Society of SAME American Military Engineers

CONSOLIDATED FINANCIAL STATEMENTS WITH CONSOLIDATING INFORMATION

December 31, 2025 and 2024

C O N T E N T S

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, 2025 and 2024, 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, 2025 and 2024, 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

Wegner CPAs, LLP
Alexandria, Virginia
June 3, 2026

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	$ 5,508,691	$ 3,433,535
Accounts receivable	387,243	143,729
Unconditional promises to give, net	113,644	5,000
Investments	12,514,815	10,927,615
Investments held for posts	3,161,872	2,822,966
Prepaid expenses	760,302	600,650
Operating lease right-of-use assets	1,145,748	1,213,640
Property and equipment, net	1,006,538	1,247,419
Total assets	$ 24,598,853	$ 20,394,554
LIABILITIES		
Accounts payable and accrued expenses	$ 664,594	$ 567,008
Accrued payroll liabilities	473,101	197,978
Deferred revenue	1,853,705	1,661,040
Funds held for posts	3,161,872	2,822,966
Operating lease liabilities	1,776,524	1,829,414
Total liabilities	7,929,796	7,078,406
NET ASSETS		
Without donor restrictions	16,133,992	12,937,334
With donor restrictions	535,065	378,814
Total net assets	16,669,057	13,316,148
Total liabilities and net assets	$ 24,598,853	$ 20,394,554

See accompanying notes.

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Conference registrations and sponsorships	$ 10,270,796	$ -	$ 10,270,796	$ 9,106,360	$ -	$ 9,106,360
Membership dues	2,724,824	-	2,724,824	2,421,075	-	2,421,075
Advertising	399,253	-	399,253	761,762	-	761,762
Contributions	329,499	185,000	514,499	558,189	127,590	685,779
Other income	485,851	-	485,851	296,770	-	296,770
Investment return, net	1,571,479	33,444	1,604,923	932,576	20,098	952,674
Total support and revenue	15,781,702	218,444	16,000,146	14,076,732	147,688	14,224,420
EXPENSES						
Program Services						
Conferences and Meetings	6,462,756	-	6,462,756	6,189,020	-	6,189,020
Society Publications	701,586	-	701,586	731,144	-	731,144
Membership Activities	1,110,563	-	1,110,563	543,638	-	543,638
Post Operations	376,014	-	376,014	303,467	-	303,467
Continuing Education	338,745	-	338,745	1,237,959	-	1,237,959
Foundation	62,586	-	62,586	33,851	-	33,851
Total program services	9,052,250	-	9,052,250	9,039,079	-	9,039,079
Supporting Activities						
Management and General	3,469,138	-	3,469,138	3,067,326	-	3,067,326
Fundraising	125,849	-	125,849	128,222	-	128,222
Total expenses	12,647,237	-	12,647,237	12,234,627	-	12,234,627
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	62,193	(62,193)	-	179,790	(179,790)	-
Change in net assets	3,196,658	156,251	3,352,909	2,021,895	(32,102)	1,989,793
Net assets at beginning of year	12,937,334	378,814	13,316,148	10,915,439	410,916	11,326,355
Net assets at end of year	$ 16,133,992	$ 535,065	$ 16,669,057	$ 12,937,334	$ 378,814	$ 13,316,148

See accompanying notes.

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2025 and 2024

	Program Services						Supporting Activities		
2025	Conferences and Meetings	Society Publications	Membership Activities	Post Operations	Continuing Education	Foundation	Management and General	Fundraising	Total Expenses
Personnel	$ 1,070,297	$ 338,150	$ 490,557	$ 119,077	$ 234,298	$ -	$ 1,744,635	$ 53,958	$ 4,050,972
Conferences and meetings	4,776,439	-	56,773	196,647	848	9,165	56,281	68,097	5,164,250
Professional fees	121,122	151,467	75,497	-	13,616	3,985	130,375	-	496,062
Computer expense	185	3,184	-	44,166	7	9,508	470,325	-	527,375
Rent and utilities	188,852	-	-	-	-	-	203,536	-	392,388
Advertising commissions and other	17,811	4,766	15,958	905	69,861	135	37,484	-	146,920
Credit card and bank fees	74,747	-	84	-	-	9,683	300,697	-	385,211
Production and printing	21,935	127,074	471	1,868	2,476	468	2,024	3,794	160,110
Repairs and maintenance	-	-	-	-	-	-	4,685	-	4,685
Miscellaneous	17	-	-	-	-	-	13,910	-	13,927
Office expenses	489	351	3,421	376	-	-	54,583	-	59,220
Taxes and licenses	-	2,477	-	-	-	4,642	64,793	-	71,912
Depreciation and amortization	-	-	-	-	-	-	255,869	-	255,869
Travel	100,306	24	13,560	5,878	5,531	-	60,652	-	185,951
Postage and delivery	1,993	74,093	3,128	653	3,921	-	8,714	-	92,502
Insurance	40,646	-	50,255	-	-	-	29,782	-	120,683
Awards	47,917	-	400,859	5,779	8,187	25,000	30,793	-	518,535
Cost of promotion items	-	-	-	665	-	-	-	-	665
Total expenses	$ 6,462,756	$ 701,586	$ 1,110,563	$ 376,014	$ 338,745	$ 62,586	$ 3,469,138	$ 125,849	$ 12,647,237

	Program Services						Supporting Activities		
2024	Conferences and Meetings	Society Publications	Membership Activities	Post Operations	Continuing Education	Foundation	Management and General	Fundraising	Total Expenses
Personnel	$ 872,772	$ 370,160	$ 339,920	$ 135,022	$ 663,756	$ -	$ 1,453,672	$ 119,324	$ 3,954,626
Conferences and meetings	4,865,724	14	72,443	100,632	48,391	9,900	55,855	-	5,152,959
Professional fees	103,161	143,979	-	46,326	69,822	2,300	140,132	4,558	510,278
Computer expense	35	5,488	-	250	83	4,857	440,206	-	450,919
Rent and utilities	159,855	-	-	-	-	-	199,126	-	358,981
Advertising commissions and other	29,500	5,745	55,281	579	10,072	13,647	8,899	-	123,723
Credit card and bank fees	-	-	-	-	-	-	329,274	-	329,274
Production and printing	27,373	130,317	3,533	1,495	-	-	1,079	-	163,797
Repairs and maintenance	-	-	-	-	-	-	7,029	-	7,029
Miscellaneous	-	13	-	-	218	-	14,729	-	14,960
Office expenses	642	1,016	4	-	56,126	-	80,099	1,846	139,733
Taxes and licenses	-	2,735	-	-	-	3,147	63,032	-	68,914
Depreciation and amortization	-	-	-	-	-	-	156,399	-	156,399
Travel	87,811	27	6,379	7,046	36,951	-	55,062	-	193,276
Postage and delivery	831	71,650	4,963	718	574	-	7,518	2,494	88,748
Insurance	40,209	-	-	-	13,257	-	31,035	-	84,501
Awards	1,107	-	61,115	5,721	338,709	-	24,180	-	430,832
Cost of promotion items	-	-	-	5,678	-	-	-	-	5,678
Total expenses	$ 6,189,020	$ 731,144	$ 543,638	$ 303,467	$ 1,237,959	$ 33,851	$ 3,067,326	$ 128,222	$ 12,234,627

See accompanying notes.

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,352,909	$ 1,989,793
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	255,869	156,399
Contributions restricted for long-term purposes	(25,000)	-
Net realized and unrealized gain on investments	(1,283,507)	(670,208)
Allowance for credit losses	2,360	-
Amortization of operating lease right-of-use assets	193,107	189,193
(Increase) decrease in assets		
Accounts receivable	(245,874)	(19,492)
Unconditional promises to give	(108,644)	(5,000)
Prepaid expenses	(159,652)	(171,917)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	97,586	132,321
Accrued payroll liabilities	275,123	60,927
Deferred revenue	192,665	(21,302)
Operating lease liabilities	(179,578)	(224,884)
Net cash flows from operating activities	2,367,364	1,415,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest and dividends retained in investments	(298,389)	(252,752)
Purchases of property and equipment	(18,819)	(29,950)
Net cash flows from investing activities	(317,208)	(282,702)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	25,000	-
Change in cash	2,075,156	1,133,128
Cash at beginning of year	3,433,535	2,300,407
Cash at end of year	$ 5,508,691	$ 3,433,535
SUPPLEMENTAL DISCLOSURE		
Cash paid for income taxes	$ 35,440	$ 57,404

See accompanying notes.

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. Effective January 1, 2025, when estimating expected credit losses, SAME has elected the practical expedient that allows it to assume that current conditions as of the date of the statement of financial position do not change for the remaining life of the asset and the accounting policy election that allows it to consider collection activity after date of the statement of financial position. SAME has considered subsequent collection activity through June 3, 2026, which is the date the financial statements were available to be issued. SAME recognized an allowance for the amounts that are uncollected based on its historical loss rates as of the date of the statement of financial position that correspond to the uncollected balance's delinquency status as of June 3, 2026.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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:

	2025	2024
Accounts receivable at beginning of year	$ 143,729	$ 124,237
Accounts receivable at end of year	387,243	143,729
Deferred revenue at beginning of year	$ 1,661,040	$ 1,682,342
Deferred revenue at end of year	1,853,705	1,661,040

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2025 and 2024, income tax from unrelated business income totaled approximately $7,700 and $65,000, 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 June 3, 2026, 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, 2025 and 2024, SAME's uninsured cash balances totaled approximately $4,614,000 and $2,403,000, respectively.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	2025	2024
Money market funds	$ 80,094	$ 244,808
Mutual funds	11,967,442	11,505,598
Exchange traded funds	3,629,151	2,000,175
Investments	$ 15,676,687	$ 13,750,581

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.

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, 2025 and 2024 were $121,287 and $105,458, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2025	2024
Leasehold improvements	$ 583,691	$ 583,691
Association management software	981,815	1,343,622
Furniture and equipment	186,885	219,449
Accumulated depreciation and amortization	(745,853)	(899,343)
Property and equipment, net	$ 1,006,538	$ 1,247,419

NOTE 6 – COMMITMENTS

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 $1,849,000.

NOTE 7 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are comprised of the following:

	2025	2024
Receivable in less than one year	$ 30,000	$ 5,000
Receivable in one to five years	90,000	-
Discount to net present value	(6,356)	-
Unconditional promises to give, net	$ 113,644	$ 5,000

Unconditional promises to give collectable in over one year are discounted at 3.73%.

NOTE 8 – 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.

NOTE 9 – NET ASSETS

Net assets with donor restrictions are comprised of the following:

	2025	2024
Endowment net assets at beginning of year	$ 356,621	$ 336,523
Contributions	25,000	-
Investment return, net	33,444	20,098
Endowment net assets at end of year	$ 415,065	$ 356,621

NOTE 10 – 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.

	2025	2024
Financial assets at end of year		
Cash	$ 5,508,691	$ 3,433,535
Accounts receivable, net	387,243	143,729
Unconditional promises to give	113,644	5,000
Investments	12,514,815	10,927,615
Investments held for posts	3,161,872	2,822,966
Total financial assets	21,686,265	17,332,845
Less amounts unavailable for general expenditures within one year:		
Investments held for posts	(3,161,872)	(2,822,966)
Restricted by donors with purpose restrictions	(535,065)	(378,814)
Financial assets available to meet cash needs for general expenditures within one year	$ 17,989,328	$ 14,131,065

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.

NOTE 11 – 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, 2025 and 2024, lease expense totaled $193,107 and $189,192, respectively.

NOTE 11 – LEASES (continued)

Other information related to leases are as follows:

	2025	2024
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liabilities	$ 179,578	$ 224,882
Weighted average remaining lease term		
Operating leases	9.39 years	10.39 years
Weighted average discount rate		
Operating leases	6.00%	6.00%

The maturities of lease liabilities as of December 31, 2025 are as follows:

Year ending December 31:	
2026	$ 240,612
2027	234,991
2028	180,394
2029	246,604
2030	253,890
Thereafter	1,191,372
Total minimum lease payments	2,347,863
Imputed interest	(571,339)
Total lease liabilities	$ 1,776,524

NOTE 12 – ENDOWMENT

Endowment Fund: SAME's donor-restricted net assets for the Education and Mentoring Endowment Fund (the E&M Fund) and the Wishart Smith Endowment 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:

NOTE 12 – ENDOWMENT (continued)

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.

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, 2025 and 2024.

Endowment net asset composition by type of fund as of December 31, 2025 and 2024 is as follows:

	2025	2024
Donor-restricted endowment funds:		
Original donor-restricted amounts	$ 299,226	$ 274,226
Accumulated investment gains	115,839	82,395
Total endowment funds	$ 415,065	$ 356,621

Changes in endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Endowment net assets at beginning of year	$ 356,621	$ 336,523
Contributions	25,000	-
Investment return, net	33,444	20,098
Endowment net assets at end of year	$ 415,065	$ 356,621

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2025

	SAME	SAME Foundation	Eliminations	Consolidating Total
ASSETS				
Cash	$ 4,910,127	$ 598,564	$ -	$ 5,508,691
Accounts receivable	387,243	-	-	387,243
Unconditional promises to give, net	-	113,644	-	113,644
Due from affiliate	98,042	268,521	(366,563)	-
Investments	10,808,309	1,706,506	-	12,514,815
Investments held for posts	-	3,161,872	-	3,161,872
Prepaid expenses	745,230	15,072	-	760,302
Operating lease right-of-use assets	1,145,748	-	-	1,145,748
Property and equipment, net	1,006,538	-		1,006,538
Total assets	$ 19,101,237	$ 5,864,179	$ (366,563)	$ 24,598,853
LIABILITIES				
Accounts payable and accrued expenses	$ 664,594	$ -	$ -	$ 664,594
Accrued payroll liabilities	473,101	-	-	473,101
Due to affiliate	268,521	98,042	(366,563)	-
Deferred revenue	1,853,705	-	-	1,853,705
Funds held for posts	-	3,161,872	-	3,161,872
Operating lease liability	1,776,524	-	-	1,776,524
Total liabilities	5,036,445	3,259,914	(366,563)	7,929,796
NET ASSETS				
Without donor restrictions	14,064,792	2,069,200	-	16,133,992
With donor restrictions	-	535,065	-	535,065
Total net assets	14,064,792	2,604,265	-	16,669,057
Total liabilities and net assets	$ 19,101,237	$ 5,864,179	$ (366,563)	$ 24,598,853

SOCIETY OF AMERICAN MILITARY ENGINEERS
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended December 31, 2025

	SAME	SAME Foundation	Eliminations	Consolidating Total
SUPPORT AND REVENUE				
Conference registrations and sponsorships	$ 10,270,796	$ -	$ -	$ 10,270,796
Membership dues	2,724,824	-	-	2,724,824
Advertising	399,253	-	-	399,253
Contributions	234,983	496,319	(216,803)	514,499
Other income	439,582	46,269	-	485,851
Investment return, net	1,396,804	208,119	-	1,604,923
Total support and revenue	15,466,242	750,707	(216,803)	16,000,146
EXPENSES				
Program Services				
Conferences and Meetings	6,462,756	-	-	6,462,756
Society Publications	701,586	-	-	701,586
Membership Activities	1,110,563	-	-	1,110,563
Post Operations	376,014	-	-	376,014
Continuing Education	338,745	-	-	338,745
Foundation	10,531	268,858	(216,803)	62,586
Total program services	9,000,195	268,858	(216,803)	9,052,250
Supporting Activities				
Management and General	3,386,718	82,420	-	3,469,138
Fundraising	125,849	-	-	125,849
Total expenses	12,512,762	351,278	(216,803)	12,647,237
Change in net assets	2,953,480	399,429	-	3,352,909
Net assets at beginning of year	11,111,312	2,204,836	-	13,316,148
Net assets at end of year	$ 14,064,792	$ 2,604,265	$ -	$ 16,669,057