

**AMERICAN FISHERIES SOCIETY
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2017

TABLE OF CONTENTS

| | <u>Page No.</u> |
|-------------------------------------|-----------------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 - 14 |



Independent Auditor's Report

To the Governing Board
American Fisheries Society
Bethesda, Maryland

We have audited the accompanying financial statements of American Fisheries Society (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the 2017 financial statements referred to above present fairly, in all material respects, the financial position of American Fisheries Society as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

James Marwood & McQuade PA

Washington, DC
August 9, 2018

**AMERICAN FISHERIES SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

CURRENT ASSETS

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 743,619 |
| Accounts receivables, net | 300,125 |
| Inventory | 290,410 |
| Prepaid expenses | 69,131 |
| Total Current Assets | <u>1,403,285</u> |

OTHER ASSETS

| | |
|-----------------------------|------------------|
| Investments | 4,451,807 |
| Property and equipment, net | 416,799 |
| Events deposit | 29,726 |
| Total Other Assets | <u>4,898,332</u> |

TOTAL ASSETS

\$ 6,301,617

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 226,847 |
| Accrued salaries and benefits | 108,065 |
| Due to sub-units | 129,363 |
| Deferred revenue | 175,762 |
| Deferred membership dues | 259,556 |
| Total Current Liabilities | <u>899,593</u> |

OTHER LIABILITIES

| | |
|--|------------------|
| Deferred revenue, net of current portion | 771,428 |
| Investments due to sub-units | 220,359 |
| Total Other Liabilities | <u>991,787</u> |
| Total Liabilities | <u>1,891,380</u> |

NET ASSETS

| | |
|--------------------------|------------------|
| Unrestricted: | |
| Available for operations | 1,772,924 |
| Board designated | 269,727 |
| Total unrestricted | <u>2,042,651</u> |
| Temporarily restricted | <u>2,367,586</u> |
| Total Net Assets | <u>4,410,237</u> |

TOTAL LIABILITIES AND NET ASSETS

\$ 6,301,617

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

| | Unrestricted | Temporarily Restricted | Total |
|---|--------------|---------------------------|--------------|
| REVENUE AND SUPPORT | | | |
| Journals program | \$ 1,048,116 | \$ - | \$ 1,048,116 |
| Annual meeting | 866,302 | - | 866,302 |
| Membership dues | 464,930 | - | 464,930 |
| Contract revenue | 259,577 | - | 259,577 |
| Contributions | 140,783 | 121,619 | 262,402 |
| Interest and dividends | 128,933 | 49,953 | 178,886 |
| Educational programs | 34,201 | - | 34,201 |
| Publication sales | 87,739 | - | 87,739 |
| In-kind contributions | 65,500 | - | 65,500 |
| Promotion and outreach | 49,791 | - | 49,791 |
| Net assets released from restrictions | 561,393 | (561,393) | - |
| Total Revenue and Support | 3,707,265 | (389,821) | 3,317,444 |
| EXPENSES | | | |
| Program services: | | | |
| Annual meeting | 979,831 | - | 979,831 |
| Journals and publications | 921,814 | - | 921,814 |
| Policy, outreach and communication | 538,723 | - | 538,723 |
| Membership | 408,129 | - | 408,129 |
| Project management | 318,206 | - | 318,206 |
| Education and professional development | 106,282 | - | 106,282 |
| Total Program Services | 3,272,985 | - | 3,272,985 |
| Support services: | | | |
| General and administration | 723,455 | - | 723,455 |
| Fundraising | 105,724 | - | 105,724 |
| Total Support Services | 829,179 | - | 829,179 |
| Total Expenses | 4,102,164 | - | 4,102,164 |
| CHANGE IN NET ASSETS FROM OPERATIONS | (394,899) | (389,821) | (784,720) |
| OTHER CHANGES | | | |
| Net appreciation in fair value of investments | 88,825 | 262,362 | 351,187 |
| CHANGE IN NET ASSETS | (306,074) | (127,459) | (433,533) |
| NET ASSETS , beginning of year | 2,348,725 | 2,495,045 | 4,843,770 |
| NET ASSETS , end of year | \$ 2,042,651 | \$ 2,367,586 | \$ 4,410,237 |

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

| | PROGRAM SERVICES | | | | | | SUPPORT SERVICES | | | | Total |
|----------------------------------|-------------------|---------------------------|------------------------------------|-------------------|--------------------|--|------------------------|------------------------|-------------------|------------------------|---------------------|
| | Annual Meeting | Journals and Publications | Policy, Outreach and Communication | Membership | Project Management | Education and Professional Development | Total Program Services | Management and General | Fundraising | Total Support Services | |
| Personnel cost: | | | | | | | | | | | |
| Salaries | \$ 177,830 | \$ 336,305 | \$ 408,424 | \$ 157,298 | \$ 105,761 | \$ 67,390 | \$ 1,253,008 | \$ 291,670 | \$ 82,513 | \$ 374,183 | \$ 1,627,191 |
| Payroll taxes | 13,090 | 24,755 | 30,064 | 11,579 | 7,785 | 4,960 | 92,233 | 20,783 | 6,074 | 26,857 | 119,090 |
| Employee benefits | 14,041 | 26,554 | 32,248 | 12,420 | 8,351 | 5,321 | 98,935 | 32,404 | 6,515 | 38,919 | 137,854 |
| Pension | 15,925 | 30,116 | 36,574 | 14,086 | 9,471 | 6,035 | 112,207 | 25,285 | 7,389 | 32,674 | 144,881 |
| Subtotal Personnel Costs | 220,886 | 417,730 | 507,310 | 195,383 | 131,368 | 83,706 | 1,556,383 | 370,142 | 102,491 | 472,633 | 2,029,016 |
| Advertisement and promotion | - | - | 545 | 693 | 1,535 | - | 2,773 | - | - | - | 2,773 |
| Awards | 1,384 | - | - | 24,104 | - | - | 25,488 | - | - | - | 25,488 |
| Bad debt | - | 243,540 | - | - | - | - | 243,540 | - | - | - | 243,540 |
| Bank fees | 16,357 | 3,069 | - | - | - | - | 19,426 | 32,971 | - | 32,971 | 52,397 |
| Condominium fee | - | - | - | - | - | - | - | 8,206 | - | 8,206 | 8,206 |
| Continuing education | - | - | - | - | - | 19,981 | 19,981 | - | - | - | 19,981 |
| Depreciation and amortization | - | - | - | - | - | - | - | 33,331 | - | 33,331 | 33,331 |
| Dues, licenses and subscriptions | - | 322 | - | 30,199 | 220 | - | 30,741 | 24,052 | 2,784 | 26,836 | 57,577 |
| Editorial fees | - | 58,340 | - | - | - | - | 58,340 | - | - | - | 58,340 |
| Meetings and conferences | 665,397 | 82 | - | - | - | - | 665,479 | 3,627 | - | 3,627 | 669,106 |
| Office expenses | 17,217 | 21 | - | 14,469 | - | - | 31,707 | 472 | - | 472 | 32,179 |
| Postage and delivery | 1,097 | 3,119 | - | 5,080 | 263 | 411 | 9,970 | 2,214 | 39 | 2,253 | 12,223 |
| Printing and reproduction | 4,097 | 952 | - | 2,703 | - | - | 7,752 | 415 | - | 415 | 8,167 |
| Professional fees | 5,215 | 101,483 | 15,229 | 57,449 | 63,216 | - | 242,592 | 121,565 | - | 121,565 | 364,157 |
| Publication fee | - | 56,801 | - | - | - | - | 56,801 | - | - | - | 56,801 |
| Rebates to Chapters | - | - | - | 73,168 | - | - | 73,168 | - | - | - | 73,168 |
| Repairs and maintenance | - | - | - | - | - | - | - | 424 | - | 424 | 424 |
| Scholarships | - | - | - | - | 96,028 | - | 96,028 | 1,000 | - | 1,000 | 97,028 |
| Staff development | - | - | - | - | - | - | - | - | - | - | 0 |
| Stipends | - | - | - | - | - | - | - | - | - | - | 0 |
| Telephone and internet | 9,924 | - | - | 4,881 | - | 2,040 | 16,845 | 23,610 | - | 23,610 | 40,455 |
| Travel expenses | 38,257 | 36,355 | 15,639 | - | 25,576 | 144 | 115,971 | 43,557 | 410 | 43,967 | 159,938 |
| Utilities and cleaning | - | - | - | - | - | - | - | 57,869 | - | 57,869 | 57,869 |
| Total Expenses | <u>\$ 979,831</u> | <u>\$ 921,814</u> | <u>\$ 538,723</u> | <u>\$ 408,129</u> | <u>\$ 318,206</u> | <u>\$ 106,282</u> | <u>\$ 3,272,985</u> | <u>\$ 723,455</u> | <u>\$ 105,724</u> | <u>\$ 829,179</u> | <u>\$ 4,102,164</u> |

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------|
| Change in net assets | \$ (433,533) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation and amortization expenses | 33,331 |
| Net appreciation in fair value of investments | (351,187) |
| Decrease (increase) in assets: | |
| Accounts receivable | 66,340 |
| Inventory | 225,800 |
| Prepaid expenses | (40,524) |
| Events deposit | 14,492 |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | 174,614 |
| Accrued salaries and benefits | (46,925) |
| Due to sub-units | 37,494 |
| Deferred revenue | 750,148 |
| Deferred membership | 17,476 |
| Investments due to sub-units | 140,359 |
| Net Cash Provided by Operating Activities | 587,885 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|-----------|
| Purchases of property and equipment | (28,994) |
| Proceeds from sale of investments | 61,311 |
| Purchases of investments | (104,243) |
| Net Cash Used for Investing Activities | (71,926) |

NET INCREASE IN CASH AND CASH EQUIVALENTS 515,959

CASH AND CASH EQUIVALENTS - beginning of year 227,660

CASH AND CASH EQUIVALENTS - end of year \$ 743,619

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

**AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE A – NATURE OF ORGANIZATION AND PROGRAM SERVICES

American Fisheries Society (“AFS”) is a non-profit organization that was incorporated in 1910 under the laws of the District of Columbia. The objective of AFS is to promote the conservation, development, and wise use of fisheries; to promote and evaluate the development and advancement of fisheries science and practices; to encourage teaching of fisheries science and practices in colleges and universities; and the continuing development of fisheries workers.

AFS has the following program services:

Annual Meeting – AFS’s annual meeting services as a platform for members and organizes an international scientific gathering of fisheries professionals, students, exhibitors and suppliers in locations throughout North America. The annual meeting also presents and disseminates the latest research and issues in the profession and provides networking opportunities.

Journals and Publications – AFS publishes a peer-reviewed journal on the latest advancements and issues in fisheries science and management. AFS’s internet website provides content on media law and journalism, which is updated on a daily basis.

Policy, Outreach and Communication – AFS has crafted 38 official policy statements to provide science-based, objective information for policy makers. AFS promotes the goals of the society, monitors policy issues, and communicates with fisheries professionals and other interested parties through briefings, its website, newsletters and social media on the latest developments.

Membership – AFS services more than 6,700 members across the country in the area of licensure, professional development, continuing education, and community outreach. AFS provides its members the Administer Certification, membership directory, newsletters, awards, sub-unit activities, career counseling, and other membership benefits.

Project Management – AFS administers the Hutton Junior Fisheries Biology program, Agency Co-Op agreements, and other collaborative activities. AFS awards scholarships to deserving and qualified students who have demonstrated drive, dedication and leadership in their pursuit of careers in the fisheries industry.

Education and Professional Development – AFS coordinates and delivers continuing education and professional development programs to the general public on any new legislation and rules and regulations impacting information technology and fisheries services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of AFS are prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned, and expenses and related liabilities are recognized as the obligations are incurred.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation

In accordance with the applicable Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) topic, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of AFS and changes therein, are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met by either actions of AFS and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by AFS. There were no permanently restricted net assets as of December 31, 2017.

Cash and Cash Equivalents

For purposes of the statement of cash flows, AFS considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents in non-interest bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the accounts may exceed this limit; however, AFS believes it is not exposed to any significant credit risk on cash or cash equivalents.

Investments

Investments are reported at fair value based on quoted market prices, if available. Interest is recognized on the accrual basis. Dividends are recognized on the ex-dividend date. Net appreciation or depreciation in the fair value of investments and interest and dividends are recognized in the period in which such changes occur and is presented separately in the statement of activities as non-operating activities.

Board Designated Funds

The Board has designated a portion of unrestricted net assets to cover any capital and operating expenses. As of December 31, 2017, board designated funds totaled \$269,727.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivables

Accounts receivables are stated at the amount management expects to collect from balances outstanding at year-end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection experience and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Based on management's evaluation of uncollectible accounts at the end of the year, bad debts are provided for on the allowance method.

Inventory

Inventory consists of books and publications regarding various fisheries subjects. Inventory is carried at the lower of cost or market, using the first-in, first-out method of accounting.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets, ranging from three to 39 years. Expenditures greater than \$1,000 that extend the life of an asset are capitalized while repairs and maintenance are expensed. Leasehold improvements are amortized over the lesser of the asset's useful lives of the related assets or the lease term.

Estimated useful lives of property and equipment currently being depreciated are as follows:

| | |
|-------------------------|-------------|
| Furniture and equipment | 3 – 5 years |
| Building improvements | 39 years |

Due to Chapters

Unremitted membership dues received by the AFS on behalf of its sub-units are appropriately recorded as liability.

Chapter investment liability

Investments received by AFS on behalf of its chapters are appropriately recorded as liability.

Deferred revenue

Deferred revenue consists primarily of books other publications sales received in advance of the period in which they are earned.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Revenue (continued)

Deferred membership dues relate to revenue received in advance of the period in which the dues were earned.

Revenue Recognition

Journal subscriptions are revenue derived from royalties paid to AFS by its publisher based on the number of subscriptions. AFS receives an annual lump sum payment at the beginning of each year and quarterly interim payments for other earned services, thereafter.

Annual meeting revenue is recognized in the period in which the meetings are held. Amounts received in advance are recorded as deferred revenue.

Membership dues are recognized as revenue in the applicable membership period. Revenue received from dues which relates to future periods is treated as deferred revenue.

Contact revenue is recognized when the services are provided. Amounts received in advance of the services performed are recorded as deferred revenue.

Contributions are recognized as revenue in the period in which such promises or agreements are made, generally when the agreements have been received. Contributions including unconditional promises to give are recognized as revenue in the period in which they are received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions received with donor restrictions are recorded as temporarily or permanently restricted revenue based on the donor's intent. When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Publications revenue is recognized in the period in which publications and journals are issued. Amounts received in advance are recorded as deferred revenue.

In-Kind Contributions

In-kind contributions are recorded at fair value of the services or items received. AFS recognizes in-kind contributions that create or enhance non-financial assets, or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended December 31, 2017, AFS received in-kind donated goods and services for its annual conference totaling \$65,500.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Expense Classification

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services that benefited from such costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. However, management does not believe that the actual results will be materially different from those estimates.

NOTE C – INCOME TAX

AFS is a 501(c) (3) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the “Code”) and is not a private foundation. Under the provisions of the Code, AFS is, however, subject to tax on business income unrelated to its exempt purpose. As of December 31, 2017, AFS had no liability for tax on unrelated business income. AFS files information returns and other tax returns as required.

AFS believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

AFS’s information returns are subject to examination by the Internal Revenue Service (“IRS”) for a period of three years from the date they were filed, except under certain circumstances. AFS’s information returns for the years ended December 31, 2014 through 2016 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

NOTE D – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 of the fair value

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(continued)

NOTE D – FAIR VALUE MEASUREMENTS - continued

hierarchy under FASB ASC 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that AFS has the ability to access.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

- Level 1* Inputs are based on unadjusted quoted prices for identical assets traded in active markets that AFS has the ability to access.

- Level 2* Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

- Level 3* Inputs are unobservable and significant to the fair value measurement.

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

AFS’s investments in mutual funds, equities and options are based on observable market quotations. The fair value of money market funds are valued by carrying amount, which approximates fair value.

The following tables present the fair value hierarchy AFS's investments measured at fair value on a recurring basis as of December 31, 2017:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------|---------------------|----------------|----------------|---------------------|
| Money Market Funds | \$ 26,737 | \$ - | \$ - | \$ 26,737 |
| Mutual Funds | 4,385,868 | - | - | 4,385,868 |
| Equities and Options | 39,202 | - | - | 39,202 |
| Total | <u>\$ 4,451,807</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,451,807</u> |

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(continued)

NOTE E – PROPERTY AND EQUIPMENT

As of December 31, 2017, property and equipment consisted of the following:

| | | |
|---|----|-----------|
| Equity in office space | \$ | 558,843 |
| Software | | 371,748 |
| Building improvements | | 96,647 |
| Furniture and equipment | | 51,469 |
| Construction in progress (software development) | | 36,173 |
| | | 1,114,880 |
| Less: accumulated depreciation and amortization | | (698,081) |
| Property and Equipment, net | \$ | 416,799 |

Depreciation and amortization expense for the years ended December 31, 2017, totaled \$33,331.

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions that are restricted by the donor as to either purpose or time. As of December 31, 2017, temporarily restricted net assets consisted of the following:

| Fund Name | Membership Services | Outreach and Communications | Professional Development | Annual Meeting | Journals & Publications | Totals |
|-------------------|------------------------|-----------------------------------|-----------------------------|-------------------|----------------------------|--------------|
| Past Presidents | \$ 40,767 | \$ - | \$ - | \$ - | \$ - | \$ 40,767 |
| Snieszko Fund | 68,294 | - | - | - | - | 68,294 |
| Sully Fund | - | 5,953 | - | - | - | 5,953 |
| Puerto Rico | - | 10,693 | - | - | - | 10,693 |
| CRS/International | - | 316,418 | - | - | - | 316,418 |
| Shelby Gerkin | - | - | 82,311 | - | - | 82,311 |
| J Francis Allen | - | - | 256,761 | - | - | 256,761 |
| Publications | - | - | - | - | 839,008 | 839,008 |
| Steve Berkeley | - | - | - | - | 362,105 | 362,105 |
| Skinner Fund | - | - | - | 385,276 | - | 385,276 |
| Total Funds | \$109,061 | \$ 333,064 | \$ 339,072 | \$385,276 | \$1,201,113 | \$ 2,367,586 |

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(continued)

NOTE G – RETIREMENT PLAN

AFS sponsors the American Fisheries Society 401(k) Plan (the “Plan”), which is a defined contribution plan that covers all employees who have completed six months of employment or 500 hours of services for AFS. For eligible employees, AFS contributes an amount equal to ten percent of the participant’s annual salary to the Plan. For the year ended December 31, 2017, employer contributions to the Plan totaled \$144,881.

NOTE H – PUBLICATION RIGHTS ROYALTY

During 2010, AFS signed a seven-year agreement with an outside party to manage the publication of its books and journals, which ended on December 31, 2017. As part of the agreement, AFS received a one-time publication rights royalty of \$1,000,000, which was recognized as revenue over seven years, beginning on January 1, 2011. Effective, January 1, 2018, AFS entered into a similar agreement with a different publisher. AFS received a \$900,000 signing bonus, which will be recognized over seven years under the new arrangement. For the year ended December 31, 2017, royalty income totaled \$142,910, which is included in journals program on the statement of activities.

NOTE I – OFFICE BUILDING EQUITY

In May 1986, AFS executed an "equity participation agreement" with the Renewable National Resource Foundation (the “Foundation”), which will provide AFS with office space until December 31, 2079. AFS has also executed an "equity lease" agreement with the Foundation for additional office space in an adjoining building for 98 years beginning April 1, 1988. Under the terms of the agreements, AFS is obligated to pay its share of all operating costs of the buildings. For the year ended December 31, 2017, amortization expense under this agreement totaled \$9,358.

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, AFS has evaluated events and transactions for potential recognition or disclosure through August 9, 2018, the date the financial statements were available to be issued. Except for the new publication agreement as indicated in Note H, there were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.