations; and (iv) ongoing monitoring of areas that affect the professional responsibilities of members.

[12] Functional allocation of expenses:

The costs of providing the various programs and the supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated by management among the programs and management and general categories using appropriate measurement methodologies. The Society does not incur fundraising expenses. See Note F for a summary of expenses accumulated by natural classification.

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

[13] Reclassification:

Certain amounts in 2017 have been reclassified to conform to the current year's presentation.

[14] Income taxes:

The Society follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the Society's general not-for-profit status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Society's financial statements.

[15] Upcoming accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for fiscal reporting period beginning after December 15, 2017. The Society will adopt this accounting pronouncement in fiscal 2019.

[16] Subsequent events:

The Society evaluated subsequent events through June 13, 2018, the date on which the financial statements were available to be issued.

NOTE B - ACCOUNTS RECEIVABLE

At each fiscal year-end, accounts receivable, which represent sponsorship and other receivables, are due within one year. Based on prior history, management believes that substantially all receivables are fully collectible and, accordingly, no allowance for doubtful amounts has been established.

NOTE C - INVESTMENTS

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

	March 31, 2018 Fair Value	March 31, 2017 Fair Value
Certificates of deposit	**$ 667,661**	$ 672,257
Corporate bonds and bond funds	**264,223**	198,177
Equity securities	**12,170**	12,257
Equity index mutual funds	**348,639**	281,970
	$ 1,292,693	$ 1,164,661

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. For fiscal-years 2018 and 2017, there were no transfers among the fair-value hierarchy levels.

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

	March 31, 2018			March 31, 2017		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Certificates of deposit		**$ 667,661**	**$ 667,661**		$ 672,257	$ 672,257
Corporate bonds and bond funds		**264,223**	**264,223**		198,177	198,177
Equity securities	**$ 12,170**		**12,170**	$ 12,257		12,257
Equity index mutual funds	**348,639**		**348,639**	281,970		281,970
	$ 360,809	**$ 931,884**	**$ 1,292,693**	$ 294,227	$ 870,434	$ 1,164,661

NOTE D - PROPERTY AND EQUIPMENT

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

	March 31, 2018	March 31, 2017
Furniture and equipment	**$ 114,585**	$ 91,232
Less accumulated depreciation	**(65,741)**	(47,531)
	48,844	43,701
Leasehold improvements	**230,755**	230,755
Less accumulated depreciation	**(230,755)**	(223,200)
	0	7,555
	$ 48,844	$ 51,256

During fiscal-years 2017, the Society wrote off $57,152 of fully depreciated equipment.

NOTE E - 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,	
	2018	**2017**
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$ 2,293,280**	$ 2,365,112
Service cost	**4,780**	9,215
Interest cost	**81,496**	74,134
Actuarial loss (gain)	**40,801**	(39,816)
Expense charges	**(4,780)**	(9,215)
Benefits paid	**(277,887)**	(106,150)
Projected benefit obligation at end of year	**2,137,690**	2,293,280
Change in plan assets:		
Fair value of plan assets at beginning of year	**1,945,017**	1,876,581
Actual return on plan assets	**170,576**	140,301
Employer contributions	**21,530**	43,500
Benefits paid	**(282,667)**	(115,365)
Fair value of plan assets at end of year	**1,854,456**	1,945,017
Funded status at end of year (underfunded)	**$ (283,234)**	$ (348,263)
Adjustment to net assets, reported in the statement of activities:		
Net gain	**$ (18,319)**	$ (120,882)
Components of net periodic benefit cost:		
Service cost	**$ 4,780**	$ 9,215
Interest cost	**81,496**	74,134
Expected return on plan assets	**(136,738)**	(115,040)
Amortization of net loss	**4,943**	12,305
Settlement loss	**20,339**	
Periodic benefit cost	**$ (25,180)**	$ (19,386)

NOTE E - EMPLOYEE-BENEFIT PLANS (CONTINUED)

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

The Society of Actuaries (the "SOA") released new mortality tables for benefit-plan sponsors to use when measuring their plan's costs and obligations. These new tables, RP-2014 (mortality tables) and MP-2014 (longevity improvement scale) reflect increased life expectancies. Accordingly, as required by U.S. GAAP, the Society has adopted the new mortality tables. During fiscal-year 2018, the Society reported a settlement loss representing the sum of all the annuity purchases during the fiscal year in excess of the sum of the service cost and interest cost.

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

	March 31,	
	2018	**2017**
Guaranteed Investment Account	**$ 448,684**	$ 520,981
Equity securities	**1,207,474**	1,230,349
Fixed-income securities	**198,298**	193,687
Total plan assets at year-end	**$ 1,854,456**	$ 1,945,017

The plan trustees' primary investment objective is to optimize the long-term return on the plan assets at an acceptable level of risk with a low level of expense. During fiscal-year 2018, the plan assets were fully invested in a mix of money market, debt and equity securities owned and managed by the Mutual of America's General Account investment managers. The benchmark investment objective is an annual return of 7.00%, the current actuarial preretirement valuation rate needed to meet the long-term pension obligations.

The weighted-average assumptions used are as follows:

	March 31,	
	2018	**2017**
Discount rate	**3.65%**	3.55%
Expected long-term return on plan assets	**7.00%**	6.25%
Rate of compensation increase	**0.00%**	0.00%

The funding policy is to make the minimum annual contributions required by applicable regulations. Management contributed $21,530 for fiscal-year 2018.

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

Year Ending March 31,	Expected Benefit Distributions
2019	$ 269,000
2020	120,000
2021	119,000
2022	118,000
2023	117,000
2024-2028	1,111,000

NOTE E - 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 2018 and 2017 were $67,739 and $77,218, respectively. All contributions to the plan are immediately vested.

NOTE F - NATURAL EXPENSE CLASSIFICATIONS

The total expenses for fiscal-years 2018 and 2017, respectively, are detailed below in natural expense classifications:

	Year Ended March 31,	
	2018	**2017**
Salaries	**$ 1,701,308**	$ 1,304,393
Payroll taxes and benefits	**311,182**	334,108
Awards and gifts	**31,515**	41,472
Bank charges and credit card fees	**109,853**	102,650
Board and committees	**27,740**	26,931
Chapter meeting expenses	**290,235**	269,010
Communications	**29,008**	31,308
Conferences and seminars	**1,260,191**	1,006,706
Depreciation and amortization	**25,765**	23,418
Dues and annual fees	**3,056**	7,746
Insurance	**10,452**	11,917
Licensing	**68,735**	55,473
Membership development	**40,364**	68,473
Occupancy	**127,334**	244,342
Office services and supplies	**80,718**	80,948
Other	**75,339**	60,477
Postage and shipping	**5,011**	4,129
Printing and compiling	**4,580**	3,068
Professional development	**5,000**	5,190
Professional fees	**171,465**	145,874
Promotion and advertising	**174**	300
Travel and entertainment	**35,487**	33,531
Website	**455**	
	$ 4,414,967	$ 3,861,464

NOTE G - COMMITMENTS

[1] Leases:

In August 2011, the Society entered into an agreement to lease office space at 240 West 35th Street in New York City through the period ending in April 2019. The lease requires a base rent of $96,420, with an escalating increase, excluding escalations for operating expenses and real estate taxes. The Society also paid $32,140 as a security deposit to the landlord.

The Society subleased its former office space at 521 Fifth Avenue, for a term beginning in November 2011 through June, 2016, the same month that the Society's lease terminated. In consideration of the Society's entering into and executing the sublease, the subtenant obtained a personal guarantee for the full and faithful performance of all of the terms and conditions of the sublease. Rental income from the subtenant, for fiscal-year 2017, including escalations, amounted to $103,895.

Subsequent to year end in April 2018, the Society entered into a lease agreement for office space at 52 Vanderbilt Avenue for a period of seven years.

The future minimum annual payments under the lease agreements described above are as follows:

Year	Amount
2019	$ 239,320
2020	158,436
2021	162,397
2022	166,457
2023	170,618
Thereafter	460,850
	$ 1,358,078

Total occupancy costs, including escalations, for fiscal-years 2018 and 2017 were $127,334 and $244,342, respectively.

[2] Employment agreement:

On January 1, 2015, the Society entered into a three-year employment agreement with its President and Chief Executive. In February 2018, an extension to this agreement was signed for the period March 31, 2018 through March 31, 2021.

[3] Conference contracts:

In order to secure future National conference space, the Society enters into agreements to secure sufficient rooms for the events. These agreements require minimum amounts due for early cancellation. As of March 31, 2018, the future minimum commitments under these contracts through 2021 are approximately $548,000.

[4] 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 H - 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, management believes that the Society does not face a significant risk of loss on these accounts that would result from failures of these financial institutions.