



SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

**Consolidated Financial Statements and
Supplemental Information**

For the Years Ended December 31, 2015 and 2014



**and
Report Thereon**



SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

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For the Years Ended December 31, 2015 and 2014

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Society for Human Resource Management, Affiliates and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Society for Human Resource Management (SHRM), Affiliates and Subsidiaries (collectively "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, 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.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the supplemental schedules is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Raffa, P.C.

Raffa, P.C.

Washington, DC
July 29, 2016

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 14,741,158	\$ 16,149,006
Short-term investments	2,936,062	2,087,271
Accounts receivable, net of allowance for doubtful accounts of \$568,904 and \$441,131, respectively	3,931,891	2,935,433
Contributions receivable	49,448	1,144,282
Income tax receivable	12,167	229,633
Prepaid expenses, other assets and deposits	9,551,583	6,983,594
Inventory	772,135	741,674
Total Current Assets	31,994,444	30,270,893
Contributions receivable, net of current portion	31,249	45,725
Long-term investments	147,794,253	158,331,660
Property and equipment		
Buildings and building improvements	34,150,341	33,804,064
Land	5,883,311	5,883,311
Computer software	11,196,420	8,810,467
Computer equipment	6,216,884	7,437,185
Furniture and equipment	5,681,753	5,741,135
Automobiles	-	24,098
Gross property and equipment	63,128,709	61,700,260
Less: Accumulated depreciation and amortization	(26,607,789)	(22,987,414)
Net property and equipment	36,520,920	38,712,846
TOTAL ASSETS	\$ 216,340,866	\$ 227,361,124
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 15,676,402	\$ 15,534,780
Income tax payable	401,032	16,886
Deferred membership dues	26,618,633	26,182,726
Deferred conference and seminar fees	6,703,340	6,251,100
Deferred subscriptions and other	1,698,068	549,063
Deferred exam fees	1,866,581	-
Note payable, current portion	448,766	433,958
Total Current Liabilities	53,412,822	48,968,513
Accrued benefit cost	27,670,051	28,246,216
Note payable, net of current portion	2,484,245	2,933,010
TOTAL LIABILITIES	83,567,118	80,147,739
Net Assets		
Unrestricted	131,199,865	144,986,342
Temporarily restricted	1,257,345	2,009,543
Permanently restricted	316,538	217,500
TOTAL NET ASSETS	132,773,748	147,213,385
TOTAL LIABILITIES AND NET ASSETS	\$ 216,340,866	\$ 227,361,124

The accompanying notes are an integral part of these consolidated financial statements.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
REVENUE AND SUPPORT		
Membership dues	\$ 47,252,656	\$ 45,578,473
Annual conference	29,636,276	25,626,918
Seminars and educational programs	16,824,646	19,841,781
Publications, advertising and royalties	16,554,515	15,968,517
Other conferences	4,339,547	4,020,519
Certification program	3,128,085	-
J-1 visa fees	3,043,985	2,728,170
Contributions and sponsorships	1,004,081	1,944,188
Other	3,184,932	4,426,075
Investment income allocated to certification program	7,447,182	6,164,145
Investment income allocated to operations	5,632,500	5,188,200
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>672,867</u>	<u>700,441</u>
 TOTAL UNRESTRICTED REVENUE AND SUPPORT	 <u>138,721,272</u>	 <u>132,187,427</u>
EXPENSES		
Program Services		
Seminars and educational programs	18,835,850	17,859,935
Government and public affairs	16,532,031	17,646,722
Certification program	14,527,228	8,663,908
Publications	14,191,990	14,905,587
Annual conference	11,108,068	10,551,436
Other conferences	5,673,702	4,974,681
SHRM Foundation grants, scholarships and other programs	2,098,082	1,897,060
J-1 visa program	<u>609,196</u>	<u>490,898</u>
 Total Program Services	 <u>83,576,147</u>	 <u>76,990,227</u>
Supporting Services		
Management and general	32,389,934	32,135,515
Membership services	19,013,290	18,382,949
Fundraising	<u>237,884</u>	<u>249,113</u>
 Total Supporting Services	 <u>51,641,108</u>	 <u>50,767,577</u>
 TOTAL EXPENSES	 <u>135,217,255</u>	 <u>127,757,804</u>
 Change in unrestricted net assets from operations	 <u>3,504,017</u>	 <u>4,429,623</u>
Non-operating Activities		
Investment income (loss) in excess of amounts designated for operations:		
Investment income (loss), net	(6,676,944)	1,595,412
Investment income allocated to certification program	(7,447,182)	(6,164,145)
Investment income allocated to operations	<u>(5,632,500)</u>	<u>(5,188,200)</u>
 Total investment income (loss) in excess of amounts designated for operations	 (19,756,626)	 (9,756,933)
Net gain from insurance recoveries	1,462,197	1,682,682
Provision for income tax expense	<u>(1,875,905)</u>	<u>(1,238,909)</u>
 Total Non-operating Activities	 <u>(20,170,334)</u>	 <u>(9,313,160)</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 <u>(16,666,317)</u>	 <u>(4,883,537)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2015 and 2014

Continued

	<u>2015</u>	<u>2014</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
REVENUE AND SUPPORT		
Contributions and sponsorships	\$ 12,525	\$ 40,750
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>(672,867)</u>	<u>(700,441)</u>
TOTAL TEMPORARILY RESTRICTED REVENUE AND SUPPORT	<u>(660,342)</u>	<u>(659,691)</u>
Change in temporarily restricted net assets from operations	<u>(660,342)</u>	<u>(659,691)</u>
Temporarily Restricted Non-operating Activities		
Investment income (loss), net	<u>(91,856)</u>	<u>79,148</u>
Total Temporarily Restricted Non-operating Activities	<u>(91,856)</u>	<u>79,148</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(752,198)</u>	<u>(580,543)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	99,591	67,500
Investment income (loss), net	<u>-</u>	<u>(14,667)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>99,591</u>	<u>52,833</u>
CHANGE IN NET ASSETS	(17,318,924)	(5,411,247)
Postretirement and pension related changes other than net periodic benefit cost	2,867,119	(11,307,725)
Foreign currency translation gain (loss)	12,168	(24,364)
NET ASSETS, BEGINNING OF YEAR	<u>147,213,385</u>	<u>163,956,721</u>
NET ASSETS, END OF YEAR	<u>\$ 132,773,748</u>	<u>\$ 147,213,385</u>

The accompanying notes are an integral part of these consolidated financial statements.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (17,318,924)	\$ (5,411,247)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension-related changes other than net periodic benefit costs	2,867,119	(11,307,725)
Foreign currency translation gain (loss)	12,168	(24,364)
Depreciation and amortization	6,663,454	5,799,501
Unrealized loss on investments	9,478,959	6,413,718
Realized gain on investments	(363,298)	(3,667,154)
Provision for doubtful accounts receivable	127,773	(251,521)
Loss (gain) on disposal of property and equipment	162,380	(1,024,096)
Inventory obsolescence	-	94,588
Business interruption insurance recovery	(654,927)	-
Changes in assets and liabilities:		
Accounts receivable	(1,286,509)	8,459
Contributions receivable	1,109,310	(709,018)
Due from affiliate	-	1,073,563
Income tax receivable	(217,466)	(29,994)
Prepaid expenses, other assets and deposits	(1,659,836)	(2,862,226)
Inventory	(30,461)	299,184
Accounts payable and accrued expenses	141,622	1,578,555
Income tax payable	384,146	(89,004)
Deferred membership dues	435,907	736,992
Deferred conference and seminar fees	452,240	1,101,293
Deferred subscriptions and other	1,149,005	(91,039)
Deferred exam fees	1,866,581	-
Accrued benefit cost	(576,165)	12,786,992
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,743,078</u>	<u>4,425,457</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,107,129)	(8,532,447)
Purchases of investments	(66,448,137)	(50,367,015)
Proceeds from the sale of investments	67,021,092	50,764,706
Proceeds from insurance recoveries	817,205	3,481,856
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,716,969)</u>	<u>(4,652,900)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(433,957)	(419,639)
NET CASH USED IN FINANCING ACTIVITIES	<u>(433,957)</u>	<u>(419,639)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,407,848)	(647,082)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>16,149,006</u>	<u>16,796,088</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,741,158</u>	<u>\$ 16,149,006</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Actual cash payments for interest	<u>\$ 106,702</u>	<u>\$ 121,258</u>
Actual cash payments for income taxes	<u>\$ 1,225,406</u>	<u>\$ 1,396,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies

Organization

The Society for Human Resource Management (SHRM), Affiliates and Subsidiaries (collectively “the Organization”) work to serve the needs of human resource professionals by providing the most essential and comprehensive resources available and to advance the human resource profession to ensure that human resources is recognized as an essential partner in developing and executing organizational strategy. The Organization has more than 580 affiliated chapters within the United States and members in more than 170 countries worldwide. The activities of the Organization are funded primarily through membership dues, advertising and publication sales, registration fees for conferences and seminars and certification program fees.

Principles of Consolidation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and include the accounts of the Society for Human Resource Management (SHRM), its Affiliates, the SHRM Foundation (the Foundation), the Council for Global Immigration (CFG I), and HR People and Strategy, Inc. (HRPS) and its wholly owned subsidiaries, Strategic Human Resource Management India Private Limited (SHRM-India) and SHRM Corporation. All material inter-company balances and transactions have been eliminated in the consolidation. The activities of SHRM Corporation include its wholly-owned subsidiaries, SHRM Management Consulting (Beijing) Co., Ltd. (SHRM-China) and SHRM MEA FZ LLC (SHRM-MEA).

SHRM was incorporated on June 3, 1949, under the laws of the state of Ohio, in the United States of America. SHRM is the world’s largest association devoted to human resource management.

The Foundation was incorporated on December 1, 1966 under the laws of Ohio, in the United States of America. The purpose of the Foundation is to advance global HR knowledge and drive practice through thought leadership and educational support and by funding and delivering progressive, actionable evidence-based research. The Foundation’s vision is to be the globally recognized catalyst for shaping HR thought leadership and research. These activities are funded primarily through contributions from related parties and individuals.

SHRM-India was incorporated on October 10, 2005, under The Companies Act, 1956 of India. SHRM-India collaborates closely with human resource professionals and educational organizations to learn about human resource practices in India, conduct joint research, and bring educational programs to human resource professionals.

SHRM-MEA was incorporated by SHRM-India on June 19, 2012, as a Free Zone Company with Limited Liability under the provisions of the Dubai Technology & Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai establishing the Dubai Technology and Media Free Zone. SHRM-MEA was created by SHRM to establish operations in Dubai, UAE so that SHRM can collaborate closely with human

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Principles of Consolidation (continued)

resource professionals and educational organizations to learn about human resource practices in the Middle East, conduct joint research and bring educational programs to human resource professionals. On June 30, 2014, SHRM-MEA was sold by SHRM-India to SHRM Corporation. The activities of SHRM-MEA are included in the consolidated balances of SHRM Corporation in the accompanying consolidating schedules.

SHRM Corporation was incorporated on September 26, 2006, under the laws of the Commonwealth of Virginia, United States of America. SHRM Corporation was formed to take over certain activities of SHRM, principally SHRM's on-line human resource jobs advertising program. SHRM Corporation also serves as the registered agent for SHRM's office in China.

In March 2012, SHRM Corporation established SHRM Management Consulting (Beijing) Co., Ltd. (SHRM-China), a wholly-owned subsidiary of SHRM Corporation, with a registered address in Beijing, China, in accordance with the *Law of the People's Republic of China on Wholly Foreign-Owned Enterprises, Implementing Rules for the Law of the People's Republic of China on Wholly Foreign Owned Enterprises*. SHRM-China is a Chinese Limited Liability Company. SHRM-China was created by SHRM to establish operations in China so that SHRM can collaborate closely with human resource professionals and educational organizations to learn about human resource practices in China, conduct joint research and bring educational programs to human resource professionals. The activities of SHRM-China are included in the consolidated balances of SHRM Corporation in the accompanying consolidating schedules.

CFGF was originally organized as a nonprofit organization under the New York Not-For-Profit Act on November 30, 1970. However on November 16, 2005, it was re-incorporated in Washington, D.C. under the D.C. Non-Profit Corporation Act. CFGF's purpose is to provide the resources and support necessary to advance employment-based immigration of highly educated professionals worldwide. By maintaining the highest standards of practice and compliance, CFGF bridges the private and public sectors to promote sensible, forward-thinking employment-based immigration policies. The activities of CFGF are funded primarily through J-1 visa fees, membership dues and registration fees for conferences.

HRPS was chartered under the Not-For-Profit Corporation Law of the State of New York in 1977 and operates exclusively for educational purposes to foster professional development and to promote standards that enhance the expertise and status of human resource professionals worldwide. The activities of HRPS are funded primarily through conference registrations, membership dues and corporate sponsorships.

Cash Equivalents

Cash and cash equivalents reflect amounts that approximate fair value due to the short maturity (average of 90 days or less) of these instruments. Operating checking accounts, commercial paper, short-term bonds and money market funds not part of the Organization's investment portfolio are included in cash and cash equivalents.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist primarily of amounts due for advertising in the Organization's periodicals and website, convention and seminar registrations, exhibit fees and J-1 visa fees. The Organization uses the allowance method to record potentially doubtful accounts.

Prepaid Expenses, Other Assets and Deposits

Prepaid expenses, other assets and deposits include \$4,349,663 and \$1,874,377 as of December 31, 2015 and 2014, respectively, related to the development of SHRM's certification program. These costs are amortized over four years which is the estimated useful life of the costs incurred. Amortization expense was \$468,676 for the year ended December 31, 2015. There was no amortization for the year ended December 31, 2014.

Inventory

Inventory, which consists principally of books, publications, and resource materials held for resale, is stated at the lower of cost or market using the weighted average cost method.

Investments

Investments consist of various domestic and international equities, bonds, certificates of deposit and fixed income investments as well as cash and cash equivalents awaiting longer-term investment. These investments are recorded in the accompanying consolidated financial statements at their fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Also included in investments are alternative investment funds. These funds invest with hedge fund managers who enter into short/long transactions, option contracts, future contracts, forward contracts and swap contracts. As part of their risk management and control procedures, these funds may hold derivatives and certain other financial instruments to hedge or manage risks associated with foreign currency fluctuations, interest rate changes, commodity price fluctuations and equity market movements. These investments are recorded in the accompanying consolidated financial statements at their estimated fair value, as provided by the external investment managers. The estimated fair value for these investments is based on net asset value (NAV) or a practical expedient as permitted under accounting standards. The fund's NAV is provided by the fund's management using a variety of methodologies relevant to the particular investment portfolio that combine primary market data available from national securities exchanges for underlying securities that are actively traded as well as other factors that lead to a determination of a fair value at a different amount. Because of the inherent uncertainty of valuation for these alternative investments or their underlying investments, values for those investments may differ from values that would have been used had a ready market for the investment existed.

Fair Value Measurements

In accordance with the accounting standards for fair value measurements for assets and liabilities which are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a three-level fair value hierarchy. The fair

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access. This classification is applied to any investment of the Organization that has a readily available quoted market price from an active market where there is significant transparency in the executed/quoted market price.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, such as quoted prices for similarly structured securities in active markets. This classification is applied to investments of the Organization that have evaluated prices received from fixed income vendors, which includes certificates of deposit and certain government and corporate bonds, where the data inputs to these valuations do not represent quoted prices from an active market but do represent quoted prices of similarly structured securities.

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are stated at cost. Depreciation is provided principally on a straight-line basis over the estimated useful lives of the respective assets, which range from two to five years for furniture, equipment, and computer software and thirty-nine years for the building and building improvements. Maintenance and repairs are charged to expense when incurred; major improvements are capitalized. Upon the retirement or disposal of assets, the accounts are relieved of the cost and accumulated depreciation with any resulting gain or loss included in revenue or expense.

Depreciation and amortization expense related to property and equipment and program development costs was \$6,663,454 and \$5,799,501, respectively, for the years ended December 31, 2015 and 2014.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The net assets of the Organization are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations or that have been designated by the Board for a particular purpose.
- Temporarily restricted net assets represent amounts specifically restricted by donors for various programs or future periods and unappropriated investment earnings on the endowment.
- Permanently restricted net assets represent amounts that include donor-imposed restrictions that stipulate that the resources be maintained in perpetuity and that only the earnings on such amounts be used in the manner specified by the donor.

Translation of Foreign Currencies

Foreign currency transactions and financial statements are translated into U.S. dollars at current exchange rates except revenue and expenses that are translated at average exchange rates during each reporting period. Exchange gains and losses resulting from foreign currency transactions are included in the accompanying consolidated statements of activities and changes in net assets, whereas adjustments resulting from translations of financial statements are reflected as a separate component of net assets.

Revenue Recognition

Membership dues are recognized as revenue in the period to which the dues relate; annual conference fees, including registrations and exhibit fees, are recognized as revenue when the conference takes place; advertising and subscription revenue are recorded based upon issue date, publication revenue is recorded when the publication is shipped and certification program revenue is recognized based on the exam date.

Deferred revenue represents amounts received in advance for membership dues, conferences, seminars, advertising, subscription income and certification exam fees that is applicable to future periods.

The Organization reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated asset. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted revenue that is spent in the same year as it was earned is shown as unrestricted revenue. Unrestricted contributions are reported as revenue in the year in which payments are received and/or unconditional promises are received.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

J-1 visa fees are recognized as revenue in the period in which the services are performed. A J-1 visa is a non-immigrant visa issued by the United States to exchange visitors participating in programs that promote cultural exchange, especially to obtain medical or business training within the U.S. All applicants must meet eligibility criteria and be sponsored either by a private sector or government program.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based upon estimates deemed to justify the benefits received by those programs and supporting services.

Impairment of Long-Lived Assets

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized as of December 31, 2015 and 2014.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investment Income Allocation to Operations

SHRM and the Foundation have adopted spending policies related to the amount of investment income that can be transferred to operations. Each organization's policy allows an annual allocation for investment income to support operations while preserving the long term earning power of the investments.

SHRM's spending policy allows the Board of Directors an annual allocation of up to 4% of the three year moving average balance of the investment reserve market value as of December 31 of the prior year. For each of the years ended December 31, 2015 and 2014, SHRM allocated to operations 4% of the three year moving average balance.

The Foundation's spending policy allows the Board of Directors an annual allocation up to 4% of the five year moving average balance of the investment reserve market value as of December 31 of the prior year. For the years ended December 31, 2015 and 2014, the Foundation allocated to operations 3.6% and 2.5%, respectively, of this five year moving average balance.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Investment Income Allocation to Operations (continued)

For the years ended December 31, 2015 and 2014, the SHRM Board of Directors approved a draw from reserves to fund the SHRM Certification program. Accordingly, for the years ended December 31, 2015 and 2014, the consolidated statements of activities reflect \$7,447,182 and \$6,164,145, respectively, allocated from investment income to operations for this purpose.

Measure of Operations

The Organization considers investment income (loss) in excess of the amount allocated to operations or programs, and the provision for income tax expense to be non-operating in nature. Additionally, during the years ended December 31, 2015 and 2014, the Organization recovered funds from an insurance company related to property and equipment losses and business income interruption from a flood.

Pension and Retiree Medical Benefits

SHRM sponsors a noncontributory defined benefit pension plan and a contributory defined contribution savings plan covering substantially all of its full-time employees, as well as those of the Foundation, CFGI and HRPS. In addition, SHRM sponsors a supplemental retirement plan that covers certain retirees. SHRM also sponsors a retiree medical program for current and future retirees. Liabilities and expenses under the defined benefit pension plan, supplemental retirement plan and retiree medical program are actuarially determined.

Advertising

Advertising costs are expensed as incurred.

2. Investments

In May 2015, the Financial Accounting Standards Board (FASB) issued amended guidance on the disclosures for investments in certain entities that calculate net asset value per share (or its equivalent). The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has not elected to measure the fair value using that practical expedient. The guidance is effective for fiscal years beginning after December 15, 2015. As permitted under the guidance, the Organization has elected to early adopt this pronouncement for the fiscal year ended December 31, 2015. In accordance with the guidance, previously reported amounts have been revised to conform with the current presentation.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

2. Investments (continued)

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of December 31, 2015, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Short-term investments</u>				
Cash and cash equivalents	\$ 821,918	\$ 821,918	\$ -	\$ -
Certificates of deposit	1,223,526	-	1,223,526	-
Fixed income:				
Short-term bond fund	857,983	857,983	-	-
US equities:				
Small to mid-cap	<u>32,635</u>	<u>32,635</u>	<u>-</u>	<u>-</u>
Total short-term investments	<u>2,936,062</u>	<u>1,712,536</u>	<u>1,223,526</u>	<u>-</u>
<u>Long-term investments</u>				
Cash and cash equivalents	1,218,232	1,218,232	-	-
Fixed income:				
Core (a)	11,568,417	10,770,513	797,904	-
Intermediate	12,378,571	880,555	11,498,016	-
International/emerging markets	9,731,710	9,731,710	-	-
High yield	40,146	40,146	-	-
U.S. equities:				
All-cap	2,447,053	2,447,053	-	-
Large-cap	32,464,141	32,157,131	307,010	-
Small to mid-cap	2,068,036	2,068,036	-	-
International equities:				
Developed	17,185,017	17,185,017	-	-
Emerging markets	5,768,530	5,768,530	-	-
Global demographics	2,835,727	2,835,727	-	-
Alternative strategies (b):				
Absolute return hedge	4,304,328	4,304,328	-	-
Real assets	<u>6,820,185</u>	<u>6,820,185</u>	<u>-</u>	<u>-</u>
Subtotal	<u>108,830,093</u>	<u>96,227,163</u>	<u>12,602,930</u>	<u>-</u>
Total investments held at fair value	<u>111,766,155</u>	<u>\$ 97,939,699</u>	<u>\$ 13,826,456</u>	<u>\$ -</u>

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

2. Investments (continued)

<i>(Continued)</i>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Long-term investments (continued)</u>				
Small to mid-cap				
U.S. equities (c)	\$ 1,942,733			
International equities (c):				
Emerging markets	1,449,964			
International equity				
fund trust (c)	10,889,487			
Real assets (c)	1,786,419			
Absolute return hedge (c)	11,293,596			
Directional hedge (c)	<u>11,601,961</u>			
Investments held at NAV	<u>38,964,160</u>			
Total long-term investments	<u>147,794,253</u>			
Total investments	<u>\$ 150,730,315</u>			

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of December 31, 2014, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Short-term investments</u>				
Cash and cash equivalents	\$ 235,079	\$ 235,079	\$ -	\$ -
Certificates of deposit	1,207,547	-	1,207,547	-
Fixed income:				
Short-term bond fund	606,926	606,926	-	-
U.S. equities:				
Small to mid-cap	<u>37,719</u>	<u>37,719</u>	<u>-</u>	<u>-</u>
Total short-term investments	<u>2,087,271</u>	<u>879,724</u>	<u>1,207,547</u>	<u>-</u>

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

2. Investments (continued)

<i>(Continued)</i>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Long-term investments</u>				
Cash and cash equivalents	\$ 588,488	\$ 588,488	\$ -	\$ -
Fixed income:				
Core (a)	11,433,651	11,086,572	347,079	-
Intermediate	12,316,503	705,598	11,610,905	-
International/emerging markets	10,882,336	10,882,336	-	-
U.S. equities:				
All-cap	3,118,912	3,118,912	-	-
Large-cap	35,515,660	35,418,074	97,586	-
Small to mid-cap	2,127,869	2,127,869	-	-
International equities:				
Developed	19,451,588	19,451,588	-	-
Emerging markets	6,047,469	6,047,469	-	-
Global demographics	3,141,654	3,141,654	-	-
Alternative strategies (b):				
Absolute return hedge	3,133,676	3,133,676	-	-
Directional hedge	1,152,675	1,152,675	-	-
Real assets	<u>8,365,994</u>	<u>8,365,994</u>	<u>-</u>	<u>-</u>
Subtotal	<u>117,276,475</u>	<u>105,220,905</u>	<u>12,055,570</u>	<u>-</u>
Total investments held at fair value	<u>119,363,746</u>	<u>\$ 106,100,629</u>	<u>\$ 13,263,117</u>	<u>\$ -</u>
Small to mid-cap U.S. equities (c)	2,494,139			
International equities (c):				
Developed	10,718,988			
Emerging markets	1,785,297			
Real assets (c)	2,396,332			
Absolute return hedge (c)	11,862,387			
Directional hedge (c)	<u>11,798,042</u>			
Investments held at NAV	<u>41,055,185</u>			
Total long-term investments	<u>158,331,660</u>			
Total investments	<u>\$ 160,418,931</u>			

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

2. Investments (continued)

- (a) Fixed income core consists of asset-backed securities, bond mutual funds and government securities. The strategy invests in diversified securities to minimize risk and maximize return.
- (b) Alternative strategies include both U.S. and non-U.S. funds that are actively managed, employing various strategies including hedge, market neutral and arbitrage and consist of mutual funds that pursue their investment objective by investing in other publicly traded mutual funds.
- (c) These investments are measured at NAV or its equivalent as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Investment returns are summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest, dividends and capital gain income	\$ 3,017,505	\$ 5,101,449
Realized gains	363,298	3,667,154
Unrealized losses	(9,478,959)	(6,413,718)
Management fees	<u>(670,644)</u>	<u>(694,992)</u>
Total	<u>\$ (6,768,800)</u>	<u>\$ 1,659,893</u>

At initial investment, the Organization's alternative investment funds valued at NAV are subject to lockup periods of one to three years. The alternative investment funds may suspend the right of redemption if the fund cannot liquidate its own underlying shares or interest bearing instruments or if the Board of the fund suspends the right of redemption if it believes it is reasonably prudent to do so.

The Organization performs due diligence reviews of the NAV or its equivalent to determine the fair value of certain investments under the applicable accounting standards. The Organization has assessed factors including, but not limited to, managers' compliance with Fair Value Measurements standards, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and the existence of certain redemption restrictions at the measurement date.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

2. Investments (continued)

The table below details the Organization's ability to redeem investment funds valued at NAV or its equivalent as of December 31, 2015:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
U.S. small/mid cap equities	\$ 1,942,733	\$ -	Monthly	5 days
International equity fund trust	10,889,487	-	Monthly	5 days
Absolute return hedge	11,293,596	-	Semi-annually	90 days; lock up period of one year or less
Directional hedge	11,601,961	-	Quarterly	95 days
International emerging market equities	1,449,964	-	Quarterly	90 days; Directors' discretion
Real assets	<u>1,786,419</u>	-	Monthly	5 days
Total	<u>\$ 38,964,160</u>	<u>\$ -</u>		

The table below details the Organization's ability to redeem investment funds valued at NAV or its equivalent as of December 31, 2014:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
U.S. small/mid cap equities	\$ 2,494,139	\$ -	Monthly	5 days
International developed equity	10,718,988	-	Monthly	5 days
Absolute return hedge	11,862,387	-	Semi-annually	90 days; lock up period of one year or less
Directional hedge	11,798,042	-	Quarterly	95 days
International emerging market equities	1,785,297	-	Quarterly	90 days; Directors' discretion
Real assets	<u>2,396,332</u>	-	Monthly	5 days
Total	<u>\$ 41,055,185</u>	<u>\$ -</u>		

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

3. Note Payable

In September 2000, SHRM obtained a \$10 million construction loan from a bank to construct and furnish one of its office buildings in Alexandria, Virginia. Upon completion of construction in December 2001, SHRM converted the construction loan to a mortgage loan. The note is secured by SHRM's land and building in Alexandria, Virginia. The note had a ten year term and interest accrued at an annual rate of 6.9%. Payments of interest and principal were due monthly.

The note was scheduled to mature in December 2011 but was amended as of December 1, 2011. The amended note has a ten year term which expires on November 30, 2021 and interest accrues at an annual rate of 3.36% plus a floating rate equal to LIBOR plus 1.4%, which was 1.64% as of December 31, 2015. Payments of interest and principal are due monthly.

As of December 31, 2015, the schedule of future principal payments under the amended note is as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2016	\$ 448,766
2017	464,079
2018	479,914
2019	496,290
2020	513,224
Thereafter	<u>530,738</u>
Total	2,933,011
Less: Current portion	<u>(448,766)</u>
Long-term portion	<u>\$ 2,484,245</u>

Under the terms of the amended loan agreement, SHRM is required to maintain certain financial ratios. For the years ended December 31, 2015 and 2014, all financial ratios were met.

4. Net Assets

Unrestricted

Undesignated

Undesignated net assets represent unrestricted net assets of the Organization that have not been designated by the Board for a particular purpose.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014**

4. Net Assets (continued)

Unrestricted (continued)

Board Designated

Board designated net assets are available for the following purposes as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
M.R. Losey Fund - the Foundation	\$ 550,000	\$ 550,000
Susan R. Meisinger Fellowship Fund - the Foundation	150,000	150,000
Susan R. Meisinger Fellowship Fund - SHRM	200,000	200,000
Foundation general endowment	<u>250,000</u>	<u>250,000</u>
Total	<u>\$ 1,150,000</u>	<u>\$ 1,150,000</u>

The Board of Directors of the Foundation and the Board of Directors of SHRM have established three separate funds, the M.R. Losey Fund, the Susan R. Meisinger Fellowship Fund, and the Foundation general endowment fund. The funds of the board designated M.R. Losey Fund are to provide additional support to fund the annual M.R. Losey Fund award. This award is currently funded by existing temporarily restricted funds as described in the temporarily restricted section of this Note. The funds in the board designated Susan R. Meisinger Fellowship Fund are to be used to support the related permanently restricted fund of the same name as described in the permanently restricted section of this Note. Such funds are included in unrestricted net assets in the accompanying consolidated statements of financial position. The Foundation's general endowment was established in 2007 from a contribution from SHRM. Board designated funds and the investment earnings on those funds may only be spent upon specific appropriation by the Board of Directors of the Foundation.

Temporarily Restricted

Temporarily restricted net assets are available for the following purposes as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Alfred P. Sloan Foundation – Workplace Flexibility	\$ -	\$ 255,960
Alfred P. Sloan Foundation – Workforce Aging	167,806	513,107
M.R. Losey Fund award and earnings	938,679	1,056,397
Scholarship Fund	50,866	42,898
Susan R. Meisinger Fellowship Fund earnings	<u>99,994</u>	<u>141,182</u>
Total	<u>\$ 1,257,345</u>	<u>\$ 2,009,543</u>

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

4. Net Assets (continued)

Permanently Restricted

Permanently restricted net assets as of December 31, 2015 and 2014 are restricted as follows:

	<u>2015</u>	<u>2014</u>
Susan R. Meisinger Fellowship Fund	\$ 150,553	\$ 150,000
Legacy Scholarship funds	<u>165,985</u>	<u>67,500</u>
Total	<u>\$ 316,538</u>	<u>\$ 217,500</u>

5. Commitments and Contingencies

Contractual Commitments

The Organization has entered into various letters of agreement for commitments for hotel accommodations for its future planned conferences. In the event the Organization were to cancel these conferences or fail to use a specified percentage of the total space reserved, the Organization would be required to pay liquidated damages based upon the date the hotel was notified of the cancellation or reduction in requested rooms as well as the hotel's ability to fill the resulting vacancies. Management of the Organization does not believe that any of these commitments will result in a loss due to liquidated damages. Accordingly, no amount for this potential liability has been reflected in the accompanying consolidated financial statements.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents at a number of financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2015 and 2014, the Organization had approximately \$14,158,000 and \$14,692,000, which exceeded the maximum limit insured by the FDIC by approximately \$12,739,000 and \$13,378,000, respectively.

Foreign Operations

The Organization has offices in India, the United Arab Emirates, and China and maintains cash accounts in those countries. The future of certain programs may be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate. As of December 31, 2015 and 2014, the Organization had cash in these countries totaling approximately \$999,000 and \$1,342,000, respectively.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014**

6. Pension Plans

The Organization maintains the SHRM Pension Plan and Trust, a noncontributory defined benefit pension plan for the employees of SHRM, the Foundation, CFGI and HRPS. Employees must meet certain eligibility requirements. Below are the required disclosures related to the Pension Plan and Trust for the years ended December 31, 2015 and 2014.

The measurement date for the following actuarial information was December 31.

Obligations and Funded Status

	<u>2015</u>	<u>2014</u>
Projected benefit obligation at December 31	\$ (64,689,224)	\$ (65,506,092)
Fair value of plan assets at December 31	<u>51,146,973</u>	<u>49,376,802</u>
Funded status	<u>\$ (13,542,251)</u>	<u>\$ (16,129,290)</u>

The accumulated benefit obligation was \$51,766,845 and \$51,363,082 as of December 31, 2015 and 2014, respectively.

Amounts recognized in the accompanying consolidated statements of financial position consist of the following as of December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Accrued benefit cost (non-current)	\$ (13,542,251)	\$ (16,129,290)

Amounts not yet recognized as a component of net periodic pension cost and included in unrestricted net assets as of December 31, 2015 and 2014, include the following:

	<u>2015</u>	<u>2014</u>
Net loss (gain)	\$ 14,534,304	\$ 17,088,717
Prior service cost	<u>264,439</u>	<u>293,968</u>
Total	<u>\$ 14,798,743</u>	<u>\$ 17,382,685</u>

Amounts recognized in the accompanying consolidated statements of activities consist of the following for the years ended December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Net periodic pension cost	\$ 4,921,903	\$ 4,404,158

Total contributions and benefits paid for the years ended December 31, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Employer contributions	\$ 4,925,000	\$ 4,600,000
Benefits paid	\$ 2,552,031	\$ 2,448,351

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. Pension Plans (continued)

Assumptions

Weighted average assumptions used in determining the net periodic pension cost for the years ended December 31, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	3.73%	4.67%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	3.50%	5.00%

Weighted average assumptions used in determining the benefit obligation for the years ended December 31, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.07%	3.73%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	3.50%	3.50%

The Organization's approach to determine the overall expected long-term rate of return is to use its best estimate based upon the historical average of the real rate of return, net of inflation.

Plan Assets

The plan's weighted average asset allocation as of December 31, 2015 and 2014, by asset category, was as follows:

	<u>2015</u>	<u>2014</u>
Fixed income	43%	44%
Equity	41%	41%
Other ⁽¹⁾	11%	11%
Real estate ⁽¹⁾	5%	4%
Total	<u>100%</u>	<u>100%</u>

The Organization's target asset allocation is as follows:

	<u>2015</u>	<u>2014</u>
Fixed income	43%	43%
Equity	41%	41%
Other ⁽¹⁾	11%	11%
Real estate ⁽¹⁾	5%	5%
Total	<u>100%</u>	<u>100%</u>

⁽¹⁾All "Real estate" and "Other" investments are made via publicly traded mutual funds, exchange traded funds or exchange traded notes where the fair value determination is classified as Level 1 of the fair value hierarchy.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

6. Pension Plans (continued)

Plan Assets (continued)

The Organization uses a long-term risk controlled approach using diversified investment options in a prudent manner for the purpose of meeting future benefit payment obligations.

The fair values of the Organization's pension plan assets at December 31, 2015 and 2014, by asset class, are as follows:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>At December 31, 2015</i>				
Equities:				
Large-cap	\$ 11,569,663	\$ 11,569,663	\$ -	\$ -
Small to mid-cap	4,091,445	4,091,445	-	-
International	5,891,596	5,891,596	-	-
Fixed income:				
Bond mutual funds	14,105,286	14,105,286	-	-
Corporate bonds	4,834,269	-	4,834,269	-
Marketable alternative investment funds	7,319,103	7,319,103	-	-
Cash and cash equivalents	<u>3,335,611</u>	<u>3,335,611</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 51,146,973</u>	<u>\$ 46,312,704</u>	<u>\$ 4,834,269</u>	<u>\$ -</u>
<i>At December 31, 2014</i>				
Equities:				
Large-cap	\$ 10,658,546	\$ 10,658,546	\$ -	\$ -
Small to mid-cap	3,919,735	3,919,735	-	-
International	5,497,971	5,497,971	-	-
Commodities	1,281,214	1,281,214	-	-
Fixed income:				
Bond mutual funds	13,677,395	13,677,395	-	-
Corporate bonds	2,320,373	-	2,320,373	-
Marketable alternative investment funds	4,837,048	4,837,048	-	-
Cash and cash equivalents	<u>7,184,520</u>	<u>7,184,520</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 49,376,802</u>	<u>\$ 47,056,429</u>	<u>\$ 2,320,373</u>	<u>\$ -</u>

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

6. Pension Plans (continued)

Contributions

Generally, the Organization's funding policy is to contribute annually an amount in accordance with ERISA guidelines. Based upon projections from its actuary, management of the Organization expects to contribute approximately \$4,531,000 to the SHRM Pension Plan and Trust during the year ending December 31, 2016.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the next ten years:

<u>For the Year Ending</u> <u>December 31,</u>	
2016	\$ 8,386,244
2017	\$ 1,602,629
2018	\$ 3,804,895
2019	\$ 2,027,537
2020	\$ 3,053,769
2021 - 2025	\$ 29,961,241

Other Information

Other changes in plan assets and benefit obligations recognized in other than net periodic pension cost are as follows for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Net (loss) gain	\$ (2,554,413)	\$ (10,116,732)
Prior service (cost) credit	(29,529)	(243,533)
Total	<u>\$ (2,583,942)</u>	<u>\$ (10,360,265)</u>

Amounts in unrestricted net assets expected to be amortized into net periodic pension cost during the year ending December 31, 2016, consist of:

Net loss (gain)	\$ 605,964
Prior service cost	<u>29,529</u>
Total	<u>\$ 635,493</u>

No plan assets are expected to be returned to the Organization during 2016.

Supplemental Executive Retirement Plans

Effective November 1, 1997, the Organization adopted a defined benefit pension plan to provide supplemental benefits to executives whose benefits under the SHRM Pension Plan and Trust are limited by the Internal Revenue Service (IRS) compensation limitations. Effective October 1, 2008, the Organization adopted a second supplemental executive

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

6. Pension Plans (continued)

Supplemental Executive Retirement Plans (continued)

retirement plan for its President and Chief Executive Officer at the time for the same purpose. There were five participants in this plan for the year ended December 31, 2015. The benefit for vested participants under the plans is equal to the present value of the monthly benefit payable under the SHRM Pension Plan and Trust without regard to the compensation limitation, less the present value of the actual monthly benefit payable under the SHRM Pension Plan and Trust, taking into account the compensation limit. An individual becomes vested in the first supplemental defined benefit plan upon reaching sixty years of age, completing ten years of service and when employment with the Organization terminates. Upon reaching sixty years of age, vesting in the second plan is 50% after three years of service, 75% after 4 years of service and 100% after completing five years of service. The plan is unfunded. The total projected benefit obligation as of December 31, 2015 and 2014 was \$5,708,010 and \$4,364,860, respectively, and included in accrued benefit cost in the accompanying consolidated statements of financial position, representing the accrued liabilities under the supplemental executive retirement plans. The key assumptions used to develop the accrued benefit cost are the same assumptions used for SHRM's Pension Plan and Trust and, therefore, are not repeated here.

Effective January 1, 2005, the Organization adopted an enhanced supplemental executive retirement plan to provide certain executives who retire from the Organization before attaining the normal retirement age of sixty-five with a supplemental benefit designed to offset the reduction in their accrued benefit under the SHRM Pension Plan and Trust. Participants include executives approved by the Board of Directors, who have attained the age of sixty, completed twenty years of service and whose accrued benefit under the SHRM Pension Plan and Trust is reduced due to retiring before the normal retirement age of sixty-five years. This plan is unfunded. As of December 31, 2015 and 2014, there were no participants in the plan and no accrued liability required under this plan.

Incentive Savings 401(k) Plans

The Organization offers a defined contribution plan under Section 401(k) of the Internal Revenue Code (the IRC), which covers substantially all employees of the Organization as well as the employees of the Foundation, CFGI and HRPS. Under the 401(k) plan, effective February 1, 1985, eligible employees may elect to contribute up to the federal tax limitation. The plan requires an annual employer contribution of 50% of the first 6% of each participant's contribution to the 401(k) plan. The Organization made additional discretionary employer contributions of 2.00% and 1.00% for the years ended December 31, 2015 and 2014, respectively. The Organization's total contributions to the 401(k) plan for the years ended December 31, 2015 and 2014, were \$1,477,113 and \$1,195,537, respectively.

Effective January 1, 2005, the Organization adopted a 401(k) Excess Plan to provide supplemental benefits to eligible employees whose benefits under the Incentive Savings Plan are limited by IRS limitations on compensation that may be taken into account for purposes of calculating contributions or the IRC's nondiscrimination tests with respect

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

6. Pension Plans (continued)

Incentive Savings 401(k) Plans (continued)

to matching contributions. An eligible participant is any executive approved by the Board of Directors of SHRM. There were no participants or contributions to this plan for the years ended December 31, 2015 and 2014.

Effective October 1, 2009, the Organization adopted a second 401(k) Excess Plan for its President and Chief Executive Officer at the time for the same purpose. The annual employer contribution is equal to the employer contribution which would have been made under the Organization's Incentive Savings 401(k) Plan based upon the maximum match without regard to applicable Code limitations on compensation less the actual employer contribution made. Upon reaching sixty years of age, the participant is 50% vested after three years of service, 75% vested after 4 years of service and 100% vested after completing five years of service. There were no participants or contributions to this plan for the years ended December 31, 2015 and 2014.

7. Postretirement Benefits

The Organization sponsors a defined benefit postretirement health care plan that covers substantially all employees. The plan is unfunded. The measurement date for the following actuarial information was December 31.

Obligations and Funded Status

	<u>2015</u>	<u>2014</u>
Accumulated postretirement benefit obligation at December 31	\$ (8,419,790)	\$ (7,752,066)
Fair value of plan assets at December 31	<u>-</u>	<u>-</u>
Funded status	<u>\$ (8,419,790)</u>	<u>\$ (7,752,066)</u>

Amounts recognized in the accompanying consolidated statements of financial position consist of the following as of December 31, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Accrued benefit cost	\$ (8,419,790)	\$ (7,752,066)

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014**

7. Postretirement Benefits (continued)

Obligations and Funded Status (continued)

Amounts not yet recognized as a component of net periodic postretirement benefit cost and included in unrestricted net assets as of December 31, 2015 and 2014, include the following:

	<u>2015</u>	<u>2014</u>
Cumulative unrecognized actuarial loss	\$ (2,038,868)	\$ (2,502,183)

Of the cumulative unrecognized actuarial loss of \$2,038,868 as of December 31, 2015, \$75,933 is expected to be included in net periodic postretirement benefit cost for the year ending December 31, 2016.

Benefit cost, contributions and benefits paid for the years ended December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Net periodic postretirement cost	\$ 1,192,277	\$ 588,072
Employer contribution	\$ 61,239	\$ 37,596
Benefits paid	\$ 61,239	\$ 37,596

Assumptions

Weighted average assumptions as of December 31:

	<u>2015</u>	<u>2014</u>
Discount rate	3.73%	4.67%
Initial health care cost trend rate	6.98%	6.98%
Rate to which the health care cost trend rate is assumed to decline (the ultimate trend rate)	4.90%	4.90%
Year that the rate reaches the ultimate trend rate	2019	2018

Contributions

Benefits are funded on a pay as you go basis. Management of the Organization, based upon projections from its actuary, expects to contribute approximately \$172,000 to its defined benefit postretirement health plan during the year ending December 31, 2016.

Estimated Future Benefit Payments

Benefit payments are expected to be paid during the next ten years as follows:

<u>For the Years Ending December 31,</u>	
2016	\$ 172,000
2017	\$ 174,000
2018	\$ 92,000
2019	\$ 96,000
2020	\$ 98,000
2021 – 2025	\$ 1,998,000

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended December 31, 2015 and 2014

8. Affiliate and Related Party

Until March 10, 2014, SHRM was related to Human Resource Certification Institute (the Institute), a nonprofit organization as defined in IRC Section 501(c)(3), through a common director. SHRM provided financial management until February 2014 and office space until May 31, 2014, through an operating agreement. Effective May 23, 2014, the Institute separated from SHRM and the financial management and other services provided by SHRM to the Institute were terminated and the Institute was no longer eligible to participate in SHRM's benefits. As a result, during 2014, the Institute separated its benefits from SHRM's benefits plans including the Institute's participation in the defined benefit and defined contribution plans discussed previously. In order to sever the operating agreement with SHRM, the Institute paid SHRM \$698,754 in June 2014. As of December 31, 2014, SHRM is not owed anything from the Institute related to the operating agreement. During the year ended December 31, 2014, the Institute pledged to contribute \$1,000,000 to the Foundation and this amount is included in contributions receivable in the accompanying consolidated statements of financial position.

9. Income Taxes

SHRM is exempt from federal income taxes under Section 501(c)(6) of the IRC. However, income from certain activities not directly related to SHRM's tax-exempt purpose is subject to taxation as unrelated business income. SHRM generates unrelated business income principally from advertising and rental income from debt financed property.

The provision for income tax for SHRM was \$1,131,156 and \$435,245 for the years ended December 31, 2015 and 2014, respectively, and is included in the provision for income tax expense in the accompanying consolidated statements of activities and changes in net assets.

The Foundation and HRPS are both exempt from federal income taxes under Section 501(c)(3) of the IRC. No provision for federal income taxes is required for the years ended December 31, 2015 and 2014, as the Foundation and HRPS had no significant net unrelated business income.

CFGI qualifies as a tax-exempt organization under Section 501(c)(6) of the IRC. There is no accrual for income tax expense for the years ended December 31, 2015 and 2014, as CFGI had no net unrelated business income.

SHRM-India is subject to tax under the regulations of India. There was no provision for income tax for the years ended December 31, 2015 and 2014, as there was no significant amount owed.

SHRM Corporation is subject to federal and state income taxes and files separate federal and applicable state income tax returns. The provision for income tax for SHRM Corporation for the years ended December 31, 2015 and 2014, was \$744,749 and \$803,664, respectively, and is included in the provision for income tax expense in the accompanying consolidated statements of activities and changes in net assets.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2015 and 2014

9. Income Taxes (continued)

SHRM-MEA is subject to tax regulations under the provisions of the Dubai Technology and Media Free Zone Private Companies Regulators of Dubai, UAE. SHRM-China is subject to tax regulations under the laws of the People's Republic of China. No significant provision for income taxes was made as there was no significant taxable net income in those countries.

The Organization adopted the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2015 and 2014, and determined that there were no matters that would require recognition in the consolidated financial statements or which might have any effect on the Organization's tax-exempt status. As of December 31, 2015, the statute of limitations for tax years ending December 31, 2012, through December 31, 2014, remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

10. Subsequent Events

SHRM's management has evaluated subsequent events through July 29, 2016, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTAL INFORMATION

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2015

	SHRM	SHRM-India	Consolidated SHRM Corporation	CFGI	HRPS	SHRM Foundation	Eliminations	Total
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 9,847,573	\$ 456,224	\$ 805,773	\$ 2,530,326	\$ 92,206	\$ 1,009,056	\$ -	\$ 14,741,158
Short-term investments	1,477,999	-	-	251,230	-	1,206,833	-	2,936,062
Net accounts receivable	2,939,232	305,622	212,719	426,570	20,502	27,246	-	3,931,891
Contributions receivable	-	-	-	-	-	49,448	-	49,448
Due from subsidiaries and affiliates	6,142,158	-	-	-	6,301	290,744	(6,439,203)	-
Income tax receivable	-	-	12,167	-	-	-	-	12,167
Prepaid expenses, other assets and deposits	9,140,249	178,589	12,873	118,648	101,224	-	-	9,551,583
Inventory	765,477	2,165	4,493	-	-	-	-	772,135
Total Current Assets	30,312,688	942,600	1,048,025	3,326,774	220,233	2,583,327	(6,439,203)	31,994,444
Contributions receivable, net of current portion	-	-	-	-	-	31,249	-	31,249
Long-term investments	130,593,850	-	-	1,391,885	-	15,808,518	-	147,794,253
Investment in SHRM-India	(3,561,197)	-	-	-	-	-	3,561,197	-
Investment in SHRM Corporation	521,338	-	-	-	-	-	(521,338)	-
Goodwill	-	-	355,048	-	-	-	(355,048)	-
Net property and equipment	36,345,594	21,750	1,926	151,650	-	-	-	36,520,920
TOTAL ASSETS	\$ 194,212,273	\$ 964,350	\$ 1,404,999	\$ 4,870,309	\$ 220,233	\$ 18,423,094	\$ (3,754,392)	\$ 216,340,866
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable and accrued expenses	\$ 14,443,150	\$ 222,362	\$ 153,553	\$ 248,339	\$ 326,416	\$ 282,582	\$ -	\$ 15,676,402
Due to SHRM, affiliates and subsidiaries	290,742	4,242,850	730,108	118,338	414,732	642,433	(6,439,203)	-
Income tax payable	401,032	-	-	-	-	-	-	401,032
Deferred membership dues	26,268,403	-	-	132,112	218,118	-	-	26,618,633
Deferred conference and seminar fees	6,503,500	-	-	86,975	112,865	-	-	6,703,340
Deferred subscriptions and other	1,530,330	60,335	-	93,248	14,155	-	-	1,698,068
Deferred exam fees	1,866,581	-	-	-	-	-	-	1,866,581
Note payable, current portion	448,766	-	-	-	-	-	-	448,766
Total Current Liabilities	51,752,504	4,525,547	883,661	679,012	1,086,286	925,015	(6,439,203)	53,412,822
Accrued benefit cost	26,809,703	-	-	179,366	103,430	577,552	-	27,670,051
Note payable, net of current portion	2,484,245	-	-	-	-	-	-	2,484,245
TOTAL LIABILITIES	81,046,452	4,525,547	883,661	858,378	1,189,716	1,502,567	(6,439,203)	83,567,118
Net Assets								
Unrestricted	113,165,821	-	-	4,011,931	(969,483)	14,896,091	95,505	131,199,865
Temporarily Restricted	-	-	-	-	-	1,257,345	-	1,257,345
Permanently Restricted	-	-	-	-	-	767,091	(450,553)	316,538
TOTAL NET ASSETS	113,165,821	-	-	4,011,931	(969,483)	16,920,527	(355,048)	132,773,748
Stockholder's Equity								
Common stock	-	18,136,225	1,000	-	-	-	(18,137,225)	-
Dividends	-	-	(14,979,876)	-	-	-	14,979,876	-
Foreign currency translation (loss) gain	-	(755,612)	47,145	-	-	-	708,467	-
Retained earnings (deficit)	-	(20,941,810)	15,453,069	-	-	-	5,488,741	-
TOTAL STOCKHOLDER'S EQUITY	-	(3,561,197)	521,338	-	-	-	3,039,859	-
TOTAL LIABILITIES AND NET ASSETS	\$ 194,212,273	\$ 964,350	\$ 1,404,999	\$ 4,870,309	\$ 220,233	\$ 18,423,094	\$ (3,754,392)	\$ 216,340,866

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2014

	SHRM	SHRM-India	Consolidated SHRM Corporation	CFGI	HRPS	SHRM Foundation	Eliminations	Total
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 11,241,078	\$ 1,069,833	\$ 508,532	\$ 2,559,873	\$ 75,561	\$ 694,129	\$ -	\$ 16,149,006
Short-term investments	1,480,266	-	-	-	-	607,005	-	2,087,271
Net accounts receivable	2,287,486	194,025	126,176	304,905	2,163	20,678	-	2,935,433
Contributions receivable	-	-	-	-	-	1,144,282	-	1,144,282
Due from subsidiaries and affiliates	4,419,881	-	-	-	11,650	217,354	(4,648,885)	-
Income tax receivable	229,633	-	-	-	-	-	-	229,633
Prepaid expenses, other assets and deposits	6,641,601	181,042	13,852	94,699	52,400	-	-	6,983,594
Inventory	730,926	10,748	-	-	-	-	-	741,674
Total Current Assets	27,030,871	1,455,648	648,560	2,959,477	141,774	2,683,448	(4,648,885)	30,270,893
Contributions receivable, net of current portion	-	-	-	-	-	45,725	-	45,725
Long-term investments	141,193,534	-	-	668,426	-	16,469,700	-	158,331,660
Investment in SHRM-India	(2,666,108)	-	-	-	-	-	2,666,108	-
Investment in SHRM Corporation	351,647	-	-	-	-	-	(351,647)	-
Goodwill	-	-	355,048	-	-	-	(355,048)	-
Net property and equipment	38,623,107	85,096	4,643	-	-	-	-	38,712,846
TOTAL ASSETS	\$ 204,533,051	\$ 1,540,744	\$ 1,008,251	\$ 3,627,903	\$ 141,774	\$ 19,198,873	\$ (2,689,472)	\$ 227,361,124
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable and accrued expenses	\$ 14,349,029	\$ 343,216	\$ 128,910	\$ 252,450	\$ 143,496	\$ 317,679	\$ -	\$ 15,534,780
Due to SHRM, affiliates and subsidiaries	217,353	3,823,575	510,808	62,101	14,756	20,292	(4,648,885)	-
Income tax payable	-	-	16,886	-	-	-	-	16,886
Deferred membership dues	25,868,446	-	-	130,909	183,371	-	-	26,182,726
Deferred conference and seminar fees	6,158,480	-	-	16,730	75,890	-	-	6,251,100
Deferred subscriptions and other	358,242	40,061	-	94,699	11,086	44,975	-	549,063
Note payable, current portion	433,958	-	-	-	-	-	-	433,958
Total Current Liabilities	47,385,508	4,206,852	656,604	556,889	428,599	382,946	(4,648,885)	48,968,513
Accrued benefit cost	27,636,149	-	-	18,677	151,664	439,726	-	28,246,216
Note payable, net of current portion	2,933,010	-	-	-	-	-	-	2,933,010
TOTAL LIABILITIES	77,954,667	4,206,852	656,604	575,566	580,263	822,672	(4,648,885)	80,147,739
Net Assets								
Unrestricted	126,578,384	-	-	3,052,337	(438,489)	15,699,158	94,952	144,986,342
Temporarily Restricted	-	-	-	-	-	2,009,543	-	2,009,543
Permanently Restricted	-	-	-	-	-	667,500	(450,000)	217,500
TOTAL NET ASSETS	126,578,384	-	-	3,052,337	(438,489)	18,376,201	(355,048)	147,213,385
Stockholder's Equity								
Common stock	-	17,413,784	1,000	-	-	-	(17,414,784)	-
Dividends	-	-	(14,129,876)	-	-	-	14,129,876	-
Foreign currency translation (loss) gain	-	(720,634)	48,596	-	-	-	672,038	-
Retained earnings (deficit)	-	(19,359,258)	14,431,927	-	-	-	4,927,331	-
TOTAL STOCKHOLDER'S EQUITY	-	(2,666,108)	351,647	-	-	-	2,314,461	-
TOTAL LIABILITIES AND NET ASSETS	\$ 204,533,051	\$ 1,540,744	\$ 1,008,251	\$ 3,627,903	\$ 141,774	\$ 19,198,873	\$ (2,689,472)	\$ 227,361,124

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	SHRM	Consolidated SHRM-India	Consolidated SHRM Corporation	CFGI	HRPS	SHRM Foundation	Eliminations	Total
REVENUE AND SUPPORT								
Membership dues	\$ 46,673,523	\$ -	\$ -	\$ 232,927	\$ 346,206	\$ -	\$ -	\$ 47,252,656
Annual conference	28,097,748	548,043	-	394,692	598,293	-	(2,500)	29,636,276
Seminars and educational programs	15,995,495	454,414	302,400	4,912	71,775	-	(4,350)	16,824,646
Publications, advertising and royalties	13,671,906	-	2,845,177	750	38,085	4,472	(5,875)	16,554,515
Other conferences	3,945,355	166,877	-	-	227,315	-	-	4,339,547
Certification Program	3,128,085	-	-	-	-	-	-	3,128,085
J-1 visa fees	-	-	-	3,043,985	-	-	-	3,043,985
Contributions and sponsorships	-	-	-	-	-	1,116,197	-	1,116,197
Other	4,663,498	49,692	473,526	-	-	-	(2,001,784)	3,184,932
Contributions from affiliates	-	-	-	-	487,288	1,524,849	(2,012,137)	-
Investment income allocated to certification program	7,447,182	-	-	-	-	-	-	7,447,182
Investment income allocated to operations	5,207,700	-	-	-	-	424,800	-	5,632,500
TOTAL REVENUE AND SUPPORT	128,830,492	1,219,026	3,621,103	3,677,266	1,768,962	3,070,318	(4,026,646)	138,160,521
EXPENSES								
Program Services								
Seminars and educational programs	17,628,181	450,011	518,480	-	279,729	-	(40,551)	18,835,850
Government and public affairs	17,358,581	-	-	516,213	-	-	(1,342,763)	16,532,031
Certification program	14,527,228	-	-	-	-	-	-	14,527,228
Publications	13,474,299	-	863,167	-	311,338	-	(456,814)	14,191,990
Annual conference	9,641,006	534,528	-	460,711	547,486	-	(75,663)	11,108,068
Other conferences	5,003,642	291,581	-	-	415,175	-	(36,696)	5,673,702
SHRM Foundation grants, scholarships and other programs	-	-	-	-	-	2,637,479	(539,397)	2,098,082
J-1 visa program	-	-	-	730,196	-	-	(121,000)	609,196
Total Program Services	77,632,937	1,276,120	1,381,647	1,707,120	1,553,728	2,637,479	(2,612,884)	83,576,147
Supporting Services								
Management and general	31,042,838	784,369	441,875	548,481	362,197	374,106	(1,163,932)	32,389,934
Membership services	17,753,711	741,970	-	275,877	432,615	-	(190,883)	19,013,290
Fundraising	-	-	-	-	-	296,832	(58,948)	237,884
Total Supporting Services	48,796,549	1,526,339	441,875	824,358	794,812	670,938	(1,413,763)	51,641,108
TOTAL EXPENSES	126,429,486	2,802,459	1,823,522	2,531,478	2,348,540	3,308,417	(4,026,647)	135,217,255
EQUITY IN EARNINGS OF SUBSIDIARIES								
SHRM-India	(1,551,646)	-	-	-	-	-	1,551,646	-
SHRM Corporation	1,019,663	-	-	-	-	-	(1,019,663)	-
Total Equity in Earnings of Subsidiaries	(531,983)	-	-	-	-	-	531,983	-
Change in net assets from operations	1,869,023	(1,583,433)	1,797,581	1,145,788	(579,578)	(238,099)	531,984	2,943,266
Non-operating Activities								
Investment income (loss) in excess of amounts designated for operations:								
Investment income (loss), net	(6,090,548)	881	913	(25,311)	-	(654,735)	-	(6,768,800)
Investment income allocated to certification program	(7,447,182)	-	-	-	-	-	-	(7,447,182)
Investment income allocated to operations	(5,207,700)	-	-	-	-	(424,800)	-	(5,632,500)
Total investment income (loss) in excess of amounts designated for operations	(18,745,430)	881	913	(25,311)	-	(1,079,535)	-	(19,848,482)
Net gain from insurance recoveries	1,462,197	-	-	-	-	-	-	1,462,197
Provision for income tax expense	(1,131,156)	-	(744,749)	-	-	-	-	(1,875,905)
Total Non-operating Activities	(18,414,389)	881	(743,836)	(25,311)	-	(1,079,535)	-	(20,262,190)
CHANGE IN NET ASSETS	\$ (16,545,366)	\$ (1,582,552)	\$ 1,053,745	\$ 1,120,477	\$ (579,578)	\$ (1,317,634)	\$ 531,984	\$ (17,318,924)

SOCIETY FOR HUMAN RESOURCE MANAGEMENT, AFFILIATES AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

	SHRM	Consolidated SHRM-India	Consolidated SHRM Corporation	CFGI	HRPS	SHRM Foundation	Eliminations	Total
REVENUE AND SUPPORT								
Membership dues	\$ 45,076,273	\$ -	\$ -	\$ 216,191	\$ 286,009	\$ -	\$ -	\$ 45,578,473
Annual conference	24,329,910	534,252	-	381,677	418,579	-	(37,500)	25,626,918
Seminars and educational programs	19,025,301	479,543	253,997	4,350	92,372	-	(13,782)	19,841,781
Publications, advertising and royalties	12,934,277	20,175	2,934,988	750	72,094	10,767	(4,534)	15,968,517
Other conferences	3,816,628	-	-	-	203,891	-	-	4,020,519
J-1 visa fees	-	-	-	2,728,170	-	-	-	2,728,170
Contributions and sponsorships	-	-	-	-	-	2,052,438	-	2,052,438
Other	6,123,372	80,918	509,628	50,095	-	-	(2,337,938)	4,426,075
Contributions from affiliates	-	-	-	-	102,034	957,349	(1,059,383)	-
Investment income allocated to certification program	6,164,145	-	-	-	-	-	-	6,164,145
Investment income allocated to operations	4,925,600	-	-	-	-	262,600	-	5,188,200
TOTAL REVENUE AND SUPPORT	122,395,506	1,114,888	3,698,613	3,381,233	1,174,979	3,283,154	(3,453,137)	131,595,236
EXPENSES								
Program Services								
Seminars and educational programs	16,735,267	710,112	430,123	-	128,036	-	(143,603)	17,859,935
Government and public affairs	17,882,833	-	-	573,476	-	-	(809,587)	17,646,722
Certification program	8,663,908	-	-	-	-	-	-	8,663,908
Publications	14,259,736	-	891,889	-	224,038	-	(470,076)	14,905,587
Annual conference	9,157,403	481,110	-	438,128	569,433	-	(94,638)	10,551,436
Other conferences	4,756,662	-	-	-	244,239	-	(26,220)	4,974,681
SHRM Foundation grants, scholarships and other programs	-	-	-	-	-	2,420,563	(523,503)	1,897,060
J-1 visa program	-	-	-	585,245	-	-	(94,347)	490,898
Total Program Services	71,455,809	1,191,222	1,322,012	1,596,849	1,165,746	2,420,563	(2,161,974)	76,990,227
Supporting Services								
Management and general	30,477,959	990,759	465,697	364,206	244,183	471,622	(878,911)	32,135,515
Membership services	17,308,222	866,914	-	297,716	256,123	-	(346,026)	18,382,949
Fundraising	-	-	-	-	-	315,339	(66,226)	249,113
Total Supporting Services	47,786,181	1,857,673	465,697	661,922	500,306	786,961	(1,291,163)	50,767,577
TOTAL EXPENSES	119,241,990	3,048,895	1,787,709	2,258,771	1,666,052	3,207,524	(3,453,137)	127,757,804
EQUITY IN EARNINGS OF SUBSIDIARIES								
SHRM-India	(1,590,044)	-	-	-	-	-	1,590,044	-
SHRM Corporation	1,100,586	-	-	-	-	-	(1,100,586)	-
Total Equity in Earnings of Subsidiaries	(489,458)	-	-	-	-	-	489,458	-
Change in net assets from operations	2,664,058	(1,934,007)	1,910,904	1,122,462	(491,073)	75,630	489,458	3,837,432
Non-operating Activities								
Investment income (loss) in excess of amounts designated for operations:								
Investment income, net	1,248,713	6,626	-	29,214	-	375,340	-	1,659,893
Gain on sale of SHRM-MEA	-	355,048	-	-	-	-	(355,048)	-
Investment income allocated to certification program	(6,164,145)	-	-	-	-	-	-	(6,164,145)
Investment income allocated to operations	(4,925,600)	-	-	-	-	(262,600)	-	(5,188,200)
Total investment income (loss) in excess of amounts designated for operations	(9,841,032)	361,674	-	29,214	-	112,740	(355,048)	(9,692,452)
Net gain from insurance recoveries	1,682,682	-	-	-	-	-	-	1,682,682
Provision for income tax expense	(435,245)	-	(803,664)	-	-	-	-	(1,238,909)
Total Non-operating Activities	(8,593,595)	361,674	(803,664)	29,214	-	112,740	(355,048)	(9,248,679)
CHANGE IN NET ASSETS	\$ (5,929,537)	\$ (1,572,333)	\$ 1,107,240	\$ 1,151,676	\$ (491,073)	\$ 188,370	\$ 134,410	\$ (5,411,247)