

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

**DECEMBER 31, 2018 AND 2017**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of American Fisheries Society (a non-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and related statements of activities, functional expenses, 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 audit 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 American Fisheries Society as of December 31, 2018 and 2017, 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.

*Jane Warner & McQuade PA*

Columbia, MD  
August 2, 2019

**AMERICAN FISHERIES SOCIETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

	2018	2017
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 105,426	\$ 743,619
Accounts receivables, net	259,230	300,125
Inventory	263,270	290,410
Prepaid expenses	87,164	69,131
Total Current Assets	715,090	1,403,285
<b>OTHER ASSETS</b>		
Investments	4,075,786	4,451,807
Property and equipment, net	428,348	416,799
Events deposit	4,500	29,726
Total Other Assets	4,508,634	4,898,332
<b>TOTAL ASSETS</b>	<b>\$ 5,223,724</b>	<b>\$ 6,301,617</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	116,710	226,847
Accrued salaries and benefits	144,849	108,065
Due to sub-units	129,462	129,363
Deferred royalty revenue	101,021	128,572
Deferred membership dues	285,905	259,556
Deferred revenue	74,821	47,190
Total Current Liabilities	852,768	899,593
<b>OTHER LIABILITIES</b>		
Deferred royalty revenue, net of current portion	670,408	771,428
Investments due to sub-units	223,030	220,359
Total Other Liabilities	893,438	991,787
Total Liabilities	1,746,206	1,891,380
<b>NET ASSETS</b>		
Without donor restrictions:		
Available for operations	876,703	1,772,924
Board designated	256,340	269,727
Total Without Donor Restrictions	1,133,043	2,042,651
With donor restrictions	2,344,475	2,367,586
Total Net Assets	3,477,518	4,410,237
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,223,724</b>	<b>\$ 6,301,617</b>

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

**AMERICAN FISHERIES SOCIETY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Annual meeting	\$ 832,945	\$ -	\$ 832,945
Journals program	1,193,135	-	1,193,135
Publication sales	197,556	-	197,556
Membership dues	533,641	-	533,641
Contributions	8,637	228,436	237,073
Educational programs	24,346	-	24,346
Contract revenue	83,965	-	83,965
Promotion and outreach	70,866	-	70,866
Interest and dividends	90,444	105,081	195,525
In-kind contributions	58,312	-	58,312
Net assets released from restrictions	139,429	(139,429)	-
Total Revenue and Support	3,233,276	194,088	3,427,364
<b>EXPENSES</b>			
Program services:			
Annual meeting	992,996	-	992,996
Journals and publications	594,065	-	594,065
Policy, outreach and communications	637,733	-	637,733
Membership	361,376	-	361,376
Project management	262,386	-	262,386
Education and professional development	134,365	-	134,365
Total Program Services	2,982,921	-	2,982,921
Support services:			
General and administration	838,731	-	838,731
Fundraising	111,885	-	111,885
Total Support Services	950,616	-	950,616
Total Expenses	3,933,537	-	3,933,537
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(700,261)	194,088	(506,173)
<b>OTHER CHANGES</b>			
Net depreciation in fair value of investments	(209,347)	(217,199)	(426,546)
<b>CHANGE IN NET ASSETS</b>	(909,608)	(23,111)	(932,719)
<b>NET ASSETS, beginning of year</b>	2,042,651	2,367,586	4,410,237
<b>NET ASSETS, end of year</b>	\$ 1,133,043	\$ 2,344,475	\$ 3,477,518

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Annual meeting	\$ 866,302	\$ -	\$ 866,302
Journals program	1,048,116	-	1,048,116
Publication sales	87,739	-	87,739
Membership dues	464,930	-	464,930
Contributions	140,783	121,619	262,402
Educational programs	34,201	-	34,201
Contract revenue	259,577	-	259,577
Promotion and outreach	49,791	-	49,791
Interest and dividends	128,933	49,953	178,886
In-kind contributions	65,500	-	65,500
Net assets released from restrictions	561,393	(561,393)	-
Total Revenue and Support	3,707,265	(389,821)	3,317,444
<b>EXPENSES</b>			
Program services:			
Annual meeting	979,831	-	979,831
Journals and publications	921,814	-	921,814
Policy, outreach and communications	538,723	-	538,723
Membership	408,129	-	408,129
Project management	318,206	-	318,206
Education and professional development	106,282	-	106,282
Total Program Services	3,272,985	-	3,272,985
Support services:			
General and administration	723,455	-	723,455
Fundraising	105,724	-	105,724
Total Support Services	829,179	-	829,179
Total Expenses	4,102,164	-	4,102,164
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(394,899)	(389,821)	(784,720)
<b>OTHER CHANGES</b>			
Net appreciation in fair value of investments	88,825	262,362	351,187
<b>CHANGE IN NET ASSETS</b>	(306,074)	(127,459)	(433,533)
<b>NET ASSETS, beginning of year</b>	2,348,725	2,495,045	4,843,770
<b>NET ASSETS, end of year</b>	\$ 2,042,651	\$ 2,367,586	\$ 4,410,237

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

**AMERICAN FISHERIES SOCIETY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	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	\$ 233,487	\$ 291,022	\$ 456,489	\$ 166,332	\$ 70,533	\$ 101,211	\$ 1,319,074	\$ 306,958	\$ 89,498	\$ 396,456	\$ 1,715,530
Payroll taxes	16,263	20,271	31,796	11,586	4,913	7,050	91,879	21,381	6,234	27,615	119,494
Employee benefits	17,462	21,765	34,139	12,439	5,275	7,569	98,649	22,957	6,693	29,650	128,299
Retirement plan	20,996	26,170	41,049	14,957	6,343	9,101	118,616	27,603	8,048	35,651	154,267
Subtotal Personnel Costs	288,208	359,228	563,473	205,314	87,064	124,931	1,628,218	378,899	110,473	489,372	2,117,590
Advertisement and promotion	-	-	518	247	-	-	765	3,241	-	3,241	4,006
Awards	736	-	-	35,708	-	-	36,444	-	-	-	36,444
Bank fees	13,801	4,110	-	-	-	-	17,911	35,762	-	35,762	53,673
Condominium fee	-	-	-	-	-	-	-	15,211	-	15,211	15,211
Continuing education	-	-	-	-	-	7,284	7,284	-	-	-	7,284
Depreciation and amortization	-	-	-	-	-	-	-	38,887	-	38,887	38,887
Dues, licenses and subscriptions	-	275	4,560	395	-	-	5,230	15,962	950	16,912	22,142
Editorial fees	-	77,335	-	-	-	-	77,335	-	-	-	77,335
Meetings and conferences	644,204	1,320	330	-	-	-	645,854	23,600	-	23,600	669,454
Office expenses	3,580	1,665	-	1,095	2,865	-	9,205	47,590	-	47,590	56,795
Postage and delivery	96	7,210	-	3,472	227	1,532	12,537	571	62	633	13,170
Printing and reproduction	13,948	22,260	-	1,342	165	-	37,715	1,153	400	1,553	39,268
Professional fees	5,365	60,692	41,834	60,706	23,085	-	191,682	138,679	-	138,679	330,361
Publication fee	-	42,285	-	-	-	-	42,285	-	-	-	42,285
Rebates to Chapters	-	-	-	44,005	-	-	44,005	-	-	-	44,005
Repairs and maintenance	-	-	-	-	-	-	-	335	-	335	335
Scholarships	-	-	-	-	104,472	-	104,472	18,654	-	18,654	123,126
Telephone and internet	13,035	-	7,478	9,092	-	-	29,605	24,407	-	24,407	54,012
Travel expenses	10,023	17,685	19,540	-	44,508	618	92,374	37,011	-	37,011	129,385
Utilities and cleaning	-	-	-	-	-	-	-	58,769	-	58,769	58,769
Total Expenses	\$ 992,996	\$ 594,065	\$ 637,733	\$ 361,376	\$ 262,386	\$ 134,365	\$ 2,982,921	\$ 838,731	\$ 111,885	\$ 950,616	\$ 3,933,537

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



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

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

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

**AMERICAN FISHERIES SOCIETY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (932,719)	\$ (433,533)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization expenses	38,887	33,331
Net depreciation (appreciation) in fair value of investments	426,546	(351,187)
Decrease (increase) in assets:		
Accounts receivable	40,895	66,340
Inventory	27,140	225,800
Prepaid expenses	(18,033)	(40,524)
Events deposit	25,226	14,492
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(110,137)	174,614
Accrued salaries and benefits	36,784	(46,925)
Due to sub-units	99	37,494
Deferred royalty revenue	(128,571)	702,958
Deferred membership dues	26,349	17,476
Deferred revenue	27,631	47,190
Investments due to sub-units	2,671	140,359
Net Cash (Used for) Provided by Operating Activities	(537,232)	587,885
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(50,436)	(28,994)
Proceeds from sale of investments	160,000	61,311
Purchases of investments	(210,525)	(104,243)
Net Cash Used for Investing Activities	(100,961)	(71,926)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(638,193)	515,959
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	743,619	227,660
<b>CASH AND CASH EQUIVALENTS - end of year</b>	\$ 105,426	\$ 743,619

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

**AMERICAN FISHERIES SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE A – NATURE OF ORGANIZATION AND PROGRAM SERVICES**

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

AFS has the following program services:

Annual Meeting – AFS’s annual meeting 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.

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, 2018 AND 2017**  
(continued)

**NOTE A – NATURE OF ORGANIZATION AND PROGRAM SERVICES - continued**

Project Management – AFS administers the Hutton Junior Fisheries Biology program, a summer mentorship program for high school students, Agency Co-Op agreements, and other collaborative activities.

Education and Professional Development – AFS coordinates continuing education programs, professional certification, awards, recognition programs, and career advancement opportunities for fisheries students and professionals. Educational programming 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.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, AFS adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities.

The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the change of the net assets classes used in these financial statements.

Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Financial Statement Presentation

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

**AMERICAN FISHERIES SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

*Net Assets with Donor Restrictions* - Net assets subject to donor-imposed restrictions that will be met by either actions of AFS and/or the passage of time, or that must be maintained permanently by AFS. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, AFS considers all highly liquid investments with original maturities of three months or less to be cash equivalents except those included as part of an investment portfolio. Cash and cash equivalents in non-interest bearing 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 or cash equivalents.

Board Designated Funds

The Board has designated a portion of unrestricted net assets to cover any capital and operating expenses. Board designated funds totaled \$256,340 and \$269,727 as of December 31, 2018 and 2017, 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 is presented separately in the statement of activities as non-operating activities.

Accounts Receivables

Accounts receivables are stated at the amount management expects to collect from balances outstanding at year-end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection experience and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Based on management's evaluation of uncollectible accounts at the end of the year, management has established an allowance of \$14,170 and \$14,170 as of December 31, 2018 and 2017, respectively.

**AMERICAN FISHERIES SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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.

Property and Equipment

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

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

Furniture and equipment	3 – 5 years
Building improvements	39 years

Due to Chapters and Divisions

Unremitted chapter and division dues received by AFS on behalf of its sub-units are appropriately recorded as a liability. Rebates earned by the chapters are also recorded as a liability.

Chapter Investment Liability

Chapter investment liability represents funds received on behalf of AFS's chapters and divisions.

Deferred Revenue

Deferred revenue consists primarily of books and other publications sales received in advance of the period in which they are earned. Deferred membership dues relate to revenue received in advance of the period in which the dues were earned. Deferred royalty revenue represents an advanced payment received for future publication sales.

Revenue Recognition

Journal subscriptions 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.

**AMERICAN FISHERIES SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

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

Contributions, including unconditional promises to give, are recognized as revenue in the period in which they are made. Grants are recognized as revenue in the period in which such promises or agreements are made, generally when the agreement has been received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and 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 reported in the statements of activities as net assets released from restrictions.

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

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

In-Kind Contributions

In-kind contributions are recorded at fair value of the services or items received. AFS recognizes in-kind contributions that create or enhance non-financial assets, or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. AFS received in-kind donated goods and services for its annual conference totaling \$58,312 and \$65,500 for the years ended December 31, 2018 and 2017, respectively.

Methods Used for Allocation of Expenses from Management and General Activities

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, office expenses, and utilities and cleaning, which are allocated on a per headcount basis, as well as salaries and related cost, which are allocated on the basis of estimates of time and effort.

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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.

Reclassifications

For comparative purposes, certain amounts for the year ended December 31, 2017, have been reclassified to conform to the current year presentation. The reclassification had no effect on the previously reported net assets or change in net assets.

**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, 2018 and 2017, AFS had no liability for tax on unrelated business income. AFS files information returns and other tax returns as required.

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

AFS’s information returns are subject to examination by the Internal Revenue Service (“IRS”) for a period of three years from the date they were filed, except under certain circumstances. AFS’s information returns for the years ended December 31, 2015 through 2017 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

**NOTE D – 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, accounts receivable, and its investment portfolio.



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**NOTE D – AVAILABLE RESOURCES AND LIQUIDITY** – continued

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 general operating expenditures.

As of December 31, 2018, total financial assets held by AFS and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures were as follows:

Cash	\$	105,426
Accounts receivable		259,230
Investment		4,075,786
Total Financial Assets		4,440,442
Less: cash, encumbered by donor restrictions		(2,344,475)
Less: cash, encumbered by board restrictions		(256,340)
Less: investments held on behalf of chapters		(223,030)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year		\$ 1,616,597

**NOTE E – FAIR VALUE MEASUREMENTS**

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

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

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**NOTE E – FAIR VALUE MEASUREMENTS** - continued

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

- Level 1*     Inputs are based on unadjusted quoted prices for identical assets traded in active markets that AFS has the ability to access.
- Level 2*     Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.
- Level 3*     Inputs are unobservable and significant to the fair value measurement.

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

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

The following tables present the fair value hierarchy AFS's investments measured at fair value on a recurring basis as of December 31, 2018 and 2017:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 66,566	\$ -	\$ -	\$ 66,566
Mutual Funds	3,977,623	-	-	3,977,623
Equities and Options	31,597	-	-	31,597
Total	\$ 4,075,786	\$ -	\$ -	\$ 4,075,786

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**NOTE E – FAIR VALUE MEASUREMENTS - continued**

	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 26,737	\$ -	\$ -	\$ 26,737
Mutual Funds	4,385,868	-	-	4,385,868
Equities and Options	39,202	-	-	39,202
Total	\$ 4,451,807	\$ -	\$ -	\$ 4,451,807

**NOTE F – PROPERTY AND EQUIPMENT**

As of December 31, 2018 and 2017, property and equipment consisted of the following:

	2018	2017
Equity in office space	\$ 558,843	\$ 558,843
Software	448,688	371,748
Building improvements	96,647	96,647
Furniture and equipment	61,051	51,469
Construction in progress (software development)	-	36,173
	1,165,229	1,114,880
Less: accumulated depreciation and amortization	(736,881)	(698,081)
Property and Equipment, net	\$ 428,348	\$ 416,799

For the years ended December 31, 2018 and 2017, Depreciation and amortization expense, totaled \$38,887 and \$33,331, respectively.

**NOTE G – 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, 2018 and 2017, net assets with donor restrictions consisted of the following:

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**NOTE G –NET ASSETS WITH DONOR RESTRICTIONS – continued**

As of December 31, 2018

Fund Name	Membership Services	Outreach and Communications	Professional Development	Annual Meeting	Journals & Publications	Totals
Past Presidents	\$ 39,944	\$ -	\$ -	\$ -	\$ -	\$ 39,944
Snieszko Fund	64,718	-	-	-	-	64,718
Sully Fund	-	6,106	-	-	-	6,106
Hutton Fund	-	68,440	-	-	-	68,440
Puerto Rico	-	18,864	-	-	-	18,864
National Park Foundation	-	24,523	-	-	-	24,523
CRS/International	-	290,497	-	-	-	290,497
Shelby Gerkin	-	-	77,999	-	-	77,999
J Francis Allen	-	-	241,835	-	-	241,835
Publications	-	-	-	-	809,235	809,235
Steve Berkeley	-	-	-	-	339,423	339,423
Skinner Fund	-	-	-	362,891	-	362,891
Total Funds	<u>\$104,662</u>	<u>\$ 408,430</u>	<u>\$ 319,834</u>	<u>\$362,891</u>	<u>\$1,148,658</u>	<u>\$ 2,344,475</u>

As of December 31, 2017

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

**AMERICAN FISHERIES SOCIETY**  
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**NOTE H – 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 \$154,267 and \$144,881 for the year ended December 31, 2018 and 2017, respectively.

**NOTE I – PUBLICATION RIGHTS ROYALTY**

During 2010, AFS signed a seven-year agreement with an outside party to manage the publication of its books and journals, which ended on December 31, 2017. As part of the agreement, AFS received a one-time publication rights royalty of \$1,000,000, which was recognized as revenue over seven years, beginning on January 1, 2011. Effective, January 1, 2018, AFS entered into a similar agreement with a different publisher. AFS received a \$900,000 signing bonus, which will be recognized over seven years under the new arrangement. For the year ended December 31, 2018 and 2017, royalty income totaled \$128,686 and \$142,910, which is included in journals program on the statement of activities.

**NOTE J – OFFICE BUILDING EQUITY**

In May 1986, AFS executed an "equity participation agreement" with the Renewable National Resource Foundation (the “Foundation”), which will provide AFS with office space until December 31, 2079. AFS has also executed an "equity lease" agreement with the Foundation for additional office space in an adjoining building for 98 years beginning April 1, 1988. Under the terms of the agreements, AFS is obligated to pay its share of all operating costs of the buildings. Amortization expense under this agreement totaled \$12,090 and \$9,358 for the year ended December 31, 2018 and 2017, respectively.

**NOTE K – 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. As of December 31, 2018 and 2017, there was no outstanding balance due on the line of credit.

**NOTE L– SUBSEQUENT EVENTS**

In preparing these financial statements, AFS has evaluated events and transactions for potential recognition or disclosure through August 2, 2019, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.