

# **CONSOLIDATED FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED JUNE 30, 2025  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2024**

# **SOCIETY FOR NEUROSCIENCE**

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## INDEPENDENT AUDITOR'S REPORT

To the Council  
Society for Neuroscience, 1121 Properties, LLC and SfN Asset Holdings, LLC  
Washington, D.C.

### Opinion

We have audited the accompanying consolidated financial statements of the Society for Neuroscience (SfN), 1121 Properties, LLC (the LLC) and SfN Asset Holdings, LLC, collectively the Society, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Society as of June 30, 2025, and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

## **Report on Summarized Comparative Information**

We have previously audited the Society's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 25, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



October 7, 2025

**SOCIETY FOR NEUROSCIENCE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2025**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

**ASSETS**

|                                                                                          | <u>2025</u>                  | <u>2024</u>                  |
|------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>CURRENT ASSETS</b>                                                                    |                              |                              |
| Cash and cash equivalents                                                                | \$ 6,677,737                 | \$ 3,025,845                 |
| Grants and contributions receivable                                                      | 367,500                      | 454,000                      |
| Accounts receivable                                                                      | 297,504                      | 307,654                      |
| Employee retention tax credit receivable                                                 | 489,927                      | -                            |
| Prepaid expenses                                                                         | <u>1,585,228</u>             | <u>1,681,195</u>             |
| Total current assets                                                                     | <u>9,417,896</u>             | <u>5,468,694</u>             |
| <b>PROPERTY AND EQUIPMENT</b>                                                            |                              |                              |
| Property and equipment, net of accumulated depreciation and amortization of \$26,666,148 | <u>20,695,511</u>            | <u>21,926,219</u>            |
| <b>NON-CURRENT ASSETS</b>                                                                |                              |                              |
| Investments                                                                              | 102,591,690                  | 96,094,962                   |
| Grants receivable, net of current portion and discount                                   | -                            | 80,662                       |
| Deferred lease receivable                                                                | 734,943                      | 525,465                      |
| Investment in RhythmQ, Inc.                                                              | <u>1,131,629</u>             | <u>1,263,531</u>             |
| Total non-current assets                                                                 | <u>104,458,262</u>           | <u>97,964,620</u>            |
| <b>TOTAL ASSETS</b>                                                                      | <b><u>\$ 134,571,669</u></b> | <b><u>\$ 125,359,533</u></b> |

**LIABILITIES AND NET ASSETS**

|                                          |                              |                              |
|------------------------------------------|------------------------------|------------------------------|
| <b>CURRENT LIABILITIES</b>               |                              |                              |
| Line of credit                           | \$ -                         | \$ 401,778                   |
| Current portion of note payable          | 1,542,131                    | 1,480,802                    |
| Accounts payable and accrued liabilities | 2,451,976                    | 3,134,553                    |
| Deferred revenue                         | <u>7,219,878</u>             | <u>8,252,802</u>             |
| Total current liabilities                | <u>11,213,985</u>            | <u>13,269,935</u>            |
| <b>NON-CURRENT LIABILITIES</b>           |                              |                              |
| Note payable, net of current portion     | 7,930,654                    | 9,472,785                    |
| Bond payable                             | 12,000,000                   | 12,000,000                   |
| Tenants deposits                         | 127,787                      | 125,402                      |
| Deferred compensation                    | <u>1,482,210</u>             | <u>1,288,633</u>             |
| Total non-current liabilities            | <u>21,540,651</u>            | <u>22,886,820</u>            |
| Total liabilities                        | <u>32,754,636</u>            | <u>36,156,755</u>            |
| <b>NET ASSETS</b>                        |                              |                              |
| Without donor restrictions               | 92,907,073                   | 80,396,934                   |
| With donor restrictions                  | <u>8,909,960</u>             | <u>8,805,844</u>             |
| Total net assets                         | <u>101,817,033</u>           | <u>89,202,778</u>            |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b><u>\$ 134,571,669</u></b> | <b><u>\$ 125,359,533</u></b> |

See accompanying notes to consolidated financial statements.

## SOCIETY FOR NEUROSCIENCE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

|                                                | <b>2025</b>                               |                                    |                              | <b>2024</b>                 |
|------------------------------------------------|-------------------------------------------|------------------------------------|------------------------------|-----------------------------|
|                                                | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>                 | <b>Total</b>                |
| <b>REVENUE</b>                                 |                                           |                                    |                              |                             |
| Membership dues                                | \$ 4,131,344                              | \$ -                               | \$ 4,131,344                 | \$ 4,236,311                |
| Scientific publications                        | 6,918,495                                 | -                                  | 6,918,495                    | 7,363,621                   |
| Annual meeting                                 | 15,307,078                                | -                                  | 15,307,078                   | 16,297,693                  |
| Investment return, net                         | 8,226,925                                 | 453,351                            | 8,680,276                    | 7,940,695                   |
| Property management revenue                    | 845,404                                   | -                                  | 845,404                      | 886,534                     |
| Grants and contributions                       | 912,754                                   | 197,837                            | 1,110,591                    | 1,226,965                   |
| Loss on investment in RHYTHMQ                  | (131,902)                                 | -                                  | (131,902)                    | (187,688)                   |
| Net assets released from donor<br>restrictions | <u>547,072</u>                            | <u>(547,072)</u>                   | <u>-</u>                     | <u>-</u>                    |
| Total revenue                                  | <u>36,757,170</u>                         | <u>104,116</u>                     | <u>36,861,286</u>            | <u>37,764,131</u>           |
| <b>EXPENSES</b>                                |                                           |                                    |                              |                             |
| Program Services:                              |                                           |                                    |                              |                             |
| General Programs                               | 8,037,332                                 | -                                  | 8,037,332                    | 8,407,578                   |
| Annual Meeting                                 | 10,083,233                                | -                                  | 10,083,233                   | 9,818,127                   |
| Scientific Publications                        | 2,708,499                                 | -                                  | 2,708,499                    | 2,725,125                   |
| Grants                                         | <u>533,193</u>                            | <u>-</u>                           | <u>533,193</u>               | <u>852,299</u>              |
| Total program services                         | <u>21,362,257</u>                         | <u>-</u>                           | <u>21,362,257</u>            | <u>21,803,129</u>           |
| Supporting Services:                           |                                           |                                    |                              |                             |
| Management and General                         | 5,589,129                                 | -                                  | 5,589,129                    | 5,314,787                   |
| Property Management Expenses                   | 3,070,065                                 | -                                  | 3,070,065                    | 3,134,592                   |
| Membership Development                         | <u>1,087,410</u>                          | <u>-</u>                           | <u>1,087,410</u>             | <u>919,095</u>              |
| Total supporting services                      | <u>9,746,604</u>                          | <u>-</u>                           | <u>9,746,604</u>             | <u>9,368,474</u>            |
| Total expenses                                 | <u>31,108,861</u>                         | <u>-</u>                           | <u>31,108,861</u>            | <u>31,171,603</u>           |
| Change in net assets before other<br>items     | 5,648,309                                 | 104,116                            | 5,752,425                    | 6,592,528                   |
| <b>OTHER ITEMS</b>                             |                                           |                                    |                              |                             |
| Employee Retention Tax Credit                  | 2,611,830                                 | -                                  | 2,611,830                    | -                           |
| Reimbursement proceeds                         | <u>4,250,000</u>                          | <u>-</u>                           | <u>4,250,000</u>             | <u>-</u>                    |
| Total other items                              | <u>6,861,830</u>                          | <u>-</u>                           | <u>6,861,830</u>             | <u>-</u>                    |
| Change in net assets                           | 12,510,139                                | 104,116                            | 12,614,255                   | 6,592,528                   |
| Net assets at beginning of year                | <u>80,396,934</u>                         | <u>8,805,844</u>                   | <u>89,202,778</u>            | <u>82,610,250</u>           |
| <b>NET ASSETS AT END OF YEAR</b>               | <b><u>\$ 92,907,073</u></b>               | <b><u>\$ 8,909,960</u></b>         | <b><u>\$ 101,817,033</u></b> | <b><u>\$ 89,202,778</u></b> |

See accompanying notes to consolidated financial statements.

**SOCIETY FOR NEUROSCIENCE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

|                                           | 2025                |                      |                            |                   |                              |
|-------------------------------------------|---------------------|----------------------|----------------------------|-------------------|------------------------------|
|                                           | Program Services    |                      |                            |                   | Total<br>Program<br>Services |
|                                           | General<br>Programs | Annual<br>Meeting    | Scientific<br>Publications | Grants            |                              |
| Salaries                                  | \$ 4,418,986        | \$ 2,079,785         | \$ 948,610                 | \$ 224,983        | \$ 7,672,364                 |
| Fringe benefits                           | 1,119,350           | 491,107              | 236,175                    | 53,132            | 1,899,764                    |
| Professional fees                         | 58,014              | 339,799              | 24,758                     | -                 | 422,571                      |
| Property management expense               | -                   | -                    | -                          | -                 | -                            |
| Casual labor and consulting fees          | 612,421             | 574,065              | 144,361                    | 46,786            | 1,377,633                    |
| Addressing, mailing and shipping          | 5,219               | 59,492               | 737                        | 635               | 66,083                       |
| Printing and composition                  | 12,106              | 76,675               | 305,517                    | 5,865             | 400,163                      |
| Audio visual                              | 72,869              | 1,065,359            | 10,445                     | 13,985            | 1,162,658                    |
| Computer and web page production          | 402,945             | 601,366              | 98,418                     | 16,250            | 1,118,979                    |
| Insurance                                 | -                   | 118,894              | -                          | -                 | 118,894                      |
| Professional dues and subscriptions       | 28,549              | 32,208               | 77,984                     | 4,256             | 142,997                      |
| Electronic publishing (journal)           | -                   | -                    | 293,531                    | -                 | 293,531                      |
| Meeting management                        | 71,676              | 1,227,614            | 618                        | 9,475             | 1,309,383                    |
| Telephone and fax                         | 49,769              | 167,900              | 7,325                      | -                 | 224,994                      |
| Utilities                                 | -                   | -                    | -                          | -                 | -                            |
| Cleaning                                  | -                   | -                    | -                          | -                 | -                            |
| Hospitality and meetings                  | 112,318             | 609,883              | 10,291                     | 45,678            | 778,170                      |
| Hotel and travel                          | 168,768             | 543,082              | 16,701                     | 10,570            | 739,121                      |
| Honoraria, stipend, travel awards         | 25,000              | 567,819              | 442,746                    | 99,250            | 1,134,815                    |
| Equipment, rental, repair and maintenance | -                   | -                    | -                          | -                 | -                            |
| Contributions                             | 253,721             | 5,799                | 2,600                      | -                 | 262,120                      |
| Depreciation and amortization             | 398,982             | 6,387                | 23,441                     | -                 | 428,810                      |
| Bank processing fees                      | 153,314             | 232,903              | 58,556                     | -                 | 444,773                      |
| Interest expense                          | -                   | -                    | -                          | -                 | -                            |
| Real estate taxes                         | -                   | -                    | -                          | -                 | -                            |
| Security and transportation               | 3,413               | 1,004,982            | -                          | -                 | 1,008,395                    |
| Training and seminars                     | 19,014              | 3,969                | 5,685                      | -                 | 28,668                       |
| Other direct costs                        | 50,898              | 274,145              | -                          | 2,328             | 327,371                      |
| <b>TOTAL</b>                              | <b>\$ 8,037,332</b> | <b>\$ 10,083,233</b> | <b>\$ 2,708,499</b>        | <b>\$ 533,193</b> | <b>\$ 21,362,257</b>         |

See accompanying notes to consolidated financial statements.

**SOCIETY FOR NEUROSCIENCE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

|                                           | 2025 (Continued)             |                                    |                           |                                 | 2024                 |                      |
|-------------------------------------------|------------------------------|------------------------------------|---------------------------|---------------------------------|----------------------|----------------------|
|                                           | Supporting Services          |                                    |                           |                                 |                      |                      |
|                                           | Management<br>and<br>General | Property<br>Management<br>Expenses | Membership<br>Development | Total<br>Supporting<br>Services | Total<br>Expenses    | Total<br>Expenses    |
| Salaries                                  | \$ 3,020,185                 | \$ -                               | \$ 742,589                | \$ 3,762,774                    | \$ 11,435,138        | \$ 10,333,428        |
| Fringe benefits                           | 901,026                      | -                                  | 196,772                   | 1,097,798                       | 2,997,562            | 3,066,771            |
| Professional fees                         | 416,913                      | 5,559                              | -                         | 422,472                         | 845,043              | 1,099,776            |
| Property management expense               | -                            | 127,431                            | -                         | 127,431                         | 127,431              | 109,430              |
| Casual labor and consulting fees          | 373,860                      | -                                  | 65,507                    | 439,367                         | 1,817,000            | 1,847,674            |
| Addressing, mailing and shipping          | 4,425                        | -                                  | -                         | 4,425                           | 70,508               | 59,162               |
| Printing and composition                  | 228                          | -                                  | -                         | 228                             | 400,391              | 543,418              |
| Audio visual                              | -                            | -                                  | -                         | -                               | 1,162,658            | 1,118,144            |
| Computer and web page production          | 176,960                      | -                                  | -                         | 176,960                         | 1,295,939            | 1,306,113            |
| Insurance                                 | 126,906                      | 38,670                             | -                         | 165,576                         | 284,470              | 280,535              |
| Professional dues and subscriptions       | 31,924                       | -                                  | -                         | 31,924                          | 174,921              | 158,504              |
| Electronic publishing (journal)           | -                            | -                                  | -                         | -                               | 293,531              | 268,566              |
| Meeting management                        | -                            | -                                  | 4,205                     | 4,205                           | 1,313,588            | 1,101,545            |
| Telephone and fax                         | 17,294                       | 13,671                             | 573                       | 31,538                          | 256,532              | 325,232              |
| Utilities                                 | -                            | 102,997                            | -                         | 102,997                         | 102,997              | 98,617               |
| Cleaning                                  | -                            | 222,257                            | -                         | 222,257                         | 222,257              | 225,414              |
| Hospitality and meetings                  | 375                          | -                                  | -                         | 375                             | 778,545              | 875,318              |
| Hotel and travel                          | 12,046                       | -                                  | 19,693                    | 31,739                          | 770,860              | 906,951              |
| Honoraria, stipend, travel awards         | -                            | -                                  | -                         | -                               | 1,134,815            | 1,252,530            |
| Equipment, rental, repair and maintenance | 7,800                        | 378,766                            | -                         | 386,566                         | 386,566              | 368,683              |
| Contributions                             | 6,370                        | -                                  | -                         | 6,370                           | 268,490              | 274,049              |
| Depreciation and amortization             | 214,852                      | 813,173                            | -                         | 1,028,025                       | 1,456,835            | 1,567,707            |
| Bank processing fees                      | 132,056                      | -                                  | -                         | 132,056                         | 576,829              | 788,796              |
| Interest expense                          | 38,752                       | 806,161                            | -                         | 844,913                         | 844,913              | 956,642              |
| Real estate taxes                         | -                            | 363,526                            | -                         | 363,526                         | 363,526              | 455,657              |
| Security and transportation               | 18,899                       | 196,167                            | -                         | 215,066                         | 1,223,461            | 1,225,674            |
| Training and seminars                     | 30,021                       | -                                  | 10,474                    | 40,495                          | 69,163               | 80,268               |
| Other direct costs                        | 58,237                       | 1,687                              | 47,597                    | 107,521                         | 434,892              | 476,999              |
| <b>TOTAL</b>                              | <b>\$ 5,589,129</b>          | <b>\$ 3,070,065</b>                | <b>\$ 1,087,410</b>       | <b>\$ 9,746,604</b>             | <b>\$ 31,108,861</b> | <b>\$ 31,171,603</b> |

See accompanying notes to consolidated financial statements.

**SOCIETY FOR NEUROSCIENCE**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

|                                                                                             | <u>2025</u>                | <u>2024</u>                |
|---------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                 |                            |                            |
| Change in net assets                                                                        | \$ 12,614,255              | \$ 6,592,528               |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                            |                            |
| Depreciation and amortization                                                               | 1,456,835                  | 1,567,707                  |
| Realized gain on investments                                                                | (1,843,480)                | (516,158)                  |
| Unrealized gain on investments                                                              | (5,449,303)                | (6,012,416)                |
| Unrealized loss on investment in RHYTHMQ                                                    | 131,902                    | 187,688                    |
| Perpetual with donor contributions                                                          | -                          | (242,529)                  |
| Change in discount                                                                          | (4,338)                    | (37,414)                   |
| Decrease (increase) in:                                                                     |                            |                            |
| Grants and contributions receivable                                                         | 171,500                    | 50,500                     |
| Accounts receivable                                                                         | 10,150                     | 85,698                     |
| Prepaid expenses                                                                            | 95,967                     | (400,015)                  |
| Deferred lease receivable                                                                   | (209,478)                  | 120,478                    |
| Employee retention tax credit receivable                                                    | (489,927)                  | -                          |
| (Decrease) increase in:                                                                     |                            |                            |
| Accounts payable and accrued liabilities                                                    | (682,577)                  | 713,625                    |
| Deferred revenue                                                                            | (1,032,924)                | 865,688                    |
| Tenants deposits                                                                            | <u>2,385</u>               | <u>-</u>                   |
| Net cash provided by operating activities                                                   | <u>4,770,967</u>           | <u>2,975,380</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                 |                            |                            |
| Purchase of investments                                                                     | (31,669,827)               | (27,463,840)               |
| Proceeds from sale of investments                                                           | 32,659,459                 | 28,506,616                 |
| Purchase of property and equipment                                                          | <u>(226,127)</u>           | <u>(411,552)</u>           |
| Net cash provided by investing activities                                                   | <u>763,505</u>             | <u>631,224</u>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                 |                            |                            |
| Proceeds from line of credit                                                                | 3,031,763                  | 7,094,995                  |
| Payments on line of credit                                                                  | (3,433,541)                | (7,890,368)                |
| Payments on note payable                                                                    | (1,480,802)                | (1,420,645)                |
| Perpetual with donor contributions                                                          | <u>-</u>                   | <u>242,529</u>             |
| Net cash used by financing activities                                                       | <u>(1,882,580)</u>         | <u>(1,973,489)</u>         |
| Net increase in cash and cash equivalents                                                   | 3,651,892                  | 1,633,115                  |
| Cash and cash equivalents at beginning of year                                              | <u>3,025,845</u>           | <u>1,392,730</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                                             | <b><u>\$ 6,677,737</u></b> | <b><u>\$ 3,025,845</u></b> |

**SUPPLEMENTAL INFORMATION:**

|                      |                          |                          |
|----------------------|--------------------------|--------------------------|
| <b>Interest Paid</b> | <b><u>\$ 844,913</u></b> | <b><u>\$ 956,642</u></b> |
|----------------------|--------------------------|--------------------------|

See accompanying notes to consolidated financial statements.

## SOCIETY FOR NEUROSCIENCE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organizations -

The Society for Neuroscience (SfN) is a non-profit organization, incorporated in the District of Columbia. The primary purposes of SfN are to advance the understanding of the brain and nervous system, including the part it plays in determining behavior, by bringing together scientists of various backgrounds and by facilitating the integration of research directed at all levels of biological organization; to promote education in the field of neuroscience; and to inform the general public on the results and implications of current research in this area.

1121 Properties, LLC (the LLC) is a limited liability company, incorporated in the District of Columbia on July 7, 2005. The primary purpose of the LLC is to engage in the business of performing services as directed by SfN for leasing and maintaining the leases of offices and other retail space in the premises known as 1121 14<sup>th</sup> Street, NW, Washington, D.C. 20005.

SfN Asset Holdings, LLC (SAH) is a limited liability company, incorporated in the District of Columbia on March 26, 2020. The primary purpose of the LLC is to engage in the business of performing professional services as directed by SfN.

The accompanying consolidated financial statements reflect the activity of the Society for Neuroscience, 1121 Properties, LLC and SfN Asset Holdings, LLC (collectively, the Society) as of June 30, 2025. The financial statements of the two LLCs have been consolidated in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation* because they are under common control, and SfN has an economic interest in the LLCs. All intercompany transactions have been eliminated during consolidation.

##### Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

**SOCIETY FOR NEUROSCIENCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

**Cash and cash equivalents -**

The Society considers all highly liquid investments with maturities of three months or less, which are not part of the investment portfolio, to be cash and cash equivalents. Money market funds held by investment managers totaled \$1,474,107 as of June 30, 2025. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Society maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

**Investments -**

The Society invests in shares of individual securities or shares held in investment funds, which include bonds, stocks, money market funds held for investment purposes, and alternative investments. Investment fund managers trade in various domestic and foreign financial markets, which carry a certain amount of risk of loss.

Investments are recorded at their readily determinable fair value, based on quoted market prices at the reporting date, or in absence of such quoted market price, a reasonable estimate of fair value as approved by management.

Realized and unrealized gains and losses are included in investment return which is presented net of investment expenses paid to external investment advisors in the Consolidated Statement of Activities and Change in Net Assets.

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Credit risk from financial instruments relate to the possibility that invested assets within a particular industry segment may experience loss due to market conditions. The Society has diversified its financial instruments to help ensure that no one industry segment represents a significant concentration of risk.

Although management uses its best judgment at estimating fair value of the underlying assets for its investments, there are inherent limitations in any valuation technique. Therefore, the value is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material.

**Accounts receivable -**

Accounts receivable primarily consists of amounts due within one year related to scientific publications and annual meeting revenues. Accounts receivable are recorded at their net realizable value which approximates fair value.

Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. The Society had no allowance for credit losses as of June 30, 2025.

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

#### Accounts receivable (continued) -

Accounts receivable consisted of the following as of June 30, 2025 and June 30, 2024:

|                                  | <u>2025</u>              | <u>2024</u>              |
|----------------------------------|--------------------------|--------------------------|
| Annual Meeting                   | \$ 155,558               | \$ 170,839               |
| Publications                     | 27,163                   | 34,660                   |
| Other                            | <u>114,783</u>           | <u>102,155</u>           |
| <b>TOTAL ACCOUNTS RECEIVABLE</b> | <b><u>\$ 297,504</u></b> | <b><u>\$ 307,654</u></b> |

#### Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions. All contributions receivable are expected to be fully collected in the coming year; consequently, no discount or allowance for uncollectibles has been recorded.

#### Property and equipment -

Property and equipment in excess of \$3,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Building improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$1,456,835 for the year ended June 30, 2025.

#### Income taxes -

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Society qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

The Society is required to report unrelated business income to the Internal Revenue Service and the appropriate State taxing authorities. Unrelated business income consists primarily of debt financed rental income, advertising in the Journal, and a jobs Board. As of June 30, 2025, there has been a loss from unrelated business activities.

As of June 30, 2025, there were net operating loss (NOL) carryforwards of \$4,152,706. No deferred tax asset has been recognized due to uncertainty of realization. \$686,151 of the NOL is from fiscal year June 30, 2018 and prior.

## SOCIETY FOR NEUROSCIENCE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Income taxes (continued) -

Net operating losses for fiscal years ending June 30, 2012 and 2013 totaling \$567,901, will expire in 2032 and 2033. In addition, the NOL from June 30, 2028 totals \$118,250, will expire in 2038. NOL carryforwards from June 30, 2019 forward are siloed and can only be used against the same source that generated NOL. At June 30, 2025, the Society has NOL of \$428,260 related to the Journal and \$3,724,466 related to debt financing. The Society can use 80% of these NOLs against future income with no expiration date.

For the year ended June 30, 2025, the Society has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

For the purpose of corporate tax reporting for the LLCs, all financial transactions are reported under the Society's filing status.

##### Revenue from contracts with customers -

The Society's membership dues, scientific publications, annual meeting, and Property management revenue are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Society has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Society's contracts with customers generally have initial terms of one year or less.

##### Membership dues -

Membership dues includes general member benefits that are a series of distinct obligations. The revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted rates to conferences and meetings; however, they are immaterial in nature to the contract and thus are included with the general member benefits.

##### Scientific publications -

The Society distributes various journals throughout the year. Included in Scientific publications are subscriptions, advertising, and royalty revenue for the publications. Revenue for these journals are recognized when the performance obligations are met, typically at the time of publication. Any amounts received in advance are recorded as deferred revenue within the Consolidated Statement of Financial Position.

##### Annual meeting -

Annual meeting revenue includes registration fees and booth revenue. Revenue is recorded as revenue when the performance obligation is met which is when the related event has occurred. The transaction price is determined based on the cost or sales price.

Any amounts received in advance are recorded as deferred revenue within the Consolidated Statement of Financial Position.

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue from contracts with customers (continued) -

Property management revenue -

Property management revenue is recognized over the life of the lease. The leases may include lease abatements and/or annual lease payment escalations. The difference between lease income received and lease income recognized on the straight-line basis is recorded as deferred lease receivable in the accompanying Consolidated Statement of Financial Position. Deferred revenue is recognized for lease payments received in advance of the period earned.

Deferred revenue consisted of the following as of June 30, 2025 and June 30, 2024:

|                               | <u>2025</u>                | <u>2024</u>                |
|-------------------------------|----------------------------|----------------------------|
| Annual Meeting                | \$ 3,061,779               | \$ 4,380,950               |
| Publications                  | 1,980,521                  | 2,048,212                  |
| Member dues                   | 1,962,679                  | 1,751,303                  |
| Other                         | <u>214,899</u>             | <u>72,337</u>              |
| <b>TOTAL DEFERRED REVENUE</b> | <b><u>\$ 7,219,878</u></b> | <b><u>\$ 8,252,802</u></b> |

Support from grants and contributions, including Federal awards -

The Society receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. The Society performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Society had no refundable advances as of June 30, 2025.

In addition, the Society has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Society's unrecognized conditional contributions to be received in future years totaled \$6,275 as of June 30, 2025.

## SOCIETY FOR NEUROSCIENCE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Use of estimates -

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Society are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

##### Investment risks and uncertainties -

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

#### 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are financial instruments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies and there were no transfers between levels in the fair value hierarchy during the year ended June 30, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Corporate Fixed Income and U.S. Government Obligations* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Society are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Society are deemed to be actively traded.
- *Equities, Exchange-Traded Funds and Closed-end Funds (ETF and CEFs)* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Alternative Investments - Interests in Hedge Funds and Private Equity Funds* - The Society follows the disclosure provisions of accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement* (Topic 820): Disclosure for Investment in Certain Entities that Calculate Net Asset Value (NAV) Per Share (or Its Equivalent). The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient; however, the fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statement of Financial Position.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy and those invested and measured at NAV as a practical expedient as of June 30, 2025:

|                                                                  | <u>Level 1</u>              | <u>Level 2</u>              | <u>Level 3</u>     | <u>Total</u>                 |
|------------------------------------------------------------------|-----------------------------|-----------------------------|--------------------|------------------------------|
| <b>Asset Class - Investments:</b>                                |                             |                             |                    |                              |
| Money Market Funds                                               | \$ 1,474,107                | \$ -                        | \$ -               | \$ 1,474,107                 |
| Corporate Fixed Income                                           | -                           | 3,032,421                   | -                  | 3,032,421                    |
| Exchange-Traded Funds and Closed-End Funds (ETF and CEFs)        | 5,633,227                   | -                           | -                  | 5,633,227                    |
| U.S. Government Obligations                                      | -                           | 9,905,104                   | -                  | 9,905,104                    |
| Mutual Funds                                                     | 11,196,067                  | -                           | -                  | 11,196,067                   |
| Equities                                                         | 37,878,554                  | -                           | -                  | 37,878,554                   |
| <b>Deferred Compensation:</b>                                    |                             |                             |                    |                              |
| Mutual Funds                                                     | <u>1,482,210</u>            | <u>-</u>                    | <u>-</u>           | <u>1,482,210</u>             |
| <b>Sub-total</b>                                                 | <b><u>\$ 57,664,165</u></b> | <b><u>\$ 12,937,525</u></b> | <b><u>\$ -</u></b> | 70,601,690                   |
| Alternative investments measured at NAV, per practical expedient |                             |                             |                    | <u>31,990,000</u>            |
| <b>TOTAL INVESTMENTS</b>                                         |                             |                             |                    | <b><u>\$ 102,591,690</u></b> |

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following is a summary of the investments valued using NAV as a practical expedient and the related unfunded commitments and redemption restrictions associated with each major category at June 30, 2025:

| Investment Type                | Net Asset Value             | Uncalled Commitments        | Liquidity                                                          |
|--------------------------------|-----------------------------|-----------------------------|--------------------------------------------------------------------|
| Multi-Strategy Hedge Funds (a) | \$ 9,195,739                | \$ 82,513                   | Quarterly with 90 days prior notice                                |
| Private Equity Funds (b)       | 12,716,290                  | 13,361,862                  | None until dissolution or transfer to another party                |
| Private Equity Funds (b)       | <u>10,077,971</u>           | <u>5,587,425</u>            | No liquidity with out prior consent of feeder fund general partner |
|                                | <b><u>\$ 31,990,000</u></b> | <b><u>\$ 19,031,800</u></b> |                                                                    |

**(a) Multi-Strategy Hedge Funds** - This category includes direct investments in multi-strategy hedge funds that invest in both fixed income and equity investments. The managers of these funds have the flexibility to adjust their allocations between fixed income and equity investments based on their particular strategy (event-drive, relative value, directional) and view of the market. These funds have various redemption and notice of redemption requirements that generally limit the ability to liquidate them in a short period of time.

**(b) Private Equity Funds** - This category includes investments in private equity funds, generally through limited partnerships. The funds may invest in private equity, credit, real estate, infrastructure projects, and natural resources. These investments are illiquid and long-term in nature. Distributions from each fund will be received as the underlying investments and fund are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next one to ten years.

Net investment return consisted of the following for the year ended June 30, 2025:

|                                     |                            |
|-------------------------------------|----------------------------|
| Interest and dividends              | \$ 1,822,216               |
| Realized gain on investments        | 1,843,480                  |
| Unrealized gain on investments      | 5,449,303                  |
| Management fees                     | <u>(434,723)</u>           |
| <b>TOTAL INVESTMENT RETURN, NET</b> | <b><u>\$ 8,680,276</u></b> |

The Society has resolved to use available funds and future earnings thereon to establish a strategic reserve pool that represents at least one year of operating expense budget plus liabilities. Based upon the intent of the Society, assets of the strategic reserve pool are classified as long-term.

### 3. INVESTMENT IN RHYTHMQ INC.

On April 21, 2021, the Society purchased 1,000 Class A Preferred Shares of RHYTHMQ INC. (RQ) for \$1,500,000. RQ was formed June 9, 2011 in Ontario, Canada as a technology and marketing company that provides management for online form submission programs and helps build brand or program awareness. At the time of the purchase, the Society had all of the Class A Preferred Shares in RQ. RQ had 2,500 common shares issued and outstanding at the time of the Society's purchase of it's shares. The Class A Preferred Shares maintain the same voting rights as common shares. The Preferred shares maintain a cumulative non-cash dividend feature that accrues at a rate of 8% of the original issue price.

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 3. INVESTMENT IN RHYTHMQ INC. (Continued)

The Society records their investment in RQ using the equity method. The Society's basis in RQ at June 30, 2025 was \$1,500,000. As of June 30, 2025, the adjusted value of the investment of RQ under the equity method was \$1,131,629. Condensed financial information for RQ is as follows as of and for the year ended June 30, 2025:

|                                          |                            |
|------------------------------------------|----------------------------|
| <b>Total Assets in CAD</b>               | <b>\$ <u>1,980,144</u></b> |
| Total liabilities                        | \$ 1,526,598               |
| Total equity                             | <u>453,546</u>             |
| <b>Total Liability and Equity in CAD</b> | <b>\$ <u>1,980,144</u></b> |
| Total revenue                            | \$ 2,201,674               |
| Total expenses                           | <u>(2,657,428)</u>         |
| <b>Net Income in CAD</b>                 | <b>\$ (455,754)</b>        |
| Conversion rate to USD .72               | <u>0.72</u>                |
| <b>Net Income in U.S. Dollars</b>        | <b>\$ <u>(329,755)</u></b> |

### 4. EMPLOYEE RETENTION TAX CREDIT

The Society applied for and received benefits under the Employee Retention Tax Credit (ERTC) program, which was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequently expanded by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA).

The ERTC provides a refundable payroll tax credit for eligible wages paid to employees during periods in which the Society experienced either a full or partial suspension of operations due to Government orders related to COVID-19, or a significant decline in gross receipts, as defined under the applicable legislation.

For the year ended June 30, 2025, the Society recognized \$2,611,830 in ERTC benefits as an Other Item in the Consolidated Statement of Activities. The related receivable of \$489,927 is recorded in the Consolidated Statement of Financial Position as of year-end.

Management evaluated eligibility requirements and available guidance in determining the amount of credit to recognize. However, the ERTC program is subject to interpretation and audit by the Internal Revenue Service, and such review could result in adjustments to the amounts recognized.

### 5. PROPERTY AND EQUIPMENT

At June 30, 2025, fixed assets consisted of the following:

|                                                 |                             |
|-------------------------------------------------|-----------------------------|
| Building                                        | \$ 23,393,502               |
| Land                                            | 7,150,400                   |
| Building improvements                           | 6,920,809                   |
| Computer equipment                              | 6,537,729                   |
| Furniture                                       | 1,568,718                   |
| Leasing commissions                             | 505,433                     |
| Other                                           | <u>1,285,068</u>            |
| Sub-total                                       | 47,361,659                  |
| Less: Accumulated depreciation and amortization | <u>(26,666,148)</u>         |
| <b>PROPERTY AND EQUIPMENT, NET</b>              | <b>\$ <u>20,695,511</u></b> |

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 6. LINE OF CREDIT

The Society has a \$20,000,000 line of credit with a variable interest rate determined by the applicable floating rate, which was 5.43% as of June 30, 2025. The Society used the line of credit during the year, but there was no outstanding balance as of June 30, 2025. Interest expense for the year ended June 30, 2025 was \$38,752. The line of credit is collateralized by investments held at Morgan Stanley.

### 7. NOTE PAYABLE

On February 1, 2006, the Society entered into an agreement to purchase the property at 1121 14<sup>th</sup> Street, N.W., Washington, D.C. The original purchase was financed through a \$20,000,000 note payable from Bank of America, N/A. To minimize the effect of changes in the variable rate, the Society had entered into an interest rate swap agreement. On August 1, 2011, the Society entered into an agreement to refinance the notes payable, resulting in a \$17,949,167 note payable from PNC Bank. In addition, the Society refinanced the swap agreement with PNC Bank to artificially fix the interest rate and was to mature on February 1, 2019.

On November 15, 2018, the Society entered into an agreement to refinance the note payable, resulting in an \$18,498,204 note payable from Truist Bank (formerly known as BB&T). At the time of refinancing, the swap which was valued at \$4,307,601 was terminated and included within principal value of the note. The interest rate on the note payable as of June 30, 2025 was 5.22%. The agreement, among other provisions, require the Society to meet certain financial covenants.

Financing costs related to the refinancing of the note in the amount of \$275,400, were capitalized and are being amortized over the life of the note. At June 30, 2025, accumulated amortization for the financing costs totaled \$154,676.

As of June 30, 2025, the outstanding balance of the note payable is as follows:

|                                                                 |                            |
|-----------------------------------------------------------------|----------------------------|
| Note principal payable                                          | \$ 9,593,509               |
| Less: Deferred financing costs, net of accumulated amortization | <u>(120,724)</u>           |
| <b>NET NOTE PAYABLE</b>                                         | <b><u>\$ 9,472,785</u></b> |

Future minimum principal payments are as follows at June 30, 2025:

| <u>Year Ending June 30,</u> | <u>Payments<br/>of Principal</u> | <u>Amortization of<br/>Debt Financing</u> | <u>Total</u>               |
|-----------------------------|----------------------------------|-------------------------------------------|----------------------------|
| 2026                        | \$ 1,564,767                     | \$ (22,636)                               | \$ 1,542,131               |
| 2027                        | 1,628,596                        | (22,636)                                  | 1,605,960                  |
| 2028                        | 1,694,445                        | (22,636)                                  | 1,671,809                  |
| 2029                        | 1,764,150                        | (22,636)                                  | 1,741,514                  |
| 2030                        | 1,836,113                        | (22,636)                                  | 1,813,477                  |
| Thereafter                  | <u>1,105,438</u>                 | <u>(7,544)</u>                            | <u>1,097,894</u>           |
|                             | <b><u>\$ 9,593,509</u></b>       | <b><u>\$ (120,724)</u></b>                | <b><u>9,472,785</u></b>    |
| Less: Current portion       |                                  |                                           | <u>(1,542,131)</u>         |
| <b>NON-CURRENT PORTION</b>  |                                  |                                           | <b><u>\$ 7,930,654</u></b> |

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 7. NOTE PAYABLE (Continued)

Total interest expense related to the note payable for the year ending June 30, 2025 was \$422,736.

### 8. BOND PAYABLE

On February 1, 2006, the District of Columbia agreed to issue its Variable Rate Revenue Bond (Society for Neuroscience Issue) Series 2006 in the aggregate principal amount of \$12,000,000, for the benefit of the Society through Bank of America, N.A., in order to finance a portion of the costs of acquiring, constructing and furnishing the office building, including parking garage, located at 1121 14<sup>th</sup> Street, N.W., Washington, D.C. as well as entered into an interest rate swap agreement to minimize the effect of changes in the variable rate.

The Society agreed to defer the payment of the principal and pay the interest on the bond. The bond carried a fluctuating rate of interest per annum that approximates the BMA index (a national index of seven-day floating tax-exempt rates).

On August 1, 2011, the Society signed an agreement to transfer the District of Columbia Variable Rate Revenue Bond to PNC Bank and terminated the interest rate swap agreement.

On November 15, 2018, the Society signed an agreement to transfer the District of Columbia Variable Rate Revenue Bonds to Truist Bank (formerly known as BB&T). As of June 30, 2025, the interest rate was 4.10%. Principal payments shall begin February 1, 2030. The bond agreement, among other provisions, require the Society to meet certain financial ratio tests.

Total interest expense related to the bond payable for the year ending June 30, 2025 was \$383,425.

### 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2025:

Subject to expenditure for specified purpose:

|                                                   |                  |
|---------------------------------------------------|------------------|
| Animals in Research Panel                         | \$ 13,651        |
| Brain Ultrastructure                              | 24,760           |
| BrainFacts.org                                    | 50,000           |
| Dialogue lectures                                 | 64,776           |
| Nemko Prize in Cellular or Molecular Neuroscience | 7,500            |
| Peter and Patricia Gruber Award                   | 75,379           |
| Science Educator Award                            | 29,350           |
| Sponsorships - Annual Meeting                     | 100,000          |
| Trainee Professional Development Award            | 125,599          |
| Trubatch Career Development Awards                | 11,155           |
| Young Investigator Award                          | 70,000           |
| Accumulated investment earnings                   | 625,921          |
| Endowment to be invested in perpetuity            | <u>7,711,868</u> |

**TOTAL NET ASSETS WITH DONOR RESTRICTIONS** **\$ 8,909,959**

## SOCIETY FOR NEUROSCIENCE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

#### 10. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended June 30, 2025:

Purpose restrictions accomplished:

|                                        |                |
|----------------------------------------|----------------|
| BrainFacts.org                         | \$ 50,000      |
| David Kopf Lecture on Neuroethics      | 24,328         |
| Dialogue lectures                      | 35,000         |
| Nemko Scholars Program                 | 7,500          |
| Peter and Patricia Gruber Award        | 90,000         |
| Science Educator Award                 | 10,000         |
| Sponsorships - Annual Meeting          | 50,400         |
| Trainee Professional Development Award | 25,000         |
| Appropriations from Endowment          | <u>254,844</u> |

**TOTAL NET ASSETS RELEASED FROM RESTRICTIONS** **\$ 547,072**

#### 11. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

|                                          |                |
|------------------------------------------|----------------|
| Cash and cash equivalents                | \$ 6,677,737   |
| Accounts receivable                      | 297,504        |
| Grants and contributions receivable      | 367,500        |
| Employee retention tax credit receivable | <u>489,927</u> |

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS  
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 7,832,668**

The Society is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Society'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.

The Society invests cash in excess of daily requirements in short-term investments. Of the Society's investment portfolio, approximately \$59,000,000 is in active markets and are not restricted in perpetuity in which could be drawn upon in the event of an unanticipated liquidity need. The Society also could draw upon the approximately \$20,000,000 of availability on the line of credit (as further discussed in Note 6).

#### 12. LEASE INCOME

The LLC currently has a total of five tenants leasing office space within its premises. The periods of the leases range from January 24, 2008 to November 30, 2031. Lease income from these leases totaled \$827,533 for the year ended June 30, 2025, and is included in the accompanying Consolidated Statement of Activities and Change in Net Assets in Property management revenue. Property management revenue totaled \$845,404 for the year ended June 30, 2025, and includes income for garage and storage leasing fees and operating expense recoverables.

## SOCIETY FOR NEUROSCIENCE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

#### 12. LEASE INCOME (Continued)

The difference between lease income received and lease income recognized on the straight-line basis is recorded as deferred lease receivable in the accompanying Consolidated Statement of Financial Position. As of June 30, 2025, the deferred lease receivable totaled \$734,943.

The following is a schedule of future minimum lease payments to be received by the LLC:

| <u>Year Ending June 30,</u> | <u>Tenants</u>             |
|-----------------------------|----------------------------|
| 2026                        | \$ 876,622                 |
| 2027                        | 877,659                    |
| 2028                        | 879,065                    |
| 2029                        | 485,234                    |
| 2030                        | 415,488                    |
| Thereafter                  | <u>644,102</u>             |
|                             | <u><b>\$ 4,178,170</b></u> |

#### 13. REIMBURSEMENT PROCEEDS

During June 30, 2021, the Society filed an insurance claim to recover its losses as a result of the 2020 annual meeting event cancellation. During the year ended June 30, 2023, the Society signed an agreement with the insurance companies on the undisputed portion of the insurance claim and the Society received proceeds in the amount of \$10,361,163 for coverage related to 2020 in-person meetings. During the fiscal year ended June 30, 2025, the Society reached a confidential settlement with the insurance companies that is included here. The Society is satisfied and has concluded its dispute with the insurance companies.

#### 14. RETIREMENT PLANS

The Society maintains two defined contribution plans for employees meeting certain eligibility requirements. The 403(b) Retirement Plan allows for eligible employees to contribute a percentage of their salary, subject to the maximum contribution as per the applicable IRS regulation. For the 403(b) Retirement Plan, the Society will match up to 4% of a participating employee's salary, depending upon the percentage of contribution made by the employees.

The 401(a) Retirement Plan provides a non-matching employer contribution of 4% to all eligible employees (members of senior management receive a 8% non-matching contribution).

The Society's contributions to the Plans for the year ended June 30, 2025 totaled \$632,149, with contributions to the 403(b) plan totaling \$75,210 and contributions to the 401(a) plan totaling \$512,939 and are included in fringe benefits in the accompanying Consolidated Statement of Functional Expenses.

The Society also has a deferred compensation plan under Section 457 of the Internal Revenue Code for certain executive level employees. Contributions to this plan totaled \$44,000 for the year ended June 30, 2025 and are included in Fringe benefits in the accompanying Consolidated Statement of Functional Expenses.

## **SOCIETY FOR NEUROSCIENCE**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025**

#### **15. COMMITMENTS**

The Society has executed lease agreements for conference space for the 2026, 2027, and 2028 meetings. For the 2029–2038 annual meetings, letters of intent have been executed. The total financial commitment under these agreements cannot be determined, as it depends on attendance and other variable factors. If a meeting were canceled prior to its scheduled date, a cancellation penalty would apply, with the penalty amount increasing as the event date approaches. To mitigate these potential losses, the Society purchases event cancellation insurance approximately two years in advance of each meeting.

#### **16. CONTINGENCY**

The Society receives grants from the U.S. Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. The Society's expenditures of Federal awards totaled \$419,413 for the year ended June 30, 2025. Therefore, the Society did not meet the threshold to require an audit in accordance with Subpart F of the Uniform Guidance.

#### **17. ENDOWMENT**

The Society's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

##### **Interpretation of Relevant Law -**

The Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the District of Columbia as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, the Society classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Additionally, in accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 17. ENDOWMENT (Continued)

#### Return Objectives and Risk Parameters -

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds.

Under this policy, as approved by the Council, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 5.0% annually. Actual returns in any given year may vary from this amount.

#### Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Society has a policy of appropriating for distribution each year a sum equal to the amount required to execute the program supported by the endowment, including an annual prize, as well as travel support for the prize winner and the allocable portion of the awards reception. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long-term, the Society expects the current spending policy to allow its endowment to grow each year. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment returns, such that the amount of the prize can increase at some point in the future.

#### Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. Deficiencies of this nature did not exist as of June 30, 2025. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds and continued appropriates for certain programs that was deemed prudent by the Council.

Endowment funds consisted of the following as of June 30, 2025:

|                              | <u>Without</u>      | <u>With Donor Restrictions</u> |                     |                     |
|------------------------------|---------------------|--------------------------------|---------------------|---------------------|
|                              | <u>Donor</u>        | <u>Available for</u>           | <u>Held in</u>      |                     |
|                              | <u>Restrictions</u> | <u>Appropriations</u>          | <u>Perpetuity</u>   | <u>Total</u>        |
| <b>TOTAL ENDOWMENT FUNDS</b> | <b>\$ -</b>         | <b>\$ 625,921</b>              | <b>\$ 7,711,868</b> | <b>\$ 8,337,789</b> |

# SOCIETY FOR NEUROSCIENCE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025

### 17. ENDOWMENT (Continued)

Changes in endowment funds consisted of the following as of and for the year ended June 30, 2025:

|                                                      | Without<br>Donor<br>Restrictions | With Donor Restrictions         |                       |                     |
|------------------------------------------------------|----------------------------------|---------------------------------|-----------------------|---------------------|
|                                                      |                                  | Available for<br>Appropriations | Held in<br>Perpetuity | Total               |
| Endowment net assets,<br>beginning of year           | \$ -                             | \$ 427,414                      | \$ 7,711,868          | \$ 8,139,282        |
| Investment income                                    | -                                | 453,351                         | -                     | 453,351             |
| Appropriation of endowment<br>assets for expenditure | -                                | (254,844)                       | -                     | (254,844)           |
| <b>ENDOWMENT FUNDS, END<br/>OF YEAR</b>              | <b>\$ -</b>                      | <b>\$ 625,921</b>               | <b>\$ 7,711,868</b>   | <b>\$ 8,337,789</b> |

### 18. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through October 7, 2025, the date the consolidated financial statements were issued.

At the summer Society Council Meeting, a recommendation for the refinancing of the buildings related taxable and non-taxable debt was approved. The debt refinancing documentation which will include interest rate swaps are in process. These documents are anticipated to be executed and in place by November 1, 2025. The new terms of the financing will remain in effect through the remaining terms of the respective facilities.