



SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008



**and
Report Thereon**



SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

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

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying consolidated statements of financial position of the Society for Human Resource Management and Subsidiaries (the Organization) as of December 31, 2009 and 2008, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities. Such consolidating information has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements, and, in our opinion, is fairly stated in all material respects when considered in relation to the consolidated financial statements taken as a whole.

RAFFA, P.C.

Washington, DC
May 19, 2010

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,347,815	\$ 6,089,872
Short-term investments	2,458,500	974,573
Accounts receivable, net of allowance for doubtful accounts of \$361,790 and \$334,794 in 2009 and 2008, respectively	2,876,287	3,485,856
Due from affiliates	370,455	143,988
Income tax receivable	375,390	266,679
Prepaid expenses and deposits	3,962,654	4,093,959
Inventory	<u>1,390,294</u>	<u>1,522,663</u>
Total Current Assets	18,781,395	16,577,590
Long-term investments	117,267,404	106,248,492
Property and equipment		
Buildings and building improvements	33,092,445	32,927,990
Land	5,883,311	5,883,311
Computer software	8,407,911	8,091,992
Computer equipment	9,391,080	9,184,860
Furniture and equipment	7,750,093	7,664,637
Automobiles	<u>142,397</u>	<u>54,400</u>
Gross property and equipment	64,667,237	63,807,190
Less: Accumulated depreciation and amortization	<u>(30,508,929)</u>	<u>(27,087,412)</u>
Net property and equipment	<u>34,158,308</u>	<u>36,719,778</u>
TOTAL ASSETS	<u>\$ 170,207,107</u>	<u>\$ 159,545,860</u>

- Continued-

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

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

(Continued)

	<u>2009</u>	<u>2008</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 11,772,562	\$ 11,094,981
Due to affiliates	-	202,330
Deferred membership dues	19,622,687	20,422,222
Deferred conference and seminar fees	3,773,005	4,188,110
Deferred subscriptions and other	446,100	619,730
Note payable, current portion	<u>679,641</u>	<u>634,452</u>
Total Current Liabilities	<u>36,293,995</u>	<u>37,161,825</u>
Accrued benefit cost	7,398,918	9,782,369
Note payable, net of current portion	<u>5,257,983</u>	<u>5,941,272</u>
TOTAL LIABILITIES	<u>48,950,896</u>	<u>52,885,466</u>
Net Assets		
Unrestricted	<u>121,256,211</u>	<u>106,660,394</u>
TOTAL NET ASSETS	<u>121,256,211</u>	<u>106,660,394</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 170,207,107</u>	<u>\$ 159,545,860</u>

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

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2009 and 2008

	2009	2008
REVENUE AND SUPPORT		
Membership dues	\$ 35,574,094	\$ 35,471,759
Publications, advertising and royalties	18,722,673	23,196,308
Annual conference	13,755,305	22,422,635
Seminars and educational programs	16,164,917	19,385,780
Other conferences	3,491,971	5,438,584
Other	3,149,273	3,544,269
Investment income allocated to operations	4,990,000	-
	<u>95,848,233</u>	<u>109,459,335</u>
TOTAL REVENUE AND SUPPORT		
EXPENSES		
Program Services		
Government and public affairs	16,693,336	21,094,262
Publications	15,481,105	19,145,439
Seminars and educational programs	12,853,857	15,744,168
Annual conference	5,995,524	8,516,733
Other conferences	3,689,629	4,702,151
	<u>54,713,451</u>	<u>69,202,753</u>
Total Program Services		
Supporting Services		
Management and general	26,759,773	27,127,732
Membership services	16,059,988	16,363,947
	<u>42,819,761</u>	<u>43,491,679</u>
Total Supporting Services		
TOTAL EXPENSES	<u>97,533,212</u>	<u>112,694,432</u>
Change in net assets from operations	(1,684,979)	(3,235,097)
Non-operating Activities		
Investment income (loss) in excess of amounts designated for operations:		
Investment (loss) income	19,715,304	(31,897,565)
Investment income allocated to operations	(4,990,000)	-
	<u>14,725,304</u>	<u>(31,897,565)</u>
Total investment income (loss) in excess of amounts designated for operations		
Provision for income tax expense	(1,262,213)	(3,292,476)
Total Non-operating Activities	<u>13,463,091</u>	<u>(35,190,041)</u>
CHANGE IN NET ASSETS	11,778,112	(38,425,138)
Unrecognized actuarial gain (loss)	2,755,697	(6,161,709)
Foreign currency translation gain (loss)	62,008	(108,423)
NET ASSETS, BEGINNING OF YEAR	<u>106,660,394</u>	<u>151,355,664</u>
NET ASSETS, END OF YEAR	<u>\$ 121,256,211</u>	<u>\$ 106,660,394</u>

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

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 11,778,112	\$ (38,425,138)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrecognized actuarial gain (loss)	2,755,697	(6,161,709)
Foreign currency translation (loss) gain	62,008	(108,423)
Depreciation and amortization	3,421,517	3,667,771
Unrealized (gain) loss on investments	(20,529,813)	21,432,888
Realized loss on investments	3,868,369	16,168,496
Provision for doubtful accounts receivable	(26,996)	67,468
Loss on disposal of property and equipment	-	7,860
Changes in assets and liabilities:		
Accounts receivable	636,564	(508,695)
Due from affiliates	(226,493)	170,762
Income tax receivable	(108,711)	(9,721)
Prepaid expenses and deposits	131,305	(143,082)
Inventory	132,369	54,274
Accounts payable and accrued expenses	278,584	908,844
Due to affiliates	(202,330)	202,330
Deferred membership dues	(799,535)	623,704
Deferred conference and seminar fees	(415,105)	(1,400,235)
Deferred subscriptions and other	(173,629)	190,189
Accrued benefit cost	(1,984,428)	4,499,193
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(1,402,515)</u>	<u>1,236,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(860,047)	(3,304,953)
Purchases of investments	(40,375,109)	(69,857,282)
Proceeds from the sale of investments	44,533,714	69,750,405
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>3,298,558</u>	<u>(3,411,830)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(638,100)	(595,674)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(638,100)</u>	<u>(595,674)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,257,943	(2,770,728)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,089,872</u>	<u>8,860,600</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,347,815</u>	<u>\$ 6,089,872</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Actual cash payments for interest	<u>\$ 433,796</u>	<u>\$ 476,222</u>
Actual cash payments for income taxes	<u>\$ 1,414,941</u>	<u>\$ 3,143,386</u>

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

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Organization

The Society for Human Resource Management and Subsidiaries (the Organization) work to serve the needs of human resource professionals by providing the most essential and comprehensive resources available and to advance the human resource profession to ensure that human resources is recognized as an essential partner in developing and executing organizational strategy. The Organization has more than 575 affiliated chapters within the United States and members in more than 140 countries worldwide. The activities of the Organization are funded primarily through membership dues, advertising, and publication sales and registration fees for conferences and seminars.

Codification

Effective January 1, 2009, SHRM adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, *FASB Codification* (the Codification). The Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

Principles of Consolidation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and include the accounts of the Society for Human Resource Management (SHRM) and its wholly owned subsidiaries, Strategic Human Resource Management India Private Limited (SHRM-India) and SHRM Corporation. All material inter-company balances and transactions have been eliminated in consolidation.

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

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

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

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Cash Equivalents

The Organization considers all money market funds, commercial paper, and other short-term investments which have a purchased maturity of three months or less to be cash equivalents.

Accounts Receivable

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

Inventory

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

Investments

Investments consist of equity and bond mutual funds, equities, U.S. government and agency obligations, corporate bonds and certificates of deposit. These investments are recorded in the accompanying consolidated financial statements at their fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Also included in investments are three alternative investment funds. These funds may invest with hedge fund managers who enter into short/long transactions, option contracts, future contracts, forward contracts and swap contracts. As part of their risk management and control procedures, these funds may hold derivatives and certain other financial instruments to hedge or manage risks associated with foreign currency fluctuations, interest rate changes, commodity price fluctuations and equity market movements. These investments are recorded in the accompanying consolidated financial statements at their estimated fair value, as provided by the external investment managers. The estimated fair value for these investments may be based on historical cost, appraisals, obtainable prices for similar assets, or other estimates. Because of the inherent uncertainty of valuation for these alternative investments and in certain of the underlying investments held by the fund managers, values for those investments may differ from values that would have been used had a ready market for the investment existed.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with the accounting standards for fair value measurements for those assets and liabilities which are measured at fair value on a recurring basis, as of December 31, 2009 and 2008, the Organization has categorized its applicable financial instruments 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 the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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

Level 1

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

Level 2

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

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions by management of the Organization about the assumptions a market participant would use in pricing the asset or liability. This classification is applied to investments of the Organization for which there is no established trading market. Fair value is generally determined based on the fund's net asset value (NAV) as provided by the fund's management using a variety of methodologies relevant to the particular investment portfolio that combine primary market data available from national securities exchanges for underlying securities that are actively traded as well as other factors that lead to a determination of a fair value at a different amount.

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Fair Value Measurements (continued)

As of and for the years ended December 31, 2009 and 2008, the Organization's investments, as described in Note 2 of these consolidated financial statements, were measured at fair value on a recurring basis.

Generally accepted accounting principals require the disclosure of the estimated fair value of financial instruments. Cash and cash equivalents reflect amounts that approximate fair value due to the short maturity of these instruments. The fair value measurement of investments is as described above. Based upon the borrowing rates currently available to the Organization for bank loans with similar terms and average maturities, the fair value of the note payable was estimated to be \$6,472,343 and \$7,367,136 as of December 31, 2009 and 2008, respectively. Such fair value estimate does not consider the pre-payment penalty cost the Organization would incur to settle the debt early.

Effective January 1, 2009, the Organization adopted the standards for non-financial assets and liabilities which had no material effect on the accompanying consolidated financial statements.

Effective December 31, 2009, the Organization elected to apply the concepts of Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2009-12, *Investments in Certain Entities That Calculate Net Assets Value per Share (or Its Equivalent)*, to its alternative investments. The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using net asset value or its equivalent. This implementation had no impact on the reported amounts.

Property and Equipment and Related Depreciation and Amortization

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

Depreciation and amortization expense was \$3,421,517 and \$3,667,771, respectively, for the years ended December 31, 2009 and 2008.

Classification of Net Assets

Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Translation of Foreign Currencies

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

Revenue Recognition

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

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

Functional Allocation of Expenses

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

Estimates

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

Measure of Operations

During the year ended December 31, 2009, the Organization adopted a spending policy related to the amount of investment income that can be transferred to operations. The policy allows the Organization to make an annual allocation for investment income to support operations while preserving the long term earning power of the investments. For the year ended December 31, 2009, the amount allocated to operations was calculated based on 4% of the three year moving average balance of the investment reserve market value as of December 31 of the prior year. During the year ended December 31, 2008, the Organization considered all investment income and losses and the provision for income tax expense to be non-operating in nature.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Investments

The fair value and cost of the Organization's investments are summarized as follows:

	December 31, 2009		December 31, 2008	
	Cost	Fair Value	Cost	Fair Value
Short-term investments				
Corporate bonds	\$ 1,395,076	\$ 1,213,500	\$ 809,066	\$ 574,477
Certificates of deposit	<u>1,245,000</u>	<u>1,245,000</u>	<u>399,000</u>	<u>400,096</u>
Total short-term investments	<u>\$ 2,640,076</u>	<u>\$ 2,458,500</u>	<u>\$ 1,208,066</u>	<u>\$ 974,573</u>
Long-term investments				
Mutual funds	\$ 51,724,367	\$ 49,816,703	\$ 55,046,717	\$ 43,278,374
Equities	32,556,030	33,701,529	35,396,885	26,442,570
Alternative investment funds	19,450,000	19,289,709	21,450,000	20,635,665
U.S. Government and agency obligations	9,155,190	9,405,708	10,384,265	11,100,492
Corporate bonds	<u>4,801,321</u>	<u>5,053,755</u>	<u>4,957,896</u>	<u>4,791,391</u>
Total long-term investments	<u>\$117,686,908</u>	<u>\$117,267,404</u>	<u>\$127,235,763</u>	<u>\$106,248,492</u>
Total investments	<u>\$120,326,984</u>	<u>\$119,725,904</u>	<u>\$128,443,829</u>	<u>\$107,223,065</u>

Investment returns are summarized as follows:

	2009	2008
Interest, dividend and capital gain income	\$ 3,053,860	\$ 5,703,819
Realized loss	(3,868,369)	(16,168,496)
Unrealized gain (loss)	<u>20,529,813</u>	<u>(21,432,888)</u>
Total	<u>\$19,715,304</u>	<u>(\$31,897,565)</u>

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Investments (continued)

The following table summarizes the Organization's measured fair value on a recurring basis as of December 31, 2009:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 49,816,703	\$ 49,816,703	\$ -	\$ -
Equities	33,701,529	33,701,529	-	-
Alternative investment funds	19,289,709	-	-	19,289,709
U.S. Government and agency obligations	9,405,708	-	9,405,708	-
Corporate bonds	6,267,255	-	6,267,255	-
Certificates of deposit	<u>1,245,000</u>	<u>-</u>	<u>1,245,000</u>	<u>-</u>
Total	<u>\$119,725,904</u>	<u>\$ 83,518,232</u>	<u>\$ 16,917,963</u>	<u>\$ 19,289,709</u>

The following table summarizes the Organization's measured fair value on a recurring basis as of December 31, 2008:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 43,278,374	\$ 38,073,655	\$ 5,204,719	\$ -
Equities	26,442,570	26,442,570	-	-
Alternative investment funds	20,635,665	-	-	20,635,665
U.S. Government and agency obligations	11,100,492	-	11,100,492	-
Corporate bonds	5,365,868	-	5,365,868	-
Certificates of deposit	<u>400,096</u>	<u>-</u>	<u>400,096</u>	<u>-</u>
Total	<u>\$107,223,065</u>	<u>\$ 64,516,225</u>	<u>\$ 22,071,175</u>	<u>\$ 20,635,665</u>

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Investments (continued)

A roll forward of the fair value measurements using significant unobservable inputs (Level 3) is as follows as of December 31, 2009:

Beginning balance as of December 31, 2008	\$ 20,635,665
Purchases / Sales	(2,190,307)
Unrealized gains	844,351
Transfers in/out of Level 3	<u>-</u>
Balance as of December 31, 2009	<u>\$ 19,289,709</u>

A roll forward of the fair value measurements using significant unobservable inputs (Level 3) is as follows as of December 31, 2008:

Beginning balance as of December 31, 2007	\$ 21,450,000
Purchases	-
Unrealized losses	(814,335)
Transfers in/out of Level 3	<u>-</u>
Balance as of December 31, 2008	<u>\$ 20,635,665</u>

The total unrealized gains of \$844,351 and unrealized losses of \$814,335 for the years ended December 31, 2009 and 2008, respectively, from the Organization's alternative investment funds were from three alternative investment funds, each of which were held by the Organization as of December 31, 2009 and 2008. All such unrealized gains and losses are included in investment income in the accompanying consolidated statements of activities for the years ended December 31, 2009 and 2008.

At initial investment, SHRM's alternative investment funds are subject to lockup periods of twelve months. As of December 31, 2009, the redemption restrictions related to the lockup periods have lapsed. Certain alternative investment fund agreements require a notice of redemption to be made at least 30 to 91 days prior to redemption. Certain alternative investment funds may suspend the right of redemption if the fund cannot liquidate its own underlying shares or interest bearing instruments or if the Board of the fund suspends the right of redemption if it believes it reasonably prudent to do so. Additionally, for certain alternative investment funds, redemption is generally paid out at 90% with 10% remaining in the fund until after the year-end audit so that any discrepancies may be sorted out. There are no outstanding capital commitments at December 31, 2009 and 2008.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Note Payable

In September 2000, SHRM obtained a \$10 million construction loan from a bank to construct and furnish one of its office buildings in Alexandria, Virginia. Upon completion of construction in December 2001, SHRM converted the construction loan to a mortgage loan. The note is secured by SHRM's land and building in Alexandria, Virginia. The note has a ten year term and interest accrues at an annual rate of 6.9%. Payments of interest and principal are due monthly. The note matures December 2011 with a balloon principal payment in the amount of \$4,584,803 due at that time. Under the terms of the loan agreement, SHRM is required to maintain certain financial ratios. For the year ended December 31, 2008, SHRM obtained a waiver from the bank for a financial ratio which was not met. For the year ended December 31, 2009, all financial ratios were met and no waiver from the bank is necessary.

The schedule of future principal payments under this note as of December 31, 2009 is as follows:

For the Year Ending <u>December 31,</u>	
2010	\$ 679,641
2011	<u>5,257,983</u>
Total	5,937,624
Less: Current portion	<u>(679,641)</u>
Long-term portion	<u>\$ 5,257,983</u>

4. Commitments and Contingencies

Contractual Commitments

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

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Pension Plans

The Organization maintains the SHRM Pension Plan and Trust, a noncontributory defined benefit pension plan for the employees of SHRM and the employees of Human Resource Certification Institute (HRCI) and SHRM Foundation (the Foundation), which are related entities, as described in Note 7. Employees must meet certain eligibility requirements.

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

Obligations and Funded Status

	<u>2009</u>	<u>2008</u>
Projected benefit obligation at December 31	(\$25,102,440)	(\$21,961,404)
Fair value of plan assets at December 31	<u>20,061,397</u>	<u>14,204,850</u>
Funded status	<u>(\$ 5,041,043)</u>	<u>(\$ 7,756,554)</u>

The accumulated benefit obligation was \$16,396,291 and \$13,946,074 as of December 31, 2009 and 2008, respectively.

Amounts recognized in the accompanying consolidated statements of financial position consist of the following as of December 31, 2009 and 2008, respectively:

	<u>2009</u>	<u>2008</u>
Accrued benefit cost	(\$ 5,041,043)	(\$ 7,756,554)

Amounts not yet recognized as a component of net periodic pension cost and included in unrestricted net assets as of December 31, 2009 and 2008, include the following:

	<u>2009</u>	<u>2008</u>
Cumulative unrecognized actuarial loss, net of amortization	(\$6,114,148)	(\$8,836,572)

The amount of the cumulative unrecognized actuarial loss of \$6,114,148 expected to be included in net periodic pension benefit cost for the year ending December 31, 2010, is \$249,026.

Amounts recognized in the accompanying consolidated statements of activities consist of the following for the years ended December 31, 2009 and 2008, respectively:

	<u>2009</u>	<u>2008</u>
Net periodic benefit cost	\$ 3,256,913	\$2,838,919

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Pension Plans (continued)

Total contributions and benefits paid for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Employer contributions	\$3,250,000	\$2,850,000
Benefits paid	\$ 411,722	\$ 291,730

Assumptions

Weighted average assumptions used in determining the net periodic benefit cost for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	6.40%	5.75%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	5.00%	5.00%

Weighted average assumptions used in determining the benefit obligation for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	5.87%	6.40%

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

Plan Assets

The plan's weighted average asset allocation as of December 31, 2009 and 2008, by asset category, was as follows:

	2009	2008
Equity	58%	48%
Fixed income	38%	49%
Other	4%	3%
Total	100%	100%

The Organization's target asset allocation is as follows:

	2009	2008
Equity	58%	58%
Fixed income	32%	32%
Other	10%	10%
Total	100%	100%

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Pension Plans (continued)

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

Contributions

Generally, the Organization's funding policy is to contribute annually an amount in accordance with ERISA guidelines. Based upon projections from its actuary, management of the Organization expects to contribute approximately \$3,300,000 to the SHRM Pension Plan and Trust during the year ending December 31, 2010.

Estimated Future Benefit Payments

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

For the Years Ending December 31, _____	
2010	\$ 919,840
2011	\$ 1,067,614
2012	\$ 1,812,716
2013	\$ 2,167,660
2014	\$ 2,079,117
2015 - 2019	\$13,119,973

Other changes in plan assets and benefit obligations previously recognized in changes in unrestricted net assets are as follows for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Net gain	\$ 6,017,996	\$ 8,729,531
Prior service cost	<u>96,152</u>	<u>107,041</u>
Amounts previously recognized in unrestricted net assets, not yet recognized as periodic pension cost	<u>\$ 6,114,148</u>	<u>\$ 8,836,572</u>

The estimated net gain and prior service cost that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2010 are \$238,137 and \$10,889, respectively.

No plan assets are expected to be returned to the Organization during 2010.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Pension Plans (continued)

The fair values of the Organization's pension plan investments at December 31, 2009, by investment type are as follows:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 14,993,720	\$ 14,993,720	\$ -	\$ -
Exchange traded and closed end funds	3,813,607	3,813,607	-	-
Cash and cash equivalents	742,458	742,458	-	-
Corporate bonds	413,052	-	413,052	-
U.S. government securities	<u>98,560</u>	<u>-</u>	<u>98,560</u>	<u>-</u>
Total	<u>\$ 20,061,397</u>	<u>\$ 19,549,785</u>	<u>\$ 511,612</u>	<u>\$ -</u>

The fair values of the Organization's pension plan investments at December 31, 2008, by investment type are as follows:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 10,057,907	\$ 10,057,907	\$ -	\$ -
Exchange traded and closed end funds	3,020,580	3,020,580	-	-
Corporate bonds	470,699	-	470,699	-
Cash and cash equivalents	409,148	409,148	-	-
U.S. government securities	149,349	-	149,349	-
Certificates of deposit	<u>97,167</u>	<u>-</u>	<u>97,167</u>	<u>-</u>
Total	<u>\$ 14,204,850</u>	<u>\$ 13,487,635</u>	<u>\$ 717,215</u>	<u>\$ -</u>

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Pension Plans (continued)

Supplemental Executive Retirement Plans

Effective November 1, 1997, the Organization adopted a defined benefit pension plan to provide supplemental benefits to executives whose benefits under the SHRM Pension Plan and Trust are limited by IRS compensation limitations. Effective October 1, 2008, the Organization adopted a second supplemental executive retirement plan for its current President and Chief Executive Officer for the same purpose. The benefit for vested participants under both plans is equal to the present value of the monthly benefit payable under the SHRM Pension Plan and Trust without regard to the compensation limitation, less the present value of the actual monthly benefit payable under the SHRM Pension Plan and Trust, taking into account the compensation limit. An individual becomes vested in the first supplemental defined benefit plan upon reaching sixty years of age, completing ten years of service and when employment with the Organization terminates. Upon reaching sixty years of age, vesting in the second plan is 50% after three years of service, 75% after 4 years of service and 100% after completing five years of service. The plans are unfunded. The total projected benefit obligation as of December 31, 2009 and 2008 was \$86,849 and \$61,135, respectively. As of December 31, 2009 and 2008, \$86,849 and \$61,135, respectively, representing accrued liabilities under the supplemental executive retirement plans were included in accrued benefit cost in the accompanying consolidated statements of financial position.

Effective January 1, 2005, the Organization adopted an enhanced supplemental executive retirement plan to provide certain executives who retire from the Organization before attaining the normal retirement age of sixty-five with a supplemental benefit designed to offset the reduction in their accrued benefit under the SHRM Pension Plan and Trust. Participants include executives, approved by the Board of Directors, who have attained the age of sixty, completed twenty years of service and whose accrued benefit under the SHRM Pension Plan and Trust is reduced due to retiring before the normal retirement age of sixty-five years. This plan is unfunded. As of December 31, 2009 and 2008, there was no accrued liability required under this plan.

Incentive Savings 401(k) Plans

The Organization offers a defined contribution plan under Section 401(k) of the Internal Revenue Code, which covers substantially all employees of the Organization as well as the employees of HRCI and the Foundation. Under the 401(k) plan, effective February 1, 1985, eligible employees may elect to contribute up to the federal tax limitation. The plan requires an annual employer contribution of 50% of the first 6% of each participant's contribution to the 401(k) plan. The Organization made additional discretionary employer contributions of 1.50% and 1.00% for each of the years ended December 31, 2009 and 2008, respectively. The Organization's total contributions to the 401(k) plan for the years ended December 31, 2009 and 2008 were \$1,000,920 and \$786,211, respectively.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Pension Plans (continued)

Incentive Savings 401(k) Plans (continued)

Effective January 1, 2005, the Organization adopted a 401(k) Excess Plan to provide supplemental benefits to eligible employees whose benefits under the Incentive Savings Plan are limited by IRS limitations on compensation that may be taken into account for purposes of calculating contributions or the Internal Revenue Code's nondiscrimination tests with respect to matching contributions. An eligible participant is any executive approved by the Board of Directors of SHRM. There were no contributions to this plan for the years ended December 31, 2009 and 2008.

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

6. Postretirement Benefits

The Organization sponsors a defined benefit postretirement health care plan that covers substantially all employees. The plan is unfunded.

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

Obligations and Funded Status

	<u>2009</u>	<u>2008</u>
Accumulated postretirement benefit obligation at December 31	(\$2,271,026)	(\$1,964,680)
Fair value of plan assets at December 31	<u>-</u>	<u>-</u>
Funded status	<u>(\$2,271,026)</u>	<u>(\$1,964,680)</u>

Amounts recognized in the accompanying consolidated statements of financial position consist of the following as of December 31, 2009 and 2008, respectively:

	<u>2009</u>	<u>2008</u>
Accrued benefit cost	(\$2,271,026)	(\$1,964,680)

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Postretirement Benefits (continued)

Amounts not yet recognized as a component of net periodic pension cost and included in unrestricted net assets as of December 31, 2009 and 2008, include the following:

	<u>2009</u>	<u>2008</u>
Cumulative unrecognized actuarial gain	\$ 176,254	\$ 134,445

Of the cumulative unrecognized actuarial gain of \$176,254 as of December 31, 2009, no amount is expected to be included in net periodic pension benefit cost for the year ending December 31, 2010.

Benefit cost, contributions and benefits paid for the years ended December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Net periodic benefit cost	\$ 375,935	\$ 300,690
Employer contribution	\$ 27,779	\$ 122,195
Benefits paid	\$ 27,779	\$ 122,195

Assumptions

Weighted average assumptions as of December 31:

	<u>2009</u>	<u>2008</u>
Discount rate	5.87%	6.40%
Initial health care cost trend rate	7.50%	7.50%
Rate to which the health care cost trend rate is assumed to decline (the ultimate trend rate)	3.87%	4.40%
Year that the rate reaches the ultimate trend rate	2014	2013

Contributions

Benefits are funded on a pay as you go basis. Management of the Organization, based upon projections from its actuary, expects to contribute approximately \$100,000 to its defined benefit postretirement health plan during the year ending December 31, 2010.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Postretirement Benefits (continued)

Estimated Future Benefit Payments

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

For the Years Ending December 31,	
2010	\$ 100,000
2011	\$ 92,000
2012	\$ 43,000
2013	\$ 44,000
2014	\$ 29,000
2015 - 2019	\$ 689,000

7. Affiliates

SHRM is related to Human Resource Certification Institute (HRCI), a nonprofit organization as defined in Internal Revenue Code (IRC) Section 501(c)(3), through a common director. SHRM is also related to SHRM Foundation (the Foundation), a nonprofit organization as defined in IRC Section 501(c)(3), through two common directors. Additionally, the Foundation was incorporated as a supporting organization to SHRM under IRC Section 509(a)(3). During the year ended December 31, 2008, the Foundation applied to change its federal exempt status from a public charity supporting organization as defined in IRC Section 509(a)(3) to a public charity as defined in IRC Section 509(a)(2). In February 2009, the Foundation received notification from the IRS of approval of its requested change in tax status.

In addition to the common directors, SHRM provides financial management to each of these entities including assistance in the preparation and review of the annual operating budget of each entity and signature authority on the bank accounts of each entity.

Also under the terms of the operating agreements, SHRM provides office space, equipment, and professional and administrative services to HRCI and the Foundation. Additionally, the employees of HRCI and the Foundation are covered by the benefit plans of SHRM, which include a defined benefit plan and a defined contribution plan. The organizations also incur other costs on behalf of each other through daily operations. Such costs are subsequently reimbursed.

For the years ended December 31, 2009 and 2008, SHRM billed HRCI \$961,700 and \$788,400, respectively, for facilities and professional and administrative services provided by SHRM. As of December 31, 2009 and 2008, SHRM was owed \$278,613 and \$100,399, respectively, from HRCI for such services and facilities as well as other reimbursable operating costs billed by SHRM to HRCI. Also, as of December 31, 2008, SHRM Corporation owed \$2,330 to HRCI for various reimbursable operating costs.

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Affiliates (continued)

During the years ended December 31, 2009 and 2008, SHRM provided the Foundation with donated services with an estimated fair value of \$287,914 and \$265,266, respectively.

The operating agreement between SHRM and the Foundation also provides that SHRM contribute \$50,000 annually to help support the salary and benefits of an administrative staff member of the Foundation. Additionally, under the terms of the agreement with the Foundation, SHRM will match, dollar for dollar, the amount of annual contribution revenue of the Foundation, up to the lesser of \$50,000 or SHRM's annual change in net assets in excess of \$50,000. SHRM provided \$100,000 to the Foundation for each of the years ended December 31, 2009 and 2008, respectively, under these provisions of the operating agreement. Additionally, the terms of the operating agreement provide that SHRM will provide complimentary conference registration for the SHRM Annual Conference for all Foundation Board members who can attend. The value of such complimentary conference registrations provided by SHRM to the Foundation during the years ended December 31, 2009 and 2008 was \$6,750 and \$13,910, respectively.

During the years ended December 31, 2009 and 2008, SHRM earned \$25,000 from the Foundation for various agreements between the two entities.

As a result of all of the above transactions, as of December 31, 2009 and 2008, the Foundation owed SHRM \$92,142 and \$43,589, respectively, for various reimbursable operating costs billed by SHRM to the Foundation.

For the year ended December 31, 2008, SHRM awarded the Foundation \$200,000. This amount was owed to SHRM from the Foundation as of December 31, 2008. The amount awarded was given as a contribution to establish endowment funds for the Foundation and the principal is to be invested by the Foundation in perpetuity. There was no such award for the year ended December 31, 2009.

8. Income Taxes

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

The provision for income tax for SHRM was \$727,938 and \$1,724,116 for the years ended December 31, 2009 and 2008, respectively, and is included in the provision for income tax expense in the accompanying consolidated statements of activities and changes in net assets.

SHRM-India is subject to tax under the regulations of India. The provision for income tax for SHRM-India for the year ended December 31, 2009 was \$11,046. There was no provision for income tax required for SHRM-India for the year ended December 31, 2008.

Continued

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Income Taxes (continued)

SHRM Corporation is subject to federal and state income taxes and files separate federal and applicable state income tax returns. The provision for income tax for SHRM Corporation for the years ended December 31, 2009 and December 31, 2008, was \$523,229 and \$1,568,360, respectively.

Effective January 1, 2009, SHRM adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. SHRM performed an evaluation of uncertain tax positions for the year ended December 31, 2009, and determined that there were no matters that would require recognition in the consolidated financial statements or which may have any affect on its tax-exempt status. As of December 31, 2009, the statute of limitations for tax years 2006 through 2008 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which SHRM files tax returns. It is SHRM's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

9. Subsequent Events

SHRM's management has evaluated subsequent events through May 19, 2010, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these consolidated financial statements.

SUPPLEMENTAL INFORMATION

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2009

	SHRM	SHRM-India	SHRM Corporation	Eliminations	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,754,816	\$ 207,870	\$ 385,129	\$ -	\$ 7,347,815
Short-term investments	2,458,500	-	-	-	2,458,500
Net accounts receivable	2,793,665	9,368	73,254	-	2,876,287
Due from subsidiaries and affiliates	1,192,665	-	-	(822,210)	370,455
Income tax receivable	272,782	-	102,608	-	375,390
Prepaid expenses and deposits	3,690,020	272,634	-	-	3,962,654
Inventory	1,382,991	7,303	-	-	1,390,294
Total Current Assets	18,545,439	497,175	560,991	(822,210)	18,781,395
Long-term investments	117,267,404	-	-	-	117,267,404
Investment in SHRM-India	(38,180)	-	-	38,180	-
Investment in SHRM Corporation	229,897	-	-	(229,897)	-
Net property and equipment	33,832,732	325,576	-	-	34,158,308
TOTAL ASSETS	\$ 169,837,292	\$ 822,751	\$ 560,991	\$ (1,013,927)	\$ 170,207,107
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued expenses	\$ 11,402,747	\$ 309,108	\$ 60,707	\$ -	\$ 11,772,562
Due to SHRM	-	551,823	270,387	(822,210)	-
Deferred membership dues	19,622,687	-	-	-	19,622,687
Deferred conference and seminar fees	3,773,005	-	-	-	3,773,005
Deferred subscriptions and other	446,100	-	-	-	446,100
Note payable, current portion	679,641	-	-	-	679,641
Total Current Liabilities	35,924,180	860,931	331,094	(822,210)	36,293,995
Accrued benefit cost	7,398,918	-	-	-	7,398,918
Note payable, net of current portion	5,257,983	-	-	-	5,257,983
TOTAL LIABILITIES	48,581,081	860,931	331,094	(822,210)	48,950,896
Net Assets					
Unrestricted	121,256,211	-	-	-	121,256,211
TOTAL NET ASSETS	121,256,211	-	-	-	121,256,211
Stockholder's Equity					
Common stock	-	3,068,523	1,000	(3,069,523)	-
Dividends	-	-	(7,204,878)	7,204,878	-
Foreign currency translation loss	-	(61,626)	(381)	62,007	-
Retained earnings (deficit)	-	(3,045,077)	7,434,156	(4,389,079)	-
TOTAL STOCKHOLDER'S EQUITY	-	(38,180)	229,897	(191,717)	-
TOTAL LIABILITIES AND NET ASSETS	\$ 169,837,292	\$ 822,751	\$ 560,991	\$ (1,013,927)	\$ 170,207,107

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2008

	SHRM	SHRM-India	SHRM Corporation	Eliminations	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 4,906,726	\$ 748,381	\$ 434,765	\$ -	\$ 6,089,872
Short-term investments	974,573	-	-	-	974,573
Net accounts receivable	3,299,544	85,614	100,698	-	3,485,856
Due from subsidiaries and affiliates	541,883	-	-	(397,895)	143,988
Income tax receivable	28,019	-	238,660	-	266,679
Prepaid expenses and deposits	4,033,586	60,373	-	-	4,093,959
Inventory	1,522,663	-	-	-	1,522,663
Total Current Assets	15,306,994	894,368	774,123	(397,895)	16,577,590
Long-term investments	106,248,492	-	-	-	106,248,492
Investment in SHRM-India	387,177	-	-	(387,177)	-
Investment in SHRM Corporation	686,778	-	-	(686,778)	-
Net property and equipment	36,712,777	7,001	-	-	36,719,778
TOTAL ASSETS	\$ 159,342,218	\$ 901,369	\$ 774,123	\$ (1,471,850)	\$ 159,545,860
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued expenses	\$ 10,893,669	\$ 138,168	\$ 63,144	\$ -	\$ 11,094,981
Due to SHRM	-	376,024	21,871	(397,895)	-
Due to affiliates	200,000	-	2,330	-	202,330
Deferred membership dues	20,422,222	-	-	-	20,422,222
Deferred conference and seminar fees	4,188,110	-	-	-	4,188,110
Deferred subscriptions and other	619,730	-	-	-	619,730
Note payable, current portion	634,452	-	-	-	634,452
Total Current Liabilities	36,958,183	514,192	87,345	(397,895)	37,161,825
Accrued benefit cost	9,782,369	-	-	-	9,782,369
Note payable, net of current portion	5,941,272	-	-	-	5,941,272
TOTAL LIABILITIES	52,681,824	514,192	87,345	(397,895)	52,885,466
Net Assets					
Unrestricted	106,660,394	-	-	-	106,660,394
TOTAL NET ASSETS	106,660,394	-	-	-	106,660,394
Stockholder's Equity					
Common stock	-	2,068,529	1,000	(2,069,529)	-
Dividends	-	-	(5,881,718)	5,881,718	-
Foreign currency translation loss	-	(108,423)	-	108,423	-
Retained earnings (deficit)	-	(1,572,929)	6,567,496	(4,994,567)	-
TOTAL STOCKHOLDER'S EQUITY	-	387,177	686,778	(1,073,955)	-
TOTAL LIABILITIES AND NET ASSETS	\$ 159,342,218	\$ 901,369	\$ 774,123	\$ (1,471,850)	\$ 159,545,860

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	SHRM	SHRM-India	SHRM Corporation	Eliminations	Total
REVENUE AND SUPPORT					
Membership dues	\$ 35,574,094	\$ -	\$ -	\$ -	\$ 35,574,094
Publications, advertising and royalties	16,542,109	-	2,184,443	(3,879)	18,722,673
Annual conference	13,755,305	-	-	-	13,755,305
Seminars and educational programs	16,159,673	5,244	-	-	16,164,917
Other conferences	3,491,971	-	-	-	3,491,971
Other	3,575,834	-	13,201	(439,762)	3,149,273
Investment income allocated to operations	4,990,000	-	-	-	4,990,000
TOTAL REVENUE AND SUPPORT	94,088,986	5,244	2,197,644	(443,641)	95,848,233
EXPENSES					
Program Services					
Government and public affairs	16,693,336	-	-	-	16,693,336
Publications	15,129,827	-	794,919	(443,641)	15,481,105
Seminars and educational programs	12,851,999	1,858	-	-	12,853,857
Annual conference	5,995,524	-	-	-	5,995,524
Other conferences	3,689,629	-	-	-	3,689,629
Total Program Services	54,360,315	1,858	794,919	(443,641)	54,713,451
Supporting Services					
Management and general	26,701,804	44,515	13,454	-	26,759,773
Membership services	14,624,266	1,435,722	-	-	16,059,988
Total Supporting Services	41,326,070	1,480,237	13,454	-	42,819,761
TOTAL EXPENSES	95,686,385	1,482,095	808,373	(443,641)	97,533,212
EQUITY IN EARNINGS OF SUBSIDIARIES					
SHRM-India	(1,425,242)	-	-	1,425,242	-
SHRM Corporation	866,282	-	-	(866,282)	-
Total Equity in Earnings of Subsidiaries	(558,960)	-	-	558,960	-
Change in net assets from operations	(2,156,359)	(1,476,851)	1,389,271	558,960	(1,684,979)
Non-operating Activities					
Investment income (loss) in excess of amounts designated for operations:					
Investment (loss) income	19,714,685	-	619	-	19,715,304
Investment income allocated to operations	(4,990,000)	-	-	-	(4,990,000)
Total investment income (loss) in excess of amounts designated for operations	14,724,685	-	619	-	14,725,304
Provision for income tax expense	(727,938)	(11,046)	(523,229)	-	(1,262,213)
Total Non-operating Activities	13,996,747	(11,046)	(522,610)	-	13,463,091
CHANGE IN NET ASSETS	\$ 11,840,388	\$ (1,487,897)	\$ 866,661	\$ 558,960	\$ 11,778,112

SOCIETY FOR HUMAN RESOURCE MANAGEMENT AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

	SHRM	SHRM-India	SHRM Corporation	Eliminations	Total
REVENUE AND SUPPORT					
Membership dues	\$ 35,471,759	\$ -	\$ -	\$ -	\$ 35,471,759
Publications, advertising and royalties	18,121,207	-	5,093,389	(18,288)	23,196,308
Annual conference	22,422,635	-	-	-	22,422,635
Seminars and educational programs	19,303,430	82,350	-	-	19,385,780
Other conferences	5,438,584	-	-	-	5,438,584
Other	3,972,785	-	1,483	(429,999)	3,544,269
TOTAL REVENUE AND SUPPORT	104,730,400	82,350	5,094,872	(448,287)	109,459,335
EXPENSES					
Program Services					
Government and public affairs	21,094,262	-	-	-	21,094,262
Publications	18,664,634	-	929,092	(448,287)	19,145,439
Seminars and educational programs	15,599,487	144,681	-	-	15,744,168
Annual conference	8,516,733	-	-	-	8,516,733
Other conferences	4,702,151	-	-	-	4,702,151
Total Program Services	68,577,267	144,681	929,092	(448,287)	69,202,753
Supporting Services					
Management and general	27,040,311	47,863	39,558	-	27,127,732
Membership services	15,644,893	719,054	-	-	16,363,947
Total Supporting Services	42,685,204	766,917	39,558	-	43,491,679
TOTAL EXPENSES	111,262,471	911,598	968,650	(448,287)	112,694,432
EQUITY IN EARNINGS OF SUBSIDIARIES					
SHRM-India	(937,670)	-	-	937,670	-
SHRM Corporation	2,563,354	-	-	(2,563,354)	-
Total Equity in Earnings of Subsidiaries	1,625,684	-	-	(1,625,684)	-
Change in net assets from operations	(4,906,387)	(829,248)	4,126,222	(1,625,684)	(3,235,097)
Non-operating Activities					
Investment (loss) income	(31,903,058)	-	5,493	-	(31,897,565)
Provision for income tax expense	(1,724,116)	-	(1,568,360)	-	(3,292,476)
CHANGE IN NET ASSETS	\$ (38,533,561)	\$ (829,248)	\$ 2,563,355	\$ (1,625,684)	\$ (38,425,138)