

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

DECEMBER 31, 2021 AND 2020

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Governing Board and Management Committee
American Fisheries Society
Bethesda, MD

Opinion

We have audited the accompanying financial statements of American Fisheries Society (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Fisheries Society as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

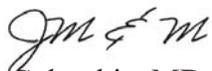
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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



Columbia, MD

November 22, 2022

**AMERICAN FISHERIES SOCIETY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 253,577	\$ 172,955
Accounts receivable, net	63,521	39,621
Inventory	189,563	236,742
Prepaid expenses	87,412	63,802
Total Current Assets	594,073	513,120
OTHER ASSETS		
Investments	5,316,458	4,753,387
Property and equipment, net	348,145	384,884
Events deposit	7,300	7,300
Total Other Assets	5,671,903	5,145,571
TOTAL ASSETS	\$ 6,265,976	\$ 5,658,691
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 290,809	\$ 69,071
Accrued salaries and benefits	179,976	125,933
Due to sub-units	115,290	116,247
Deferred royalty revenue, current portion	128,571	128,571
Deferred membership dues	152,124	225,591
Deferred revenue	175,310	171,132
Total Current Liabilities	1,042,080	836,545
OTHER LIABILITIES		
Deferred royalty revenue, net of current portion	257,143	385,715
Paycheck Protection Program ("PPP") loan	-	381,012
Line of credit	125,000	-
Investments due to sub-units	358,552	302,666
Total Other Liabilities	740,695	1,069,393
Total Liabilities	1,782,775	1,905,938
NET ASSETS		
Without Donor Restrictions:		
Available for operations	681,432	354,628
Board designated	375,137	330,339
Total Without Donor Restrictions	1,056,569	684,967
With donor restrictions	3,426,632	3,067,786
Total Net Assets	4,483,201	3,752,753
TOTAL LIABILITIES AND NET ASSETS	\$ 6,265,976	\$ 5,658,691

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Annual meeting	\$ 692,556	\$ -	\$ 692,556
Journals program	1,160,070	-	1,160,070
Publication sales	73,514	-	73,514
Membership dues	523,805	-	523,805
Forgiveness of PPP loan	684,629	-	684,629
Contributions	18,391	22,106	40,497
Educational programs	10,330	-	10,330
Government grants	155,056	-	155,056
Contract revenue	320,819	-	320,819
Promotion and outreach	45,651	-	45,651
Interest and dividends	24,415	42,094	66,509
Other income	5,910	-	5,910
Net assets released from restrictions	65,175	(65,175)	-
Total Revenue and Support	<u>3,780,321</u>	<u>(975)</u>	<u>3,779,346</u>
EXPENSES			
Program services:			
Annual meeting	797,158	-	797,158
Journals and publications	701,083	-	701,083
Policy, outreach and communications	332,082	-	332,082
Membership	274,933	-	274,933
Project management	501,326	-	501,326
Education and professional development	122,589	-	122,589
Total Program Services	<u>2,729,171</u>	<u>-</u>	<u>2,729,171</u>
Support services:			
Management and general	617,692	-	617,692
Fundraising	109,622	-	109,622
Total Support Services	<u>727,314</u>	<u>-</u>	<u>727,314</u>
Total Expenses	<u>3,456,485</u>	<u>-</u>	<u>3,456,485</u>
CHANGE IN NET ASSETS FROM OPERATIONS	323,836	(975)	322,861
OTHER CHANGES			
Appreciation in fair value of investments, net of fees	47,766	359,821	407,587
CHANGE IN NET ASSETS	371,602	358,846	730,448
NET ASSETS , beginning of year	<u>684,967</u>	<u>3,067,786</u>	<u>3,752,753</u>
NET ASSETS , end of year	<u>\$ 1,056,569</u>	<u>\$ 3,426,632</u>	<u>\$ 4,483,201</u>

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Annual meeting	\$ 292,950	\$ -	\$ 292,950
Journals program	1,129,358	-	1,129,358
Publication sales	150,045	-	150,045
Membership dues	523,946	-	523,946
Contributions	10,232	132,793	143,025
Educational programs	18,779	-	18,779
Contract revenue	72,211	-	72,211
Promotion and outreach	37,421	-	37,421
Interest and dividends	88,906	52,177	141,083
In-kind contributions	250	-	250
Net assets released from restrictions	71,857	(71,857)	-
Total Revenue and Support	2,395,955	113,113	2,509,068
EXPENSES			
Program services:			
Annual meeting	493,183	-	493,183
Journals and publications	683,540	-	683,540
Policy, outreach and communications	482,888	-	482,888
Membership	285,829	-	285,829
Project management	237,371	-	237,371
Education and professional development	46,525	-	46,525
Total Program Services	2,229,336	-	2,229,336
Support services:			
Management and general	435,771	-	435,771
Fundraising	202,210	-	202,210
Total Support Services	637,981	-	637,981
Total Expenses	2,867,317	-	2,867,317
CHANGE IN NET ASSETS FROM OPERATIONS	(471,362)	113,113	(358,249)
OTHER CHANGES			
Appreciation in fair value of investments, net of fees	36,003	184,813	220,816
CHANGE IN NET ASSETS	(435,359)	297,926	(137,433)
NET ASSETS, beginning of year	1,120,326	2,769,860	3,890,186
NET ASSETS, end of year	\$ 684,967	\$ 3,067,786	\$ 3,752,753

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	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	\$ 323,129	\$ 366,166	\$ 218,676	\$ 88,729	\$ 106,227	\$ 61,151	\$ 1,164,078	\$ 393,527	\$ 77,923	\$ 471,450	\$ 1,635,528	
Payroll taxes	22,405	25,389	15,162	6,152	7,366	4,240	80,714	27,287	5,403	32,690	113,404	
Employee benefits	28,110	31,854	19,023	7,719	9,241	5,320	101,267	34,233	6,779	41,012	142,279	
Retirement plan	25,997	29,459	17,593	7,138	8,546	4,920	93,653	31,660	6,269	37,929	131,582	
Subtotal Personnel Costs	399,641	452,868	270,454	109,738	131,380	75,631	1,439,712	486,707	96,374	583,081	2,022,793	
Advertisement and promotion	-	-	-	-	-	-	-	593	-	593	593	
Awards	-	-	-	21,772	-	-	21,772	-	-	-	21,772	
Bad debt	-	-	-	-	-	-	-	3,946	-	3,946	3,946	
Bank fees	156	3,614	-	-	-	-	3,770	21,454	-	21,454	25,224	
Building services	8,996	10,194	6,088	2,470	2,957	1,702	32,407	10,956	2,169	13,125	45,532	
Continuing education	223	253	151	61	73	42	803	274	54	328	1,131	
Depreciation and amortization	7,862	8,909	5,320	2,159	2,585	1,488	28,323	9,575	1,895	11,470	39,793	
Dues, licenses and subscriptions	-	12,943	3,245	-	-	-	16,188	21,836	-	21,836	38,024	
Editorial fees	-	69,579	-	-	-	-	69,579	-	-	-	69,579	
Insurance	3,735	4,232	2,527	1,026	1,228	707	13,455	4,547	901	5,448	18,903	
Interest expense	-	-	-	-	-	-	-	2,036	-	2,036	2,036	
Legal expense	-	-	-	-	-	-	-	220	-	220	220	
Meetings and conferences	261,893	-	-	-	-	12,790	274,683	-	-	-	274,683	
Office expenses	61,602	1,354	809	4,950	393	1,346	70,454	2,161	288	2,449	72,903	
Office rental	3,024	3,427	2,046	830	997	572	10,896	3,680	729	4,409	15,305	
Postage and delivery	99	3,164	67	1,092	249	259	4,930	121	24	145	5,075	
Printing and reproduction	560	5,157	-	-	-	304	6,021	511	-	511	6,532	
Professional fees	31,130	70,394	39,321	84,535	259,739	27,174	512,293	32,607	6,457	39,064	551,357	
Publications sold	-	45,213	-	-	-	-	45,213	-	-	-	45,213	
Rebates to Chapters	-	-	-	45,467	-	-	45,467	-	-	-	45,467	
Scholarships	-	-	-	-	99,694	-	99,694	-	-	-	99,694	
Telephone and internet	12,092	3,439	2,054	833	998	574	19,990	4,056	731	4,787	24,777	
Travel expenses	6,145	6,343	-	-	1,033	-	13,521	12,412	-	12,412	25,933	
Total Expenses	\$ 797,158	\$ 701,083	\$ 332,082	\$ 274,933	\$ 501,326	\$ 122,589	\$ 2,729,171	\$ 617,692	\$ 109,622	\$ 727,314	\$ 3,456,485	

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	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	\$ 286,434	\$ 344,293	\$ 326,432	\$ 120,483	\$ 58,673	\$ 27,810	\$ 1,164,125	\$ 234,171	\$ 138,286	\$ 372,457	\$ 1,536,582	
Payroll taxes	20,926	25,153	23,848	8,802	4,287	2,032	85,048	17,108	10,103	27,211	112,259	
Employee benefits	23,154	27,831	26,387	9,739	4,743	2,248	94,102	19,542	11,178	30,720	124,822	
Retirement plan	28,162	33,851	32,095	11,846	5,769	2,734	114,457	23,025	13,596	36,621	151,078	
Subtotal Personnel Costs	358,676	431,128	408,762	150,870	73,472	34,824	1,457,732	293,846	173,163	467,009	1,924,741	
Advertisement and promotion	-	-	-	-	-	-	-	588	-	588	588	
Awards	-	-	-	18,849	-	-	18,849	-	-	-	18,849	
Bank fees	10,105	14,493	11,516	4,493	2,070	981	43,658	8,262	4,879	13,141	56,799	
Building services	10,230	12,296	11,658	4,303	2,095	993	41,575	8,364	4,939	13,303	54,878	
Continuing education	-	-	-	-	-	-	-	2,000	-	2,000	2,000	
Depreciation and amortization	-	-	-	-	-	-	-	40,887	-	40,887	40,887	
Dues, licenses and subscriptions	412	15,247	2,959	20,806	84	40	39,548	336	199	535	40,083	
Editorial fees	-	75,073	-	-	-	-	75,073	-	-	-	75,073	
Meetings and conferences	69,791	-	-	-	-	-	69,791	114	-	114	69,905	
Office expenses	5,704	6,910	6,351	935	1,142	5,490	26,532	3,199	2,690	5,889	32,421	
Office rental	3,743	4,499	4,265	1,574	767	363	15,211	3,059	1,807	4,866	20,077	
Postage and delivery	500	7,877	569	3,337	227	960	13,470	408	241	649	14,119	
Printing and reproduction	279	2,702	-	2,640	-	-	5,621	-	-	-	5,621	
Professional fees	28,504	72,383	31,801	44,891	121,103	2,486	301,168	39,259	12,364	51,623	352,791	
Publications sold	-	35,717	-	-	-	-	35,717	-	-	-	35,717	
Rebates to Chapters	-	-	-	31,041	-	-	31,041	-	-	-	31,041	
Repairs and maintenance	60	72	68	25	12	6	243	49	29	78	321	
Scholarships	-	-	-	-	35,437	-	35,437	1,841	-	1,841	37,278	
Telephone and internet	4,393	4,729	4,483	1,996	806	382	16,789	13,192	1,899	15,091	31,880	
Travel expenses	786	414	456	69	156	-	1,881	20,367	-	20,367	22,248	
Total Expenses	\$ 493,183	\$ 683,540	\$ 482,888	\$ 285,829	\$ 237,371	\$ 46,525	\$ 2,229,336	\$ 435,771	\$ 202,210	\$ 637,981	\$ 2,867,317	

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

**AMERICAN FISHERIES SOCIETY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 730,448	\$ (137,433)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization expenses	39,793	40,887
Net appreciation in fair value of investments	(407,587)	(241,029)
Forgiveness of PPP loans	(684,629)	-
Decrease (increase) in assets:		
Accounts receivable	(23,900)	109,834
Inventory	47,179	33,736
Prepaid expenses	(23,610)	(17,219)
Events deposit	-	(300)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	221,738	(3,700)
Accrued salaries and benefits	54,043	(3,565)
Due to sub-units	(957)	(3,412)
Deferred royalty revenue	(128,572)	(128,571)
Deferred membership dues	(73,467)	(43,023)
Deferred revenue	4,178	69,433
Investments due to sub-units	55,886	40,573
Net Cash Used for Operating Activities	(189,457)	(283,789)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,054)	(6,712)
Proceeds from sale of investments	803,715	12,684
Purchases of investments	(959,199)	(140,870)
Net Cash Used for Investing Activities	(158,538)	(134,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	303,617	381,012
Proceeds from line of credit	125,000	-
Net Cash Provided by Financing Activities	428,617	381,012
NET CHANGE IN CASH AND CASH EQUIVALENTS	80,622	(37,675)
CASH AND CASH EQUIVALENTS - beginning of year	172,955	210,630
CASH AND CASH EQUIVALENTS - end of year	\$ 253,577	\$ 172,955
SUPPLEMENTARY DISCLOSURES:		
Cash paid for interest	\$ 2,036	\$ -

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

**AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 objectives of AFS are 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 professionals.

AFS has the following program services:

Annual Meeting – AFS’s annual meeting is an international scientific gathering of fisheries and aquatic resource professionals, students, exhibitors and suppliers in locations throughout North America. The meeting offers symposia, papers, posters and special events on the latest scientific research and developments, and is a platform for professional development and networking opportunities. The annual meeting in 2020 was held virtually due to COVID-19.

Journals and Publications – AFS publishes five peer-reviewed journals: *Transactions of the American Fisheries Society*, featuring papers on basic fisheries science; *North American Journal of Fisheries Management*, covering management research, experiences, and recommendations; *North American Journal of Aquaculture*, providing guidance for those who breed and raise aquatic animals; *Journal of Aquatic Animal Health*, focusing on health maintenance and disease treatment; and *Marine and Coastal Fisheries*, focusing on marine, coastal, and estuarine fisheries. AFS also publishes books and special publications and Fisheries Magazine, that features peer-reviewed technical articles on all aspects of aquatic resource-related subjects, as well as articles on professional issues, new ideas and approaches, policy, education, economics, administration, and law. The magazine also contains features, essays, society news, current events, book reviews, editorials, letters, job notices, chapter activities, and a calendar of events.

Policy, Outreach and Communications – AFS monitors legislation and engages with decision makers on issues that affect aquatic resources. It capitalizes on the expertise of its members by sharing management knowledge and the best available science with decision makers. AFS works with federal and state agencies and other science-based conservation organizations to promote the scientific advancements, further the profession, and share knowledge and updates with fisheries professionals and other interested parties through issues briefings, website content, newsletters, and social media on the latest developments in fisheries science and management.

Membership – AFS services members from around the world and offers numerous benefits including member directory, newsletters, awards, communities organized around special interest sections, chapter activities, and other benefits programs.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE A – NATURE OF ORGANIZATION AND PROGRAM SERVICES – continued

Project Management – AFS administers several programs related to the fisheries field including the Hutton Junior Fisheries Biology program, a summer mentorship program for high school students, Agency Co-Op agreements, multi-state conservation grants, and other collaborative activities.

Education and Professional Development – AFS coordinates continuing education programs, professional certification, awards, diversity and inclusion programs, and career advancement opportunities for fisheries students and professionals. Educational programs includes in-person workshops, meetings, recorded content and topical webinars.

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.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit-Entities*. In accordance with Topic 958, 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:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed restrictions or stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by either actions of AFS and/or the passage of time, or that must be maintained in perpetuity by AFS. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents

AFS considers all highly liquid investments with original maturities of three months or less to be cash equivalents except those included as part of an investment portfolio. Cash and cash equivalents in certain accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, AFS believes it is not exposed to any significant credit risk on cash and cash equivalents.

Board Designated Funds

The Board has designated a portion of net assets without donor restrictions to cover any capital and operating expenses. Board designated funds totaled \$375,137 and \$330,339, as of December 31, 2021 and 2020, respectively.

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 are presented separately in the statements of activities.

Accounts Receivable

Accounts receivable 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, management has established an allowance of \$1,965 and \$5,149, as of December 31, 2021 and 2020, respectively.

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.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 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	31 – 39 years

Due to Sub-Units

Unremitted chapter and division dues received by AFS on behalf of its sub-units, as well as rebates earned by the chapters, are recorded as due to sub-units on the accompanying statements of financial position.

Investments Due to Sub-Units

Investment funds received on behalf of AFS' chapters and divisions are recorded as investments due to sub-units on the accompanying statements of financial position.

Deferred Revenue

Deferred revenue consists primarily of deferred journal royalties and membership dues received in advance of the period in which they are earned. Deferred royalty revenue represents an advanced payment received for publication rights royalty. Deferred membership dues relate to revenue received in advance of the period in which the dues were earned. Other deferred revenue represents editorial fees received in advance for the journals and partner shared fundings for the 2022 Joint Aquatic Sciences Meeting. As of the beginning of the year ended December 31, 2020, deferred revenue totaled \$1,013,170.

Revenue Recognition

Annual meeting revenue is recognized at a point in time in the year in which the meetings are held. Amounts received in advance are recorded as deferred revenue.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition - continued

Journal programs are revenue derived from royalties paid to AFS by its publisher based on the number of subscriptions. AFS receives quarterly interim payments for these subscriptions. Journal programs revenue are recognized at a point in time.

Publications revenue is recognized at a point of time in the period in which publications and journals are issued and sold. Amounts received in advance are recorded as deferred revenue.

Membership dues are recognized as revenue at a point over time by allocating the membership price to the related performance obligations and recognizing the related revenue as these obligations are accomplished. Revenue received for dues which relates to subsequent years is reflected as deferred revenue.

Forgiveness of PPP loans represent proceeds received from a bank under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") that were forgiven by both the lender and the SBA, and therefore, are recognized as revenue on the statement of activities. Refer to Note G for additional information related to the PPP loans.

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 revenue with donor restrictions based on the donor's intent. When a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Educational programs revenue is recognized at a point of time when services are provided. Amounts received in advance of the services performed are recorded as deferred revenue.

Government grants are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Contract revenue is recognized at a point of time when the services are provided. Amounts received in advance of the services performed are recorded as deferred revenue.

Promotion and outreach revenue is recognized at a point of time when services are provided. Amounts received in advance of the services performed are recorded as deferred revenue.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, office rental, and any other applicable expenditures, which are allocated on the basis of salaries and related costs, determined by estimates of time and effort expended.

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, 2021 and 2020, AFS had \$8,442 and \$7,759, respectively, as tax liability 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 were no unrecognized tax benefits or liabilities that need to be recorded.

AFS’ 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, 2018 through 2020, are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

AFS regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to AFS include financial assets consisting of cash and cash equivalents, accounts receivable, and its investment portfolio.

Although AFS does not intend to spend from its board designated reserves, other than amounts appropriated for expenditure, funds could be made available through board resolution, if necessary.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, AFS considers all expenditures related to its annual meetings, publications, outreach and education, membership, and project management, as well as services undertaken to support its programs, to be management and general operating expenditures.

As of December 31, 2021 and 2020, total financial assets held by AFS and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 253,577	\$ 172,955
Accounts receivable, net	63,521	39,621
Investments	<u>5,316,458</u>	<u>4,753,387</u>
Total Financial Assets	5,633,556	4,965,963
Less: investments, encumbered by donor restrictions	(3,426,632)	(3,067,786)
Less: investments, encumbered by board restrictions	(375,137)	(330,339)
Less: investments held on behalf of chapters	(358,552)	(302,666)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 1,473,235</u></u>	<u><u>\$ 1,265,172</u></u>

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE E – FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurement*, 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 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.

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

The following tables present the fair value hierarchy AFS’ investments measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 44,199	\$ -	\$ -	\$ 44,199
Mutual Funds	5,199,604	-	-	5,199,604
Equities and Options	72,655	-	-	72,655
Total	\$ 5,316,458	\$ -	\$ -	\$ 5,316,458

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE E – FAIR VALUE MEASUREMENT - continued

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 66,583	\$ -	\$ -	\$ 66,583
Mutual Funds	4,632,744	-	-	4,632,744
Equities and Options	50,750	-	-	50,750
Other	3,310	-	-	3,310
Total	\$ 4,753,387	\$ -	\$ -	\$ 4,753,387

NOTE F – PROPERTY AND EQUIPMENT

As of December 31, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Equity in office space	\$ 655,490	\$ 655,490
Software	485,608	485,608
Furniture and equipment	70,817	67,763
	1,211,915	1,208,861
Less: accumulated depreciation and amortization	(863,770)	(823,977)
Property and Equipment, net	\$ 348,145	\$ 384,884

For the years ended December 31, 2021 and 2020, depreciation and amortization expense totaled \$39,793 and \$40,887, respectively.

NOTE G – PAYCHECK PROTECTION PROGRAM LOAN

On April 28, 2020, AFS secured \$381,012 with M&T Bank (the “Lender”) under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) that authorized forgivable loans to small businesses. The loan could be used to cover certain expenses during the COVID-19 crisis. The loan amounts would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan was made.

On March 8, 2021, AFS secured an additional \$303,617 with M&T Bank under the SBA’s PPP that authorized forgivable loans to small businesses under the same conditions as the loan above.

During 2021, AFS received full forgiveness of both loans. As of December 31, 2021 and 2020, the PPP loan had an outstanding balance of \$0 and \$381,012, respectively.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE H – LINE OF CREDIT

On September 19, 2017, AFS entered into a revolving line of credit agreement with M&T Bank to borrow up to \$500,000 for working capital purposes. The line of credit had an initial interest rate of 5.25%. The aggregate principal balance outstanding shall bear interest at a per annum rate equal to one percent above the Prime Rate. In August 2021, AFS took out an advance amount from the line of credit in the amount of \$125,000. As of December 2021 and 2020, the outstanding balances due on the line of credit totaled \$125,000 and \$0, respectively.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that are restricted by the donor as to either purpose or time. As of December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

As of December 31, 2021						
Fund Name	Membership Services	Outreach and Communications	Professional Development	Annual Meeting	Journals & Publications	Totals
Past Presidents	\$ 70,076	\$ -	\$ -	\$ -	\$ -	\$ 70,076
Snieszko Fund	94,996	-	-	-	-	94,996
Sully Fund	-	12,509	-	-	-	12,509
Hutton Fund	-	157,767	-	-	-	157,767
National Park Foundation	-	17,199	-	-	-	17,199
CRS/International	-	414,059	-	-	-	414,059
Joan Duffy	-	477	-	-	-	477
Shelby Gerkin	-	-	114,599	-	-	114,599
J Francis Allen	-	-	347,684	-	-	347,684
Publications	-	-	-	-	1,137,236	1,137,236
Steve Berkeley	-	-	-	-	472,641	472,641
Skinner Fund	-	-	-	531,966	-	531,966
Mott Foundation	53,787	-	-	-	-	53,787
World Council of Fisheries	-	1,636	-	-	-	1,636
Total Funds	<u>\$218,859</u>	<u>\$ 603,647</u>	<u>\$ 462,283</u>	<u>\$531,966</u>	<u>\$1,609,877</u>	<u>\$ 3,426,632</u>

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS - continued

As of December 31, 2020						
Fund Name	Membership Services	Outreach and Communications	Professional Development	Annual Meeting	Journals & Publications	Totals
Past Presidents	\$ 54,490	\$ -	\$ -	\$ -	\$ -	\$ 54,490
Snieszko Fund	83,642	-	-	-	-	83,642
Sully Fund	-	9,835	-	-	-	9,835
Hutton Fund	-	185,542	-	-	-	185,542
National Park Foundation	-	15,143	-	-	-	15,143
CRS/International	-	364,193	-	-	-	364,193
Joan Duffy	-	420	-	-	-	420
Shelby Gerkin	-	-	100,831	-	-	100,831
J Francis Allen	-	-	308,445	-	-	308,445
Publications	-	-	-	-	1,009,477	1,009,477
Steve Berkeley	-	-	-	-	418,157	418,157
Skinner Fund	-	-	-	466,465	-	466,465
Mott Foundation	50,000	-	-	-	-	50,000
World Council of Fisheries	-	1,146	-	-	-	1,146
Total Funds	<u>\$188,132</u>	<u>\$ 576,279</u>	<u>\$ 409,276</u>	<u>\$466,465</u>	<u>\$1,427,634</u>	<u>\$ 3,067,786</u>

NOTE J – 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. Employer contributions to the Plan totaled \$131,582 and \$151,078 for the years ended December 31, 2021 and 2020, respectively.

NOTE K – PUBLICATION RIGHTS ROYALTY

During 2018, AFS signed a seven-year agreement with an outside party to manage the publication of its journals and magazines. As part of the agreement, AFS received a \$900,000 signing bonus, which will be recognized over seven years under this arrangement. For the years ended December 31, 2021 and 2020, royalty income totaled \$128,867 and \$128,743, respectively, which is included in journals program on the statements of activities.

AMERICAN FISHERIES SOCIETY
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(continued)

NOTE L – 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. Under the terms of the agreement, AFS is obligated to pay its share of all operating costs of the building.

Amortization expense under this agreement totaled \$12,090, for both years ended December 31, 2021 and 2020.

NOTE M – SUBSEQUENT EVENTS

In preparing these financial statements, AFS has evaluated events and transactions for potential recognition or disclosure through November 22, 2022, the date the financial statements were available to be issued. There were no events, or transactions that were discovered during the evaluation that required further recognition or disclosure.