

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

DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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
July 28, 2023

**AMERICAN FISHERIES SOCIETY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 124,744	\$ 253,577
Accounts receivable, net	384,915	63,521
Inventory	170,843	189,563
Prepaid expenses	44,489	87,412
Total Current Assets	724,991	594,073
OTHER ASSETS		
Investments	4,519,559	5,316,458
Property and equipment, net	314,396	348,145
Events deposit	102,224	7,300
Total Other Assets	4,936,179	5,671,903
TOTAL ASSETS	\$ 5,661,170	\$ 6,265,976
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 192,943	\$ 290,809
Accrued salaries and benefits	120,038	179,976
Due to sub-units	125,934	115,290
Deferred royalty revenue, current portion	128,571	128,571
Deferred membership dues	163,766	152,124
Deferred revenue	127,905	175,310
Total Current Liabilities	859,157	1,042,080
OTHER LIABILITIES		
Deferred royalty revenue, net of current portion	128,572	257,143
Line of credit	350,000	125,000
Investments due to sub-units	298,307	358,552
Total Other Liabilities	776,879	740,695
Total Liabilities	1,636,036	1,782,775
NET ASSETS		
Without Donor Restrictions:		
Available for operations	881,205	681,432
Board designated	936,154	375,137
Total Without Donor Restrictions	1,817,359	1,056,569
With donor restrictions	2,207,775	3,426,632
Total Net Assets	4,025,134	4,483,201
TOTAL LIABILITIES AND NET ASSETS	\$ 5,661,170	\$ 6,265,976

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Annual meeting	\$ 1,191,978	\$ -	\$ 1,191,978
JASM meeting	1,475,369	-	1,475,369
Journals program	1,176,902	-	1,176,902
Publication sales	62,589	-	62,589
Membership dues	466,094	-	466,094
Contributions	21,662	109,365	131,027
Employee retention tax credit	340,000	-	340,000
Educational programs	25,620	-	25,620
Government grants	494,743	-	494,743
Contract revenue	106,858	-	106,858
Promotion and outreach	65,103	-	65,103
Interest and dividends	27,516	59,537	87,053
Other income	5,580	-	5,580
Net assets released from restrictions	778,799	(778,799)	-
Total Revenue and Support	6,238,813	(609,897)	5,628,916
EXPENSES			
Program services:			
Annual meeting	978,953	-	978,953
JASM meeting	1,506,828	-	1,506,828
Journals and publications	713,332	-	713,332
Policy, outreach and communications	332,065	-	332,065
Membership	405,485	-	405,485
Project management	540,533	-	540,533
Education and professional development	58,172	-	58,172
Total Program Services	4,535,368	-	4,535,368
Support services:			
Management and general	551,494	-	551,494
Fundraising	79,523	-	79,523
Total Support Services	631,017	-	631,017
Total Expenses	5,166,385	-	5,166,385
CHANGE IN NET ASSETS FROM OPERATIONS	1,072,428	(609,897)	462,531
OTHER CHANGES			
Depreciation in fair value of investments, net of fees	(310,463)	(608,960)	(919,423)
Loss on disposasl of property and equipment	(1,175)	-	(1,175)
Total Other Changes	(311,638)	(608,960)	(920,598)
CHANGE IN NET ASSETS	760,790	(1,218,857)	(458,067)
NET ASSETS, beginning of year	1,056,569	3,426,632	4,483,201
NET ASSETS, end of year	\$ 1,817,359	\$ 2,207,775	\$ 4,025,134

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	3,780,321	(975)	3,779,346
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	2,729,171	-	2,729,171
Support services:			
Management and general	617,692	-	617,692
Fundraising	109,622	-	109,622
Total Support Services	727,314	-	727,314
Total Expenses	3,456,485	-	3,456,485
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	684,967	3,067,786	3,752,753
NET ASSETS, end of year	\$ 1,056,569	\$ 3,426,632	\$ 4,483,201

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	PROGRAM SERVICES							SUPPORT SERVICES					Total
	Annual Meeting	JASM 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	\$ 161,057	\$ 167,603	\$ 364,282	\$ 199,266	\$ 124,218	\$ 107,777	\$ 34,251	\$ 1,158,454	\$ 311,460	\$ 52,366	\$ 363,826	\$ 1,522,280	
Payroll taxes	12,150	12,644	27,480	15,032	9,371	8,130	2,584	87,391	23,496	3,950	27,446	114,837	
Employee benefits	12,236	12,733	27,676	15,139	9,437	8,188	2,602	88,011	23,664	3,978	27,642	115,653	
Retirement plan	15,226	15,844	34,438	18,838	11,743	10,189	3,238	109,516	29,443	4,951	34,394	143,910	
Subtotal Personnel Costs	200,669	208,824	453,876	248,275	154,769	134,284	42,675	1,443,372	388,063	65,245	453,308	1,896,680	
Advertisement and promotion	-	-	-	-	-	-	-	-	2,306	-	2,306	2,306	
Awards	-	-	-	-	37,051	-	-	37,051	-	-	-	37,051	
Bank fees	17,459	35,327	3,147	-	24,817	-	-	80,750	9,467	-	9,467	90,217	
Building services	4,817	5,013	10,896	5,960	3,715	3,224	1,024	34,649	9,317	1,566	10,883	45,532	
Continuing education	17,725	-	-	-	-	-	-	17,725	-	-	-	17,725	
Depreciation and amortization	4,263	4,436	9,642	5,274	3,288	2,853	907	30,663	8,245	1,386	9,631	40,294	
Dues, licenses and subscriptions	7,427	7,729	16,799	9,189	5,728	4,970	1,579	53,421	14,363	2,415	16,778	70,199	
Editorial fees	-	-	76,975	-	-	-	-	76,975	-	-	-	76,975	
Equipment rental	1,307	1,360	2,956	1,617	1,008	874	278	9,400	2,526	425	2,951	12,351	
Insurance	4,380	4,558	9,906	5,419	3,378	2,931	931	31,503	8,470	1,424	9,894	41,397	
Interest expense	-	-	-	-	-	-	-	-	4,955	-	4,955	4,955	
Legal expense	182	-	-	-	-	-	-	182	1,264	-	1,264	1,446	
Meetings and conferences facilities	569,949	1,144,561	7,201	-	-	763	-	1,722,474	-	-	-	1,722,474	
Office expenses	5,916	2,526	6,278	3,003	12,648	1,949	5,408	37,728	10,116	789	10,905	48,633	
Postage and delivery	8,143	1,249	6,348	1,485	1,427	803	255	19,710	2,347	390	2,737	22,447	
Printing and reproduction	348	-	14,429	-	104	-	769	15,650	817	-	817	16,467	
Professional fees	51,515	64,796	55,396	49,394	121,127	222,000	3,440	567,668	53,009	5,259	58,268	625,936	
Publications	-	-	21,707	-	-	-	-	21,707	-	-	-	21,707	
Rebates to Chapters	-	-	-	-	34,945	-	-	34,945	-	-	-	34,945	
Scholarships	-	-	-	-	-	150,917	-	150,917	-	-	-	150,917	
Telephone and internet	8,795	1,996	4,339	2,374	1,480	1,284	408	20,676	4,400	624	5,024	25,700	
Travel expenses	76,058	24,453	13,437	75	-	13,681	498	128,202	31,829	-	31,829	160,031	
Total Expenses	\$ 978,953	\$ 1,506,828	\$ 713,332	\$ 332,065	\$ 405,485	\$ 540,533	\$ 58,172	\$ 4,535,368	\$ 551,494	\$ 79,523	\$ 631,017	\$ 5,166,385	

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				
	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	Total
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
Equipment rental	3,024	3,427	2,046	830	997	572	10,896	3,680	729	4,409	15,305
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 facilities	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
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	-	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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (458,067)	\$ 730,448
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	40,294	39,793
Net depreciation (appreciation) in fair value of investments	919,423	(407,587)
Loss on disposasl of property and equipment	1,175	-
Forgiveness of PPP loans	-	(684,629)
Decrease (increase) in assets:		
Accounts receivable, net	(321,394)	(23,900)
Inventory	18,720	47,179
Prepaid expenses	42,923	(23,610)
Events deposit	(94,924)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(97,866)	221,738
Accrued salaries and benefits	(59,938)	54,043
Due to sub-units	10,644	(957)
Deferred royalty revenue	(128,571)	(128,572)
Deferred membership dues	11,642	(73,467)
Deferred revenue	(47,405)	4,178
Investments due to sub-units	(60,245)	55,886
Net Cash Provided by (Used for) Operating Activities	(223,589)	(189,457)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,720)	(3,054)
Proceeds from sales of investments	316,360	803,715
Purchases of investments	(438,884)	(959,199)
Net Cash Provided by (Used for) Investing Activities	(130,244)	(158,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	303,617
Principal payments on line of credit	(125,000)	-
Proceeds from line of credit	350,000	125,000
Net Cash Provided by (Used for) Financing Activities	225,000	428,617
NET CHANGE IN CASH AND CASH EQUIVALENTS	(128,833)	80,622
CASH AND CASH EQUIVALENTS - beginning of year	253,577	172,955
CASH AND CASH EQUIVALENTS - end of year	\$ 124,744	\$ 253,577
SUPPLEMENTARY DISCLOSURES:		
Cash paid for interest	\$ 4,955	\$ 2,036

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

**AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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 to continue the 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.

JASM 2022 – AFS organizes other industry meetings and in 2022 was the lead Society for the Joint Aquatic Sciences Meeting (JASM) in cooperation with eight other societies.

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 feature 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 editorials.

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, 2022 AND 2021
(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 include 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, 2022 AND 2021
(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 \$936,154 and \$375,137, as of December 31, 2022 and 2021, 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 \$9,095 and \$1,965, as of December 31, 2022 and 2021, 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, 2022 AND 2021
(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. Building improvements are depreciated over the useful lives of the related assets.

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, 2021, deferred revenue totaled \$911,009.

Revenue Recognition

Annual meeting and JASM meeting revenue are 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
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(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.

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.

As part of the Coronavirus Aid, Relief and Economic Security Act, during 2022, AFS received an Employee Retention Tax Credit, which was recognized as revenue on the 2022 statement of activities.

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.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition (continued)

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.

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 expenses, 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, 2022 and 2021, AFS had \$12,039 and \$8,442, respectively, as tax liability in 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, 2019 through 2021, 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, 2022 AND 2021
(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, 2022 and 2021, 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:

	2022	2021
Cash and cash equivalents	\$ 124,744	\$ 253,577
Accounts receivable, net	384,915	63,521
Investments	4,519,559	5,316,458
Total Financial Assets	5,029,218	5,633,556
Less: investments, encumbered by donor restrictions	(2,207,775)	(3,426,632)
Less: investments, encumbered by board restrictions	(936,154)	(375,137)
Less: investments held on behalf of chapters	(298,307)	(358,552)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,586,982	\$ 1,473,235

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(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, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 48,142	\$ -	\$ -	\$ 48,142
Mutual Funds	4,424,971	-	-	4,424,971
Equities and Options	46,446	-	-	46,446
Total	\$ 4,519,559	\$ -	\$ -	\$ 4,519,559

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE E – FAIR VALUE MEASUREMENT - continued

	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

NOTE F – PROPERTY AND EQUIPMENT

As of December 31, 2022 and 2021, property and equipment consisted of the following:

	2022	2021
Equity in office space	\$ 655,490	\$ 655,490
Software	438,165	485,608
Furniture and equipment	75,319	70,817
	1,168,974	1,211,915
Less: accumulated depreciation and amortization	(854,578)	(863,770)
Property and Equipment, net	\$ 314,396	\$ 348,145

During 2022, AFS disposed of property and equipment with a total cost of \$50,661, that resulted in a loss of \$1,175. For the years ended December 31, 2022 and 2021, depreciation and amortization expense totaled \$40,294 and \$39,793, respectively.

NOTE G – 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 advanced amount from the line of credit in the amount of \$125,000. During 2022, AFS paid off \$125,000 and took out another advanced amount of \$350,000 from the line of credit. As of December 2022 and 2021, the outstanding balance due on the line of credit totaled \$350,000 and \$125,000, respectively.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE H – CONTINGENCY

AFS had entered into various contracts for services and accommodations related to future meetings. Some of these contracts include penalty clauses, which would require AFS to pay a monetary penalty if a meeting is cancelled without cause or is not subject to force majeure or if AFS does not meet room block guarantees. Generally, these contracts provide for variable cancellation fee amounts depending on the date of notice of cancellation. Management believes that AFS' future exposure to such losses is unlikely.

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, 2022 and 2021, net assets with donor restrictions consisted of the following:

As of December 31, 2022						
Fund Name	Membership Services	Outreach and Communications	Professional Development	Annual Meeting	Journals & Publications	Totals
Past Presidents	\$ 58,456	\$ -	\$ -	\$ -	\$ -	\$ 58,456
Snieszko Fund	79,047	-	-	-	-	79,047
Sully Fund	-	10,464	-	-	-	10,464
Hutton Fund	-	50,000	-	-	-	50,000
CRS/International	-	344,411	-	-	-	344,411
Shelby Gerkin	-	-	95,473	-	-	95,473
J Francis Allen	-	-	287,085	-	-	287,085
Publications	-	-	-	-	322,449	322,449
Steve Berkeley	-	-	-	-	386,810	386,810
Skinner Fund	-	-	-	428,680	-	428,680
Mott Foundation	41,756	-	-	-	-	41,756
World Council of Fisheries	-	2,731	-	-	-	2,731
Adelman Bigford	100,413	-	-	-	-	100,413
Total Funds	\$279,672	\$ 407,606	\$ 382,558	\$428,680	\$ 709,259	\$ 2,207,775

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(continued)

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS - continued

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>

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 at least 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 \$143,910 and \$131,582, for the years ended December 31, 2022 and 2021, 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 is recognized over seven years under this arrangement. For the years ended December 31, 2022 and 2021, royalty income totaled \$128,571 and \$128,867, respectively, which is included in journals program on the statements of activities.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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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, 2022 and 2021.

NOTE M - EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit (“ERTC”) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before December 31, 2021. An employer is eligible for the ERTC if they operated a trade or business during the calendar years 2020 or 2021 or both, and experienced either full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel, or group meetings due to COVID-19, or a significant decline in gross receipts. For the year ended December 31, 2022, AFS claimed the ERTC on their amended quarterly Form 941s filed, and was owed a refund as a result of this correction from the IRS in the amount of \$340,000, which is reported on the 2022 statement of activities. As of December 31, 2022 and 2021, the amount due from the IRS as a result of the ERTC totaled \$340,000 and \$0, respectively, which is included in accounts receivable on the statements of financial position.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, AFS has evaluated events and transactions for potential recognition or disclosure through July 28, 2023, 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.