

## **SEPM - Society for Sedimentary Geology - 2023 Annual Report**

Howard E. Harper, Executive Director

### **SEPM and 2023 into the 'New Normal'**

2023 was a year with a further waning pandemic that may have changed many ways that the Society operates and its traditional activities in one way or another. SEPM and its usual activities showed some rebound, short courses and field trips at IMAGE had increased participation and the 1<sup>st</sup> Bouma Conference and a Parasequences Research Conference were successful. SEPM's online presence from its website to social media accounts continued to be a major focus. Just what the "New Normal" with respect to in-person, hybrid, and in-person events is still developing as is the volunteer spirit that all Societies need to functionally fulfill their science missions. Each so far has had new challenges.

The International Sedimentary Geoscience Congress (ISGC) was rescheduled for 2024, still in Flagstaff, AZ began the process of abstract submission and putting together a program with technical sessions, field trips, and courses. The SEPM staff and the Program Committee worked hard on bringing all parts of this meeting together.

The \$50,000 NSF Award to Howard Harper and SEPM to fund student travel to the ISGC meeting opened for applications.

### **SEPM Annual Activities**

The new joint meeting between AAPG and SEG (in conjunction with SEPM) - IMAGE was held again as an in-person only meeting in Houston near the end of August. With Howard Harper as the SEPM Coordinator Co-Chair on the Program Committee and Steering Committee, SEPM's input to the technical program, short courses and field trips continued to be part of the program. The AAPG-SEG partnership IMAGE meeting will continue through at least 2025 being held in Houston, TX in August of each year. SEPM continues to be invited to be a part of this meeting.

The 2023 SEPM Research Symposium was organized by the SEPM Research Councilor Peter Flaig and held as an Oral Special Session at the meeting. The topic was "The sedimentary response to changing climate".

#### **SEPM IMAGE Planning Involvement**

- Howard Harper, Co-chair of Technical Program
- Howard Harper, Member of the Short Course and Field Trip sub-committee

#### **Short Courses & Field Trips**

- Course: Advanced Sequence Stratigraphy – Vitor Abreu
- Course: Introduction to Siliciclastic Facies Identification – Howard Feldman
- Course: Recent Advances in Carbonates – Ted Playton & Mitch Harris
- Field Trip: Texas Coastal Processes – Erik Scott

#### **SEPM President's Reception and Awards Ceremony**

In 2023, the SEPM President's Reception and Awards Ceremony took place at the GSA Annual Meeting in October in Denver. It was part of a joint awards reception with SGD and Limnogeology Divisions of GSA with SEPM President Liz Hajek presiding over the SEPM segment. SEPM Awards program continues to include an online interview of each of the awardees. The interviewers are early career or student SEPM members asking both pre-selected and spontaneous questions about the awardee and their career. Interviews are posted on SEPM's YouTube Channel. [SEPM Society for Sedimentary Geology - YouTube](#)

## SEPM Research Groups

Associated with the IMAGE and GSA meetings, SEPM supported and organized three Research Group in person meetings.

- Carbonate RG held at IMAGE
- Micropaleontology/NAMS RG held at IMAGE
- Clastic RG held at IMAGE
- Deep Water RG held an online meeting (many presentations at the SEPM YouTube Channel)

## Journals

Both of our technical journals continued having good years although there have been some delays as Allen Press was purchased by the parent company of Sheridan Press, where we currently have our POD process and online bookstore. The transition from Allen Press processes to KGL have includes several hiccups but generally they are worked through. The *Journal of Sedimentary Research* continues publishing top-quality papers under the guidance of the co-editors, Peter Burgess (University of Liverpool), and Kathleen Marsaglia (California State University, Northridge). *PALAIOS* also maintained its excellence under the continuing editorship of Patrick Orr (University College, Dublin), who was joined by Yurena Yanes (University of Cincinnati, Cincinnati, OH). SEPM journals continue to be available online via GeoScienceWorld (GSW), which continues to thrive. *JSR* is also part of AAPG-Datapages, while *PALAIOS* is also available in BioOne and JSTOR online aggregates. Both of the journals as well as an SEPM eBooks are within SEPM's online publications site [www.sepmonline.org](http://www.sepmonline.org). SEPM has discontinued having journal issues available individually in print at the SEPM Bookstore due to very low purchase rates (<https://sedimentary-geology-store.com/>) although full issue PDFs are available.

*The Sedimentary Record*, the Society's full color open access publication, has continued to build up its publication pipeline as a full-blown Diamond Open Access technical journal. Using an acronym of TRS, managed by the editors Jenn Pickering and Jeong-Hyun Lee, it is now doing continuous publishing but compiling them into four issues per year. TSR used the services of Scholastica for both submissions and hosting [Issues | The Sedimentary Record \(scholasticahq.com\)](https://scholasticahq.com). TSR's Diamond OA status is supported by the SEPM Foundation.

## Special Publications

Under the editorship of Jean Hsieh, the book publications of SEPM continue to produce top of the line products. In 2022, four new books were published, as well as the pdf versions of the *JSR* and *PALAIOS* journals. The pipeline of future books continues to encourage new proposals.

SEPM continues to publish Special Publications chapter by chapter online at the <https://www.sepm.org/Online-First> as each chapter has completed by the authors and passed all reviews. After the last chapter is completed, the book is compiled and placed for sale in the bookstore and processed to be online at [www.sepmonline.org](http://www.sepmonline.org) and GSW. Due to the pandemic the pathway to uploading new books online has encountered delays.

- *Cenozoic Isolated Carbonate Platforms—Focus Southeast Asia, Special Publication 114* edited by: Eugene C. Rankey and Michael C. Pöppelreiter
- *Advances in the Understanding and Interpretation of Carbonates, Short Course Notes 57* edited by: Ted E. Playton and Paul (Mitch) Harris
- *The Source-to-Sink Vade-mecum: History, Concepts and Tools, Concepts in Sedimentology and Paleontology 16* by: Sébastien Castelltort, Charlotte Fillon, Éric Lasseur, Alexandre Ortiz, Cécile Robin, François Guillocheau, Maxime Tremblin, Paul Bessin, Laure Guerit, Augustin Dekoninck, Cécile Allanic, Cécile Gautheron, Jocelyn Barbarand, Nicolas Loget, Jessica Uzel, Johan Yans, Justine Briais, Mustafa Al-Reda, Guillaume Baby, Thomas François, Jean-Yves Roig, and Sylvain Calassou. (Note this publication was in both English and French and published online as Open Access)

Additionally, SEPM continues to work with IAS to help manage technical publication aspects of their continuing series of book publications. The first of which was completed in 2022.

## Research Conferences and Meetings

There were two SEPM conferences in 2023.

- SEPM Bouma Conference – Hybrid, April, 2023, Utrecht, Netherlands
- SEPM Parasequences Research Conference – in-person with field trips, October, 2023, Green River, UT, USA

## SEPM's YouTube Channel

A recent addition to SEPM's online presence is its [YouTube Channel](#). Check it out - selections currently include:

- "How to" videos for Logging in, Re-setting your password, Renewing and Joining
- SEPM Awards Ceremony 2023
- SEPM's 2022 Research Group videos –Deepwater
- SEPM ISGC Student and Early Career Virtual Sessions
- SEPM Live Editor Q&A Webinar
- SEPM Distinguished Scientist Interviews – SEPM 2023 Awardees

## Collaborations (AAPG, AGI, GSL, GSA, ANAPS, NACSN and IUGS)

In 2023, SEPM continued its long tradition of collaborating with multiple geoscience organizations, although traditional face-to-face meetings were just beginning to be held. SEPM had exhibits at the IMAGE and GSA meetings.

The Society continues to work with AAPG, GSA, GSL, IAS, SEPM Sections, and our Global Ambassadors to create jointly sponsored conferences and publications where applicable. SEPM remains an official member of the American Geosciences Institute (AGI), the North American Commission on Stratigraphic Nomenclature (NACSN), the Association of North American Paleontological Societies (ANAPS), as well as an associated society with the International Union of Geologic Societies (IUGS).

## SEPM Governance and Council 2023

A reminder that in 2020 SEPM's Bylaw changes to Council terms became fully implemented with terms for councilor's extended to three years and the President' term to two years after a one-year term as President-Elect. Additionally, all terms begin on January 1<sup>st</sup> and end on December 31<sup>st</sup> of the year.

Some additional changes occurred in 2021, including the extension of voting rights to all SEPM members and the deletion of the SEPM Foundation President from being an official Council member.

### SEPM Council – 2023

- President: Elizabeth Hajek, Pennsylvania State University, State College, PA
- President-Elect: Bosiljka Glumac, Smith College
- Secretary-Treasurer: Howard Feldman, Feldman Geosciences/Colorado State University, Fort Collins CO
- International Councilor: Annette George, University of Western Australia, Perth, Australia
- Councilor for Paleontology: Sara Pruss, Smith College, Northhampton, MA
- Councilor for Sedimentology: Shahin Dashtgard, Simon Fraser University, Vancouver, Canada
- Councilor for Research Activities: Lauren Birgenheier, University of Utah - Salt Lake City, UT
- Student Councilor: Brette Harris, University of Alberta, Edmonton, Canada
- Early Career Councilor: Elizabeth Steel, Queen's University, Kingston, Canada
- Web & Technology Councilor: Peter Burgess, University of Liverpool, Liverpool, UK
- JSR, Co-Editor: Kathleen Marsaglia, California State University at Northridge
- JSR, Co-Editor: Stephen E Kaczmarek, Western Michigan University, Kalamazoo MI
- PALAIOS, Co-Editor: Yurena Yanes, University of Cincinnati, Cincinnati, OH
- PALAIOS, Co-Editor: Rolf Sören Jensen, University of Extremadura, Badajoz, Spain
- Editor of Special Publications: Jean Hsieh, Consultant, Calgary, Canada

### **Newly Elected Council Members for 2022**

- President-Elect: Bosiljka Glumac, Smith College
- Secretary-Treasurer: Howard Feldman, Feldman Geosciences/Colorado State University, Fort Collins CO
- Councilor for Research Activities: Lauren Birgenheier, University of Utah - Salt Lake City, UT
- Web & Technology Councilor: Peter Burgess, University of Liverpool, Liverpool, UK
- JSR, Co-Editor: Stephen E Kaczmarek, Western Michigan University, Kalamazoo MI
- PALAIOS, Co-Editor: Rolf Sören Jensen, University of Extremadura, Badajoz, Spain

## The 2023 Science Awardees.

Interviews with the Society Honored Awardees - [SEPM Society for Sedimentary Geology - YouTube](#)

The William H. Twenhofel Medal is the highest award of SEPM Society for Sedimentary Geology. This award is in recognition of "Outstanding Contributions to Sedimentary Geology" and is awarded to **Gail Ashley**

Honorary Membership in the SEPM Society for Sedimentary Geology acknowledges excellence in professional achievements and extraordinary service to the Society and is awarded to **Evan Franseen**

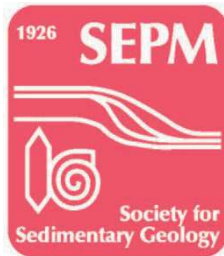
The Raymond C. Moore Paleontology Medal is in recognition of "Excellence in Paleontology" and is awarded to **James MacEachern**

The Francis P. Shepard Medal is in recognition of "Excellence in Marine Geology" and is awarded to **Philip Barnes**

The Francis J. Pettijohn Medal for Sedimentology is awarded in recognition of "Excellence in Sedimentology" and is awarded to **Janok Bhattacharya**

The William R. Dickinson Medal for recognition of a mid-career research geoscientist who is "Significantly influencing the sedimentary geology community with innovative work" and is awarded to **Cornel Olariu**

The James Lee Wilson Award is in recognition of "Excellence in Sedimentary Geology by an Early Career Scientist" and is awarded to **Emily Beverly**



**SEPM (Society for Sedimentary Geology)**

**FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Council  
SEPM (Society for Sedimentary Geology)

### **Opinion**

We have audited the financial statements of SEPM (Society for Sedimentary Geology) (the Society), which comprise the statements of financial position as of December 31, 2022 and 2021, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional



omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

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

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

A handwritten signature in black ink that reads "Hogan Taylor LP". The signature is written in a cursive, flowing style.

Tulsa, Oklahoma  
October 6, 2023

**SEPM (Society for Sedimentary Geology)**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 696,459	\$ 910,023
Accounts receivable	201,444	198,278
Inventory	114,450	114,450
Prepaid expenses	121,003	98,523
Total current assets	1,133,356	1,321,274
Furniture and equipment, net	20,972	21,558
Investments	3,658,488	4,239,474
Total assets	<u>\$ 4,812,816</u>	<u>\$ 5,582,306</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 52,967	\$ 42,251
Payable to affiliate	75,837	99,603
Deferred income	276,461	239,712
Total current liabilities	405,265	381,566
Net assets without donor restrictions:		
Undesignated	2,882,617	3,329,889
Board designated	1,524,934	1,870,851
Total net assets without donor restrictions	4,407,551	5,200,740
Total liabilities and net assets	<u>\$ 4,812,816</u>	<u>\$ 5,582,306</u>

**SEPM (Society for Sedimentary Geology)**

**STATEMENTS OF ACTIVITIES**

**Years ended December 31, 2022 and 2021**

	2022	2021
Revenues, Gains and Other Support:		
Dues	\$ 61,095	\$ 69,850
Publications	169,668	152,915
Journal of Sedimentary Research - subscriptions, royalties and other	333,846	345,054
Palaaios - subscriptions, royalties and other	138,443	101,355
Contributions	-	113,048
Continuing education	15,950	3,150
Meetings, conferences and field trips	14,480	4,140
Membership activities	-	8,682
Employee retention credits	164,196	-
Investment income (loss)	(580,986)	427,603
Total revenues, gains and other support	316,692	1,225,797
Expenses:		
Program expenses:		
Publishing costs - Journal of Sedimentary Research	181,850	176,066
Publishing costs - Palaaios	142,555	105,732
Publications	235,227	155,096
Continuing education	6,292	954
Meetings, conferences and field trips	55,118	46,735
Membership activities	209,287	181,275
Grant award to SEPM Foundation, Inc.	-	113,048
General and administrative	279,552	299,239
Total expenses	1,109,881	1,078,145
Change in net assets	(793,189)	147,652
Net assets, beginning of year	5,200,740	5,053,088
Net assets, end of year	\$ 4,407,551	\$ 5,200,740

**SEPM (Society for Sedimentary Geology)**

**STATEMENTS OF CASH FLOWS**

**Years ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (793,189)	\$ 147,652
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,294	6,900
Net realized and unrealized (gain) loss on investments	708,690	(374,082)
Change in operating assets and liabilities:		
Accounts receivable	(3,166)	57,798
Payable/receivable to/from affiliate	(23,766)	102,313
Inventory	-	9,188
Prepaid expenses	(22,480)	(15,221)
Accounts payable and accrued liabilities	10,716	(37,199)
Deferred income	36,749	(22,220)
Net cash used in operating activities	(81,152)	(124,871)
<b>Cash Flows from Investing Activities</b>		
Purchase of furniture and equipment	(4,708)	(326)
Purchase of investments	(127,704)	(262,558)
Proceeds from sales of investments and maturities of certificates of deposit	-	423,007
Net cash provided by (used in) investing activities	(132,412)	160,123
Net change in cash and cash equivalents	(213,564)	35,252
Cash and cash equivalents, beginning of year	910,023	874,771
Cash and cash equivalents, end of year	<u>\$ 696,459</u>	<u>\$ 910,023</u>

## SEPM (Society for Sedimentary Geology)

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

#### Note 1 – Nature of Operations and Summary of Significant Accounting Policies

##### Nature of operations

The Society of Economic Paleontologists and Mineralogists (the Society) originally was an unincorporated technical division of the American Association of Petroleum Geologists and became a legally separate entity in 1987. In the event of the dissolution of the Society, the net assets will be donated to charitable, scientific or educational institutions; no assets shall inure to the benefit of any member. In 1989, the Society changed its name to SEPM (Society for Sedimentary Geology).

The objective of the Society is to advance the science of stratigraphy through the dissemination of scientific knowledge of, promotion of, research in, and other contributions to paleontology, sedimentology, and allied disciplines.

The Society primarily deals with members of the organization for services to universities and oil-related companies for attendance at educational schools, workshops, and short courses, and for sales of special publications. Substantially all customers are located in oil-producing regions both within the United States of America and internationally.

##### Basis of presentation

The financial statements of the Society have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

The financial statement presentation is in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires the presentation of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The governing board has designated, from net assets without donor restrictions, net assets for board designated purposes. Board designated net assets are subject to self-imposed limits by action of the Board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of property and equipment, or other uses.

*With donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and may or will be met by expenditures or actions of the Society, or by the passage of time. The Society reports gifts of cash and other assets as revenue with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of

activities as released from restrictions. The Society has no net assets with donor restrictions as of December 31, 2022 and 2021.

#### Cash and cash equivalents

The Society considers all cash and short-term securities with maturities of three months or less when purchased as cash and cash equivalents.

#### Certificates of deposit

Certificates of deposit are carried at cost plus accrued interest.

#### Accounts receivable

Accounts receivable consists of amounts owed from other organizations for royalties and the Society's share of revenue from meetings and conferences.

#### Inventory

Inventory consists of special publications (including short course notes), which excludes the journals published by the Society. The limited excess quantities of the journals are provided as reference material to the profession and, as such, are not included in inventory.

Special publications are valued at cost (specific identification) in the year of publication and the two succeeding years. After this period, publications are valued at 50% of cost, with the further limitation that the valuation of publications over five years old is limited to 100 copies.

#### Furniture and equipment

Furniture and equipment are valued at cost. Depreciation is provided using the straight-line method over useful lives of three to seven years.

#### Investments

Investments in marketable securities are carried at estimated fair value as reported by the asset custodian. Unrealized gains and losses are included in the statements of activities.

#### Contracts with customers

The Society follows Accounting Standards Codification (ASC), *Revenue from Contracts with Customers (ASC 606)* for all revenue forms other than contributions or investment income. In determining the appropriate amount of revenue to recognize, the Society applies the following five-step model: (1) identify contracts with customers, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations, and (5) recognize revenue as each performance obligation is completed. The Society accounts for a contract with a customer when it has approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection.

*Contracts with customers* – A contract exists when services to be performed and products ordered are specified in a submitted and accepted membership application, written contract, purchase order or similar instrument.

*Performance obligations* – The Society's contracts may have a single or multiple performance obligations. For contracts with multiple performance obligations, the Society allocates the contract

transaction price to each performance obligation using the estimated standalone selling price of each distinct good or service in the contract, generally equal to the prices specified in the contract. Membership terms include many benefits and discounts available to the member. The Society treats these as a single performance obligation, the availability of the benefits, resources, and discounts, as the customer may not utilize all benefits and value is created to the member for the integration of these benefits.

For membership dues and online publications, revenue is recognized ratably over the membership or subscription term as the customer receives and consumes the benefits. Revenue from each print publication is recognized in the month they are mailed to subscribers. Revenue from conferences, meetings and other events is recognized when the event is held, and services are rendered. Generally advertising revenue is recognized when the advertisement is delivered, either in publication or its display at an event.

Payment terms for memberships and subscriptions are due when the contract is initiated. Payment terms for conferences, meetings, and other events vary based on stated contract terms, but typically require an upfront deposit upon registration for the event and the remainder due shortly before the event occurs. Contracts typically do not contain variable consideration, any consideration payable to the customer or any significant financing components.

*Contract modifications* – The Society considers contract modifications to exist when the modifications either create new or changes the existing enforceable rights and obligations. Most contract modifications are for goods or services that are not distinct from the existing performance obligation(s). The effect of a contract modification on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis.

The Society has adopted the following practical expedients and accounting policy elections:

*Incremental costs of obtaining a contract* – These costs are included in selling, general and administrative expenses as incurred when the amortization period is generally one year or less.

*Shipping activities* – The Society has elected to treat shipping and fulfillment activities as fulfillment costs rather than a separate performance obligation. As a result, any consideration received related to these activities will be included as a component of the overall transaction consideration and allocated to the performance obligations of the contract.

*Sales tax and other related taxes* – Sales and other tax amounts collected from customers for remittance to governmental authorities are excluded from revenue.

### Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the appropriate category of net assets in the period received. Unconditional promises to give are recorded net of an allowance for estimated uncollectible receivables. This estimate is based on such factors as prior collection history, type of contribution and the nature of the fund-raising activity. Donor-restricted contributions are classified as net assets without donor restriction if the restrictions are satisfied in the same reporting period in which the contribution was received.

Pledges receivable are charged off when deemed uncollectible by management.

### Functional expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in Note 10. The footnote presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Society are reported as expenses of those functional areas

while indirect costs, including salaries and benefits, that benefit multiple functional areas have been allocated among the various functions based on estimated cost attributable to each function.

### Risks and uncertainties

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

### Income taxes

The Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a) of the Code. As a result, as long as the Society maintains its tax exemption, it will not be subject to income taxes.

### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

### Subsequent events

Management has evaluated subsequent events through October 6, 2023, the date the financial statements were available to be issued.

## **Note 2 – Financial Assets and Liquidity Resources**

The Society's financial assets available within one year of the statement of financial position date for general expenditures as of December 31, are as follows:

	2022	2021
Assets:		
Cash and cash equivalents	\$ 696,459	\$ 910,023
Accounts receivable	201,444	198,278
Investments	3,658,488	4,239,474
Total financial assets available within one year	4,556,391	5,347,775
Less:		
Amounts unavailable for general expenditures within one year due to:		
Board designated funds	(1,524,934)	(1,870,851)
Total financial assets available to management for general expenditure within one year	\$ 3,031,457	\$ 3,476,924

The Society structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Society regularly monitors the availability of resources required to meet its



operating and capital needs. Although the Society does not intend to spend its Board designated funds, amounts could be made available with approval from the Board if necessary.

### Note 3 – Furniture and Equipment

A summary of furniture and equipment at December 31, is as follows:

	2022	2021
Furniture and equipment	\$ 155,415	\$ 150,706
Less accumulated depreciation	(134,443)	(129,148)
Furniture and equipment, net	<u>\$ 20,972</u>	<u>\$ 21,558</u>

### Note 4 – Investments

#### Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards provide a consistent framework for measuring fair value and a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices in active markets for identical securities
- Level 2 – Other significant observable inputs (including quoted prices for similar securities)
- Level 3 – Significant unobservable inputs

The level in the fair value hierarchy within which a fair measurement in its entirety is based on the lowest level input that is significant to the fair value measurement in its entirety. There were no investment transfers due to changes in the observability of significant inputs between Level 1, Level 2 and Level 3 assets during the years ended December 31, 2022 and 2021.

All investments measured at fair value on a recurring basis consisted of Level 1 securities at both December 31, 2022 and 2021.

Investments held at December 31, consist of the following:

	Historical cost	Market (carrying amount)
<b>2022</b>		
General investments:		
Cash and cash equivalents	\$ 62,479	\$ 62,479
Growth and capital appreciation funds	1,000,666	1,091,927
Bond and balanced funds	1,001,200	977,514
International funds	112,202	110,236
Total general investments	<u>2,176,547</u>	<u>2,242,156</u>

	Historical cost	Market (carrying amount)
New Frontiers Fund:		
Cash and cash equivalents	74,522	74,522
Growth and capital appreciation funds	620,615	855,106
Bond and balanced funds	346,845	307,713
International funds	182,118	178,991
Total New Frontiers Fund	1,224,100	1,416,332
Total investments	\$ 3,400,647	\$ 3,658,488

## 2021

General investments:		
Cash and cash equivalents	\$ 61,524	\$ 61,524
Growth and capital appreciation funds	966,088	1,311,516
Bond and balanced funds	973,005	1,054,350
International funds	108,751	130,415
Total general investments	2,109,368	2,557,805
New Frontiers Fund:		
Cash and cash equivalents	33,217	33,217
Growth and capital appreciation funds	600,656	1,079,158
Bond and balanced funds	331,504	357,538
International funds	176,515	211,756
Total New Frontiers Fund	1,141,892	1,681,669
Total investments	\$ 3,251,260	\$ 4,239,474

Investment income (loss) for the years ended December 31, were as follows:

	2022	2021
Interest and dividend income	\$ 127,704	\$ 53,521
Unrealized gains (losses)	(730,404)	152,754
Realized gains	21,714	221,328
	\$ (580,986)	\$ 427,603

## Note 5 – Deferred Income

Deferred income consists of the following at December 31:

	2022	2021
Dues	\$ 48,306	\$ 41,082
Subscriptions	147,153	118,693
Publications in process and other	81,002	79,937
	\$ 276,461	\$ 239,712

## **Note 6 – Commitments**

The Society leased its office under an operating lease that expired in July 2023. The lease was not renewed. Rent expense was \$24,624 and \$24,435 for the years ended December 31, 2022 and 2021, respectively.

## **Note 7 – Net Assets Without Donor Restrictions**

Net assets without donor restrictions consist of the following at December 31:

	2022	2021
General fund	\$ 2,882,617	\$ 3,329,889
Board designated:		
New Frontier Fund	1,416,332	1,681,669
Other	108,602	189,182
Total	<u>\$ 4,407,551</u>	<u>\$ 5,200,740</u>

The New Frontier Fund represents board-designated funds for the purpose of funding the development of science and education. The board has designated one-third of the royalties from the Copyright Clearance Center, Inc. to be used specifically for the building of this fund.

## **Note 8 – Related Party Transactions**

The Society received \$8,000 for each of the years ended December 31, 2022 and 2021, from SEPM Foundation, Inc. (an affiliated nonprofit entity) for management fees. The management fees are netted against general and administrative expenses in the statements of activities.

The Society contributed \$0 and \$113,048 to SEPM Foundation, Inc. (the Foundation) during 2022 and 2021, respectively, for student travel grants and to fund capital projects.

As a result of the Society funding Foundation grants and capital project expenses, net of the Foundation's revenue received by the Society, the Society had a payable to the Foundation of \$75,837 and \$99,603 at December 31, 2022 and 2021, respectively.

## **Note 9 – Concentrations**

Royalty income represents approximately 39% of revenue, excluding investment income, for each of the years ended December 31, 2022 and 2021.

The Society maintains accounts and deposits with financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). Typically, cash balances exceed the FDIC insurance limits.

## Note 10 – Functional Expenses

The Society's functional expenses by natural classification for the years ended December 31, are as follows:

	Program	General and administrative	Total
<b>2022</b>			
Salaries, taxes and benefits	\$ 344,413	\$ 170,434	\$ 514,847
Professional fees	-	10,000	10,000
Office expense	4,392	3,427	7,819
Occupancy	-	34,390	34,390
Maintenance and rental	-	16,161	16,161
Travel	8,761	1,275	10,036
Conferences and conventions	8,762	-	8,762
Insurance	-	27,947	27,947
Publication	297,149	-	297,149
Educational program	6,292	-	6,292
Grants and awards	-	-	-
Membership activities	160,560	-	160,560
Other expenses	-	10,624	10,624
Depreciation	-	5,294	5,294
Total	\$ 830,329	\$ 279,552	\$ 1,109,881
<b>2021</b>			
Salaries, taxes and benefits	\$ 334,677	\$ 187,328	\$ 522,005
Professional fees	-	12,050	12,050
Office expense	4,116	4,283	8,399
Occupancy	-	34,184	34,184
Maintenance and rental	-	13,415	13,415
Travel	1,744	1,264	3,008
Conferences and conventions	2,498	-	2,498
Insurance	-	26,599	26,599
Publication	186,575	-	186,575
Educational program	954	-	954
Grants and awards	113,048	-	113,048
Membership activities	135,294	-	135,294
Other expenses	-	13,216	13,216
Depreciation	-	6,900	6,900
Total	\$ 778,906	\$ 299,239	\$ 1,078,145

## Note 11 – Employee Retention Tax Credit

The CARES Act provides an Employee Retention Credit (ERC) which is a refundable tax credit against certain employment taxes equal to 50% of qualified wages paid, up to \$10,000 per employee annually for wages paid between March 13 and December 31, 2020, and 70% of qualified wages paid, up to \$10,000 per employee per quarter through September 30, 2021.

The Society recognizes ERCs under ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, which recognizes income when the Society has met the eligibility requirements, as defined by the CARES Act and incorporated Internal Revenue Service regulations, incurred qualified expenses that entitle the Society to receive the credits, and prepared and filed the related forms. The Society recognized \$164,196 related to the ERC as revenue in the accompanying statement of activities for the year ended December 31, 2022. Qualification for the credit requires significant interpretation of applicable laws and regulations that is subject to audit by federal authorities.