SOCIETY OF EXPLORATION GEOPHYSICISTS

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2025 and 2024**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

HoganTaylor

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HoganTaylor

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Society of Exploration Geophysicists

## Qualified Opinion

We have audited the consolidated financial statements of Society of Exploration Geophysicists and its affiliates (the Society), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, except for the omission of the information described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Qualified Opinion

The Society is the sole corporate member of SEG Foundation (the Foundation) and as a result has a controlling financial interest in the Foundation. The Society does not include the accounts of the Foundation in these financial statements. Accounting principles generally accepted in the United States of America requires consolidation of an entity when the reporting entity has a controlling financial interest in that entity. If the Foundation was consolidated in these financial statements and intercompany accounts and transactions had been eliminated, assets, liabilities and net assets would increase by $27,953,210, $1,127, and $27,952,083, respectively, as of December 31, 2025, and $25,571,846, $809, and $25,571,037 respectively, as of December 31, 2024. Also, revenue, expenses and change in net assets would increase by $4,511,225, $2,134,181, and $2,377,044, respectively, for the year ended December 31, 2025. Revenue, expenses and change in net assets would increase by $5,015,052, $215,591, and $4,799,461, respectively, for the year ended December 31, 2024.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Hogan Taylor LLP

Tulsa, Oklahoma
June 18, 2026

**SOCIETY OF EXPLORATION GEOPHYSICISTS**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,701,186 | $ 3,235,428 |
| Accounts receivable, net | 2,211,188 | 2,313,565 |
| Accounts receivable, SEG Foundation | 152,425 | 252,649 |
| Inventories | 144,381 | 123,745 |
| Prepaid expenses | 78,593 | 249,726 |
| Total current assets | 4,287,773 | 6,175,113 |
| Investments | 18,226,050 | 15,972,906 |
| Property and equipment, net | 291,855 | 470,845 |
| Operating lease right-of-use asset, net | 348,747 | - |
| Finance lease right-of-use asset, net | 54,436 | 48,379 |
| Other long-term assets | 250,000 | 250,000 |
| Total assets | $ 23,458,861 | $ 22,917,243 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 1,216,815 | $ 1,221,918 |
| Current portion of deferred revenue | 718,164 | 1,288,714 |
| Current portion of operating lease obligations | 78,421 | - |
| Current portion of financing lease obligations | 34,106 | 24,459 |
| Liquidity access line | 1,350,000 | 700,000 |
| Total current liabilities | 3,397,506 | 3,235,091 |
| Deferred revenue, less current portion | - | 607,133 |
| Operating lease obligations, less current portion | 272,271 | - |
| Financing lease obligations, less current portion | 20,372 | 26,099 |
| Total liabilities | 3,690,149 | 3,868,323 |
| Net assets without donor restrictions | 19,768,712 | 19,048,920 |
| Total liabilities and net assets | $ 23,458,861 | $ 22,917,243 |

See notes to consolidated financial statements.

**SOCIETY OF EXPLORATION GEOPHYSICISTS**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| Operating revenues: | | |
| Membership dues | $ 783,226 | $ 749,720 |
| Conferences and meetings | 5,590,806 | 6,086,745 |
| Publication sales and advertising | 2,151,716 | 2,390,360 |
| Professional development | 201,426 | 355,554 |
| Research and data | 847,133 | 822,000 |
| Foundation support for programs | 1,211,684 | 1,126,883 |
| Total operating revenues | 10,785,991 | 11,531,262 |
| Operating expenses: | | |
| Program expenses: | | |
| Community engagement | 325,606 | 303,957 |
| Meetings | 378,632 | 291,041 |
| Publications | 2,655,768 | 2,119,858 |
| Professional development | 1,040,050 | 1,060,521 |
| Students | 676,191 | 635,921 |
| Regional offices | 2,113,854 | 1,734,127 |
| Business development | 846,497 | 1,051,971 |
| Research and data | 653,793 | 383,485 |
| Total program expenses | 8,690,391 | 7,580,881 |
| Supporting services | 3,597,980 | 2,951,042 |
| Total expenses | 12,288,371 | 10,531,923 |
| Change in net assets from operations | (1,502,380) | 999,339 |
| Nonoperating revenue: | | |
| Investment income, net | 2,222,172 | 1,495,031 |
| ERC Credit | - | 1,057,702 |
| Total nonoperating revenue | 2,222,172 | 2,552,733 |
| Change in net assets | 719,792 | 3,552,072 |
| Net assets, beginning of year | 19,048,920 | 15,496,848 |
| Net assets, end of year | $ 19,768,712 | $ 19,048,920 |

See notes to consolidated financial statements.

## SOCIETY OF EXPLORATION GEOPHYSICISTS

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

### Year ended December 31, 2025

| | Program Expenses | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Engagement | Meetings | Publications | Professional Development | Students | Regional Offices | Business Development | Research and Data | Supporting Services | Total |
| Staffing | $ 209,263 | $ 81,388 | $ 973,467 | $ 479,223 | $ 145,671 | $ 664,763 | $ 552,966 | $ 194,664 | $2,176,311 | $ 5,477,716 |
| Travel | 14,975 | 33,006 | 3,273 | 65,895 | 1,452 | 202,287 | 76,324 | 10,868 | 157,073 | 565,153 |
| Office | 21,367 | 96,421 | 237,877 | 48,627 | 27,913 | 142,424 | 38,450 | - | 436,752 | 1,049,831 |
| Program awards | - | 1,500 | - | 273,512 | 484,107 | 30 | 651 | - | - | 759,800 |
| Production | 373 | - | 476,697 | - | - | - | 25 | - | 145 | 477,240 |
| Postage | 8,946 | 123 | 78,494 | 344 | - | 314 | 4,010 | - | 5,190 | 97,421 |
| Commissions, honorariums and royalties | - | - | 42,462 | 93,540 | - | - | - | - | - | 136,002 |
| Cost of sales | - | - | 19,615 | - | - | - | - | - | - | 19,615 |
| Events | 1,449 | 85,023 | 22,269 | 4,411 | 600 | 932,255 | 82,970 | 47,906 | 127,241 | 1,304,124 |
| Promotion costs and other committee expenses | 20,586 | 6,416 | 2,371 | 1,180 | - | 26,224 | 1,590 | - | 11,900 | 70,267 |
| Outside services | 38,132 | 25,444 | 726,912 | 51,335 | 3,908 | 110,415 | 47,006 | 400,355 | 484,664 | 1,888,171 |
| Other | - | 221 | 186 | - | - | 16,387 | - | - | 53,978 | 70,772 |
| Taxes | - | - | - | - | - | 18,427 | 11,051 | - | 14,351 | 43,829 |
| Depreciation and amortization | 10,515 | 49,090 | 72,145 | 21,983 | 12,540 | 328 | 31,454 | - | 130,375 | 328,430 |
| Total | $ 325,606 | $ 378,632 | $2,655,768 | $1,040,050 | $ 676,191 | $2,113,854 | $ 846,497 | $ 653,793 | $3,597,980 | $12,288,371 |

See notes to consolidated financial statements.

## SOCIETY OF EXPLORATION GEOPHYSICISTS

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

### Year ended December 31, 2024

| | Program Expenses | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Engagement | Meetings | Publications | Professional Development | Students | Regional Offices | Business Development | Research and Data | Supporting Services | Total |
| Staffing | $ 196,997 | $ (155,534) | $1,069,878 | $ 567,785 | $ 136,164 | $ 648,852 | $ 759,627 | $ 204,488 | $1,984,384 | $ 5,412,641 |
| Travel | 15,767 | 22,742 | 9,052 | 37,316 | 1,669 | 204,129 | 44,929 | 2,150 | 91,090 | 428,844 |
| Office | 19,482 | 80,992 | 244,271 | 59,974 | 27,571 | 140,604 | 40,251 | 14,275 | 293,780 | 921,200 |
| Program awards | - | 1,359 | - | 201,490 | 455,099 | - | 4,200 | - | - | 662,148 |
| Production | 396 | - | 487,466 | - | - | 375 | 347 | - | - | 488,584 |
| Postage | 628 | 3,322 | 80,306 | 76 | 10 | 212 | 284 | - | 1,464 | 86,302 |
| Commissions, honorariums and royalties | - | - | 30,069 | 80,781 | - | 1,950 | 12,397 | - | - | 125,197 |
| Cost of sales | - | - | 16,893 | - | - | - | - | - | - | 16,893 |
| Events | 1,536 | 244,780 | 15,931 | 17,101 | - | 656,506 | 46,768 | 54,105 | 46,410 | 1,083,137 |
| Promotion costs and other committee expenses | 13,173 | 16,849 | 958 | 4,133 | - | 27,643 | - | 973 | 16,369 | 80,098 |
| Outside services | 47,044 | 38,282 | 92,874 | 67,144 | 4,363 | 48,674 | 95,389 | 98,726 | 424,316 | 916,812 |
| Other | - | 182 | - | - | - | 4,881 | 3,018 | 1,916 | 51,714 | 61,711 |
| Taxes | - | - | 1,260 | - | - | - | 11,202 | - | 9,713 | 22,175 |
| Depreciation and amortization | 8,934 | 38,067 | 70,900 | 24,721 | 11,045 | 301 | 33,559 | 6,852 | 31,802 | 226,181 |
| Total | $ 303,957 | $ 291,041 | $2,119,858 | $1,060,521 | $ 635,921 | $1,734,127 | $1,051,971 | $ 383,485 | $2,951,042 | $10,531,923 |

**SOCIETY OF EXPLORATION GEOPHYSICISTS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets | $ 719,792 | $ 3,552,072 |
| Adjustments to reconcile change in net assets | | |
| to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 328,430 | 226,181 |
| Net realized/unrealized gain on investments | (1,850,189) | (1,146,752) |
| Noncash operating lease expense | 1,945 | - |
| Change in operating assets and liabilities: | | |
| Accounts receivable, net | 102,377 | 58,300 |
| Accounts receivable, SEG Foundation | 100,224 | (14,481) |
| Inventories | (20,636) | (30,560) |
| Prepaid expenses | 171,133 | 32,224 |
| Accounts payable and accrued liabilities | (5,103) | 129,925 |
| Deferred revenue | (1,177,683) | 108,795 |
| Net cash provided by (used in) operating activities | (1,629,710) | 2,915,704 |
| **Cash Flows from Investing Activities** | | |
| Purchases of property and equipment | (118,430) | - |
| Purchases of investments | (6,688,213) | (8,589,662) |
| Proceeds from sale of investments | 6,285,258 | 6,831,245 |
| Net cash used in investing activities | (521,385) | (1,758,417) |
| **Cash Flow from Financing Activities** | | |
| Payments on finance lease obligations | (33,147) | (38,117) |
| Net proceeds (repayments) on liquidity access line | 650,000 | (500,000) |
| Net cash provided by (used in) financing activities | 616,853 | (538,117) |
| Net change in cash | (1,534,242) | 619,170 |
| Cash and cash equivalents, beginning of year | 3,235,428 | 2,616,258 |
| Cash and cash equivalents, end of year | $ 1,701,186 | $ 3,235,428 |
| **Supplemental Cash Flow Information** | | |
| Interest paid | $ 50,702 | $ 58,346 |

**SOCIETY OF EXPLORATION GEOPHYSICISTS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

## Note 1 – Summary of Significant Accounting Policies

Nature of organization

The Society of Exploration Geophysicists (the Society or SEG), was organized in 1930 as a not-for-profit organization. The objectives of the Society are to promote the science and common scientific interests of geophysicists, and to maintain a high professional standing among its members. The Society accomplishes these objectives by publishing scientific literature, conducting professional development and student programs, hosting technical meetings and conferences, and providing other informational services.

The Society maintains offices in the United States, United Arab Emirates, Kuala Lumpur and China. The corporate headquarters are in Houston, Texas.

Basis of presentation

The consolidated financial statements include the accounts of the Society and its subsidiaries, SEG Advanced Modeling Corporation (SEAM) and SEG Global, Inc (China). All material intercompany balances and transactions have been eliminated in consolidation.

These consolidated financial statements do not include the SEG Foundation (the Foundation), an affiliated not-for-profit organization governed by a separate board of directors. The Foundation receives contributions to support scientific, educational, and charitable activities to benefit geophysicists and their professional community. The Society is the sole corporate member of the Foundation.

Operating activity includes all revenues and expenses related to ongoing programs and supporting activities. Investment returns, contributions restricted for long-term purposes, and nonrecurring items are excluded from operations.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and all highly liquid investments with an original maturity of three months or less. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. Typically, cash exceeds federally insured limits, but management believes any possible risk of loss is minimal.

Accounts receivable

Accounts receivable largely consists of uncollateralized billings for exhibit space, research completed and in progress, the Society's share of revenues related to collaborative conferences, advertising and page charges. Accounts receivable are stated at the amount billed, less an allowance for expected credit losses.

The allowance for expected credit losses is based on management's estimate of the amount of receivables that will not be collected. Collectibility is assessed by reviewing contract assets and accounts receivable on a collective basis where similar characteristics exist and on an individual basis when specific customers are identified with known issues or collectibility issues. In determining the amount of the allowance for credit losses, the Society considers historical collectibility based on past due status, customer-specific information, market conditions, and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. While management believes the Society's processes effectively identify the amount of possible credit losses in the Society's existing accounts and contracts receivable, changes in circumstances may result in a requirement for additional provisions in the future. Unpaid amounts that remain after management has pursued reasonable collection efforts are written off through a charge to the allowance for expected credit losses and a credit to accounts receivable. Interest is not charged on outstanding balances. At December 31, 2025 and 2024, management estimates that the allowance for credit losses of $29,791 and $49,791, respectively is adequate to absorb losses arising from nonpayment.

Inventories

Inventories of publications for resale are valued at the lower of cost, determined by the average method, or net realizable value.

Investments

Investments in marketable securities are carried at estimated fair value as reported by the asset custodians. See Note 3 for description of the fair value inputs and methodologies utilized. Unrealized gains and losses are included in the statement of activities.

Property and equipment

The Society capitalizes all expenditures for property and equipment in excess of $1,000. Property and equipment are carried at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Expenditure for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. The lives used in computing depreciation for building and leasehold improvements, application development, and furniture, fixtures and equipment range from three to five years.

The Society reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying values of long-lived assets may not be recoverable from the future cash flows expected to result from their use and ultimate disposition. In cases where the undiscounted expected future cash flows are less than the carrying values, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of each asset. The factors considered by the Society in performing an impairment assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on these criteria, there was no impairment for the years ended December 31, 2025 and 2024.

Liquidity access line

The Society utilizes a liquidity access line to bridge the timing of cash flows or short-term budget shortfalls.

Net assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Descriptions of the two net asset categories and the types of transactions included in each category are as follows:

*Without donor restrictions* – Net assets without donor restrictions represent those resources that are not restricted by donors.

*With donor restrictions* – Net assets with donor restrictions reflect donor-imposed restrictions that require the Society to utilize or expend the related assets as specified. The Society does not have any net assets with donor restrictions at December 31, 2025 or 2024.

Leases

The Society determines if an arrangement contains an operating or finance lease at its inception and recognizes right-of-use (ROU) assets and lease liabilities at the commencement date based on the present value of the lease payments over the lease terms. The Society has elected to discount lease liabilities using a risk-free discount rate for all asset classes.

For operating leases, the expenses are generally recognized on a straight-line basis over the lease term. The Society recognizes variable lease payments as expenses when incurred.

For finance leases, lease expenses are the sum of interest on the lease obligations and amortization of the ROU assets. Finance lease ROU assets are amortized based on the lesser of the lease term and the useful life of the leased asset according to the capital asset accounting policy. If ownership of the ROU assets transfers to the Society at the end of the lease term or if the Society is reasonably certain to exercise a purchase option, amortization is calculated using the estimated useful life of the leased asset.

Short-term leases with an initial term of 12 months or less and do not have an option to purchase the underlying asset that is deemed reasonably certain to be exercised are not recorded on the consolidated statements of financial position. Short-term lease expense is recorded on a straight-line basis over the term of the lease, or when incurred if a month-to-month lease.

Contracts with customers

The Society follows Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606) for all revenue forms other than contributions or investment income. In determining the appropriate amount of revenue to recognize, the Society applies the following five-step model: (1) identify contracts with customers, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations, and (5) recognize revenue as each performance obligation is completed. The Society accounts for a contract with a customer when it has approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection.

*Contracts with customers* – A contract exists when services to be performed and products ordered are specified in a submitted and accepted membership application, written contract, purchase order or similar instrument.

*Performance obligations* – The Society's contracts may have a single or multiple performance obligation(s). For contracts with multiple performance obligations, the Society allocates the contract transaction price to each performance obligation using the estimated standalone selling price of each distinct good or service in the contract, generally equal to the prices specified in the contract. Membership terms include many benefits and discounts available to the member. The Society treats these as a single performance obligation, the availability of the benefits, resources and discounts, as the customer may not utilize all benefits and value is created to the member for the integration of these benefits. There is not a contribution component of the membership dues.

For membership dues and online publications, revenue is recognized ratably over the membership or subscription term as the customer receives and consumes the benefits. Revenue from each print publication is recognized in the month they are mailed to subscribers. Revenue from conferences, meetings and other events is recognized when the event is held, and services are rendered. Generally, advertising revenue is recognized when the advertisement is delivered, either in publication or its display at an event. Research and data revenue is recognized upon completion of the project and the beginning of the customer's exclusivity period.

Payment terms for memberships and subscriptions are due when the contract is initiated. Payment terms for conferences, meetings and other events vary based on stated contract terms, but typically require an upfront deposit upon registration for the event and the remainder due shortly before the event occurs.

Payment terms for research and data projects require payments according to contract milestones. These payment terms do not approximate timing of revenue recognition. Contracts typically do not contain variable consideration, any consideration payable to the customer or any significant financing components.

*Contract modifications* – The Society considers contract modifications to exist when the modifications either create new or changes the existing enforceable rights and obligations. Most contract modifications are for goods or services that are not distinct from the existing performance obligation(s). The effect of a contract modification on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis.

The Society has adopted the following practical expedients and accounting policy elections:

*Incremental costs of obtaining a contract* – These costs are included in supporting services expense as incurred when the amortization period is generally one year or less.

*Shipping activities* – The Society has elected to treat shipping and fulfillment activities as fulfillment costs rather than a separate performance obligation. As a result, any consideration received related to these activities will be included as a component of the overall transaction consideration and allocated to the performance obligations of the contract.

*Sales tax and other related taxes* – Sales and other tax amounts collected from customers for remittance to governmental authorities are excluded from revenue.

Foundation support for programs

The Society recognizes foundation support revenue from the Foundation as it incurs expenses that the Foundation has agreed to reimburse.

Functional expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Society are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the estimated cost attributable to each function. Payroll, overhead and related costs have been allocated based primarily on management's estimate of staffing levels and time spent on the programs benefited. All other expenses with no direct association to a functional category are allocated based upon the estimated percentage of use by each program or supporting function.

Income taxes

The Society is exempt from federal income taxes under Section 50l(c)(6) of the Internal Revenue Code. Income from its consolidated for-profit subsidiary is subject to income taxes. Advertising income, not directly related to the Society's tax-exempt purpose, is subject to taxation as unrelated business income. The Society did not incur any tax expenses associated with unrelated business income for the years ended December 31, 2025 or 2024.

Use of 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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform with the current year presentation. The reclassifications had no impact on net assets or change in net assets.

Subsequent events

Management has evaluated subsequent events through June 18, 2026, the date the financial statements were available to be issued.

**Note 2 – Financial Assets and Liquidity Resources**

The Society's financial assets available for general expenditures within one year of the December 31, statements of financial position are as follows:

| | 2025 | 2024 |
|---|---|---|
| Assets: | | |
| Cash and cash equivalents | $ 1,701,186 | $ 3,235,428 |
| Accounts receivable, net | 2,211,188 | 2,313,565 |
| Accounts receivable, SEG Foundation | 152,425 | 252,649 |
| Investments | 18,226,050 | 15,972,906 |
| Total financial assets available to management for general expenditures within one year | $ 22,290,849 | $ 21,774,548 |

The Society maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The intent is for investments not to fall below the trailing three-year average of operating expenses. Additionally, the Society has a liquidity access line available, as discussed in Note 6.

**Note 3 – Investments**

Fair value measurements

Fair value is defined as 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. Accounting standards provide a consistent framework for measuring fair value and a fair value hierarchy that prioritizes the inputs to

valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices in active markets for identical securities
- Level 2 – Other significant observable inputs (including quoted prices for similar securities)
- Level 3 – Significant unobservable inputs

The level in the fair value hierarchy within which a fair measurement in its entirety is based on the lowest level input that is significant to the fair value measurement in its entirety. There were no investment transfers due to changes in the observability of significant inputs between Level 1, Level 2 and Level 3 assets during the years ended December 31, 2025 or 2024.

Investments measured at fair value on a recurring basis consisted of the following:

| | Fair Value of Measurements as of December 31, 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market | $ 12,438 | $ - | $ - | $ 12,438 |
| Mutual funds | 4,426,255 | - | - | 4,426,255 |
| Equity securities | 9,986,556 | - | - | 9,986,556 |
| Fixed income | - | 1,403,595 | - | 1,403,595 |
| Government and agency securities | 738,397 | 1,658,809 | - | 2,397,206 |
| Total investments at fair value | $ 15,163,646 | $ 3,062,404 | $ - | $ 18,226,050 |

| | Fair Value of Measurements as of December 31, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market | $ 28,286 | $ - | $ - | $ 28,286 |
| Mutual funds | 2,205,053 | - | - | 2,205,053 |
| Equity securities | 9,918,927 | - | - | 9,918,927 |
| Fixed income | - | 1,477,942 | - | 1,477,942 |
| Government and agency securities | 773,781 | 1,568,917 | - | 2,342,698 |
| Total investments at fair value | $ 12,926,047 | $ 3,046,859 | $ - | $ 15,972,906 |

Investment income consists of the following for the years ended December 31:

| | 2025 | 2024 |
|---|---|---|
| Interest and dividend income | $ 432,116 | $ 407,490 |
| Realized/unrealized gain on investments | 1,850,189 | 1,146,752 |
| Investment fees | (60,133) | (59,211) |
| | $ 2,222,172 | $ 1,495,031 |

**Note 4 – Property and Equipment**

Property and equipment consist of the following at December 31:

| | 2025 | 2024 |
|---|---|---|
| Building and leasehold improvements | $ - | $ 21,772 |
| Application development | 884,631 | 1,328,179 |
| Furniture, fixtures and equipment | 37,138 | 375,517 |
| | 921,769 | 1,725,468 |
| Less accumulated depreciation and amortization | (629,914) | (1,254,623) |
| Property and equipment, net | $ 291,855 | $ 470,845 |

**Note 5 – Deferred Revenue**

Deferred revenue consists of the following at December 31:

| | 2025 | 2024 |
|---|---|---|
| Dues | $ 259,750 | $ 498,452 |
| Subscriptions | 2,204 | 346,067 |
| Meetings | 456,210 | 444,195 |
| Research and data projects | - | 607,133 |
| | $ 718,164 | $ 1,895,847 |

**Note 6 – Liquidity Access Line**

The Society has a revolving liquidity access line with a bank dated July 31, 2025. The line has a variable interest rate of .850 percentage points over the SOFR Average Index (4.69% at December 31, 2025) and is secured by securities and cash held by the bank. The line establishes borrowings up to $5,000,000 and will mature on July 31, 2026. As of December 31, 2025 and 2024, $1,350,000 and $700,000, respectively, was borrowed.

**Note 7 – Related Party Transactions**

The Foundation supports the Society with contributions, and the Society provides services to the Foundation, some of which are reimbursed by the Foundation. Those transactions for the years ended December 31, are as follows:

| | 2025 | 2024 |
|---|---|---|
| Foundation support for the program activities | $ 1,211,684 | $ 1,126,883 |
| Reimbursement from the Foundation for direct fundraising and administrative services | 351,918 | 340,996 |
| Reimbursement from the Foundation for indirect administrative services | - | 204,757 |
| | $ 1,563,602 | $ 1,672,636 |

**Note 8 – Retirement Plan**

The Society sponsors a defined contribution plan. The plan is nondiscriminatory and covers all SEG employees who are foreign nationals or legal residents of the United States and have attained the age of 21. The Society's contributions to this plan are computed based on a safe-harbor nonelective 3% of salaries and a one-for-one safe-harbor matching contribution of employees' contributions, up to a maximum of 3% of salaries. In addition, a discretionary profit-sharing contribution can be made after reaching the end of the plan year. The discretionary contribution, if any, will be determined from year to year.

For the years ended December 31, 2025 and 2024, the Society's expense for the safe-harbor match and safe-harbor nonelective contributions was $255,062 and $226,542, respectively. The Society did not make discretionary contributions to the plan in 2025 or 2024.

**Note 9 – Leases**

Operating lease

The Society leased an office facility commencing in June 2025 under a long-term, noncancelable operating lease agreement. The terms for this lease include a renewal option that the Society is not reasonably certain to exercise and excluded from the remaining lease term of 5 years. The lease term included a rent abatement for the first seven months of the lease.

Finance leases

The Society leases office equipment for various terms under long-term, noncancelable finance lease agreements. The terms for certain of these leases include renewal options that the Society is not reasonably certain to exercise and excluded from the lease terms ranging from one to three years.

Short-term leases

Short-term leases consist of office equipment and office space that are for terms of 12 months or less. Short-term lease costs for the year ended December 31, 2025, do not reflect the lessee's short-term lease commitments for the ensuing year.

The following table summarizes lease costs and other information for the years ended December 31:

| | 2025 | 2024 |
|---|---|---|
| Lease cost: | | |
| Operating lease cost | $ 39,210 | $ 42,946 |
| Finance lease cost: | | |
| Amortization of right-of-use assets | 31,010 | 18,348 |
| Interest on lease liabilities | 1,773 | 211 |
| Short term lease cost | 51,289 | 132,461 |
| Total lease cost | $ 123,282 | $ 193,966 |
| Other information: | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash outflows from operating leases | $ 6,098 | $ 42,946 |
| Financing cash outflows from finance leases | 31,866 | 38,822 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | $ 347,624 | $ - |
| Right-of-use assets obtained in exchange for new finance lease liabilities | $ 41,769 | $ - |
| Weighted-average remaining lease term - operating leases | 5 years | - |
| Weighted-average remaining lease term - finance leases | 1.5 years | 1.6 years |
| Weighted-average discount rate - operating leases | 3.91% | - |
| Weighted-average discount rate - finance leases | 3.85% | 1.57% |

Minimum future lease commitments under noncancelable leases in effect at December 31, 2025, were as follows:

| | Operating | Finance |
|---|---|---|
| 2026 | $ 74,356 | $ 34,186 |
| 2027 | 76,388 | 18,989 |
| 2028 | 78,421 | 3,316 |
| 2029 | 80,453 | - |
| 2030 | 82,486 | - |
| Total minimum lease payment | 392,104 | 56,491 |
| Less imputed interest | (41,412) | (2,013) |
| Total lease liabilities | $ 350,692 | $ 54,478 |

**Note 10 – Concentrations**

A significant portion of the Society's customers are companies and professionals in the oil and gas industry both within the United States and internationally.

The Society has significant investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investment advisors who are supervised by the Finance Committee manage investments. Market value of investments is subject to fluctuations on a year-to-year basis; however, the Finance Committee believes the investment policy is prudent for the long-term welfare of the Society.