Securities and Exchange Commission Historical Society

www.sechistorical.org

The Virtual Museum and Archive of the History of Financial Regulation

2009 Annual Report

celebrating 10 years

1999–2009
From the President

The following is excerpted from remarks given by James W. Barratt at the June 25, 2009 celebration dinner honoring the SEC’s 75th anniversary.

At the 1974 dinner honoring the SEC’s 40th anniversary, there were poster boards and some memorabilia of the history of the SEC to date on display. In his remarks at that dinner, SEC Chairman Ray Garrett stated, “It would be far more satisfying if we could have with us some of the wonderful people that built this agency and on whose legacy we thrive. For many of us, that is what we are really remembering and dreaming of. But we must do the best we can. When your history lies mostly in the minds and memories of men or in somber legal documents, we lack the ready means for displaying what we have done.”

Tonight, we too are remembering and honoring the remarkable men and women that have built and continue to sustain the SEC. Fortunately for us, Chairman Garrett’s dream of remembering and honoring these people has become a reality. With the click of a mouse, everyone can see, hear and experience the history of the SEC and of the financial regulatory system.

The SEC Historical Society’s virtual museum and archive is the unique fulfillment of Ray Garrett’s desire. At this moment, people from around the nation and the world are in the museum, reading the words, seeing the images and listening to the voices of people from all parts of the financial regulatory spectrum. This is a museum of and for all of us.

My fellow trustees and I are grateful to the many individuals who have donated their time and talent to help build the museum collection. We also want to thank those of you who give the funds needed for the museum’s development and outreach. We are touched by those of you who have remembered colleagues and friends no longer with us through the museum.

As you may know, this year not only marks the 75th anniversary of the SEC, but also the 10th anniversary of the founding of the SEC Historical Society. With your support and the dedication of our leaders and staff, we have grown from the vision of our founders to become a highly successful organization. We are proud of what we have accomplished during the past decade and we look forward to many more to come.
Management’s Overview of the Year

The Securities and Exchange Commission Historical Society is committed to fiscal responsibility in using the gifts and grants entrusted to us in fulfillment of our mission to share, preserve and advance knowledge of the history of financial regulation. The following overview is to provide donors with information on how contributions were used during the January 1 – December 31, 2009 fiscal year.

2009 Revenue
The Society achieved a balance of revenue sources during 2009, with approximately 1/3 of revenue derived from each of the following: unrestricted individual gifts, unrestricted grants from corporations and foundations, and gifts and grants restricted for the virtual museum and archive. In contrast, in 2008, unrestricted grants from corporations and foundations represented 49% of funding; 36% of funding came from unrestricted individual gifts; while only 15% of funds came from restricted gifts and grants for the virtual museum and archive.

Growth of Restricted Giving

Capitalization of Museum Collection
The Society continued to capitalize all funds used to build the collection of the virtual museum and archive in 2009. These funds included fees to academic curators for the 2009 and 2010 Galleries and expansion of the Timeline; scanning and transcription of Papers; scanning of Photos; broadcast, digitization and transcription of Programs; and interview, digitization and transcription of Oral Histories. For the years ended December 31, 2009 and 2008, these capital expenses totaled $172,536 and $132,415 respectively. As of December 31, 2009, the accumulated capital expenses incurred in building the virtual museum and archive totaled $811,976. These capital expenses are solely cost-based and are not reflective of fair value.

Impact of SEC 75th Anniversary Commemoration
The Society concluded its commemoration of the 75th anniversary of the U.S. Securities and Exchange Commission with the June 25, 2009 celebration dinner, having coordinated a series of educational programs and celebratory events for the commemoration beginning in November 2007. The educational programs were funded through the virtual museum and archive. The celebratory events were funded through grants and sales of tables and tickets for the June 25th dinner. The dinner was not conducted as a fundraiser for the Society. Table and ticket sales were not considered charitable contributions to the Society.

The Society concluded the celebratory events at a break-even financial position. Table and ticket sales did not impact revenue during 2009. Some table and ticket buyers who had not before contributed to the Society became donors in the latter half of 2009, particularly as sponsors of the 2009 Gallery.

Investments
Upon completion of the Society’s commemoration of the SEC’s 75th anniversary, and satisfaction of the funding obligations with respect to commemoration events, the Investment Committee — comprising the President, Chairman and Treasurer — began meeting on a regular basis in fall 2009 to optimize the balancing of operating cash requirements, cash reserves and investment options consistent with the Society’s investment policy.
Independent Auditors’ Report

To the Board of Trustees
Securities and Exchange Commission Historical Society
Washington, D.C.

We have audited the accompanying statement of financial position of the Securities and Exchange Commission Historical Society (the Society) as of December 31, 2009, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Society’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Society’s 2008 financial statements, and, in our report dated March 18, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2009, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman
March 17, 2010

Financial Statements
Securities And Exchange Commission Historical Society
For The Year Ended December 31, 2009

Statement of Financial Position
as of December 31, 2009 with summarized financial information for 2008

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents, including $664,418, which is Board designated, at December 31, 2009 (Note 9)</td>
<td>$ 997,074</td>
<td>$ 756,054</td>
</tr>
<tr>
<td>Investments (Notes 2, 9, 10 and 11)</td>
<td>315,101</td>
<td>628,980</td>
</tr>
<tr>
<td>Grants and contributions receivable (Note 7)</td>
<td>66,900</td>
<td>—</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>11,199</td>
<td>86,965</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,390,274</td>
<td>1,471,999</td>
</tr>
<tr>
<td>OTHER ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virtual museum collection (Note 7)</td>
<td>811,976</td>
<td>639,440</td>
</tr>
<tr>
<td>Donated artwork (Note 5)</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Security deposit</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Grants and contributions receivable, net of current (Note 6)</td>
<td>22,500</td>
<td>—</td>
</tr>
<tr>
<td>Total other assets</td>
<td>866,476</td>
<td>671,440</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$2,256,750</td>
<td>$2,143,439</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS
CURRENT LIABILITIES
Accounts payable and accrued liabilities | $ 27,034 | $ 7,904 |

NET ASSETS
Unrestricted:
Undesignated | 348,221 | 239,067 |
Investment in virtual museum and archive collections (Note 6) | 811,976 | 639,440 |
Board designated reserve fund (Note 9) | 979,519 | 915,028 |
Total unrestricted net assets | 2,139,716 | 1,793,535 |
Temporarily restricted (Note 3) | 90,000 | 342,000 |
Total net assets | 2,229,716 | 2,135,535 |

TOTAL LIABILITIES AND NET ASSETS | $2,256,750 | $2,143,439 |
Statement of Activities and Change in Net Assets

For the year ended December 31, 2009 with summarized financial information for 2008

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>$463,276</td>
<td>$422,050</td>
</tr>
<tr>
<td>Interest and investment income (Note 2)</td>
<td>4,487</td>
<td>—</td>
</tr>
<tr>
<td>Other income</td>
<td>1,299</td>
<td>—</td>
</tr>
<tr>
<td>Net assets released from donor restrictions (Note 4)</td>
<td>674,050</td>
<td>(674,050)</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>1,143,112</td>
<td>(252,000)</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virtual Museum</td>
<td>300,926</td>
<td>—</td>
</tr>
<tr>
<td>Commemoration</td>
<td>374,188</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>675,114</td>
<td>—</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
<td>32,264</td>
<td>—</td>
</tr>
<tr>
<td>Development and Fundraising</td>
<td>89,553</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>121,817</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>796,931</td>
<td>—</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>346,181</td>
<td>(252,000)</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>1,793,535</td>
<td>342,000</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td>$2,139,716</td>
<td>$90,000</td>
</tr>
</tbody>
</table>

Statement of Functional Expenses

For the year ended December 31, 2009 with summarized financial information for 2008

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Virtual Museum</td>
<td>Commemoration</td>
</tr>
<tr>
<td>Salaries</td>
<td>$123,954</td>
<td>$27,945</td>
</tr>
<tr>
<td>Benefits (Note 8)</td>
<td>42,917</td>
<td>9,675</td>
</tr>
<tr>
<td>Printing and production</td>
<td>18,593</td>
<td>6,011</td>
</tr>
<tr>
<td>Professional fees</td>
<td>8,433</td>
<td>3,670</td>
</tr>
<tr>
<td>Occupancy (Note 5)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Telephone</td>
<td>7,998</td>
<td>7</td>
</tr>
<tr>
<td>Travel</td>
<td>2,846</td>
<td>58</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>2,228</td>
<td>2,621</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Supplies</td>
<td>677</td>
<td>839</td>
</tr>
<tr>
<td>Events and meetings</td>
<td>—</td>
<td>353,141</td>
</tr>
<tr>
<td>Museum maintenance</td>
<td>3,606</td>
<td>—</td>
</tr>
<tr>
<td>Research</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>211,232</td>
<td>353,967</td>
</tr>
<tr>
<td>Allocation of general and administrative</td>
<td>89,694</td>
<td>20,221</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$300,926</td>
<td>$374,188</td>
</tr>
</tbody>
</table>
Statement of Cash Flows
For the year ended December 31, 2009 with summarized financial information for 2008

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 94,181</td>
<td>$ 536,760</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>—</td>
<td>1,321</td>
</tr>
<tr>
<td>Net depreciation (appreciation) of investments</td>
<td>15,510</td>
<td>(19,499)</td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>(89,400)</td>
<td>—</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>75,766</td>
<td>(8,985)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>19,130</td>
<td>(5,692)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$115,187</td>
<td>$503,905</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(122,411)</td>
<td>(307,450)</td>
</tr>
<tr>
<td>Accession of virtual museum collections</td>
<td>(172,536)</td>
<td>(132,415)</td>
</tr>
<tr>
<td>Proceeds from maturity of investments</td>
<td>420,780</td>
<td>109,287</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td>$125,833</td>
<td>(330,578)</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>$241,020</td>
<td>173,327</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>756,054</td>
<td>582,727</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT END OF YEAR</strong></td>
<td>$997,074</td>
<td>$756,054</td>
</tr>
</tbody>
</table>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization

The Society operated the following programs in 2009:

Virtual Museum and Archive: The virtual museum and archive at www.sechistorical.org shares, preserves and advances knowledge of the history of financial regulation from the 20th century to the present. The museum collection includes papers, photos, oral histories interviews, programs, a timeline of regulatory developments against U.S. and world events; and galleries on subjects in financial regulation history, linking together all related museum material. The virtual museum and archive also provides links to other Web sites with related information. The museum collection is built and exhibited independent of any oversight from the U.S. Securities and Exchange Commission. The virtual museum and archive is free and accessible worldwide at all times.

Commemoration of the Securities and Exchange Commission’s 75th Anniversary: In 2009, the Society concluded its commemoration of the 75th anniversary of the founding of the U.S. Securities and Exchange Commission on June 6, 1934. The Society coordinated educational programs and celebratory events through the first half of 2009, and ended the commemoration with a dinner honoring the SEC on June 25, 2009.

Recently issued accounting standards
In June 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Society has updated references to GAAP in its financial statements issued for the year ended December 31, 2009. The adoption of FASB ASC 105 did not impact the Society’s financial position or results of operations.

Basis of presentation
The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, Not-for-Profit Entities.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society’s financial statements for the year ended December 31, 2008, from which the summarized information was derived.
Cash and cash equivalents
The Society considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, the Society may maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Investments
Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Risks and uncertainties
The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Grants and contributions receivable
Grants and contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Equipment and software
Equipment and software in excess of $1,500, which have been purchased, are stated at cost. Donated equipment and software are valued at its appraised value. Equipment and software are depreciated using the straight-line method. Provisions for depreciation and amortization are based on estimated useful lives of three years for software and web development costs, five years for computer equipment and seven years for all other equipment. The cost of maintenance and repairs is recorded as expenses are incurred. As of December 31, 2009, all equipment and software was fully depreciated.

Income taxes
The Society is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Society is not a private foundation.

Uncertain tax positions
In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2009, the Society has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification
The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Society and include both internally designated and undesignated resources.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

**Grants and contributions**
Grants and contributions are recorded as revenue when received from the donor. Donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Grants and contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

**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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Functional allocation of expenses**
The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Fair value measurements**
The Society adopted the provisions of FASB ASC 820, Fair Value Measurements and Disclosures. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Society accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. **INVESTMENTS**
Investments consisted of the following at December 31, 2009:

<table>
<thead>
<tr>
<th></th>
<th>COST</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Notes</td>
<td>$ 304,081</td>
<td>$ 315,101</td>
</tr>
<tr>
<td><strong>TOTAL INTEREST AND INVESTMENT INCOME</strong></td>
<td>$ 4,487</td>
<td></td>
</tr>
</tbody>
</table>

3. **TEMPORARILY RESTRICTED NET ASSETS**
Temporarily restricted net assets consisted of the following at December 31, 2009:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Best of NERA 2010</td>
<td>$ 10,000</td>
</tr>
<tr>
<td>Diane Sanger Memorial Lectures</td>
<td>30,000</td>
</tr>
<tr>
<td>Fireside Chat on Foreign Corrupt Practices Act</td>
<td>10,000</td>
</tr>
<tr>
<td>Oral Histories of Securities and Exchange Commission Alumni</td>
<td>15,000</td>
</tr>
<tr>
<td>2010 Gallery on Self-Regulatory Organizations</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>TOTAL TEMPORARILY RESTRICTED NET ASSETS</strong></td>
<td>$ 90,000</td>
</tr>
</tbody>
</table>
4. NET ASSETS RELEASED FROM RESTRICTIONS
The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

<table>
<thead>
<tr>
<th>Grant Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best of NERA 2009</td>
<td>$10,000</td>
</tr>
<tr>
<td>2009 Securities and Exchange Commission</td>
<td></td>
</tr>
<tr>
<td>Regional Office Commemoration Events</td>
<td>$15,000</td>
</tr>
<tr>
<td>Virtual Museum and Archive</td>
<td>$206,850</td>
</tr>
<tr>
<td>June 25, 2009 Celebration Dinner</td>
<td>$442,200</td>
</tr>
</tbody>
</table>

**TOTAL NET ASSETS RELEASED FROM RESTRICTIONS**

$674,050

5. LEASE COMMITMENT
The Society entered into a 36-month lease that began on October 1, 2007, with a base rent of $4,521 per month. A security deposit in the amount of $7,000 was paid and recorded as an other asset on the accompanying Statement of Financial Position. The office lease agreement contains an escalation clause in the base rent. It also requires the Society to pay a pro-rata share of operating expenses and any increase in real estate taxes and assessments over amounts stipulated in the lease agreement.

Total occupancy expense for the year ended December 31, 2009 was $79,570. Minimum future payments under the lease commitment are as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$44,009</td>
</tr>
</tbody>
</table>

6. VIRTUAL MUSEUM AND ARCHIVE COLLECTIONS
The Society has capitalized the collection of the virtual museum and archive since the museum’s inception in June 2002.

On December 31, 2009, the museum collection totaled 3,492 primary materials, including 2,709 papers; 460 photos; 93 oral histories interviews; 60 programs; and 170 other materials, including regulatory developments in the timeline, gallery framework essays, and gallery video and audio clips. No materials were de-accessioned from the collection in 2009.

For the year ended December 31, 2009, costs incurred in building the collection of the virtual museum and archive totaled $172,536. As of December 31, 2009, the accumulated costs incurred in building the virtual museum and archive totaled $811,976, which may not be reflective of fair value.

7. GRANTS AND CONTRIBUTIONS RECEIVABLE
Unconditional promises to give are reported in the financial statements as “grants and contributions receivable” and as revenue in the appropriate net assets class.

Grants and contributions receivable are due as follows at December 31, 2009:

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$66,900</td>
</tr>
<tr>
<td>One to five years</td>
<td>22,500</td>
</tr>
</tbody>
</table>

**GRANTS RECEIVABLE**

$89,400

8. SAVINGS PLAN
The Society maintains a 403(b) Savings Plan (the Plan) for its employees. The Plan provides for employee contributions. The Society matches up to 100 percent of employee contributions. Employees are 100 percent vested upon entry into the Plan. For the year ended December 31, 2009, contributions to the Plan were $30,178.

9. BOARD DESIGNATED NET ASSETS
The Board of Trustees of the Society established a $500,000 board designated fund to assure continuation of the Society. The value of this fund at December 31, 2009 was $979,519. The fund is comprised of investments in U.S. Government Reserves money market funds totaling $694.418 and U.S.Treasury notes totaling $315,101, which are included in cash and cash equivalents and investments, respectively, in the accompanying Statement of Financial Position.

10. JUNE 25, 2009 CELEBRATION DINNER
The Board of Trustees of the Society purchased a U.S. Treasury note with a market value of $102,335 on December 31, 2008. The Treasury note was purchased to assure payment of costs related to the Society’s June 25, 2009 celebration dinner honoring the 75th anniversary of the U.S. Securities and Exchange Commission. The note matured on May 31, 2009. After payments of all costs related to the dinner, the remaining funds were added to the Board designated net assets, and are included in cash and cash equivalents in the accompanying Statement of Financial Position.

11. FAIR VALUE MEASUREMENTS
In accordance with FASB ASC 820, Fair Value Measurements and Disclosures, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

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

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

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

Financial assets recorded on the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended December 31, 2009:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Total</th>
<th>Quotable Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury notes</td>
<td>$315,101</td>
<td>$315,101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. SUBSEQUENT EVENTS
In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through March 17, 2010, the date the financial statements were issued.
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April 29, 1964 SEC Commission (courtesy of Mark Kessler)
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The October 28, 2009 Deloitte Fireside Chat II – “Exploring Principles vs. Rules-Based Accounting and Auditing Standards” – attracted a record 521 listeners to the live broadcast, the largest audience to date for any program on www.sechistorical.org. Moderated by Professor Patricia Fairfield, Georgetown University McDonough School of Business, the program featured Robert J. Kueppers, Deloitte LLP (left) and Scott A. Taub, Financial Reporting Advisors LLC. This Fireside Chat and the October 22nd Chat on “The Role of Professional Judgment in Accounting and Auditing” were sponsored by Deloitte LLP.