STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Steel Founders' Society of America and Affiliate
Crystal Lake, Illinois

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Steel Founders' Society of America and Affiliate, (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of financial position and schedules of activities (the supplementary information) are presented for purposes of additional analysis and are 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 audit 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 28, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Other Matter

The 2021 consolidated financial statements were audited by other auditors, whose report dated June 21, 2022, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 28, 2023

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 1,538,737	$ 1,788,349
Dues Receivable, Net	19,155	23,942
Project Fees Receivable, Net	1,432,860	1,452,072
Investments	2,653,825	3,180,283
Prepaid Expenses	87,118	81,844
Total Current Assets	5,731,695	6,526,490
OTHER ASSETS		
Property and Equipment, Net	346,843	347,382
Intangibles, Net of Accumulated Amortization of $4,412 and $0 for the Years Ended December 31, 2022 and 2021, Respectively	8,824	13,236
Total Other Assets	355,667	360,618
Total Assets	$ 6,087,362	$ 6,887,108
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,120,193	$ 1,750,772
Project Fees Payable	-	49
Accrued Liabilities	133,740	116,554
Deferred Revenue	12,409	10,952
Total Current Liabilities	1,266,342	1,878,327
Long-Term Accrued Liabilities	87,924	40,580
Total Liabilities	1,354,266	1,918,907
NET ASSETS		
Without Donor Restrictions	4,691,403	4,930,503
With Donor Restrictions	41,693	37,698
Total Net Assets	4,733,096	4,968,201
Total Liabilities and Net Assets	$ 6,087,362	$ 6,887,108

See accompanying Notes to Consolidated Financial Statements.

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT			
Government Contracts	$ 7,504,182	$ -	$ 7,504,182
Other Revenues:			
In-Kind Contributions	579,710	-	579,710
Membership Dues	633,577	-	633,577
Net Investment Losses	(527,983)	(2,027)	(530,010)
Meetings	291,864	-	291,864
Contributions	13,028	12,000	25,028
Miscellaneous	12,053	-	12,053
Total Other Revenues	1,002,249	9,973	1,012,222
Net Assets Released from Restrictions	5,978	(5,978)	-
Total Revenues, Gains (Losses), and Other Support	8,512,409	3,995	8,516,404
EXPENSES			
Program Services:			
Research and Development	7,073,224	-	7,073,224
Industry Support	545,107	-	545,107
Total Program Services	7,618,331	-	7,618,331
Administration	1,133,178	-	1,133,178
Total Expenses	8,751,509	-	8,751,509
CHANGE IN NET ASSETS	(239,100)	3,995	(235,105)
Net Assets - Beginning of Year	4,930,503	37,698	4,968,201
NET ASSETS - END OF YEAR	$ 4,691,403	$ 41,693	$ 4,733,096

See accompanying Notes to Consolidated Financial Statements.

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, (LOSSES), AND OTHER SUPPORT			
Government Contracts	$ 6,562,761	$ -	$ 6,562,761
Other Revenues:			
In-Kind Contributions	1,174,729	-	1,174,729
Membership Dues	608,380	-	608,380
Net Investment Return	341,021	50	341,071
Meetings	213,182	-	213,182
Contributions	36,786	12,783	49,569
Miscellaneous	9,901	-	9,901
Total Other Revenues	2,383,999	12,833	2,396,832
Net Assets Released from Restrictions	8,000	(8,000)	-
Total Revenues, Gains (Losses), and Other Support	8,954,760	4,833	8,959,593
EXPENSES			
Program Services:			
Research and Development	6,962,836	-	6,962,836
Industry Support	420,669	-	420,669
Total Program Services	7,383,505	-	7,383,505
Administration	969,660	-	969,660
Total Expenses	8,353,165	-	8,353,165
CHANGE IN NET ASSETS	601,595	4,833	606,428
Net Assets - Beginning of Year	4,328,908	32,865	4,361,773
NET ASSETS - END OF YEAR	$ 4,930,503	$ 37,698	$ 4,968,201

See accompanying Notes to Consolidated Financial Statements.

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Research and Development	Industry Support	Total Program Services	Administration	Total
Payroll	$ 913,960	$ 367,067	$ 1,281,027	$ 668,992	$ 1,950,019
Direct Project Expenses	5,019,273	30,812	5,050,085	-	5,050,085
In-Kind Technical Research	573,710	-	573,710	-	573,710
Employee Benefits	205,261	82,437	287,698	150,245	437,943
Conferences and Meetings	267,463	4,144	271,607	4,993	276,600
Office Expense	2,338	1,655	3,993	179,234	183,227
Professional Fees	-	-	-	89,605	89,605
Travel and Training	85,219	32,707	117,926	19,506	137,432
Scholarships	-	26,285	26,285	-	26,285
Depreciation and Amortization	-	-	-	20,603	20,603
In-Kind Other	6,000	-	6,000	-	6,000
Total Expenses	$ 7,073,224	$ 545,107	$ 7,618,331	$ 1,133,178	$ 8,751,509

See accompanying Notes to Consolidated Financial Statements.

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Research and Development	Industry Support	Total Program Services	Administration	Total
Payroll	$ 950,918	$ 279,854	$ 1,230,772	$ 506,761	$ 1,737,533
Direct Project Expenses	4,342,411	24,364	4,366,775	-	4,366,775
In-Kind Technical Research	1,164,729	-	1,164,729	-	1,164,729
Employee Benefits	220,296	64,833	285,129	117,399	402,528
Conferences and Meetings	245,708	1,643	247,351	400	247,751
Office Expense	623	55	678	156,493	157,171
Professional Fees	-	-	-	146,784	146,784
Travel and Training	24,880	9,640	34,520	24,178	58,698
Scholarships	-	40,280	40,280	-	40,280
Depreciation	-	-	-	14,947	14,947
In-Kind Materials	10,000	-	10,000	-	10,000
Committees and Interest Groups	3,271	-	3,271	-	3,271
Miscellaneous	-	-	-	2,698	2,698
Total Expenses	$ 6,962,836	$ 420,669	$ 7,383,505	$ 969,660	$ 8,353,165

See accompanying Notes to Consolidated Financial Statements.

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (235,105)	$ 606,428
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	20,603	14,947
Net Realized Gains on Investments	(4,568)	(70,295)
Net Unrealized (Gains) Losses on Investments	585,434	(189,350)
Effects of Changes in Operating Assets and Liabilities:		
Dues Receivable	4,787	6,611
Project Fees Receivable	19,212	(889,352)
Prepaid Expenses	(5,274)	(43,882)
Accounts Payable	(630,579)	1,578,052
Project Fees Payable	(49)	(143,074)
Other Current Liabilities	18,643	(10,968)
Other Long-Term Liabilities	47,344	(7,897)
Net Cash Provided (Used) by Operating Activities	(179,552)	851,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(15,652)	(32,314)
Purchases of Intangible Assets	-	(13,236)
Purchases of Investments	(416,141)	(397,849)
Proceeds from Sales of Investments	361,733	311,496
Net Cash Used by Investing Activities	(70,060)	(131,903)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(249,612)	719,317
Cash and Cash Equivalents - Beginning of Year	1,788,349	1,069,032
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,538,737	$ 1,788,349

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Steel Founders' Society of America (the Society) is an international nonprofit organization whose purpose is to promote the general welfare of all engaged in, or affected by, the manufacture and sale of steel castings or of alloy castings. Membership consists of regular, honorary, and associate members. The Society regularly sponsors meetings, seminars, and conferences related to the industry, as well as providing educational and training materials. Steel Founders' Society Foundation (the Foundation) is a nonprofit organization whose purpose is to give scholarships to engineering students, providing financial support for engineering work study programs, and making grants to fund scientific research. Collectively, these entities are referred to as the Organization.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Society and its related party affiliate, the Foundation. The financial statements have been consolidated because the Society has economic interest and control through a majority voting interest in the Foundation. Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in Preparing Consolidated Financial Statements

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

Method of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting.

Project Fees Receivable

Project fees receivable arise from Organization expenditures, which qualify for reimbursement from their federal grants.

Allowance for Doubtful Accounts

The Organization recognizes an allowance for losses on dues and project fees receivable in an amount equal to the estimated probable losses net of recoveries. The allowance is based on than analysis of historical bad debt experience, current receivables aging, and expected future write-offs, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The expense associated with the allowance for doubtful accounts is recognized as program expense as it historically relates to dues and project fees receivable. As of December 31, 2022 and 2021, management has determined that no allowance for doubtful accounts is deemed necessary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in exchange-traded funds and mutual funds are reported at fair value determined by reference to quoted prices in active markets for identical assets and other relevant information generated by marked transactions. Money market funds are included with investments as they are held in the same accounts as the investments. Investments in money market accounts are reported at cost, which approximates fair value. Donated investments are recorded at the fair value as of the date of contribution. There were no donated investments during the years ended December 31, 2022 and 2021. Dividend and interest income net of related fees from these investments and realized and unrealized gains and losses are reported as net investment return (losses) on the accompanying consolidated statements of activities.

Property and Equipment

Property and equipment is carried at historical cost if purchased or fair value at the date of donation. Depreciation is computed using the straight-line method over 3 to 10 years for office furniture and computer equipment and 40 years for the building. The Organization's policy is to capitalize all expenditures for property and equipment in excess of $2,000. When property and equipment are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations. Maintenance and repairs are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. The Organization did not record any impairment of property and equipment for the years ended December 31, 2022 and 2021.

Project Fees Payable

Project fees payable arise from a portion of work that has been completed, but for which have not been invoiced yet by the vendors.

Deferred Revenue

Deferred revenue consists of prepaid membership dues that relate to subsequent periods.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Consolidated financial statement presentation follows accounting principles generally accepted in the United States of America for nonprofit organizations. Accounting principles generally accepted in the United States of America require the Organization to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent the portion of expendable net assets that are available for operations, which includes net assets designated by the Board for particular purposes. The Board-Designated net assets for the years ended December 31, 2022 and 2021 were $4,348 and $5,025, respectively.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed stipulations that may be fulfilled by actions of the board to meet the stipulations or become net assets without donor restrictions at the date specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor or time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as “Net Assets Released from Restrictions.”

Revenue Recognition

The following revenue streams meet the definition of an exchange transaction and fall within the scope of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*: membership dues, meetings income and miscellaneous income.

Membership Dues

Membership dues income consists of multiple performance obligations, including member support, access to meetings, committee participation, publications, and access to the online directory. Membership dues are recognized as revenue over time in the membership period to which they relate.

Meetings

Meetings income consists of a single performance obligation, access to the Organization’s meetings held during the year. Revenue is earned from attendance at the meeting and related workshops. Payments received in advance of the meeting are deferred and recognized at a point in time when the meeting takes place.

Miscellaneous

Miscellaneous income for the Organization consists of royalties and revenue from the online directory subscriptions, which are recognized over time in the period to which they relate, and merchandise sales, which are recognized at the time of purchase.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Contracts

The Organization engages in various cost-reimbursement contracts with governmental authorities with varying terms. The funding represents a nonreciprocal transaction in which the resources provided are for the benefit of the Organization and its programs conditioned upon the incurrence of allowable qualifying expenses in compliance with specific contract or grant provisions. Amounts received prior to satisfaction of the condition are included in deferred revenue in the consolidated statements of financial position. The Organization has been awarded government contracts of $22,335,623 and $13,774,558 that have not yet been recognized as of December 31, 2022 and 2021, respectively, because the related condition has not yet been met.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as net assets without donor restrictions, or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as “Net Assets Released from Restrictions.”

In-Kind Contributions

In-kind contributions of goods and services are recognized in the accompanying consolidated financial statements when received. Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Any services that meet the criteria for recognition under Generally Accepted Accounting Principles (GAAP) are recorded in the accompanying consolidated statement of activities at the estimated fair value of the services received.

Functional Allocation of Expenses

In the consolidated statements of functional expenses, the costs that are directly associated with a particular program or supporting service are allocated directly to that functional category. Additional, certain costs have been allocated among the programs and supporting services benefited based on staff time devoted to the functional areas or other appropriate allocation methods determined by management. All other expenses are allocated based on actual expense for programs and various other criteria.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Society and Foundation are exempt from federal and state income taxes under Section 501(c)(6) and 501(c)(3), respectively, of the Internal Revenue Code (IRC), except for net income derived from unrelated business activities.

The Organization has adopted the requirements for accounting for uncertain tax positions. The Organization has determined that it is not required to record a liability related to uncertain tax positions for the years ended December 31, 2022 and 2021.

Adoption of Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the consolidated statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying consolidated financial statements or disclosures.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842).* The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of this standard did not have any significant impact on the accompanying consolidated financial statements or disclosures.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets due within one year of the consolidated statement of financial position date for general expenditures are as follows:

	2022	2021
Cash	$ 1,538,737	$ 1,788,349
Receivables	1,452,015	1,476,014
Investments	2,653,825	3,180,283
Total Financial Assets	5,644,577	6,444,646
Less: Net Assets With Donor Restrictions	(41,693)	(37,698)
Total Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	$ 5,602,884	$ 6,406,948

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Investments are included in the table above as these assets are available to be used should the Organization deem necessary; however, these investments are not expected to be used within one year.

NOTE 3 FAIR VALUE MEASUREMENTS

In determining fair value the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available.

The measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis are as follows at December 31:

	2022			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Mutual Funds	$ 1,761,926	$ 1,761,926	$ -	$ -
Exchange-Traded Funds	841,503	841,503	-	-
Total Investments at Fair Value	2,603,429	$ 2,603,429	$ -	$ -
Money Market Funds	50,396			
Total Investments	$ 2,653,825			

	2021			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Mutual Funds	$ 2,025,907	$ 2,025,907	$ -	$ -
Exchange-Traded Funds	1,093,563	1,093,563	-	-
Total Investments at Fair Value	3,119,470	$ 3,119,470	$ -	$ -
Money Market Funds	60,813			
Total Investments	$ 3,180,283			

Fair value for Level 1 investments includes mutual funds and exchange-traded funds and are measured by reference to quoted market transactions that are listed on a national market or exchange, and are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. There were no changes to valuations methodologies during the years ended December 31, 2022 and 2021.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Land	$ 20,250	$ 20,250
Building	424,046	424,046
Furniture and Equipment	70,352	65,870
Total, at Cost	514,648	510,166
Less: Accumulated Depreciation	167,805	162,784
Property and Equipment, Net	$ 346,843	$ 347,382

Depreciation expense for the years ended December 31, 2022 and 2021 was $16,191 and $14,947, respectively, and is included in depreciation and amortization expense on the consolidated statements of functional expenses.

NOTE 5 NET ASSETS

Net assets without donor restrictions were as follows:

	2022	2021
General	$ 4,687,055	$ 4,925,478
Board Designated Endowment Fund	4,348	5,025
Total	$ 4,691,403	$ 4,930,503

Net assets with donor restrictions are available for the following purposes at December 31:

	2022	2021
Subject to Expenditure for Specific Purpose:		
Steel-Melting Research	$ 17,182	$ 17,182
Steel Casting Construction Consortium (SC3)	7,988	8,683
Scholarships	3,500	1,783
Total	28,670	27,648
Endowment:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	(1,977)	50
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity	15,000	10,000
Total Endowment	13,023	10,050
Total	$ 41,693	$ 37,698

During the years ended December 31, 2022 and 2021, $5,978 and $8,000, respectively, were released from restrictions due to purpose restrictions being met.

NOTE 6 ENDOWMENT FUNDS

The Organization’s endowments consist of two funds established to support the Organization into perpetuity. Its endowment includes a donor-restricted endowment fund and a board-designated endowment fund. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical cost of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

NOTE 6 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

As a result of this interpretation, the Organization classifies donor-restricted endowment net assets as:

- The original value of gifts donated to the endowment in perpetuity, and
- The original value of subsequent gifts to the endowment in perpetuity.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions not subject to appropriation or expenditure is classified as net assets with donor restrictions available for appropriation or expenditure until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund,
- The purposes of the Organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Organization, and
- The investment policies of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature exist in the donor-restricted fund which has an original gift value of $15,000, a current fair value of $13,023, and a deficiency of $1,977 as of December 31, 2022. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds. There were no such deficiencies as of December 31, 2021.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments while seeking to maintain the capital of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve the capital of the fund.

NOTE 6 ENDOWMENT FUNDS (CONTINUED)

Strategies Employed for Achieving Objectives

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

Spending Policy

The Organization's policy allows for the appropriation for expenditure as determined annually by the Board. In any year, spending may not exceed 7% of the fair market value of an endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made.

The composition of the Organization's endowment net asset composition by type of fund as of December 31, 2022 and 2021 consists of the following:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Fund:			
Original Donor-Restricted Gift:			
Amount and Amounts Required to be Retained by Donor	$ -	$ 15,000	$ 15,000
Portion Subject to Appropriation Under UPMIFA	-	(1,977)	(1,977)
Board Designated Endowment Fund	4,348	-	4,348
Total	$ 4,348	$ 13,023	$ 17,371

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Fund:			
Original Donor-Restricted Gift:			
Amount and Amounts Required to be Retained by Donor	$ -	$ 10,000	$ 10,000
Portion Subject to Appropriation Under UPMIFA	-	50	50
Board Designated Endowment Fund	5,025	-	5,025
Total	$ 5,025	$ 10,050	$ 15,075

NOTE 6 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets during the years ended December 31, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2021	$ -	$ 5,000	$ 5,000
Investment Return, Net	-	50	50
Contributions	5,025	5,000	10,025
Endowment Net Assets - December 31, 2021	5,025	10,050	15,075
Investment Loss, Net	(677)	(2,027)	(2,704)
Contributions	-	5,000	5,000
Endowment Net Assets - December 31, 2022	$ 4,348	$ 13,023	$ 17,371

NOTE 7 IN-KIND CONTRIBUTIONS

Contributed services and materials for the Organization's research and development programs are as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Technical Research - Consultants and Subcontractors	$ 573,710	$ 1,164,729
Materials	-	10,000
Other	6,000	-
Total Financial Assets	$ 579,710	$ 1,174,729

Services provided by consultants and subcontractors are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

Materials and other donated goods and services are valued and reported at the estimated fair value in the financial statements based on current market rates for similar goods and services in the Organization's market.

All donated services were utilized by the programs of the Organization. There were no donor-imposed restrictions associated with the donated services received.

In addition, numerous volunteers contributed significant time and effort to the Organization. However, the value of these services is not included in the accompanying financial statements because their fair value is not readily determinable, and the services do not meet the criteria for revenue recognition under GAAP.

NOTE 8 EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) plan covering all employees who have completed 12 months of service and have reached age 21. Employees are eligible to defer up to 100% of their salary to a maximum deferral according to IRC limits. The Organization makes a contribution equal to 7% of eligible employees' salaries each year. The amount charged to operations for the Organization's 401(k) plan for the years ended December 31, 2022 and 2021, was $105,564 and $100,694, respectively.

NOTE 9 COMPLIANCE WITH GRANTOR RESTRICTIONS

Financial assistance from a governmental entity in the form of a grant is subject to special audit. Such an audit could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such an audit since the amounts, if any, cannot be determined at this time. Management believes that any disallowance of expenditures under the grant would not be material.

NOTE 10 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash at a single financial institution. All deposits at Federal Deposit Insurance Corporation (FDIC) insured institutions are insured up to $250,000. At times during the reporting period, the Organization's bank balances may have exceeded the federally insured limits, however, it has not experienced any losses with respect to its bank balances.

The Organization maintains the majority of its investments at a single financial institution with a Securities Investors Protection Corporation (SIPC) member broker. Securities, including mutual funds, are not insured against loss in value. The value of investments can fluctuate depending on the demand for them in the market. The SIPC replaces missing stocks and other securities in customer accounts held by its members up to $500,000, including up to $100,000 in cash, if a member brokerage or bank brokerage subsidiary fails. The broker provides supplemental protection on assets over $500,000 through certain underwriters at Lloyd's of London, subject to an aggregate loss limit of $1 billion. There is a per-client limit for cash of $1,900,000. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk. The Organization places its investments in various types of financial instruments, as outlined in Note 3.

The Organization received 7% of its total revenues for the years ended December 31, 2022 and 2021, from membership dues. The Organization received 88% and 73% of its total revenues for the years ended December 31, 2022 and 2021, respectively, from government contracts. Government contracts accounted for approximately 99% and 96% of the project fee receivable balance for the years ended December 31, 2022 and 2021.

NOTE 11 COMMITMENTS

The Organization contracts with various hotels and event centers in advance for future meetings and events. The Organization would be obligated for certain charges in the event a cancellation occurred. The amount of charges would vary depending on the date of the cancellation and the terms of the contract.

NOTE 12 CASH FLOW DISCLOSURES

There was no cash paid for interest and taxes during the years ended December 31, 2022 and 2021. There were no noncash financing and investing transactions during the years ended December 31, 2022 and 2021.

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through June 28, 2023, the date the consolidated financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to June 28, 2023that provided additional evidence about conditions that existed at December 31, 2022, have been recognized in the consolidated financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended December 31, 2022.

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULES OF FINANCIAL POSITION – STEEL FOUNDERS' SOCIETY IN AMERICA
DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 1,521,334	$ 1,777,459
Dues Receivable, Net	19,155	23,942
Project Fees Receivable, Net	1,432,860	1,452,072
Investments	2,392,050	2,871,582
Prepaid Expenses	87,118	81,844
Total Current Assets	5,452,517	6,206,899
OTHER ASSETS		
Property and Equipment, Net	346,843	347,382
Intangibles, Net of Accumulated Amortization of $4,412 and $0 for the Years Ended December 31, 2022 and 2021, Respectively	8,824	13,236
Total Other Assets	355,667	360,618
Total Assets	$ 5,808,184	$ 6,567,517
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,120,193	$ 1,751,242
Project Fees Payable	-	49
Accrued Liabilities	133,599	116,498
Deferred Revenue	12,409	10,952
Total Current Liabilities	1,266,201	1,878,741
Long-Term Accrued Liabilities	87,924	40,580
Total Liabilities	1,354,125	1,919,321
NET ASSETS		
Without Donor Restrictions	4,446,071	4,639,513
With Donor Restrictions	7,988	8,683
Total Net Assets	4,454,059	4,648,196
Total Liabilities and Net Assets	$ 5,808,184	$ 6,567,517

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULE OF ACTIVITIES – STEEL FOUNDERS' SOCIETY OF AMERICA
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT			
Government Contracts	$ 7,504,182	$ -	$ 7,504,182
Other Revenues:			
In-Kind Contributions	579,710	-	579,710
Membership Dues	633,577	-	633,577
Net Investment Losses	(478,085)	-	(478,085)
Meetings	291,864	-	291,864
Miscellaneous	12,053	-	12,053
Total Other Revenues	1,039,119	-	1,039,119
Net Assets Released from Restrictions	695	(695)	-
Total Revenues, Gains (Losses), and Other Support	8,543,996	(695)	8,543,301
EXPENSES			
Program Services:			
Research and Development	7,073,224	-	7,073,224
Industry Support	537,107	-	537,107
Total Program Services	7,610,331	-	7,610,331
Administration	1,127,107	-	1,127,107
Total Expenses	8,737,438	-	8,737,438
CHANGE IN NET ASSETS	(193,442)	(695)	(194,137)
Net Assets - Beginning of Year	4,639,513	8,683	4,648,196
NET ASSETS - END OF YEAR	$ 4,446,071	$ 7,988	$ 4,454,059

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULE OF ACTIVITIES – STEEL FOUNDERS' SOCIETY OF AMERICA
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Government Contracts	$ 6,562,761	$ -	$ 6,562,761
Other Revenues:			
In-Kind Contributions	1,174,729	-	1,174,729
Membership Dues	608,380	-	608,380
Net Investment Return	309,642	-	309,642
Meetings	213,182	-	213,182
Miscellaneous	9,901	-	9,901
Total Other Revenues	2,315,834	-	2,315,834
Total Revenues, Gains, and Other Support	8,878,595	-	8,878,595
EXPENSES			
Program Services:			
Research and Development	6,929,820	-	6,929,820
Industry Support	412,669	-	412,669
Total Program Services	7,342,489	-	7,342,489
Administration	964,489	-	964,489
Total Expenses	8,306,978	-	8,306,978
CHANGE IN NET ASSETS	571,617	-	571,617
Net Assets - Beginning of Year	4,067,896	8,683	4,076,579
NET ASSETS - END OF YEAR	$ 4,639,513	$ 8,683	$ 4,648,196

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULE OF FINANCIAL POSITION – STEEL FOUNDERS' SOCIETY FOUNDATION
DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 17,403	$ 10,890
Accounts Receivable	-	470
Investments	261,775	308,701
Total Assets	$ 279,178	$ 320,061
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Liabilities	$ 141	$ 56
NET ASSETS		
Without Donor Restrictions	238,450	284,108
With Donor Restrictions	40,587	35,897
Total Net Assets	279,037	320,005
Total Liabilities and Net Assets	$ 279,178	$ 320,061

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULE OF ACTIVITES – STEEL FOUNDERS' SOCIETY FOUNDATION
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT			
Other Revenues (Losses):			
Net Investment Losses	$ (49,898)	$ (2,027)	$ (51,925)
Contributions	13,028	12,000	25,028
Total Other Revenues (Losses)	(36,870)	9,973	(26,897)
Net Assets Released from Restrictions	5,283	(5,283)	-
Total Revenues, Gains (Losses), and Other Support	(31,587)	4,690	(26,897)
EXPENSES			
Program Services:			
Industry Support	8,000	-	8,000
Administration	6,071	-	6,071
Total Expenses	14,071	-	14,071
CHANGE IN NET ASSETS	(45,658)	4,690	(40,968)
Net Assets - Beginning of Year	284,108	35,897	320,005
NET ASSETS - END OF YEAR	$ 238,450	$ 40,587	$ 279,037

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULE OF ACTIVITES – STEEL FOUNDERS' SOCIETY FOUNDATION
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Other Revenues:			
Net Investment Return	$ 31,379	$ 50	$ 31,429
Contributions	36,786	12,783	49,569
Total Other Revenues	68,165	12,833	80,998
Net Assets Released from Restrictions	8,000	(8,000)	-
Total Revenues, Gains, and Other Support	76,165	4,833	80,998
EXPENSES			
Program Services:			
Research and Development	33,016	-	33,016
Industry Support	8,000	-	8,000
Total Program Services	41,016	-	41,016
Administration	5,171	-	5,171
Total Expenses	46,187	-	46,187
CHANGE IN NET ASSETS	29,978	4,833	34,811
Net Assets - Beginning of Year	254,130	31,064	285,194
NET ASSETS - END OF YEAR	$ 284,108	$ 35,897	$ 320,005

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE

SINGLE AUDIT REPORTS

YEAR ENDED DECEMBER 31, 2022

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STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Steel Founders' Society of America and Affiliate
Crystal Lake, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Steel Founders' Society of America and Affiliate (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Board of Directors
Steel Founders' Society of America and Affiliate

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 28, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Steel Founders' Society of America and Affiliate
Crystal Lake, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Steel Founders' Society of America and Affiliate (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the consolidated financial statements of the Organization as of and for the year ended December 31, 2022, and have issued our report thereon dated June 28, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and 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 information has been subjected to the auditing procedures applied in the audit 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 28, 2023

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Expenditures
Research and Development Cluster				
Department of Defense				
Defense Logistics Agency				
Innovative Casting Technologies	12.RD*	N/A	$ 1,025,948	$ 1,959,788
Steel Performance Initiative	12.RD*	N/A	2,443,960	4,006,021
Steel Technology Advanced Research	12.RD*	N/A	259,919	1,345,634
			3,729,827	7,311,443
Passed through:				
Advanced Technology Institute:				
Innovative Casting Technologies	12.RD*	SP4701-17-D-1134 / 2017-519	-	192,739
Total Department of Defense			3,729,827	7,504,182
Total Research and Development Cluster			3,729,827	7,504,182
Total Expenditures of Federal Awards			$ 3,729,827	$ 7,504,182

* Program was tested as a major program at December 31, 2022.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 OTHER MATTERS

Amount of Noncash Assistance	None
Amount of Insurance	None
Amount of Loans	None
Amount of Loan Guarantees	None

STEEL FOUNDERS' SOCIETY OF AMERICA AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section I – Summary of Auditors' Results

Consolidated Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ yes __x__ none reported

3. Noncompliance material to consolidated financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(1)? ______ yes __x__ no

Identification of Major Federal Programs

CFDA Number(s)	**Name of Federal Program or Cluster**
12.RD	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? __x__ yes ______ no

Section II – Consolidated Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Federal Award Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).