

AMERICAN METEOROLOGICAL SOCIETY

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**OFFICE OF MANAGEMENT AND BUDGET
UNIFORM GUIDANCE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2022**

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AMERICAN METEOROLOGICAL SOCIETY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021	3
STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)	4
STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021	5
STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)	6
STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2021	7
STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021	8
NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021	9 - 31
ACCOMPANYING INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2022	32
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2022	33
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	34 - 35
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	36 - 38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2022	39

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
American Meteorological Society
Boston, Massachusetts

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of American Meteorological Society (the "Society") (a nonprofit organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and 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 opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, American Meteorological Society adopted FASB ASC 842, *Leases*, effective January 1, 2022. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2023 on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

Tonneson & Company, PC

Wakefield, Massachusetts
September 26, 2023

AMERICAN METEOROLOGICAL SOCIETY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 4,987,953	\$ 3,126,279
Accounts receivable, net	984,314	888,641
Pledges receivable, net	162,881	385,173
Investments	9,150,894	10,877,729
Inventories	39,580	43,580
Property and equipment, net	8,911,052	9,239,610
Prepaid expenses and other current assets	1,457,327	985,230
Fair value of interest rate swap agreement	254,816	-
Right-of-use assets under operating lease	654,442	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 26,603,259	\$ 25,546,242
	<hr/> <hr/>	<hr/> <hr/>
	<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:		
Long-term debt	\$ 3,271,459	\$ 3,453,099
Operating lease obligations	656,169	-
Accounts payable and accrued expenses	1,273,687	1,038,504
Deferred revenue	7,082,063	5,383,561
Charitable gift annuity liability	176,737	183,049
Fair value of interest rate swap agreement	-	26,229
Deferred rent	-	101,735
	<hr/>	<hr/>
TOTAL LIABILITIES	12,460,115	10,186,177
	<hr/>	<hr/>
NET ASSETS:		
Without donor restrictions	8,878,276	9,197,973
With donor restrictions	5,264,868	6,162,092
	<hr/>	<hr/>
TOTAL NET ASSETS	14,143,144	15,360,065
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TOTAL LIABILITIES AND NET ASSETS	\$ 26,603,259	\$ 25,546,242
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AMERICAN METEOROLOGICAL SOCIETY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

(WITH COMPARATIVE TOTAL FOR THE YEAR ENDED DECEMBER 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
SUPPORT AND REVENUE:				
Publications	\$ 6,905,032	\$ -	\$ 6,905,032	\$ 7,398,627
Meetings and exhibits	4,491,174	-	4,491,174	2,037,379
Membership and communication	2,208,855	-	2,208,855	2,095,477
Other educational assistance	1,288,933	-	1,288,933	1,451,160
Federal grants	1,396,625	-	1,396,625	1,279,427
Investment income (loss), net	(1,021,825)	(957,219)	(1,979,044)	1,474,550
Contributions	196,341	239,695	436,036	499,587
Rental income	112,876	-	112,876	115,247
Gain on extinguishment of debt	-	-	-	1,409,142
Gain on interest rate swap agreement	281,046	-	281,046	92,619
Other income	44,177	-	44,177	3,498
Net assets released from restrictions	179,700	(179,700)	-	-
	<u>16,082,934</u>	<u>(897,224)</u>	<u>15,185,710</u>	<u>17,856,713</u>
Total support and revenue				
EXPENSES:				
Program services:				
Publications	4,961,529	-	4,961,529	5,183,510
Education and policy programs	2,650,576	-	2,650,576	2,520,721
Meetings and exhibits	2,739,453	-	2,739,453	1,797,811
Membership and communication	2,780,054	-	2,780,054	2,763,672
Student programs	506,667	-	506,667	486,977
Supporting services:				
Administrative and general	2,613,627	-	2,613,627	2,304,429
Development	150,725	-	150,725	133,941
	<u>16,402,631</u>	<u>-</u>	<u>16,402,631</u>	<u>15,191,061</u>
Total expenses				
INCREASE (DECREASE) IN NET ASSETS	(319,697)	(897,224)	(1,216,921)	2,665,652
NET ASSETS, BEGINNING OF YEAR	<u>9,197,973</u>	<u>6,162,092</u>	<u>15,360,065</u>	<u>12,694,413</u>
NET ASSETS, END OF YEAR	<u>\$ 8,878,276</u>	<u>\$ 5,264,868</u>	<u>\$ 14,143,144</u>	<u>\$ 15,360,065</u>

AMERICAN METEOROLOGICAL SOCIETY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
SUPPORT AND REVENUE:			
Publications	\$ 7,398,627	\$ -	\$ 7,398,627
Meetings and exhibits	2,037,379	-	2,037,379
Membership and communication	2,095,477	-	2,095,477
Other educational assistance	1,451,160	-	1,451,160
Federal grants	1,279,427	-	1,279,427
Investment income, net	763,945	710,605	1,474,550
Contributions	129,566	370,021	499,587
Rental income	115,247	-	115,247
Gain on extinguishment of debt	1,409,142	-	1,409,142
Gain on interest rate swap agreement	92,619	-	92,619
Other income	3,498	-	3,498
Net assets released from restrictions	158,523	(158,523)	-
	<u>16,934,610</u>	<u>922,103</u>	<u>17,856,713</u>
Total support and revenue			
EXPENSES:			
Program services:			
Publications	5,183,510	-	5,183,510
Education and policy programs	2,520,721	-	2,520,721
Meetings and exhibits	1,797,811	-	1,797,811
Membership and communication	2,763,672	-	2,763,672
Student programs	486,977	-	486,977
Supporting services:			
Administrative and general	2,304,429	-	2,304,429
Development	133,941	-	133,941
	<u>15,191,061</u>	<u>-</u>	<u>15,191,061</u>
Total expenses			
INCREASE IN NET ASSETS	1,743,549	922,103	2,665,652
NET ASSETS, BEGINNING OF YEAR	<u>7,454,424</u>	<u>5,239,989</u>	<u>12,694,413</u>
NET ASSETS, END OF YEAR	<u>\$ 9,197,973</u>	<u>\$ 6,162,092</u>	<u>\$ 15,360,065</u>

See Notes to Financial Statements.

AMERICAN METEOROLOGICAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program Services					Supporting Services		2022 Total	2021 Total
	Publications	Education and Policy Programs	Meetings and Exhibits	Membership and Communication	Student Programs	Administrative and General	Development		
Payroll and related taxes	\$ 2,012,370	\$ 1,228,582	\$ 743,438	\$ 1,515,863	\$ 90,429	\$ 1,533,384	\$ 72,662	\$ 7,196,728	\$ 6,751,450
Conferences and meetings expense	-	-	1,525,143	-	-	-	-	1,525,143	712,801
Journal production and mailing	1,192,139	-	-	236,218	-	-	-	1,428,357	1,805,417
Employee benefits, health and welfare	239,816	146,411	88,596	180,647	10,777	182,734	8,659	857,640	821,984
Consulting	116,610	189,748	48,823	108,997	4,364	177,427	34,661	680,630	537,157
Employee benefits - retirement	157,967	96,441	58,358	118,992	7,098	132,004	5,704	576,564	575,503
Education programs and workshops	-	392,586	-	-	-	-	-	392,586	357,246
Computer expense	116,793	60,829	43,797	72,995	4,866	51,098	4,866	355,244	313,025
Depreciation and amortization	85,931	44,756	32,224	132,802	3,580	37,594	3,580	340,467	361,878
Bank charges and fees	142,722	-	93,013	46,234	-	31,310	-	313,279	251,871
Online hosting	301,269	-	-	-	-	-	-	301,269	252,361
Student scholarships and fellowships	-	-	-	-	295,400	-	-	295,400	295,500
Education books production	-	234,309	-	-	-	-	-	234,309	228,403
Occupancy	74,510	38,806	27,941	46,568	3,104	32,599	3,104	226,632	383,056
Volunteer editor support	191,993	-	-	-	-	-	-	191,993	213,849
Professional fees	-	-	-	-	-	144,025	-	144,025	158,728
Telephone	44,867	23,368	16,825	28,042	1,869	19,630	1,869	136,470	137,581
Insurance	40,801	21,250	15,300	25,501	1,700	17,851	1,700	124,103	106,642
Office supplies and expense	36,902	19,220	13,838	23,064	1,538	16,217	1,538	112,317	120,899
Policy programs	-	110,911	-	-	-	-	-	110,911	14,101
Council and committee	-	-	-	-	-	96,375	-	96,375	174,628
Affiliate membership dues	-	-	-	95,026	-	-	-	95,026	92,216
Interest expense	29,931	15,589	11,224	18,707	1,247	13,094	1,247	91,039	95,996
Bad debt expense	57,225	-	-	-	-	32,633	-	89,858	-
Student programs	-	-	-	-	78,479	-	-	78,479	64,220
Utilities	23,669	12,327	8,876	14,793	986	10,355	986	71,992	60,342
Repairs and maintenance	21,708	11,306	8,141	13,568	905	9,496	905	66,029	55,526
Dues and subscriptions	37,024	75	991	355	-	22,543	-	60,988	51,228
Other membership expenses	-	-	-	50,376	-	-	-	50,376	37,488
DEI Expenses	-	-	-	-	-	42,756	-	42,756	3,521
Membership communication expense	-	-	-	39,657	-	-	-	39,657	72,013
Book production and mailing	28,576	-	-	-	-	-	-	28,576	41,975
Postage	6,643	3,460	2,491	4,152	277	2,906	277	20,206	14,091
Miscellaneous	2,063	602	434	723	48	7,596	48	11,514	2,701
Fundraising expenses, other	-	-	-	-	-	-	8,919	8,919	8,541
Merchandise for resale	-	-	-	6,774	-	-	-	6,774	17,123
	<u>\$ 4,961,529</u>	<u>\$ 2,650,576</u>	<u>\$ 2,739,453</u>	<u>\$ 2,780,054</u>	<u>\$ 506,667</u>	<u>\$ 2,613,627</u>	<u>\$ 150,725</u>	<u>\$ 16,402,631</u>	<u>\$ 15,191,061</u>

See Notes to Financial Statements.

AMERICAN METEOROLOGICAL SOCIETY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services					Supporting Services		2021 Total
	Publications	Education and Policy Programs	Meetings and Exhibits	Membership and Communication	Student Programs	Administrative and General	Development	
Payroll and related taxes	\$ 1,910,060	\$ 1,230,501	\$ 681,925	\$ 1,415,810	\$ 86,658	\$ 1,366,231	\$ 60,265	\$ 6,751,450
Journal production and mailing	1,565,581	-	-	239,836	-	-	-	1,805,417
Employee benefits, health and welfare	232,549	149,813	83,024	172,374	10,551	166,336	7,337	821,984
Conferences and meetings expense	-	-	712,801	-	-	-	-	712,801
Employee benefits - retirement	162,816	104,890	58,128	120,686	7,387	116,459	5,137	575,503
Consulting	107,126	174,740	49,543	115,505	3,803	52,637	33,803	537,157
Occupancy	126,805	63,402	42,268	85,857	4,623	55,478	4,623	383,056
Depreciation and amortization	90,266	45,133	30,089	150,318	3,291	39,490	3,291	361,878
Education programs and workshops	-	357,246	-	-	-	-	-	357,246
Computer expense	103,622	51,811	34,541	70,161	3,778	45,334	3,778	313,025
Student scholarships and fellowships	-	-	-	-	295,500	-	-	295,500
Online hosting	252,361	-	-	-	-	-	-	252,361
Bank charges and fees	145,555	-	39,972	41,197	-	25,147	-	251,871
Education books production	-	228,403	-	-	-	-	-	228,403
Volunteer editor support	213,849	-	-	-	-	-	-	213,849
Council and committee	-	-	-	-	-	174,628	-	174,628
Professional fees	-	-	-	-	-	158,728	-	158,728
Telephone	45,544	22,772	15,181	30,837	1,660	19,927	1,660	137,581
Office supplies and expense	40,022	20,011	13,341	27,098	1,459	17,509	1,459	120,899
Insurance	35,302	17,651	11,767	23,903	1,287	15,445	1,287	106,642
Interest expense	31,778	15,889	10,593	21,516	1,159	13,902	1,159	95,996
Affiliate membership dues	-	-	-	92,216	-	-	-	92,216
Membership communication expense	-	-	-	72,013	-	-	-	72,013
Student programs	-	-	-	-	64,220	-	-	64,220
Utilities	19,975	9,988	6,658	13,525	728	8,740	728	60,342
Repairs and maintenance	18,382	9,191	6,127	12,446	670	8,040	670	55,526
Dues and subscriptions	34,385	2,400	-	-	-	14,443	-	51,228
Book production and mailing	41,975	-	-	-	-	-	-	41,975
Other membership expenses	-	-	-	37,488	-	-	-	37,488
Merchandise for resale	-	-	-	17,123	-	-	-	17,123
Policy programs	-	14,101	-	-	-	-	-	14,101
Postage	4,664	2,332	1,555	3,158	170	2,042	170	14,091
Fundraising expenses, other	-	-	-	-	-	-	8,541	8,541
DEI Expenses	-	-	-	-	-	3,521	-	3,521
Miscellaneous	893	447	298	605	33	392	33	2,701
	<u>\$ 5,183,510</u>	<u>\$ 2,520,721</u>	<u>\$ 1,797,811</u>	<u>\$ 2,763,672</u>	<u>\$ 486,977</u>	<u>\$ 2,304,429</u>	<u>\$ 133,941</u>	<u>\$ 15,191,061</u>

See Notes to Financial Statements.

AMERICAN METEOROLOGICAL SOCIETY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from publications	\$ 6,743,712	\$ 7,467,434
Cash received from meetings and exhibits	6,233,648	2,700,118
Cash received from membership and communication	2,206,837	2,098,487
Cash received from education and policy programs	1,143,685	1,401,126
Cash received from other activities	56,470	5,321
Interest and dividends received	122,904	168,103
Cash received from rental income	112,876	115,247
Cash received from contributions and grants	2,002,271	1,434,672
Cash payments for salaries, benefits, and payroll taxes	(8,687,922)	(8,143,607)
Cash payments to vendors	(7,601,164)	(6,842,717)
Interest paid	<u>(93,213)</u>	<u>(96,485)</u>
Net cash provided by operating activities	<u>2,240,104</u>	<u>307,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(10,217)	(80,234)
Proceeds from sale of investments	3,420,500	2,920,041
Purchase of investments	<u>(3,773,848)</u>	<u>(3,522,703)</u>
Net cash used in investing activities	<u>(363,565)</u>	<u>(682,896)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(183,330)	(183,333)
Contributions restricted for endowment	190,230	73,863
Payments to charitable gift annuitants	<u>(21,765)</u>	<u>(21,765)</u>
Net cash used in financing activities	<u>(14,865)</u>	<u>(131,235)</u>
NET INCREASE (DECREASE) IN CASH	1,861,674	(506,432)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,126,279</u>	<u>3,632,711</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,987,953</u>	<u>\$ 3,126,279</u>

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies

Nature of Activities - American Meteorological Society was formed in 1919. Interdisciplinary in scope, the Society actively promotes the development and dissemination of information on the atmospheric and related oceanic and hydrologic sciences.

Basis of Accounting - The financial statements of the Society have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation - Under U.S. GAAP, the Society is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These assets may be used at the discretion of the Society's management and executive committee.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents consist of highly liquid investments with original maturities of ninety days or less. Cash equivalents are carried at cost which approximates fair value.

Accounts Receivable - Accounts receivable are stated at the amount the Society's management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on historical collection experience, its assessment of current economic conditions, review and assessment of estimated funding sources, and the financial condition of the debtor. Balances which are still outstanding after the Society's management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Pledges Receivable - Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Pledges receivable have been reviewed by management and it has been determined that there is no requirement for an allowance for doubtful accounts as of December 31, 2022 and 2021.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments - The Society reports its investments pursuant to U.S. generally accepted accounting principles. Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Gains and losses on the disposition of investments are accounted for on the average cost method for equities and specific identification method for other securities. Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction.

The Society maintains a primary investment account for its donor-restricted endowments, unless specifically requested by the donor to be segregated. Realized and unrealized gains and losses from securities in the primary account are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the primary investment account, as adjusted for additions to or deductions from those accounts.

The Society maintains an investment portfolio consisting of a combination of long-term cash and cash equivalents, fixed income, common stocks, and equity securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the Society's investment account balances.

Inventories - Inventories, consisting primarily of periodicals and books, are stated at net realizable value.

Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets which range from three to forty years. Additions and betterments of \$2,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The Society's land and buildings are in a historical district and its original building is classified as a historical structure. The original property is a historical treasure that is worth preserving perpetually. The Society has the capacity to protect and preserve essentially the service potential of the land and building and is doing so.

Collections - In accordance with *Other Presentation Matters - General (Subtopic 360-45): Disclosure of Art, Historical Treasures, and Similar Assets*, the Society does not capitalize and recognize collections in its financial statements.

Derivatives - Derivative instruments consist of one interest rate swap agreement which is measured at fair value and recorded in accordance with U.S. generally accepted accounting principles.

Debt Issuance Costs - In accordance with FASB Codification Topic 835, *Interest*, the Society presents unamortized debt issuance costs as a reduction of the carrying amount of the debt. Debt issuance costs are being amortized using straight-line method over the term of the related financing agreements.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition - The Society has multiple revenue streams that are accounted for as reciprocal exchange transactions including publications, meetings and exhibits, membership and communication, and other educational assistance. Revenues are recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Society expects to be entitled to in exchange for those products and services.

Because the Society's performance obligations relate to contracts with a duration of less than one year, the Society has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components. The following revenues are included in the accompanying financial statements.

Publications

Subscriptions - Subscription fees consist of amounts that individuals and corporations pay in exchange for annual subscriptions to the peer-reviewed scientific journals and scientific monographs that the Society publishes each year. All subscription terms are for the calendar year, and annual fees are fixed and paid in advance. For performance obligations related to subscription fees, control transfers to the customer over time. Revenue under subscription contracts is recognized using an output method based on time elapsed divided by the total contract term.

Page Charges - Page charges consist of amounts paid by individuals and corporations to have their content published within the peer-reviewed scientific journals and scientific monographs published by the Society each year. Page charge fees are fixed and based on the number of pages being published. For performance obligations related to page charges, control transfers to the customer at a point in time. The Society transfers control and records revenue upon publication of the related journal or monograph.

Book Sales - Book sales consist of amounts paid by individuals and corporations for the purchase of books sold by the Society and distributed through the Society's online bookstore as well as through a third-party distributor. For performance obligations related to book sales, control transfers to the customer at a point in time. The Society's principal terms of sale are FOB shipping point and the Society transfers control and records revenue for book sales upon shipment to the customer.

Meetings and Exhibits

Registration Fees - The Society hosts various scientific meetings and events every year. Each meeting or event is usually one to two days in duration. Registration fees consist of amounts paid by individuals to attend the events and related scientific presentations. Registration fees are fixed and are paid in advance through online registration, or they are paid on site at the event. For performance obligations related to meeting and event registration fees, control transfers to the customer at a point in time. The Society transfers control and records revenue upon the completion of each meeting or event.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Meetings and Exhibits (Continued)

Online Abstract Fees - Online abstract fees consist of amounts paid by individuals who are presenting at the meeting or event. Presenters must pay a fee to post an abstract of their presentation online and upload any necessary supplemental information. Abstract fees are fixed and are paid in advance. For performance obligations related to meeting and event online abstract fees, control transfers to the customer at a point in time. The Society transfers control and records revenue upon the completion of each meeting or event.

Sponsorship and Exhibitor Fees - Sponsorship fees consist of amounts paid by corporations for various levels of brand recognition at the event. Exhibitor fees represent amounts paid by corporations for floor space at the event to set up a company exhibit booth. Sponsorship and exhibitor fees are fixed and are paid in advance. For performance obligations related to meeting and event sponsorship and exhibitor fees, control transfers to the customer at a point in time. The Society transfers control and records revenue upon the completion of each meeting or event.

Membership and Communication

Membership Dues - Membership dues consist of amounts that individuals and corporations pay to gain access to member only academic libraries and publications, the AMS Community Platform, as well as various discounts on meeting and event registration fees and subscriptions to publications. All membership terms are for the calendar year, and annual fees are fixed and paid in advance. For performance obligations related to membership dues, control transfers to the customer over time. Revenue under membership contracts is recognized using an output method based on time elapsed divided by the total contract term.

Other Educational Assistance

Tuition Fees - Tuition fees consist of amounts paid by individuals to attend either a summer educational on-site workshop or a 13 week online based scientific course. Tuition fees are fixed and are paid in advance. For performance obligations related to educational programs, control transfers to the customer over time. Revenue under educational program contracts is recognized using an output method based on time elapsed divided by the total contract term.

License and Textbook Fees - License fees consist of amounts paid by institutions of higher education for a term license running the academic year, or August 15 to August 14, that grants the institution and its faculty access to a full course package, consisting of access to online portals and a course textbook. The course textbooks are also ordered separate from the term license, typically by the educational institution's bookstore. For performance obligations related to educational program license fees, control transfers to the customer over time. Revenue under license fee contracts is recognized using an output method based on time elapsed divided by the total contract term. For performance obligations related to textbook fees, control transfers to the customer at a point in time. The Society's principal terms of sale are FOB shipping point and the Society transfers control and records revenue for textbook fees upon shipment of the goods to the customer.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Other Educational Assistance (Continued)

Career Development Short Courses - The Society hosts various career development type short courses throughout the year. Registration fees are fixed and paid in advance. For performance obligations related to career development short courses, control transfers to the customer at a point in time. The Society transfers control and records revenue upon the completion of each short course.

Amounts paid in advance represent contract liabilities and are recorded as deferred revenue. Contract assets represent revenue recognized in excess of the amount billed to the customer. Contract liabilities at December 31, 2022 and 2021 amounted to \$7,082,063 and \$5,383,561, respectively. Contract liabilities at January 1, 2021 amounted to \$4,724,432. There were no contract assets at December 31, 2022 and 2021.

Revenue recognized based on performance obligations satisfied over time for the years ended December 31, 2022 and 2021 each amounted to approximately \$6,600,000. Revenue recognized based on performance obligations satisfied at a point in time for the years ended December 31, 2022 and 2021 amounted to approximately \$8,200,000 and \$6,300,000, respectively.

Contributed Services - Contributed services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. Contributed services are recognized as revenue at the estimated fair value when the service is received. There were no contributed services received by the Society during the years ended December 31, 2022 and 2021. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Society with various programs and committee assignments, but these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy costs, utilities, interest expense, computer expense, office expense, insurance, depreciation and amortization, consulting, postage, dues and subscriptions, and repairs and maintenance which are allocated based on the number of employees in the respective departments. Other expenses are allocated based on time and effort.

The following program and supporting services are included in the accompanying financial statements.

Publications

Includes the publication of the Society's primary journals (Journal of the Atmospheric Sciences, Journal of Applied Meteorology and Climatology, Monthly Weather Review, Journal of Physical Oceanography, Journal of Atmospheric and Oceanic Technology, Journal of Climate, Weather and Forecasting, Weather, Climate and Society, Journal of Hydrometeorology and Earth Interactions electronic journal).

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses (Continued)

Education and Policy Programs

Includes federal funding and Society support of nationally recognized programs using the study of the atmosphere and ocean to enhance or create an interest in pre-college students in science and engineering. Programs include, among others, AMS/NOAA Cooperative Program for Earth System Education, AMS Summer Policy Colloquium 2021-2024, AMS Climate Studies and Research Opportunities in Space and Earth Sciences. Policy programs work to strengthen the connection between public policy and Earth system science and services by building policy research and by creating opportunities for policymakers and scientists to engage and exchange perspectives to foster better-informed policy decisions. In addition, this includes the production and sale of books published by the Society, distribution throughout North America of WMO publications and sale of educational material for pre-college teachers.

Meetings and Exhibits

Includes presenting various meetings throughout the year including the annual meeting and the related exhibits. It also includes short courses offered at the various meetings.

Membership and Communication

Includes all primary member services, including, among others, the maintenance of the membership database, the certification programs, and the publication of the Bulletin.

Student Programs

Includes the granting and administration of the many undergraduate scholarships and graduate fellowships offered by the Society, and support for other student programs, such as student travel grants to scientific conferences and the annual AMS Student Conference.

Administrative and General

Includes the functions necessary to maintain a portion of an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Society's program strategy through the Office of the Executive Director; secure proper administrative functioning of the Council; maintain competent legal services for the program administration of the Society; and manage the financial and budgetary responsibilities of the Society.

Development

Includes conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Advertising - The Society uses advertising to promote its programs, bulletins, journals, books, and education materials among the audiences it serves. The production costs of advertising are expensed as incurred.

Income Tax Status - The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income. The Society had no material unrelated business income for the years ended December 31, 2022 and 2021.

In determining the recognition of uncertain tax positions, the Society applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of December 31, 2022, the Society has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Society is not currently under examination by any taxing jurisdiction. The Society's federal and state tax returns are generally open for examination for three years following the date filed.

Concentration of Credit Risk - The Society places its cash in institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year, the bank balances may be in excess of the FDIC insurance limit of \$250,000 per institution. At December 31, 2022, the Society's bank balances exceeded the FDIC limit by approximately \$4,888,000. The Society also holds various investment funds in a combination of long-term cash and cash equivalents, fixed income, equity securities, and common stocks. At December 31, 2022, the Society had \$9,150,894 in brokerage accounts, which were not insured and subject to various risks, such as interest rate, market and credit risks.

Recently Adopted Accounting Pronouncements - During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*. This new standard was issued to increase transparency and comparability among entities requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most notable among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Additionally, under the new standard disclosures are required to meet the objective on enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard also includes lessor accounting guidance, although such guidance is substantially equivalent to prior lessor accounting.

The Society adopted the new lease standard effective January 1, 2022 and recognized and measured leases existing at January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease accounting and disclosure for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840 in which future payments to be made under operating leases, other than deferred rent, were not recorded on the statement of financial position but rather classified and disclosed as commitments and certain long-term lease transactions to the financing of property and equipment were classified as capital leases.

The Society elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether the classification of operating leases would be different in accordance with new guidance, and (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncements (Continued) - As a result of the adoption of the new lease accounting guidance, the Society recognized on January 1, 2022 a lease liability of \$1,819,536, which represents the present value of remaining operating lease payments of \$1,887,118 discounted using the risk-free interest rate of 1.37% which was based on the remaining term of the lease and right-of-use asset of \$1,825,703 which includes an adjustment for deferred rent of \$101,735, initial direct costs of \$79,589, and prepaid rent expense of \$28,313.

Adoption of the new lease standard had a material impact on the Society's statement of financial position but did not have a significant impact on the statement of activities, functional expenses, or cash flows. The most significant impact was recognition of ROU assets and lease liabilities for operating leases.

Leases - The Society leases office space under a long-term, non-cancelable lease agreement. Operating leases are included as right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

Management determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, management considers factors such as if the Society has obtained substantially all the rights of the underlying asset through exclusivity, if the Society can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. The evaluation may require significant judgement. The Society has elected to apply the short-term lease exemption to all asset classes.

ROU assets represent the Society's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term which includes both amortization of the ROU asset and other lease expense. In determining the discount rate used to measure the right-of-use asset and lease liability, the rate implicit in the lease is used, or if not available, the Society uses a risk-free rate for all classes of assets based on the information available at commencement date in determining the present value of lease payments. The risk-free rate is based on the U.S. Daily Treasury Par Yield Curve rates for terms similar to lease terms. The ROU asset also includes any lease payments made at or before commencement date, less any incentive received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. The Society's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Society has lease agreements with lease and non-lease components. The Society elects to not separate lease and non-lease components in its lease agreements. Accordingly, as all arrangements are accounted for as a single lease component, there may be variability in future lease payments as the amount of non-lease components is typically revised from one period to the next. These variable payments, which primarily comprise of common area maintenance, and real estate taxes that are passed on from lessor in proportion to the space leased, are recognized in administrative and general expenses on the period in which the obligation for those payments was incurred.

Subsequent Events - The date to which events occurring after December 31, 2022 have been evaluated for possible adjustment to the financial statements or disclosure is the date of the Independent Auditor's Report which is the date the financial statements were available to be issued.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 2 - Availability and Liquidity

The Society strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures (approximately \$3,960,000). Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The Society receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. The Society also receives support without donor restrictions.

The Society considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and development expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Society's fiscal year.

The Society manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Society.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 2 - Availability and Liquidity (Continued)

The table below presents financial assets available for general expenditures within one year at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,987,953	\$ 3,126,279
Accounts receivable	984,314	888,641
Pledges receivable	162,881	385,173
Investments	<u>9,150,894</u>	<u>10,877,729</u>
 Total financial assets	 <u>15,286,042</u>	 <u>15,277,822</u>
 Less amounts not available to be used within one year:		
Collateral under security lending agreements	500,000	500,000
Net assets with donor restrictions	5,264,868	6,162,092
Less estimated net assets with purpose or time restrictions to be met in less than one year	<u>(180,000)</u>	<u>(230,000)</u>
 Financial assets not available to be used within one year	 <u>5,584,868</u>	 <u>6,432,092</u>
 Financial assets available to meet general expenditures within one year	 9,701,174	 8,845,730
Liquidity resources - Line of credit borrowings	<u>2,000,000</u>	<u>2,000,000</u>
 Total financial assets and liquidity resources available to meet general expenditures within one year	 <u>\$ 11,701,174</u>	 <u>\$ 10,845,730</u>

Note 3 - Accounts Receivable

At December 31, 2022 and 2021, accounts receivable consist of the following:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 1,003,414	\$ 888,641
Less allowance for doubtful accounts	<u>19,100</u>	<u>-</u>
	<u>\$ 984,314</u>	<u>\$ 888,641</u>

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 4 - Pledges Receivable

At December 31, 2022 and 2021, pledges receivable consist of the following:

	<u>2022</u>	<u>2021</u>
Pledges expected to be collected in:		
Less than one year	\$ 142,108	\$ 342,576
One to five years	24,038	50,092
	<u>166,146</u>	<u>392,668</u>
Less present value discount	3,265	7,495
	<u>162,881</u>	<u>385,173</u>
Pledges receivable, net	\$ <u>162,881</u>	\$ <u>385,173</u>

Note 5 - Investments

The cost and fair value of investments at December 31, 2022 and 2021 were as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds/ETF	\$ 5,316,166	\$ 5,563,450	\$ 5,393,057	\$ 7,031,601
Cash and cash equivalents	412,191	412,191	387,243	387,243
Fixed income	986,539	934,005	965,629	989,447
Common stock	1,769,151	2,241,248	1,248,260	2,469,438
	<u>8,484,047</u>	<u>9,150,894</u>	<u>7,994,189</u>	<u>10,877,729</u>

Investment income, net for the years ended December 31, 2022 and 2021 consists of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Interest and dividends	\$ 97,101	\$ 95,707	\$ 143,535	\$ 110,475
Investment fees	(9,498)	(60,406)	(9,463)	(76,444)
Realized and unrealized gains (losses), net	(1,109,428)	(992,520)	629,873	676,574
	<u>(1,021,825)</u>	<u>(957,219)</u>	<u>763,945</u>	<u>710,605</u>

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 6 - Fair Value

Fair value is defined under U.S. GAAP as the price that would be received to sell an asset, or paid to transfer a liability, in orderly transactions between market participants. Further, the Society is required to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. The hierarchy of valuation techniques is based on whether inputs to a fair value measurement are observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Society's market assumptions.

This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1 - Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical unrestricted assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance requires the use of observable data if such data is available without undue cost and effort.

Although the Society believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following is a description of the Society's valuation methodologies for assets measured at fair value.

Cash and Cash Equivalents - These investments are valued at the daily closing price as reported by the investment broker. Investments in long-term cash and cash equivalents are classified as Level 1 of the valuation hierarchy.

Common Stocks - These investments are valued at the closing price reported on the active market on which the individual securities are traded. Investments in common stock are classified as Level 1 of the valuation hierarchy.

Mutual Funds/ETFs - These investments are public investment vehicles valued using the Net Asset Value ("NAV") provided by the administrator of the fund and calculated at the close of business on the NYSE. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. Investments in mutual funds are classified within Level 1 of the valuation hierarchy.

Fixed Income - These investments are valued at the closing price of the active market in which the individual securities are traded. Investments in fixed income securities are classified as Level 1 of the valuation hierarchy.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 6 - Fair Value (Continued)

The following table summarizes by level, within the fair value hierarchy, the Society's financial assets and liabilities measured at fair value on a recurring basis in accordance with U.S. GAAP as of December 31, 2022 and 2021:

<u>Assets at Fair Value</u>	<u>2022</u>	<u>2021</u>
<u>Level 1</u>		
Cash and cash equivalents	\$ 412,191	\$ 387,243
Common stocks:		
Health care	421,130	553,609
Financial services	523,128	622,297
Technology	385,801	596,508
Industrials	298,227	226,930
Consumer defensive	155,032	172,679
Consumer cyclical	136,740	168,622
Energy	128,783	77,807
Consumer Services	72,539	-
Other	119,868	50,986
Mutual Funds/ ETFs:		
Large blend	1,644,329	2,076,603
International large blend	282,220	392,622
Small blend	597,000	808,116
Real estate	522,162	688,902
Large growth	570,952	625,847
International large growth	201,426	396,418
Mid-cap blend	414,986	510,478
Diversified emerging markets	222,004	391,946
Intermediate-term bond	154,064	180,346
Market neutral	241,803	245,646
Inflation protected bond	168,003	190,674
Short-term bond	253,834	268,969
Pacific/Asia ex-Japan Stk	205,375	119,204
Mid Core	-	34,875
Mid-cap value	10,262	10,001
Large value	54,141	62,617
Mid-cap growth	20,889	28,337
Fixed income:		
Intermediate-term bond	191,402	313,133
Inflation protected bond	-	27,653
Short-term bond	204,895	206,019
Other	537,708	442,642
	<u>\$ 9,150,894</u>	<u>\$ 10,877,729</u>

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 6 - Fair Value (Continued)

<u>Assets at Fair Value</u>	<u>2022</u>	<u>2021</u>
<u>Level 2</u>		
Interest rate swap	\$ <u>254,816</u>	\$ <u>-</u>
<u>Liabilities at Fair Value</u>	<u>2022</u>	<u>2021</u>
<u>Level 2</u>		
Interest rate swap	\$ <u>-</u>	\$ <u>26,229</u>

Note 7 - Property and Equipment

Property and equipment consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 8,987,712	\$ 8,987,712
Land and land improvements	3,864,120	3,864,120
Software	1,814,028	1,803,811
Office equipment and furniture	<u>937,282</u>	<u>937,282</u>
	15,603,142	15,592,925
Less: accumulated depreciation	<u>6,692,090</u>	<u>6,353,315</u>
Property and equipment, net	\$ <u>8,911,052</u>	\$ <u>9,239,610</u>

Note 8 - Leases

The Society leases office space under an operating lease through March 2027. Lease payments under the agreement commenced in May 2017 and expire in March 2027. The lease provided for fixed monthly payments that escalate annually on the lease anniversary. During November 2021, the agreement was amended with an effective date of February 1, 2022, to reflect a reduction in square footage leased. Fixed monthly payments were amended to \$12,059 from February 2022 through January 2023, with annual increases. The Society is responsible for payment of all real estate taxes and operating costs as defined in the agreement.

The components of lease expense for the year ended December 31, 2022 are as follows:

Lease Costs:	
Operating lease expense	\$ 176,433
Variable lease expense	<u>24,407</u>
Total operating lease expense	\$ <u>200,840</u>

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 8 - Leases (Continued)

For the year ended December 31, 2021, total rent expense under the lease agreement, as required to be disclosed by ASC 840, amounted to approximately \$380,000.

Other information related to leases as of December 31, 2022 was as follows:

Weighted average remaining lease term(years):

Operating Leases	4.25
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Weighted average discount rate:

Operating Leases	1.63%
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Supplemental cash flow information for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash outflows from operating leases	\$ 139,569
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Right-of-use assets obtained in exchange for lease obligations:

(including amounts at transition)

Operating Leases	\$ 1,819,536
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Future minimum lease payments under non-cancellable leases as of December 31, 2022 were as follows:

<u>Years</u>	<u>Operating Leases</u>
2023	\$ 144,393
2024	161,070
2025	165,091
2026	167,911
2027	41,935
Total lease payments	<u>680,400</u>
Less: Imputed interest	<u>24,231</u>
Total lease obligations	656,169
Less: Current obligations	<u>147,336</u>
Long-term lease obligations	<u><u>\$ 508,833</u></u>

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 8 - Leases (Continued)

Approximate future minimum rental payments under noncancelable operating leases as of December 31, 2021, as required to be disclosed in accordance with ASC 840, are as follows:

<u>Years</u>	<u>Amount</u>
2022	\$ 345,000
2023	350,000
2024	360,000
2025	370,000
2026	375,000
Thereafter	<u>90,000</u>
	\$ <u><u>1,890,000</u></u>

During July 2020, the Society entered into a non-cancelable lease agreement with a third party. The lease agreement provides for a two-year term beginning September 2020. The lease provides for monthly rental income in the amount of \$6,171 from September 2021 through August 2022. The facility lease does not transfer ownership of the leased asset, does not provide an option for the lessee to purchase the asset and does not contain any material residual value guarantees or material restrictive covenants.

During September 2022, the Society entered into a non-cancelable lease agreement with a non-related third party. The lease agreement provides for a two year term beginning September 2022. The lease provides for monthly rental income in the amount of \$4,872 from September 2022 through August 2023, and \$5,071 from September 2023 through August 2024. The facility lease does not transfer ownership of the leased asset, does not provide an option for the lessee to purchase the asset and does not contain any material residual value guarantees or material restrictive covenants.

During November 2019, the Society entered into a non-cancellable lease agreement with a non-related third party. The lease agreement provides for a 25 year term beginning November 2019. The lease provides for monthly rental income in the amount of \$2,000 per month with a rent escalation based on the consumer price index annually. The facility lease does not transfer ownership of the leased asset, does not provide an option for the lessee to purchase the asset and does not contain any material residual value guarantees or material restrictive covenants.

Total rental income amounted to approximately \$112,000 and \$115,000 for the years ended December 31, 2022 and 2021, respectively.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 8 - Leases (Continued)

The following is a schedule, by year, of approximate future minimum undiscounted cash flows to be received from the lease payments of these operating leases, as of December 31, 2022:

<u>Years</u>		<u>Amount</u>
2023	\$	85,000
2024		70,000
2025		30,000
2026		30,000
2027		30,000
Thereafter		<u>475,000</u>
Total	\$	<u><u>720,000</u></u>

Note 9 - Note Payable, Bank

The Society has a revolving line of credit agreement with a bank. Maximum borrowings allowed under the agreement are \$500,000. Interest is charged at a rate of LIBOR plus 2.25%. The line of credit is secured and cross collateralized with the tax-exempt bond financing and by a first security interest in all assets of the Society, inclusive of a cash collateral account of \$500,000. The line of credit agreement contains financial and other covenants including a maximum leverage provision. During November 2021, the Society entered into an extension agreement to extend the termination date to January 29, 2024. At December 31, 2022 and 2021, there was no outstanding balance on the revolving line of credit. Subsequent to the year ended December 31, 2022, the revolving line of credit agreement was amended to change the interest rate to the borrower's choice of the Alternate Base Rate or Term Secured Overnight Financing Rate (SOFR) plus 2.25%

During November 2021, the Society entered into a revolving credit note agreement with a bank. Maximum borrowings allowed under the agreement are \$1,500,000. Interest is charged at a rate of the bank's prime rate minus 1%, however, not less than a rate of 2.75% (6.50% at December 31, 2022). The revolving credit note is secured by certain investments held by the Society. The revolving credit note agreement terminates on November 1, 2024, unless extended. At December 31, 2022 and 2021, there was no outstanding balance on the revolving credit note.

Note 10 - Long-Term Debt

The Society entered into a loan agreement with the Massachusetts Development Finance Agency (the "Issuer") in 2010. The note was issued with bonds, by and among the Issuer, the Society, Webster Massachusetts Security Corporation (the "Bondholder"), and Webster Bank National Association (the "Bank"). The bond is payable in monthly installments of \$15,278 plus interest through November 2040. The interest rate on the note is set by the Bank and will be reset from time to time. At December 31, 2022 and 2021, the interest rate was 4.33619% and 2.38750%, respectively. Interest expense for the years ended December 31, 2022 and 2021 amounted to \$91,039 and \$95,996, respectively. The bond is secured by the land and building located at 44 Beacon Street, Boston, Massachusetts with a net book value of \$6,392,513 and \$6,495,918 at December 31, 2022 and 2021, respectively. The bond is subject to the same covenants, security, and cross collateralization as the line of credit. During May 2023, the loan agreement was amended to change the interest rate to SOFR plus 2.50%

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 10 - Long-Term Debt (Continued)

Maturities of long-term debt at December 31, 2022 consist of the following:

<u>Years</u>	<u>Amount</u>
2023	\$ 183,333
2024	183,333
2025	183,333
2026	183,333
2027	183,333
Thereafter	<u>2,368,057</u>
	3,284,722
Less: unamortized debt issuance costs	<u>13,263</u>
Long term debt, net	<u><u>\$ 3,271,459</u></u>

Note 11 - Interest Rate Swap Agreement

The Society has an interest rate swap to mitigate the risk of changes in interest rates associated with its variable interest rate indebtedness. At December 31, 2022 and 2021, the aggregate notional amount totaled \$3,284,722 and \$3,468,055, respectively. The Society's agreement effectively changes the interest rate exposure on its bond payable to a fixed rate of 1.03%. U.S. GAAP requires the Society to recognize a gain or loss on the change in the fair market value of the swap agreement. The Society recognized a gain of \$281,046 and \$92,619 on the change in the fair value of the swap agreement during the years ended December 31, 2022 and 2021, respectively.

Note 12 - Gain on Extinguishment Note Payable, PPP Loan

During April 2020, the Society received a loan from Bank of America through the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") in the amount of \$1,409,142. The PPP funding was legally structured as a forgivable loan by the SBA. In order to achieve full or partial forgiveness of the loan, the Society was required to spend the funding for specific purposes and also generally maintain its full-time equivalent level of staffing and wage related conditions over a defined time period. The Society elected to account for this under FASB ASC Topic 470, *Debt* (ASC 470). Under ASC 470, the proceeds from the note are initially recorded as liability with a gain on the extinguishment of debt recorded at the time of forgiveness, as determined by the SBA. During 2021, the Society received full forgiveness of the \$1,409,142 of funds received through the SBA's Paycheck Protection Program. As a result, the Society recorded a gain on extinguishment of note payable, PPP loan in the amount of \$1,409,142 on the accompanying statement of activities for the year ended December 31, 2021.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 13 - Split Interest Agreements

The Society administers various charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the grantor or other designated beneficiaries over the trust term (usually the designated beneficiary's lifetime). The portion of the gift annuity attributable to the present value of the future benefits to be received by the Society is recorded in the Statement of Activities as a contribution with donor restrictions in the period the gift annuity is established. Assets held in the various charitable gift annuities totaled approximately \$240,000 and \$336,000 at December 31, 2022 and 2021, respectively, and are recorded at fair value in the Society's Statement of Financial Position.

On an annual basis, the Society revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments totals approximately \$175,000 and \$185,000 at December 31, 2022 and 2021, respectively, and is calculated using discount rates ranging between 4.7% and 7.2% and applicable mortality tables.

Note 14 - Compensated Absences

It is the Society's policy to reasonably estimate each year the amount of accrued vacation compensation that it anticipates paying in the future. As of December 31, 2022 and 2021, the Society has an accrued liability of approximately \$600,000 and \$670,000, respectively, related to this policy, which is included in accounts payable and accrued expenses in the Statement of Financial Position.

Note 15 - Retirement Plan

The Society has a contributory retirement plan covering substantially all full-time employees. This is a tax deferred annuity plan under Section 403(b) of the U.S. Internal Revenue Code. The plan allows eligible employees to contribute up to 100% of eligible compensation through a salary reduction agreement, up to the maximum permitted by the Internal Revenue Code.

The Society contributes 10% of eligible compensation for participating employees who contribute at least 5% of eligible compensation. The Society's contribution to the plan amounted to approximately \$571,000 and \$570,000 for the years ended December 31, 2022 and 2021, respectively. Plan administrative expenses amounted to approximately \$6,000 and \$1,000 for the years ended December 31, 2022 and 2021, respectively.

While the Society expects to continue the plan indefinitely, the Society has reserved the right to modify, amend or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 16 - Endowment Funds

The Society's endowment consists of various individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds including funds designated by the Executive Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. When the donor's interest is not expressed in relation to the endowment fund, it is the policy of the Society to record the income, interest, and dividends and accumulated appreciation/depreciation in each endowment fund and appropriate expenditures from each fund in a prudent manner for the uses, benefits, purpose, and duration for which the endowment fund was established. As a result, the income earned each year for each endowment fund is reflected as income with donor restrictions until appropriated for use.

The Society is subject to the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions as though net assets are time restricted until the Executive Committee appropriates such amounts for expenditure. Most of these net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to assets without donor restrictions. The Executive Committee of the Society has interpreted UPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Society considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of the initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Society has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Investments and Spending Policies - The Society has adopted investment and spending policies approved by the Executive Committee for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy, as approved by the Executive Committee, the endowment assets are invested in a manner that is intended to contribute to the Society's total return objectives and preserve principal while maintaining a competitive yield as market conditions dictate.

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 conservative asset allocation including equity and marketable debt securities to achieve its long-term return objectives within prudent risk constraints.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 16 - Endowment Funds (Continued)

The Society's policy of appropriating for distributions of its endowment fund for scholarships, fellowships and other distribution of funds is determined based on the donor's intentions and investment returns as well as taking into consideration the long-term expected return on its endowment, the nature and duration of the individual endowment funds, and the possible effects of inflation. Accordingly, over the long-term, the Society expects the current spending policy to allow its endowment to grow at a normal inflationary rate on an annual basis. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional growth through new gifts and investment return.

Underwater Endowment Funds - 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 MA UPMIFA requires the Society to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies of this nature at December 31, 2022 and 2021.

The changes in endowment net assets for years ended December 31, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, January 1, 2021	\$ -	\$ 2,153,822	\$ 2,153,822
Investment income	-	315,810	315,810
Contributions	-	73,863	73,863
Appropriation of cumulative gains	-	(52,995)	(52,995)
Endowment Net Assets, December 31, 2021	-	2,490,500	2,490,500
Investment income	-	(397,649)	(397,649)
Contributions	-	190,230	190,230
Appropriation of cumulative gains	-	(69,498)	(69,498)
Endowment Net Assets, December 31, 2022	\$ -	\$ 2,213,583	\$ 2,213,583

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 17 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Endowment Funds (including historical gift value of \$1,539,334 in 2022 and \$1,349,104 in 2021)		
Specific Purpose		
Scholarship awards	\$ 2,192,806	\$ 2,466,036
Student paper awards	20,777	24,464
	<u>2,213,583</u>	<u>2,490,500</u>
Other Donor Restricted Funds		
Specific Purpose		
Scholarship awards	1,849,793	2,017,133
Hydrology research	239,125	282,102
Remote sensing awards	134,781	163,703
Lecture series awards	65,948	87,481
Student travel awards	222,377	251,471
Centennial initiatives	136,827	148,892
	<u>2,648,851</u>	<u>2,950,782</u>
Passage of Time		
Charitable gift annuities	239,553	335,637
Pledges receivable	162,881	385,173
	<u>402,434</u>	<u>720,810</u>
	\$ <u>5,264,868</u>	\$ <u>6,162,092</u>

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 17 - Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors. Net assets released during the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Scholarship awards	\$ 47,050	\$ 54,237
Remote sensing awards	5,000	-
Lecture series awards	8,058	-
Student travel awards	8,680	1,386
Centennial initiatives	1,114	18,580
	<u>69,902</u>	<u>74,203</u>
Time restrictions expired:		
Charitable gift annuities	21,765	21,765
Other time restricted awards	18,535	9,560
	<u>40,300</u>	<u>31,325</u>
Release of appropriated amounts with purpose restrictions:		
Scholarship awards	<u>69,498</u>	<u>52,995</u>
	<u>69,498</u>	<u>52,995</u>
	\$ <u><u>179,700</u></u>	\$ <u><u>158,523</u></u>

AMERICAN METEOROLOGICAL SOCIETY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Grant Award Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Research and Development Cluster</u>					
Department of Commerce:					
Climate and Atmospheric Research Tailored Scientific Assessment: Meeting National Information Needs in Weather and Climate	11.431	NA20OAR4310373		\$ -	\$ 178,575
National Science Foundation:					
Geosciences					
EAGER: DEIBA STARS	47.050	ICER-2039488		-	76,183
AMS Community Synthesis for Convergence of Health and the Geosciences	47.050	ICER-2221709		-	49,951
AMS Summer Policy Colloquium 2021 - 2024	47.050	AGS-2127489		-	131,697
<i>Total Geosciences</i>					<u>257,831</u>
<i>Pass-Through from Oregon State University</i>					
Polar Programs					
Oregon State University #S2306F-A: STC: Center for Oldest Ice Exploration (COLDEX)	47.078	OPP-2019719	S2306F-A	-	66,694
<i>Total National Science Foundation</i>				-	<u>324,525</u>
<i>Total Research and Development Cluster</i>				-	<u>503,100</u>
<u>Other Programs</u>					
National Oceanic and Atmospheric Administration:					
NOAA Mission-Related Education Awards					
AMS/NOAA Cooperative Program for Earth System Education: Supporting DataStreme Teacher Professional Development and Atmosphere and Oceanic Science Public Literacy and Workforce Development	11.008	NA17SEC0080003		42,637	380,419
AMS/NOAA Cooperative Program for Earth System Education: Supporting DataStreme Teacher Professional Development and Atmosphere and Oceanic Science Public Literacy and Workforce Development	11.008	NA22SEC0080013		9,030	50,912
<i>Total National Oceanic and Atmospheric Administration</i>				<u>51,667</u>	<u>431,331</u>
Department of Defense:					
Basic and Applied Scientific Research					
Project Ocean: K-12 Teacher Professional Development in Physical Oceanography	12.300	N00014-20-1-2384		85,335	210,518
National Aeronautical and Space Administration:					
Science					
Leveraging NASA Earth Science Disaster Program Resources to Broaden the AMS Project Atmosphere Science Literacy Program	43.001	80NSSC21K0451		-	8,263
Leveraging NASA Earth Science Disaster Program Resources to Broaden the AMS Project Atmosphere Science Literacy Program	43.001	80NSSC22K0733		-	32,791
Enhanced Earth System Observations and Science: Analytic Needs and Workforce Opportunities	43.001	80NSSC20K0015		-	210,622
<i>Total National Aeronautical and Space Administration</i>				-	<u>251,676</u>
<i>Total Other Programs</i>				<u>137,002</u>	<u>893,525</u>
Total Expenditures of Federal Awards				\$ <u>137,002</u>	\$ <u>1,396,625</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

AMERICAN METEOROLOGICAL SOCIETY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of American Meteorological Society under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements 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). Because the Schedule presents only a selected portion of the operations of American Meteorological Society, it is not intended to and does not present the financial position, changes in net assets, or cash flows of American Meteorological Society.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

American Meteorological Society has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance but is subject instead to previous negotiated indirect cost rates.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Executive Committee
American Meteorological Society
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Meteorological Society (the “Society”) (a non-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Society’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

tonneson + co

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tonneson & Company, PC

Wakefield, Massachusetts
September 26, 2023

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Executive Committee
American Meteorological Society
Boston, Massachusetts

REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM

Opinion on Major Federal Program

We have audited American Meteorological Society’s (the “Society’s”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Society’s major federal program for the year ended December 31, 2022. The Society’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Society complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Society and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Society’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Society’s federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Society's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Society's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Society's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Society's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tonneson & Company, PC

Wakefield, Massachusetts
September 26, 2023

AMERICAN METEOROLOGICAL SOCIETY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ X	none reported
Significant deficiency(ies) identified?	_____ yes	_____ X	none reported

Noncompliance material to financial statements noted?	_____ yes	_____ X	no
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Federal Awards

Internal control over major federal program:

Material weakness(es) identified?	_____ yes	_____ X	none reported
Significant deficiency(ies) identified?	_____ yes	_____ X	none reported

Type of auditor's report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	_____ X	no
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Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.008	NOAA Mission-Related Education Awards

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	_____ X _____ yes	_____ no
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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None