

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

DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Fisheries Society as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2019, American Fisheries Society adopted new accounting guidance, Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Janet Marston & McQuade PA

Columbia, MD
July 15, 2020

**AMERICAN FISHERIES SOCIETY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 210,630	\$ 105,426
Accounts receivables, net	151,955	259,230
Inventory	270,478	263,270
Prepaid expenses	44,083	87,164
Total Current Assets	677,146	715,090
OTHER ASSETS		
Investments	4,384,172	4,075,786
Property and equipment, net	419,059	428,348
Events deposit	7,000	4,500
Total Other Assets	4,810,231	4,508,634
TOTAL ASSETS	\$ 5,487,377	\$ 5,223,724
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 72,771	\$ 116,710
Accrued salaries and benefits	129,498	144,849
Due to sub-units	119,659	129,462
Deferred royalty revenue	128,571	101,021
Deferred membership dues	268,614	285,905
Deferred revenue	101,699	74,821
Total Current Liabilities	820,812	852,768
OTHER LIABILITIES		
Deferred royalty revenue, net of current portion	514,286	670,408
Investments due to sub-units	262,093	223,030
Total Other Liabilities	776,379	893,438
Total Liabilities	1,597,191	1,746,206
NET ASSETS		
Without donor restrictions:		
Available for operations	815,176	876,703
Board designated	305,150	256,340
Total Without Donor Restrictions	1,120,326	1,133,043
With donor restrictions	2,769,860	2,344,475
Total Net Assets	3,890,186	3,477,518
TOTAL LIABILITIES AND NET ASSETS	\$ 5,487,377	\$ 5,223,724

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Annual meeting	\$ 1,169,826	\$ -	\$ 1,169,826
Journals program	1,137,381	-	1,137,381
Publication sales	156,167	-	156,167
Membership dues	551,943	-	551,943
Contributions	30,915	224,877	255,792
Educational programs	43,935	-	43,935
Contract revenue	22,616	68,182	90,798
Promotion and outreach	66,270	-	66,270
Interest and dividends	59,467	113,367	172,834
In-kind contributions	76,500	-	76,500
Net assets released from restrictions	334,752	(334,752)	-
Total Revenue and Support	<u>3,649,772</u>	<u>71,674</u>	<u>3,721,446</u>
EXPENSES			
Program services:			
Annual meeting	1,075,408	-	1,075,408
Journals and publications	752,615	-	752,615
Policy, outreach and communications	579,327	-	579,327
Membership	339,923	-	339,923
Project management	227,974	-	227,974
Education and professional development	144,002	-	144,002
Total Program Services	<u>3,119,249</u>	<u>-</u>	<u>3,119,249</u>
Support services:			
Management and general	528,989	-	528,989
Fundraising	199,592	-	199,592
Total Support Services	<u>728,581</u>	<u>-</u>	<u>728,581</u>
Total Expenses	<u>3,847,830</u>	<u>-</u>	<u>3,847,830</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(198,058)	71,674	(126,384)
OTHER CHANGES			
Net appreciation in fair value of investments	<u>185,341</u>	<u>353,711</u>	<u>539,052</u>
CHANGE IN NET ASSETS	(12,717)	425,385	412,668
NET ASSETS, beginning of year	<u>1,133,043</u>	<u>2,344,475</u>	<u>3,477,518</u>
NET ASSETS, end of year	<u>\$ 1,120,326</u>	<u>\$ 2,769,860</u>	<u>\$ 3,890,186</u>

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
REVENUE AND SUPPORT			
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	<u>3,233,276</u>	<u>194,088</u>	<u>3,427,364</u>
EXPENSES			
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	<u>2,982,921</u>	<u>-</u>	<u>2,982,921</u>
Support services:			
Management and general	838,731	-	838,731
Fundraising	111,885	-	111,885
Total Support Services	<u>950,616</u>	<u>-</u>	<u>950,616</u>
Total Expenses	<u>3,933,537</u>	<u>-</u>	<u>3,933,537</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(700,261)	194,088	(506,173)
OTHER CHANGES			
Net depreciation in fair value of investments	<u>(209,347)</u>	<u>(217,199)</u>	<u>(426,546)</u>
CHANGE IN NET ASSETS	(909,608)	(23,111)	(932,719)
NET ASSETS , beginning of year	<u>2,042,651</u>	<u>2,367,586</u>	<u>4,410,237</u>
NET ASSETS , end of year	<u>\$ 1,133,043</u>	<u>\$ 2,344,475</u>	<u>\$ 3,477,518</u>

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

**AMERICAN FISHERIES SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	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	\$ 300,508	\$ 366,520	\$ 385,064	\$ 137,302	\$ 21,982	\$ 89,827	\$ 1,301,203	\$ 243,044	\$ 136,003	\$ 379,047	\$ 1,680,250	
Payroll taxes	20,716	25,266	26,544	9,465	1,515	6,192	89,698	16,755	9,375	26,130	115,828	
Employee benefits	24,940	30,418	31,957	11,395	1,824	7,455	107,989	22,567	11,287	33,854	141,843	
Retirement plan	29,394	35,851	37,665	13,430	2,150	8,786	127,276	23,772	13,303	37,075	164,351	
Subtotal Personnel Costs	375,558	458,055	481,230	171,592	27,471	112,260	1,626,166	306,138	169,968	476,106	2,102,272	
Advertisement and promotion	-	-	-	-	-	-	-	-	626	626	626	
Awards	4,611	-	-	33,748	-	-	38,359	-	-	-	38,359	
Bank fees	27,772	15,849	12,748	4,545	730	2,976	64,620	8,042	4,499	12,541	77,161	
Condominium fee	3,268	3,986	4,188	1,493	239	977	14,151	2,643	1,479	4,122	18,273	
Continuing education	8,969	-	-	-	-	7,145	16,114	-	-	-	16,114	
Depreciation and amortization	-	-	-	-	-	-	-	46,209	-	46,209	46,209	
Dues, licenses and subscriptions	926	1,404	1,271	423	68	277	4,369	12,754	544	13,298	17,667	
Editorial fees	-	70,792	-	-	-	-	70,792	-	-	-	70,792	
Meetings and conferences	541,399	323	55	-	-	-	541,777	6,419	-	6,419	548,196	
Legal expense	590	-	-	-	-	-	590	-	-	-	590	
Office expenses	33,556	6,737	7,075	2,616	834	4,339	55,157	36,094	2,499	38,593	93,750	
Postage and delivery	821	11,121	125	2,997	150	583	15,797	1,401	271	1,672	17,469	
Printing and reproduction	15,373	26,403	655	1,800	84	-	44,315	1,293	1,875	3,168	47,483	
Professional fees	25,228	122,851	47,600	70,649	78,346	9,469	354,143	41,785	11,082	52,867	407,010	
Rebates to Chapters	-	-	-	44,205	-	-	44,205	-	-	-	44,205	
Repairs and maintenance	34	42	44	16	3	10	149	27	16	43	192	
Scholarships	-	-	-	-	109,905	-	109,905	2,881	-	2,881	112,786	
Telephone and internet	5,150	5,173	5,434	1,938	310	1,268	19,273	4,782	1,919	6,701	25,974	
Travel expenses	23,616	19,466	7,962	-	9,209	2,146	62,399	51,617	950	52,567	114,966	
Utilities and cleaning	8,537	10,413	10,940	3,901	625	2,552	36,968	6,904	3,864	10,768	47,736	
Total Expenses	<u>\$ 1,075,408</u>	<u>\$ 752,615</u>	<u>\$ 579,327</u>	<u>\$ 339,923</u>	<u>\$ 227,974</u>	<u>\$ 144,002</u>	<u>\$ 3,119,249</u>	<u>\$ 528,989</u>	<u>\$ 199,592</u>	<u>\$ 728,581</u>	<u>\$ 3,847,830</u>	

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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (net deficit)	\$ 412,668	\$ (932,719)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization expenses	46,209	38,887
Net depreciation (appreciation) in fair value of investments	(539,052)	426,546
Decrease (increase) in assets:		
Accounts receivable	107,275	40,895
Inventory	(7,208)	27,140
Prepaid expenses	43,081	(18,033)
Events deposit	(2,500)	25,226
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(43,939)	(110,137)
Accrued salaries and benefits	(15,351)	36,784
Due to sub-units	(9,803)	99
Deferred royalty revenue	(128,572)	(128,571)
Deferred membership dues	(17,291)	26,349
Deferred revenue	26,878	27,631
Investments due to sub-units	39,063	2,671
Net Cash Used for Operating Activities	(88,542)	(537,232)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(36,920)	(50,436)
Proceeds from sale of investments	441,191	160,000
Purchases of investments	(210,525)	(210,525)
Net Cash Provided by (Used for) Operating Activities	193,746	(100,961)
NET CHANGE IN CASH AND CASH EQUIVALENTS	105,204	(638,193)
CASH AND CASH EQUIVALENTS - beginning of year	105,426	743,619
CASH AND CASH EQUIVALENTS - end of year	\$ 210,630	\$ 105,426

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

**AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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, 2019 AND 2018
(continued)

NOTE A – NATURE OF ORGANIZATION AND PROGRAM SERVICES - continued

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 programming includes in-person workshops, meetings, recorded content and topical webinars.

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 cooperative grants, and other collaborative activities.

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

The Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification Topic 606, Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. AFS has implemented Topic 606.

In June 2018, FASB issued *ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. AFS has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with its implementation of ASU 2018-08.

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, 2019 AND 2018
(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 \$305,150 and \$256,340 as of December 31, 2019 and 2018, 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, 2019 and 2018, respectively.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(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 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.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(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 \$76,500 and \$58,312 for the years ended December 31, 2019 and 2018, 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 determined on the basis of estimates of time and effort expended.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)

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, 2018, 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, 2019 and 2018, AFS had \$5,152 and \$6,733, respectively, as tax liability on unrelated business income. AFS files information returns and other tax returns as required.

AFS believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There 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, 2016 through 2018 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.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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(continued)

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, 2019 and 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:

	2019	2018
Cash	\$ 210,630	\$ 105,426
Accounts receivable, net	151,955	259,230
Investment	4,384,172	4,075,786
Total Financial Assets	4,746,757	4,440,442
Less: cash, encumbered by donor restrictions	(2,769,860)	(2,344,475)
Less: cash, encumbered by board restrictions	(305,150)	(256,340)
Less: investments held on behalf of chapters	(262,093)	(223,030)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,409,654	\$ 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.

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)

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 is 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, 2019 and 2018:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 68,398	\$ -	\$ -	\$ 68,398
Other	3,349	-	-	3,349
Mutual Funds	4,265,188	-	-	4,265,188
Equities and Options	47,237	-	-	47,237
Total	\$ 4,384,172	\$ -	\$ -	\$ 4,384,172

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)

NOTE E – FAIR VALUE MEASUREMENTS – continued

	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

NOTE F – PROPERTY AND EQUIPMENT

As of December 31, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Equity in office space	\$ 655,490	\$ 558,843
Software	485,608	448,688
Building improvements	-	96,647
Furniture and equipment	61,051	61,051
	1,202,149	1,165,229
Less: accumulated depreciation and amortization	(783,090)	(736,881)
Property and Equipment, net	\$ 419,059	\$ 428,348

For the years ended December 31, 2019 and 2018, Depreciation and amortization expense, totaled \$46,209 and \$38,887, 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, 2019 and 2018, net assets with donor restrictions consisted of the following:

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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(continued)

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS – continued

As of December 31, 2019

Fund Name	Membership Services	Outreach and Communications	Professional Development	Annual Meeting	Journals & Publications	Totals
Past Presidents	\$ 47,996	\$ -	\$ -	\$ -	\$ -	\$ 47,996
Snieszko Fund	77,264	-	-	-	-	77,264
Sully Fund	-	8,231	-	-	-	8,231
Hutton Fund	-	146,930	-	-	-	146,930
National Park Foundation	-	14,231	-	-	-	14,231
CRS/International	-	335,624	-	-	-	335,624
Joan Duffy	-	388	-	-	-	388
Shelby Gerkin	-	-	93,120	-	-	93,120
J Francis Allen	-	-	286,844	-	-	286,844
Publications	-	-	-	-	927,519	927,519
Steve Berkeley	-	-	-	-	392,741	392,741
Skinner Fund	-	-	-	430,686	-	430,686
Multi State	-	-	8,287	-	-	8,287
Total Funds	<u>\$ 125,261</u>	<u>\$ 505,404</u>	<u>\$ 388,250</u>	<u>\$ 430,686</u>	<u>\$ 1,320,260</u>	<u>\$ 2,769,860</u>

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>

AMERICAN FISHERIES SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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(continued)

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 \$164,351 and \$154,267 for the years ended December 31, 2019 and 2018, respectively.

NOTE I – PUBLICATION RIGHTS ROYALTY

During 2018, AFS signed a seven-year agreement with an outside party to manage the publication of its journals and magazines. As part of the agreement, AFS received a \$900,000 signing bonus, which will be recognized over seven years under this arrangement. For the years ended December 31, 2019 and 2018, royalty income totaled \$128,595 and \$128,686, respectively, 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, 2019. 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 \$12,090 for the years ended December 31, 2019 and 2018, 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, 2019, and 2018, 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 July 15, 2020, 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.