



CONSOLIDATED FINANCIAL STATEMENTS
WITH CONSOLIDATING INFORMATION

December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Society of American Military Engineers
Alexandria, Virginia

Opinion

We have audited the financial statements of Society of American Military Engineers, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, 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 Society of American Military Engineers as of December 31, 2024 and 2023, 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 Society of American Military Engineers 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 Society of American Military Engineers' ability to continue as a going concern within one year after the date that the financial statements are 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.

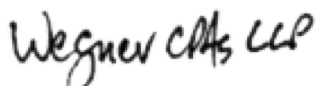
In performing an audit in accordance with GAAS, we:

- 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 Society of American Military Engineers' 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 Society of American Military Engineers' 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Wegner CPAs, LLP
Alexandria, Virginia
March 26, 2025

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash	\$ 3,433,535	\$ 2,300,407
Accounts receivable	143,729	124,237
Unconditional promises to give	5,000	-
Investments	10,927,615	10,004,655
Investments held for posts	2,822,966	2,567,854
Prepaid expenses	600,650	428,733
Property and equipment, net	1,247,419	1,373,868
Operating lease right-of-use assets	1,213,640	1,290,499
Total assets	\$ 20,394,554	\$ 18,090,253
LIABILITIES		
Accounts payable and accrued expenses	\$ 567,008	\$ 434,687
Accrued payroll liabilities	197,978	137,051
Deferred revenue	1,661,040	1,682,342
Funds held for posts	2,822,966	2,567,854
Operating lease liabilities	1,829,414	1,941,964
Total liabilities	7,078,406	6,763,898
NET ASSETS		
Without donor restrictions	12,937,334	10,915,439
With donor restrictions	378,814	410,916
Total net assets	13,316,148	11,326,355
Total liabilities and net assets	\$ 20,394,554	\$ 18,090,253

See accompanying notes.

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Conference registrations and sponsorships	\$ 9,106,360	\$ -	\$ 9,106,360	\$ 7,470,335	\$ -	\$ 7,470,335
Membership dues	2,421,075	-	2,421,075	2,196,333	-	2,196,333
Advertising	761,762	-	761,762	723,488	-	723,488
Contributions	558,189	127,590	685,779	281,879	50,000	331,879
Other income	296,770	-	296,770	92,508	-	92,508
Investment return, net	932,576	20,098	952,674	1,077,696	33,298	1,110,994
Total support and revenue	14,076,732	147,688	14,224,420	11,842,239	83,298	11,925,537
EXPENSES						
Program Services						
Conferences and Meetings	6,189,020	-	6,189,020	5,864,470	-	5,864,470
Society Publications	731,144	-	731,144	1,003,206	-	1,003,206
Membership Activities	543,638	-	543,638	554,858	-	554,858
Post Operations	303,467	-	303,467	564,757	-	564,757
Continuing Education	1,237,959	-	1,237,959	629,202	-	629,202
Foundation	33,851	-	33,851	37,599	-	37,599
Total program services	9,039,079	-	9,039,079	8,654,092	-	8,654,092
Supporting Activities						
Management and General	3,067,326	-	3,067,326	1,948,294	-	1,948,294
Fundraising	128,222	-	128,222	49,200	-	49,200
Total expenses	12,234,627	-	12,234,627	10,651,586	-	10,651,586
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	179,790	(179,790)	-	25,000	(25,000)	-
Change in net assets						
Net assets at beginning of year	2,021,895	(32,102)	1,989,793	1,215,653	58,298	1,273,951
	10,915,439	410,916	11,326,355	9,699,786	352,618	10,052,404
Net assets at end of year	<u>\$ 12,937,334</u>	<u>\$ 378,814</u>	<u>\$ 13,316,148</u>	<u>\$ 10,915,439</u>	<u>\$ 410,916</u>	<u>\$ 11,326,355</u>

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SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,989,793	\$ 1,273,951
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	156,399	151,708
Net realized and unrealized (gain) loss on investments	(670,208)	(871,538)
Change in allowance for credit losses	-	(28,957)
Amortization of operating lease right-of-use assets	189,193	189,193
(Increase) decrease in assets		
Accounts receivable	(19,492)	34,305
Unconditional promises to give	(5,000)	57,895
Prepaid expenses	(171,917)	(145,147)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	132,321	(140,594)
Accrued payroll liabilities	60,927	6,874
Deferred revenue	(21,302)	646,461
Operating lease liabilities	(224,884)	(219,211)
Net cash flows from operating activities	1,415,830	954,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest and dividends retained in investments	(252,752)	(227,092)
Purchases of property and equipment	(29,950)	(23,523)
Net cash flows from investing activities	(282,702)	(250,615)
Change in cash	1,133,128	704,325
Cash at beginning of year	2,300,407	1,596,082
Cash at end of year	<u>\$ 3,433,535</u>	<u>\$ 2,300,407</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for income taxes	\$ 57,404	\$ 121,876

See accompanying notes.

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Society of American Military Engineers (the Society) was founded in 1920 and incorporated in Washington, D.C. Its mission is to provide education and support to the engineering components of the military and uniformed services, and other federal, state and local government agencies responsible for the nation's infrastructure; and to advance the partnership between government and the architecture, engineering and construction industry in the interest of national security. The Society is supported primarily by conference registrations, sponsorships, membership dues, and advertising.

The Society of American Military Engineers Foundation (the Foundation) was founded in 2016 and incorporated in Washington, D.C. The Foundation provides a secure and beneficial repository for charitable contributions and other bequests from members of the Society and the public at large, in furtherance of the purposes and objectives of the Society. The Foundation's purpose is to foster engineering leadership for the nation, specifically focusing on supporting military engineers; science, technology, engineering and mathematics (STEM) programs; and national security. The Foundation is supported primarily by contributions.

Principles of Consolidation

The consolidated financial statements include the activities of the Society and the Foundation (hereafter, SAME) as the Society has common control and an economic interest in the Foundation. Significant intra-entity accounts and transactions, if any, have been eliminated in consolidation.

SAME has a network of Posts throughout the United States and in several countries internationally that provide members with opportunities to connect face-to-face. An economic interest and common control does not exist between SAME and the Posts and, therefore, the activities of the Posts are not consolidated with the activities of SAME.

Accounts Receivable

Accounts receivable consist primarily of amounts owed from customers as a result of the sale of advertising and hotel rebates from SAME's annual meeting. Accounts receivable are presented at the gross amount due to SAME. SAME uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2024 and 2023, all unconditional promises to give are collectable within one year.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized and realized gains and losses are included in the consolidated statements of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated statements of financial position.

SAME holds investments on behalf of certain Posts. As these investments belong to the Posts, they are not available for use by SAME. SAME maintains these investments within its investment portfolio and, as such, the investments are shown separately on the consolidated statements of financial position. A corresponding liability has also been recorded and is shown as Funds Held for Posts on the consolidated statements of financial position.

Property and Equipment

SAME capitalizes all expenditures for property and equipment in excess of \$1,500 with expected useful lives greater than one year. Purchases of property and equipment are carried at cost. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to twenty-five years. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term of the estimated useful lives of the improvements.

Leases

SAME does not recognize short-term leases in the statements of financial position. For these leases, SAME recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. SAME also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, SAME uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

SAME's earned revenue streams primarily consist of membership dues, conferences and sponsorships, and advertising. SAME's revenue is recognized when a performance obligation is satisfied, either over a period of time or at a point in time. SAME's contracts include no significant financing components nor variable considerations.

Annual membership dues are recognized monthly over the calendar year as benefits are provided ratably over the membership period. SAME bills for membership dues in advance of the membership period. Membership dues paid in advance of the membership period are recorded as deferred revenue.

Conferences and sponsorships are recognized over the time the meeting or event takes place. Advertising revenue is recognized at a point in time when the advertisement and publication is published.

SAME's accounts receivable and contract liabilities from contracts with customers are as follows:

	2024	2023
Accounts receivable at beginning of year	\$ 124,237	\$ 129,585
Accounts receivable at end of year	143,729	124,237
Deferred revenue at beginning of year	\$ 1,682,342	\$ 1,007,888
Deferred revenue at end of year	1,661,040	1,682,342

Contributions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, rent and utilities, office expenses, depreciation and amortization, and postage and delivery, which are allocated on the basis of estimates of time and effort.

Advertising

Advertising costs are expensed in the period incurred.

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Society and Foundation are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, the Society is subject to income taxes on its unrelated business activities (primarily advertising). For the years ending December 31, 2024 and 2023, income tax from unrelated business income totaled approximately \$65,000 and \$80,000, respectively.

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 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 reporting period. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through March 26, 2025, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

SAME maintains its cash balances in a financial institution located in Alexandria, Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2024 and 2023, SAME's uninsured cash balances totaled approximately \$2,403,000 and \$1,768,000, respectively.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 244,808	\$ 138,465
Mutual funds	11,505,598	10,096,249
Exchange traded funds	<u>2,000,175</u>	<u>2,337,795</u>
Investments	<u>\$ 13,750,581</u>	<u>\$ 12,572,509</u>

Fair values of mutual funds and exchange traded funds are valued at the closing price reported on the active market on which the funds are traded and are considered Level 1 fair value measurements.

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 – RETIREMENT PLANS

SAME has established a 401(k) plan for its employees. Employees may elect to make voluntary pretax contributions under a salary deferral agreement. Employees are immediately vested in all contributions made by SAME. Employer contributions to the plan for the years ended December 31, 2024 and 2023 were \$105,458 and \$98,484, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2024	2023
Leasehold improvements	\$ 583,691	\$ 583,691
Association management software	1,343,622	1,334,172
Furniture and equipment	219,449	198,948
Accumulated depreciation and amortization	<u>(899,343)</u>	<u>(742,943)</u>
Property and equipment, net	<u>\$ 1,247,419</u>	<u>\$ 1,373,868</u>

NOTE 6 – COMMITMENT

SAME has entered into agreements to reserve space for future conferences through 2031. These agreements indicated that SAME would be liable for certain cancellation fees and liquidated damages in the event of cancellation. If cancellations occur, SAME could be liable for up to approximately \$3,060,000.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS

SAME received loans totaling \$643,795 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. SAME has received preliminary forgiveness from the SBA on both of its PPP loans. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by SAME during the covered period. Eligible expenses may include payroll costs, rent, and utilities. Any unforgiven portion is payable over five years. SAME must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review SAME's good-faith certification concerning the necessity of its loan request, whether SAME calculated the loan amount correctly, whether SAME used loan proceeds for the allowable uses specified in the CARES Act, and whether SAME is entitled to loan forgiveness in the amount claimed on its application. If SBA determines SAME was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following reflects SAME's financial assets as of the date of the consolidated statements of financial position, reduced by amounts not available for general expenditures within one year of the date of the consolidated statements of financial position because of donor-imposed restrictions.

	<u>2024</u>	<u>2023</u>
Financial assets at end of year		
Cash	\$ 3,433,535	\$ 2,300,407
Accounts receivable, net	143,729	124,237
Unconditional promises to give	5,000	-
Investments	10,927,615	10,004,655
Investments held for posts	<u>2,822,966</u>	<u>2,567,854</u>
Total financial assets	17,332,845	14,997,153
Less amounts unavailable for general expenditures within one year:		
Investments held for posts	(2,822,966)	(2,567,854)
Restricted by donors with purpose restrictions	<u>(378,814)</u>	<u>(410,916)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 14,131,065</u></u>	<u><u>\$ 12,018,383</u></u>

As part of SAME's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. SAME regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. SAME has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of SAME throughout the year. This is done through monitoring and reviewing SAME's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of SAME's cash flow related to SAME's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles. SAME can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 9 – LEASES

SAME has an operating lease for office space, which expires in August 2035. SAME also entered into operating lease agreements for two copiers, which expire at various dates through March 2027. There are no variable lease components associated with any of SAME's leases.

For the years ended December 31, 2024 and 2023, lease expense totaled \$189,192 each year.

Other information related to leases are as follows:

	<u>2024</u>	<u>2023</u>
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liabilities	\$ 224,882	\$ 219,211
Weighted average remaining lease term		
Operating leases	10.39 years	11.39 years
Weighted average discount rate		
Operating leases	6.00%	6.00%

The maturities of lease liabilities as of December 31, 2024 are as follows:

Year ending December 31:	
2025	\$ 175,663
2026	236,697
2027	231,076
2028	176,479
2029	242,689
Thereafter	<u>1,445,261</u>
Total minimum lease payments	2,507,865
Imputed interest	<u>(678,451)</u>
Total lease liabilities	<u>\$ 1,829,414</u>

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 10 – NET ASSETS

Net assets with donor restrictions are comprised of the following:

	2024	2023
Subject to expenditure for specified purpose		
STEM camp support	\$ 22,193	\$ 24,393
Leadership Development Program	-	50,000
Subject to SAME's spending policy and appropriation		
Education and Mentoring Endowment Fund	356,621	336,523
Net assets with donor restrictions	<u>\$ 378,814</u>	<u>\$ 410,916</u>

NOTE 11 – ENDOWMENT

Endowment Fund: SAME's donor-restricted net assets for the Education and Mentoring Endowment Fund (the E&M Fund) meet the definition of endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or by the designation of the Board. The Board requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. SAME classifies the original value of gifts donated to the endowment and the original value of subsequent gifts to the endowment made in accordance with the direction of the applicable donor. Investment income earned from the donor-restricted endowment fund is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by SAME in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Interpretation of Relevant Law: In accordance with UPMIFA, unless there are explicit donor instructions, the boards of nonprofit organizations have the flexibility to determine the appropriate use of endowment principal and related investment income. UPMIFA suggests that boards consider the following factors in determining prudent use of investment income and endowment principal:

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

SOCIETY OF AMERICAN MILITARY ENGINEERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 11 – ENDOWMENT (continued)

Investment Return Objectives, Risk Parameters, and Spending Policy: Assets are invested in a managed portfolio with mutual funds and exchanged traded funds, with an emphasis on preserving capital. SAME has approved investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment, while seeking to maintain the purchasing power of the endowment assets over the long term. Annually, the Foundation's Board of Directors approves the appropriation of endowment funds through the budget process.

Funds with Deficiencies: From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires SAME to retain as a fund of perpetual duration. There were no fund deficiencies as December 31, 2024 and 2023.

Endowment net asset composition by type of fund as of December 31, 2024 and 2023 is as follows:

	2024	2023
Donor-restricted endowment funds:		
Original donor-restricted amount	\$ 274,226	\$ 274,226
Accumulated investment gains	82,395	62,297
Total endowment funds	<u>\$ 356,621</u>	<u>\$ 336,523</u>

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Endowment net assets at beginning of year	\$ 336,523	\$ 303,225
Investment return, net	20,098	33,298
Endowment net assets at end of year	<u>\$ 356,621</u>	<u>\$ 336,523</u>

NOTE 12 – SUBSEQUENT EVENT

SAME's operations may be affected by the recent and ongoing funding freeze and cost cutting measures being conducted by the United States federal government. While SAME does not directly receive federal funding, a significant portion of its members are federal employees and the current funding cuts could impact the ability for members to travel to SAME events. The ultimate disruption and effect on SAME are uncertain; however, it may result in a material adverse impact on SAME's financial position, activities, and cash flows in the future. Possible effects may include, but are not limited to, disruption to membership revenue and conference revenue, two significant revenue streams for SAME.

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2024

	SAME	SAME Foundation	Eliminations	Consolidating Total
ASSETS				
Cash	\$ 2,726,716	\$ 706,819	\$ -	\$ 3,433,535
Accounts receivable	143,729	-	-	143,729
Due from affiliate	15,219	39,976	(55,195)	-
Investments	9,459,797	1,467,818	-	10,927,615
Investments held for posts	-	2,822,966	-	2,822,966
Prepaid expenses	600,208	442	-	600,650
Property and equipment, net	1,247,419	-	-	1,247,419
Operating lease right-of-use asset	1,213,640	-	-	1,213,640
Total assets	\$ 15,406,728	\$ 5,043,021	\$ (55,195)	\$ 20,394,554
LIABILITIES				
Accounts payable and accrued expenses	\$ 567,008	\$ -	\$ -	\$ 567,008
Accrued payroll liabilities	197,978	-	-	197,978
Due to affiliate	39,976	15,219	(55,195)	-
Deferred revenue	1,661,040	-	-	1,661,040
Funds held for posts	-	2,822,966	-	2,822,966
Operating lease liability	1,829,414	-	-	1,829,414
Total liabilities	4,295,416	2,838,185	(55,195)	7,078,406
NET ASSETS				
Without donor restrictions	11,111,312	1,826,022	-	12,937,334
With donor restrictions	-	378,814	-	378,814
Total net assets	11,111,312	2,204,836	-	13,316,148
Total liabilities and net assets	\$ 15,406,728	\$ 5,043,021	\$ (55,195)	\$ 20,394,554

CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended December 31, 2024

	SAME	SAME Foundation	Eliminations	Consolidating Total
SUPPORT AND REVENUE				
Conference registrations and sponsorships	\$ 9,106,360	\$ -	\$ -	\$ 9,106,360
Membership dues	2,421,075	-	-	2,421,075
Advertising	761,762	-	-	761,762
Contributions	381,204	563,575	(259,000)	685,779
Other income	296,770	-	-	296,770
Investment return, net	845,098	107,576	-	952,674
Total support and revenue	13,812,269	671,151	(259,000)	14,224,420
EXPENSES				
Program Services				
Conferences and Meetings	6,189,020	-	-	6,189,020
Society Publications	731,144	-	-	731,144
Membership Activities	543,638	-	-	543,638
Post Operations	303,467	-	-	303,467
Continuing Education	1,237,959	-	-	1,237,959
Foundation	3,147	289,704	(259,000)	33,851
Total program services	9,008,375	289,704	(259,000)	9,039,079
Supporting Activities				
Management and General	3,059,923	7,403	-	3,067,326
Fundraising	128,222	-	-	128,222
Total expenses	12,196,520	297,107	(259,000)	12,234,627
Change in net assets	1,615,749	374,044	-	1,989,793
Net assets at beginning of year	9,495,563	1,830,792	-	11,326,355
Net assets at end of year	<u>\$ 11,111,312</u>	<u>\$ 2,204,836</u>	<u>\$ -</u>	<u>\$ 13,316,148</u>