

FINANCIAL STATEMENTS



AMERICAN FISHERIES SOCIETY

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

AMERICAN FISHERIES SOCIETY

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2
EXHIBIT A - Statements of Financial Position, as of December 31, 2015 and 2014	3 - 4
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2015 and 2014	5 - 6
EXHIBIT C - Statements of Cash Flows, for the Years Ended December 31, 2015 and 2014	7
NOTES TO FINANCIAL STATEMENTS	8 - 16

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Fisheries Society
Bethesda, Maryland

We have audited the accompanying financial statements of the American Fisheries Society (the Society), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 risks 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 financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2015 and 2014, 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.

August 12, 2016

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

AMERICAN FISHERIES SOCIETY
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 679,016	\$ 1,485,330
Investments	4,261,526	3,699,930
Accounts receivable, net of allowance for doubtful accounts of \$14,170 and \$24,846 in 2015 and 2014, respectively	405,079	160,925
Prepaid expenses	30,676	15,959
Inventory	466,927	493,165
Deposits	<u>26,376</u>	<u>33,332</u>
Total current assets	<u>5,869,600</u>	<u>5,888,641</u>
FIXED ASSETS		
Office building equity	655,490	652,312
Office furniture and equipment	<u>397,702</u>	<u>370,654</u>
Less: Accumulated depreciation and amortization	<u>1,053,192</u> <u>(635,024)</u>	<u>1,022,966</u> <u>(621,796)</u>
Net fixed assets	<u>418,168</u>	<u>401,170</u>
OTHER ASSETS		
Investments, long-term	<u>198,034</u>	<u>298,034</u>
TOTAL ASSETS	<u>\$ 6,485,802</u>	<u>\$ 6,587,845</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 369,489	\$ 215,072
Accrued vacation and benefits	124,164	134,808
Due to sub-units	<u>113,683</u>	<u>113,797</u>
Total accounts payable and accrued expenses	<u>607,336</u>	<u>463,677</u>
Deferred revenue:		
Membership	256,808	289,717
Other	<u>31,012</u>	<u>40,946</u>
Total deferred revenue	<u>287,820</u>	<u>330,663</u>
Publication rights royalty, current	<u>142,857</u>	<u>142,857</u>
Total current liabilities	<u>1,038,013</u>	<u>937,197</u>
NONCURRENT LIABILITIES		
Publication rights royalty, long-term	142,857	285,714
Chapter liability	<u>80,000</u>	<u>-</u>
Total liabilities	<u>1,260,870</u>	<u>1,222,911</u>
NET ASSETS		
Unrestricted	3,084,161	3,449,854
Temporarily restricted	<u>2,140,771</u>	<u>1,915,080</u>
Total net assets	<u>5,224,932</u>	<u>5,364,934</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,485,802</u>	<u>\$ 6,587,845</u>

AMERICAN FISHERIES SOCIETY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Membership dues:			
Regular	\$ 299,435	\$ -	\$ 299,435
Official	72,000	-	72,000
Membership subscriptions	63,653	-	63,653
Student	69,143	-	69,143
Contributing	35,750	-	35,750
Retired	14,280	-	14,280
Life	12,162	-	12,162
Total membership dues	566,423	-	566,423
Library subscriptions	905,689	-	905,689
Gain on asset disposal	-	-	-
Annual meeting and trade	536,008	-	536,008
Interest and dividends	94,904	103,873	198,777
Grants and contracts	82,337	90,400	172,737
Royalty income	142,857	-	142,857
Sales of publications	209,341	-	209,341
Contributions	3,403	230,806	234,209
Postage	951	-	951
AFS fish slides and video	187	-	187
Sales of reprints	65	-	65
Unrealized loss on investments	(163,940)	(73,882)	(237,822)
Miscellaneous income	19,104	-	19,104
Realized loss on investments	(41,001)	-	(41,001)
Net assets released from donor restrictions	125,506	(125,506)	-
Total revenue	2,481,834	225,691	2,707,525
EXPENSES			
Salaries	1,426,514	-	1,426,514
Professional fees	296,805	-	296,805
Fringe benefits	235,214	-	235,214
Travel expenses	90,632	-	90,632
Payroll taxes	107,280	-	107,280
Grant expenses	100,146	-	100,146
Printing, publications and reproduction	101,707	-	101,707
Utilities and storage rent	49,576	-	49,576
Maintenance and repairs	96,747	-	96,747
Bank charges	90,704	-	90,704
Division dues and allotment	36,492	-	36,492
Awards	30,934	-	30,934
Off-site order fulfillment	22,597	-	22,597
Depreciation and amortization	23,620	-	23,620
Postage and shipping	10,319	-	10,319
Staff development	15,603	-	15,603
Annual meeting and tradeshow	22,674	-	22,674
Office supplies	10,117	-	10,117
Insurance	13,830	-	13,830
Information technology	10,378	-	10,378
Advertising and promotion	12,095	-	12,095
Telephone	8,323	-	8,323
Miscellaneous	35,220	-	35,220
Total expenses	2,847,527	-	2,847,527
Changes in net assets	(365,693)	225,691	(140,002)
Transfer	-	-	-
Net assets at beginning of year	3,449,854	1,915,080	5,364,934
NET ASSETS AT END OF YEAR	\$ 3,084,161	\$ 2,140,771	\$ 5,224,932

See accompanying notes to financial statements.

AMERICAN FISHERIES SOCIETY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2014		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Membership dues:			
Regular	\$ 260,665	\$ -	\$ 260,665
Official	73,600	-	73,600
Membership subscriptions	68,895	-	68,895
Student	52,255	-	52,255
Contributing	37,725	-	37,725
Retired	12,650	-	12,650
Life	<u>7,479</u>	<u>-</u>	<u>7,479</u>
Total membership dues	513,269	-	513,269
Library subscriptions	867,995	-	867,995
Gain on asset disposal	312,257	-	312,257
Annual meeting and trade	268,964	-	268,964
Interest and dividends	114,295	152,341	266,636
Grants and contracts	94,794	65,000	159,794
Royalty income	142,857	-	142,857
Sales of publications	136,999	-	136,999
Contributions	9,602	74,188	83,790
Postage	1,840	-	1,840
AFS fish slides and video	1,409	-	1,409
Sales of reprints	416	-	416
Unrealized loss on investments	(7,113)	-	(7,113)
Miscellaneous income	59,835	-	59,835
Realized loss on investments	-	-	-
Net assets released from donor restrictions	<u>191,591</u>	<u>(191,591)</u>	<u>-</u>
Total revenue	<u>2,709,010</u>	<u>99,938</u>	<u>2,808,948</u>
EXPENSES			
Salaries	1,121,125	-	1,121,125
Professional fees	260,531	-	260,531
Fringe benefits	200,603	-	200,603
Travel expenses	95,509	-	95,509
Payroll taxes	87,647	-	87,647
Grant expenses	80,128	-	80,128
Printing, publications and reproduction	65,259	-	65,259
Utilities and storage rent	63,668	-	63,668
Maintenance and repairs	59,621	-	59,621
Bank charges	52,009	-	52,009
Division dues and allotment	40,537	-	40,537
Awards	28,751	-	28,751
Off-site order fulfillment	25,469	-	25,469
Depreciation and amortization	18,833	-	18,833
Postage and shipping	17,243	-	17,243
Staff development	16,282	-	16,282
Annual meeting and tradeshow	15,422	-	15,422
Office supplies	14,802	-	14,802
Insurance	11,467	-	11,467
Information technology	11,085	-	11,085
Advertising and promotion	6,349	-	6,349
Telephone	5,967	-	5,967
Miscellaneous	<u>48,662</u>	<u>-</u>	<u>48,662</u>
Total expenses	<u>2,346,969</u>	<u>-</u>	<u>2,346,969</u>
Changes in net assets	362,041	99,938	461,979
Transfer	(114,456)	114,456	-
Net assets at beginning of year	<u>3,202,269</u>	<u>1,700,686</u>	<u>4,902,955</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,449,854</u>	<u>\$ 1,915,080</u>	<u>\$ 5,364,934</u>

See accompanying notes to financial statements.

AMERICAN FISHERIES SOCIETY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (140,002)	\$ 461,979
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	23,620	18,833
Gain on asset disposal	-	(312,257)
Unrealized loss on investments	237,822	7,113
Realized loss on investments	41,001	-
Bad debt expense, net of recovery	2,867	24,841
(Increase) decrease in:		
Accounts receivable	(247,021)	(136,936)
Prepaid expenses	(14,717)	4,782
Inventory	26,238	(12,573)
Deposits	6,956	17,129
Increase (decrease) in:		
Accounts payable and accrued expenses	154,417	90,938
Accrued vacation and benefits	(10,644)	19,017
Due to sub-units	(114)	(9,681)
Deferred revenue	(42,843)	50,682
Publication rights royalty	(142,857)	(142,858)
Chapter liability	80,000	-
Deferred compensation	-	(236,699)
Net cash used by operating activities	<u>(25,277)</u>	<u>(155,690)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of investments	(740,419)	(79,993)
Purchase of office furniture and equipment	(40,618)	(49,820)
Proceeds from termination of equity lease	-	456,502
Distribution of deferred compensation	-	236,699
Net cash (used) provided by investing activities	<u>(781,037)</u>	<u>563,388</u>
Net (decrease) increase in cash and cash equivalents	(806,314)	407,698
Cash and cash equivalents at beginning of year	<u>1,485,330</u>	<u>1,077,632</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 679,016</u>	<u>\$ 1,485,330</u>

AMERICAN FISHERIES SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Society.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Cash and cash equivalents -

The Society considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Society maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are shown separately in the Statements of Activities and Changes in Net Assets.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

The Society considers receivables to be delinquent after 120 days, and begins collection activities on that date. Delinquent receivables aggregated \$12,027 and \$64,909 as of December 31, 2015 and 2014, respectively.

AMERICAN FISHERIES SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

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.

Fixed assets -

Office furniture and equipment in excess of \$1,000 are stated at cost and are being depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. The cost of maintenance and repairs is recorded as expenses are incurred.

The equity in the office building is being amortized over the life of the agreement.

Due to sub-units -

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

Chapter liability -

Investments received by the Society on behalf of its chapters are appropriately recorded as a liability.

Deferred revenue -

Deferred revenue consists of membership fees, conference and meeting registrations received in advance of the period in which they are earned. The Society recognizes membership dues equal to membership fees received over the annual membership period. The Society recognizes conference and meeting revenue when the related event has occurred.

Library subscriptions -

Library subscriptions are revenues from royalties paid to the Society by its journal publisher for various subscription and publishing services such as institutional subscriptions, electronic services, advertising, editorial and author fees. The Society receives an annual lump sum payment at the beginning of each year and quarterly interim payments for other earned services thereafter.

Contributions -

Unrestricted and temporarily restricted contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Grants and contracts -

Grants and contracts are recognized as revenue as expenses on those contracts are incurred. Expenditures incurred in excess of funds received are shown as grants receivable in the accompanying financial statements.

AMERICAN FISHERIES SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Grants and contracts (continued) -

Funds received in excess of expenditures are shown as deferred revenue in the accompanying financial statements.

Income taxes -

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is subject to unrelated business income taxes under Section 512 of the Internal Revenue Code. The Society is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2015 and 2014, the Society has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Risks and uncertainties -

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Society adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Society accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

AMERICAN FISHERIES SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

2. INVESTMENTS

Investments are recorded at their readily determinable fair value and consisted of the following at December 31, 2015 and 2014:

	2015	2014
Mutual funds	\$ 4,105,142	\$ 3,640,186
Certificates of deposit	298,034	298,034
Stocks	54,678	57,860
Shares in partnership	1,706	1,884
TOTAL INVESTMENTS	\$ 4,459,560	\$ 3,997,964

Included in investment (loss) income are the following at December 31, 2015 and 2014:

	2015	2014
Interest and dividends	\$ 198,777	\$ 266,636
Unrealized loss	(237,822)	(7,113)
Realized loss	(41,001)	-
TOTAL INVESTMENT (LOSS) INCOME	\$ (80,046)	\$ 259,523

3. PENSION PLAN

The Society sponsors a defined contribution pension plan that covers all employees who have completed 1,000 hours of service for the Society. Contributions to the plan are based on ten percent of annual compensation. Pension expense totaled \$128,313 and \$77,813, for the years ended December 31, 2015 and 2014, respectively.

The Society has a deferred compensation plan for the former Executive Director. The assets are included in long-term investments. In 2014, the entire balance of the deferred compensation plan was paid out to the former Executive Director.

4. BOARD DESIGNATED NET ASSETS

The Society's Board of Directors has designated a portion of the accumulated unrestricted net assets as a contingency fund for the International Fisheries Section. It is up to that section to decide what to do with the funds.

In 2014, the Society reclassified the contingency fund to temporarily restricted net assets to appropriately account for the restriction for the International Fisheries Endowment Fund and earn interest. The reclassification is presented as a transfer in the Statements of Activities and Changes in Net Assets as of December 31, 2014.

AMERICAN FISHERIES SOCIETY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

5. TEMPORARILY RESTRICTED NET ASSETS

The following is a summary of the balances, which remain in temporarily restricted net assets, as of December 31, 2015 and 2014:

	<u>2015</u>		<u>2014</u>
Publications Endowment Fund	\$ 633,737	\$	620,987
Skinner Memorial Fund	295,242		272,654
Steve Berkeley Fellowship	291,752		290,953
International Fisheries Endowment Fund	263,792		257,851
J. Francis Allen Scholarship Fund	194,081		88,025
Obligated Reserve	117,039		114,724
AFS 2000 Campaign	100,394		98,408
Shelby Gerking Education Fund	66,352		65,040
Unit Investment Program	57,858		-
Snieszko Endowment Fund	55,054		55,052
Past President's Endowment Fund	32,212		30,421
Hutton Fund	23,981		9,950
Carl R. Sullivan Memorial	4,498		4,243
Other	<u>4,779</u>		<u>6,772</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ <u>2,140,771</u>	\$	<u>1,915,080</u>

6. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors, at December 31, 2015 and 2014:

	<u>2015</u>		<u>2014</u>
Skinner Memorial Fund	\$ 7,651	\$	8,658
Steve Berkeley Fellowship	13,000		2,000
J. Francis Allen Scholarship Fund	2,500		2,500
International Fisheries Endowment Fund	-		12,395
Snieszko Endowment Fund	1,132		-
Hutton Fund	97,500		156,038
Other	<u>3,723</u>		<u>10,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>125,506</u>	\$	<u>191,591</u>

7. OFFICE BUILDING EQUITY

In May 1986, the Society executed an "equity participation agreement" with the Renewable National Resource Foundation (the Foundation), which will provide the Society with office space until December 31, 2079. The acquisition cost of this agreement and original office occupancy expenses are being amortized over the life of the agreement.

AMERICAN FISHERIES SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

7. OFFICE BUILDING EQUITY (Continued)

The Society 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. The acquisition cost of the lease is being amortized over the life of the agreement. In addition, under the terms of the agreement, the Society is obligated to pay its share of all operating costs of the building.

In 2014, the Society and the Foundation executed a termination and release agreement, wherein the Foundation exercised its right to terminate the equity lease in exchange for a \$450,000 termination fee, which included incidental costs. Concurrent with the termination, the Society wrote off the costs of the office building equity and related office furniture and equipment.

As a result, the Society recognized a gain on asset disposal of \$312,257 in the Statements of Activities and Changes in Net Assets for the year ended December 31, 2014.

Amortization expense under this agreement for 2015 and 2014 totaled \$12,030 and \$13,628, respectively.

8. FUNCTIONAL CLASSIFICATION

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

The following is a summary of expense totals, by functional classification, at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Program Expenses:		
Publications	\$ 518,403	\$ 493,603
Project Management	438,751	347,623
Annual Meetings	259,605	218,044
Memberships	194,370	214,397
Fisheries	169,624	116,881
Professional Development	<u>78,932</u>	<u>99,940</u>
Total program expenses	<u>1,659,685</u>	<u>1,490,488</u>
Management and General	1,108,680	774,331
Fundraising	<u>79,162</u>	<u>82,150</u>
TOTAL EXPENSES	\$ <u>2,847,527</u>	\$ <u>2,346,969</u>

9. PUBLICATION RIGHTS ROYALTY

During 2010, the Society signed an agreement with an outside party to manage the publication of the journals which was formerly managed by the Society. The term of the agreement is seven years, starting January 1, 2011 and ending December 31, 2017.

AMERICAN FISHERIES SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

9. PUBLICATION RIGHTS ROYALTY (Continued)

As part of the agreement, the Society received a one-time publication rights royalty of \$1,000,000, which will be recognized as revenue over seven years, beginning January 1, 2011.

The following is a schedule of the future royalty income to be recognized:

<u>Year Ending December 31,</u>	
2016	\$ 142,857
2017	<u>142,857</u>
	<u>\$ 285,714</u>

10. COMMITMENTS

The Society is committed under agreements for conference space through the year 2019. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increase through the date of the event.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

- *Mutual funds*—The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Certificates of deposit*—Generally valued at original cost plus accrued interest, which approximates fair value.

AMERICAN FISHERIES SOCIETY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

11. FAIR VALUE MEASUREMENT (Continued)

- *Stocks*—Valued at the closing price reported on the active market in which the individual securities are traded.
- *Shares in partnership*—These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class - Investments:				
Mutual funds	\$ 4,105,142	\$ -	\$ -	\$ 4,105,142
Certificates of deposit	-	298,034	-	298,034
Stocks	54,678	-	-	54,678
Shares in partnership	-	-	1,706	1,706
TOTAL	\$ <u>4,159,820</u>	\$ <u>298,034</u>	\$ <u>1,706</u>	\$ <u>4,459,560</u>

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class - Investments:				
Mutual funds	\$ 3,640,186	\$ -	\$ -	\$ 3,640,186
Certificates of deposit	-	298,034	-	298,034
Stocks	57,860	-	-	57,860
Shares in partnership	-	-	1,884	1,884
TOTAL	\$ <u>3,698,046</u>	\$ <u>298,034</u>	\$ <u>1,884</u>	\$ <u>3,997,964</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Society's financial assets for the year ended December 31, 2015 and 2014:

	<u>Shares in Partnership</u>	
	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 1,884	\$ 1,765
Investment (loss) income	<u>(178)</u>	<u>119</u>
ENDING BALANCE	\$ <u>1,706</u>	\$ <u>1,884</u>

AMERICAN FISHERIES SOCIETY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

11. FAIR VALUE MEASUREMENT (Continued)

	<u>Deferred Compensation</u>	
	<u>2015</u>	<u>2014</u>
Beginning balance	\$ -	\$ 236,699
Distributions	<u>-</u>	<u>(236,699)</u>
ENDING BALANCE	<u>\$ -</u>	<u>\$ -</u>

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through August 12, 2016, the date the financial statements were issued.