

American Society of Ichthyologists
And Herpetologists

FINANCIAL STATEMENTS
and AUDITOR'S REPORT
December 31, 2016

Stephen W Cook



CERTIFIED PUBLIC ACCOUNTANT, PLLC
www.swc-cpa.com

Stephen W. Cook, CPA, PLLC
PO Box 792772
San Antonio, Texas 78279-2772
San Antonio: 210-495-4424 Austin: 512-454-7691

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Society of Ichthyologists and Herpetologists
Lawrence, Kansas

I have audited the accompanying financial statements of American Society of Ichthyologists and Herpetologists (the Society) (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules as noted in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stephen W Cook, CPA, PLLC

Stephen W Cook, CPA, PLLC
San Antonio, Texas
June 8, 2017

FINANCIAL STATEMENTS

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

STATEMENT OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 396,852	\$ 460,221
Investments	905,443	964,993
Accounts receivable	65,843	62,159
Total Current Assets	<u>1,368,138</u>	<u>1,487,373</u>
Other Assets		
Prepaid expenses	0	18,277
Investments-permanently restricted endowments	132,000	132,000
Total Other Assets	<u>132,000</u>	<u>150,277</u>
Total Assets	<u>\$ 1,500,138</u>	<u>\$ 1,637,650</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 20,562	\$ 95,932
Deferred revenue	55,975	73,590
Total Current Liabilities	<u>76,537</u>	<u>169,522</u>
Total Liabilities	76,537	169,522
Net Assets		
Unrestricted	1,258,838	1,300,141
Temporarily restricted	32,763	35,987
Permanently restricted	132,000	132,000
Total Net Assets	<u>1,423,601</u>	<u>1,468,128</u>
Total Liabilities and Net Assets	<u>\$ 1,500,138</u>	<u>\$ 1,637,650</u>

The notes to the financial statements are an integral part of these statements

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

STATEMENT OF ACTIVITY and CHANGE IN NET ASSETS

For the Years Ended December 31, 2016 and 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2016</u>	<u>2015</u>
Support and Revenues					
Program Services					
Annual meeting	\$	\$ 4,550	\$	\$ 4,550	
Memberships-annual	91,020			91,020	53,065
Memberships-life					255
Subscriptions	47,230			47,230	27,552
Publications-BioOne	54,679			54,679	50,719
Publications-JSTOR	10,678			10,678	10,975
Publications-other	1,872			1,872	16,960
Miscellaneous	400			400	1,202
Total program services	<u>205,879</u>	<u>4,550</u>		<u>210,429</u>	<u>160,728</u>
Other comprehensive income					
Donations		44,000		44,000	6,096
Interest and dividends	11,480	14,775		26,255	215
Net realized gain/(loss)	4,256	5,477		9,733	
Net unrealized gain/(loss)	20,635	26,558		47,193	95,595
	<u>36,372</u>	<u>90,809</u>		<u>127,181</u>	<u>101,906</u>
	<u>242,251</u>	<u>95,359</u>		<u>337,610</u>	<u>262,634</u>
Net assets released from restriction satisfaction of purpose	<u>98,583</u>	<u>(98,583)</u>			
Total support and revenues	<u>340,834</u>	<u>(3,224)</u>		<u>337,610</u>	<u>262,634</u>
Expenses					
Program Services					
Annual meeting	33,980			33,980	16,264
Awards	52,510			52,510	35,201
Publications	139,055			139,055	163,087
Total program services	<u>225,545</u>			<u>225,545</u>	<u>214,552</u>
Management and General Expenses	90,713			90,713	83,368
Total Expenses	<u>316,258</u>			<u>316,258</u>	<u>297,920</u>
Increase (Decrease) in Net Assets	24,576	(3,224)		21,352	(35,286)
Net Assets, beginning of year	1,300,141	35,987	132,000	1,468,128	1,503,414
Prior period adjustments	<u>(65,879)</u>			<u>(65,879)</u>	
Net Assets, end of year	<u>\$ 1,258,838</u>	<u>\$ 32,763</u>	<u>\$ 132,000</u>	<u>\$ 1,423,601</u>	<u>\$ 1,468,128</u>

The notes to the financial statements are an integral part of these statements

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS**STATEMENT OF CASH FLOWS**

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ 21,352	\$ (35,286)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Change in accounts receivable	(3,684)	(1,485)
Change in accounts payable	(75,370)	57,999
Change in deferred revenues	(17,615)	44,895
Net cash provided (used) by operating activities	<u>(75,317)</u>	<u>66,123</u>
Cash Flows From Investing Activities		
Change in investments	30,225	(95,595)
Change in prepaid expenses	<u>(18,277)</u>	<u>(17,277)</u>
Net cash flow provided (used) by investing activities	11,948	(112,872)
Net Increase (Decrease) in cash and cash equivalents	(63,369)	(46,749)
Cash and cash equivalents-beginning of period	460,221	506,970
Cash and cash equivalents-end of period	<u>\$ 396,852</u>	<u>\$ 460,221</u>

SUPPLEMENTARY SCHEDULES

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS**SUPPLEMENTARY SCHEDULE - ONE****COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS**

For the Years Ended December 31, 2016 and 2015

	General Operating	Annual Meeting	Fitch	Gaige	General Endowment	Gibbs	Let Student's Ride
Net Assets @ 12/31/2015	\$ 641,950	\$ 122,196	\$ 21,871	\$ 68,106	\$ 165,131	\$ 135,987	\$
Support and Revenue							
Memberships, Subs, Other	210,429						
Donations			805	367	21,758	563	9,040
Interest & dividends	11,480	2,185	391	1,218	2,953	2,432	
Net gains(loss) on investments	4,256	810	145	452	1,095	902	
Unrealized gains/(losses) on investments	20,635	3,928	703	2,189	5,308	4,371	
Total support and revenue	246,801	6,923	2,044	4,226	31,114	8,268	9,040
Expenses							
Publications	139,055						
Other expenses	124,693						
Awards	3,590		1,091	11,200		5,390	
Total expenses	267,338		1,091	11,200		5,390	
Excess of Revenues/(Expenses)	(20,537)	6,923	953	(6,974)	31,114	2,878	9,040
Other changes							
Prior period adjustments	(28,806)	(5,483)	(981)	(3,056)	(7,410)	(6,102)	
Board designated	(468)						
Total transfers	(29,274)	(5,483)	(981)	(3,056)	(7,410)	(6,102)	
Change in Net Assets	(49,812)	1,440	(28)	(10,030)	23,704	(3,224)	9,040
Net assets @ 12/31/2016	<u>592,138</u>	<u>123,636</u>	<u>21,843</u>	<u>58,076</u>	<u>188,835</u>	<u>132,763</u>	<u>9,040</u>
Unrestricted	592,138	123,636	21,843	58,076	188,835		9,040
Temporarily restricted						32,763	
Permanently restricted						100,000	
Net assets @ 12/31/2016	<u>\$ 592,138</u>	<u>\$ 123,636</u>	<u>\$ 21,843</u>	<u>\$ 58,076</u>	<u>\$ 188,835</u>	<u>\$ 132,763</u>	<u>\$ 9,040</u>

	Life Membership	Liner	Meritorius Teaching	Raney	Storer	Stoye	Student Travel	Total
\$	90,969	\$	687	\$ 86,070	\$ 29,987	\$ 88,111	\$ 17,063	\$ 1,468,128
								210,429
	1,627	1,024	12	862	358	1,419	7,804	44,000
	603		5	1,539	536	1,576	305	26,255
				571	199	584	113	9,733
	<u>2,924</u>		<u>22</u>	<u>2,767</u>	<u>964</u>	<u>2,832</u>	<u>548</u>	<u>47,193</u>
	5,154	1,024	39	5,739	2,057	6,411	8,771	337,610
								139,055
								124,693
			1,163	10,220	616	1,832	17,408	52,510
			<u>1,163</u>	<u>10,220</u>	<u>616</u>	<u>1,832</u>	<u>17,408</u>	<u>316,258</u>
	5,154	1,024	(1,124)	(4,481)	1,441	4,579	(8,637)	21,352
	(4,082)		(31)	(3,862)	(1,346)	(3,954)	(766)	(65,879)
			468					-
	<u>(4,082)</u>		<u>437</u>	<u>(3,862)</u>	<u>(1,346)</u>	<u>(3,954)</u>	<u>(766)</u>	<u>(65,879)</u>
	1,072	1,024	(687)	(8,344)	95	625	(9,403)	(44,527)
	<u>92,041</u>	<u>1,024</u>	<u>0</u>	<u>77,726</u>	<u>30,082</u>	<u>88,736</u>	<u>7,660</u>	<u>1,423,601</u>
	92,041	1,024	0	45,726	30,082	88,736	7,660	1,258,838
								32,763
				32,000				132,000
\$	<u>92,041</u>	<u>1,024</u>	<u>0</u>	<u>77,726</u>	<u>30,082</u>	<u>88,736</u>	<u>7,660</u>	<u>1,423,601</u>

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS**SUPPLEMENTARY SCHEDULE - TWO****STATEMENT OF MUTUAL FUND INVESTMENTS**

December 31, 2016

Mutual Fund	Original Purchase Date	Number of Shares	Original Cost	FMV at 12/31/2016	Unrealized Gain/(Loss)
Am Fund Europacific Growth Fund	09/04/12	659.550	\$ 27,106	\$ 29,660	\$ 2,554
Am Fund-Washington Mutual	03/27/15	2,667.854	107,888	109,169	1,281
American Centry Investment Trust	09/14/16	8,314.539	91,533	88,549	(2,984)
AMG Funds, Managers Bond Fund	10/13/11	2,670.576	72,382	70,076	(2,306)
Champlain Funds Small Cap	03/27/15	1,729.270	29,219	34,205	4,986
Cohen and Steers Realty Shares	10/13/11	306.767	19,510	20,133	623
Deutsche Secs Tr.	12/16/15	1,803.403	20,674	21,316	642
Dodge and Cox Stock Fund	10/13/11	374.497	49,029	69,020	19,991
Fidelity Advisor VIII Strategic Income	10/03/14	3,361.575	41,408	40,507	(901)
Goldman Sachs Financial Square Treasury	09/15/16	7,638.870	7,639	7,639	0
Hartford Mutual Funds-MidCap	09/14/16	1,260.503	31,432	32,710	1,278
Invesco Global Real Estate	08/18/15	2,377.990	30,962	29,273	(1,689)
Mainstay Fund Hi Yield	09/14/16	3,622.993	20,760	20,796	36
Metropolitan Est Fds Total Return	10/13/11	9,448.420	100,446	99,492	(954)
MFS Emerging Markets Debt Fund	10/13/11	2,055.299	31,452	29,535	(1,917)
Oppenheimer Intl Bond Fund Class Y	10/13/11	8,687.302	53,815	48,736	(5,079)
Principal Fund Small Midcap	09/14/16	2,139.165	31,134	34,334	3,200
T Rowe Blue Chip	03/27/15	1,148.044	81,958	83,359	1,401
Thornburg Investment Trust-Value Fund	10/13/11	2,637.612	53,035	53,016	(19)
Wells Fargo Small Co Growth	09/14/16	723.229	30,477	31,902	1,425
Wells Fargo Spcl Midcap	09/14/16	1,252.025	41,278	45,085	3,807
Wells Fargo Emerging Markets Equity Fd	09/12/13	1,973.225	42,832	38,931	(3,901)
Total Open End Funds			<u>\$ 1,015,969</u>	<u>\$ 1,037,443</u>	<u>\$ 21,474</u>

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

SUPPLEMENTARY SCHEDULE - THREE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Annual meeting:	\$ 33,980	\$ 16,264
Awards:		
Awards-General Operating	3,500	0
Awards-Student Travel	17,408	14,400
Awards-General endowment	0	0
Awards-Stoye	1,832	1,858
Awards-Gaige	11,200	6,115
Awards-Nelson	0	0
Awards-Storer	616	619
Awards-Raney	10,220	5,967
Awards-Fitch	1,091	1,161
Awards-Gibbs	5,390	5,081
Awards-Johnson	90	0
Awards-Meritorious Teaching	1,163	0
	<u>52,510</u>	<u>35,201</u>
Publications:		
Publications-Copeia-Allen	1,950	3,809
Publications-Copeia-Editorial	33,026	32,747
Publications-Copeia-Electronic	11,660	84,007
Publications-Copeia-Printed	90,895	42,524
Publications-other	1,524	0
	<u>139,055</u>	<u>163,087</u>
Management and General Expenses:		
Allen Press Expenses:		
Allen Press-Management Fee	30,952	29,771
Allen Press-Warehouse Fee	1,965	2,004
Allen Press-Marketing	2,780	1,623
Allen Press-Electronic Site	4,612	4,161
Audit	8,500	8,500
Bank Fees	2,658	2,620
Donations	0	1,000
Dues and Subscriptions	1,294	3,450
Investment Fees	26	0
Secretary's Office Expense	30,011	26,563
Treasurer's Office Expense	2,345	1,645
Web Site	1,920	1,920
Miscellaneous	3,650	111
	<u>90,713</u>	<u>83,368</u>
	<u>\$ 316,258</u>	<u>\$ 297,920</u>

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

SUPPLEMENTARY SCHEDULE - FOUR

STATEMENT OF CASH, CASH EQUIVALENTS AND INVESTMENTS

December 31, 2016 and 2015

	<u>General Operating</u>	<u>Annual Meeting</u>	<u>Fitch</u>	<u>Gaige</u>	<u>General Endowment</u>	<u>Gibbs</u>	<u>Let Student's Ride</u>
Cash and Cash Equivalents							
US Bank	\$ 46,959	\$ 1,317	\$ 389	\$ 804	\$ 5,920	\$ 1,573	\$ 1,720
Wells Fargo	75,013	2,104	621	1,284	9,457	2,513	2,748
Wells Fargo	<u>168,135</u>	<u>4,717</u>	<u>1,393</u>	<u>2,879</u>	<u>21,197</u>	<u>5,632</u>	<u>6,159</u>
	290,108	8,138	2,403	4,967	36,574	9,719	\$ 10,626
WF- Investment							
Investments	661,899	18,568	5,482	11,333	83,445	22,173	24,245
Restricted						132,000	
	<u>661,899</u>	<u>18,568</u>	<u>5,482</u>	<u>11,333</u>	<u>83,445</u>	<u>154,173</u>	<u>24,245</u>
Total	<u>\$ 952,007</u>	<u>\$ 26,706</u>	<u>\$ 7,885</u>	<u>\$ 16,300</u>	<u>\$ 120,019</u>	<u>\$ 163,892</u>	<u>\$ 34,871</u>

<u>Life Member</u>	<u>Liner</u>	<u>Merit Teach</u>	<u>Raney</u>	<u>Storer</u>	<u>Stoye</u>	<u>Student Travel</u>	<u>Total</u>
\$ 981	\$ 195	\$ 7	\$ 1,092	\$ 391	\$ 1,220	\$ 1,669	\$ 64,238
1,567	\$ 311	12	1,744	625	1,949	2,666	\$ 102,614
3,511	\$ 698	27	3,909	1,401	4,368	5,975	\$ 230,000
<u>6,059</u>	<u>1,204</u>	<u>46</u>	<u>6,746</u>	<u>2,418</u>	<u>7,536</u>	<u>10,310</u>	<u>\$ 396,852</u>
13,823	2,746	104	15,390	5,517	17,194	23,522	\$ 905,443
<u>13,823</u>	<u>2,746</u>	<u>104</u>	<u>15,390</u>	<u>5,517</u>	<u>17,194</u>	<u>23,522</u>	<u>\$ 132,000</u>
<u>\$ 19,881</u>	<u>\$ 3,950</u>	<u>\$ 150</u>	<u>\$ 22,136</u>	<u>\$ 7,935</u>	<u>\$ 24,730</u>	<u>\$ 33,832</u>	<u>\$ 1,434,295</u>

NOTES TO FINANCIAL STATEMENTS

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - ORGANIZATION

The American Society of Ichthyologists and Herpetologists (the Society) is organized as a non-profit corporation for the purposes of increasing “knowledge of all kinds concerning fish (ichthyology), and reptile and amphibians (herpetology).” The society’s main sources of income are member dues, subscription revenue from the society’s quarterly journal, *Copeia*, revenue sharing from virtual sources of the *Copeia*, and donations.

The major programs of the Society are the publication of the quarterly journal, *Copeia*, the publication of books on ichthyology and herpetology, the recognition of achievements in these fields through annual awards and presentation of invited and contributed talks and posters at the annual meeting by the membership.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Date of Management’s Review and Subsequent Events

Subsequent events were evaluated through June 6, 2017, which is the date of the financial statements.

B. Income Taxes

The Society is a non-profit organization that is exempt from income taxes under Section 501 (C) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, income from certain activities not directly related to the Society’s tax exempt purpose is subject to federal income tax as unrelated business income. Management has determined that the Society has no current obligations for unrelated business income tax. Accordingly, no provisions for federal income taxes are required. All filings with the Internal Revenue Service are current.

C. Basis of Presentation and Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The Corporation’s activities and net assets are classified in the financial statements as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor imposed restrictions. These classifications are described as follows:

Unrestricted - those resources over which the board of directors has discretionary control. Board designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted - Those resources subject to donor imposed restriction which will be satisfied by action of the Organization or passage of time.

Permanently Restricted - Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increase or decrease in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

D. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

E. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and investments in marketable securities. Cash and money market deposits do not exceed the federal deposit insurance limits. Funds in excess of the FDIC limits are automatically transferred and invested in the Organization's investment account. Funds in the investment account are insured by the SPIC but are subject to market fluctuations.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid investments with an initial maturity of three months or less to be a cash equivalent.

G. Investments and Fair Value Measurements

The Organization applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements used to measure fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisal or other means such as calculation based on contractual rates and published tables.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investment in bonds, equities, and mutual funds are carried at fair value based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

H. Accounts Receivable

All receivables are reported at their gross value. The Corporation uses the direct write-off method to account for bad debt. No allowance for bad debt is used. Estimated unbilled revenues for membership fees have not been recognized as of the end of the year as they are considered immaterial at December 31, 2016, the amount was \$65,843.

I. Accounts Payable

All payables are reported at their gross value. Expenses that were incurred for the current fiscal period but due and payable in a subsequent period are recognized as of the year end. Accounts payable at year end were \$20,562.

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

J. Deferred Revenue

Transactions that are categorized as exchange in nature may be recorded as deferred revenue. These exchange transactions will be recognized as revenue in the succeeding year when the services are provided. Deferred revenues were \$55,975.

K. Awards

The Organization presents a number of awards annually. To facilitate payment of these awards the Organization has adopted selected objective, parameters and funding mechanisms.

Funds With Deficiencies

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Uniform Prudent Management of Institutional funds act requires the society to retain as a fund of perpetual duration. The deficiencies usually result from unfavorable market fluctuations. The society's Endowment and Financial Committee is authorized to transfer the necessary funds as needed, from unrestricted net assets to restore the endowments to their stipulated value.

Objective and Risk Parameters

The society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to produce results that approximate a yield of 5% per year, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The society targets a diversified asset allocation that places equal emphasis on equity based on income investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year 5% or less of the endowment funds' average fair value for the awards described above. Accordingly the society expects the current spending policy to allow its endowments to remain stable on an annual basis. This is consistent with the Society's objectives to maintain the purchasing power of the endowment assets held in perpetuity as well as provide adequate funding for annual awards.

L. Program Income and Expenses

The society considers the production costs and resulting sales income related to book publications to be program expense and revenue, respectively. The Society has not assigned a value to ending publication inventory due to the relatively short life of these publications and the uncertainty of future sales. As a result, publication revenues and expenses are recorded in the year earned or incurred, respectively.

M. Contributions

Contributions are recorded as revenue when received. Contributions are considered available for the Organization's programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary

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NOTES TO FINANCIAL STATEMENTS

December 31, 2016

restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

N. Functional Allocation of Expenses

Expenses are specifically allocated to the various programs and supporting services whenever practical. When this is impractical, allocations are made on the basis of time and expense reports, space utilization or the best estimates of management.

NOTE 3 - CASH, and CASH EQUIVALENTS

Cash and cash equivalents consist of checking, and money market accounts. The Society's cash and cash equivalents are protected by the Federal Deposit Insurance Corporation (FDIC).

Institution	Type	Cost	Fair Market Value
Cash and Equivalents:			
U S Bank	Checking	\$ 64,238	\$ 64,238
Wells Fargo	Checking	102,614	102,614
Wells Fargo	Money Market	230,000	230,000
		<u>\$ 396,852</u>	<u>\$ 396,852</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

In some cases, inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level within which the asset falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgement and considers factors specific to the asset. The categorization of an asset within the hierarchy is based on the pricing transparency of the asset and does not necessarily correspond to the Organization's perceived risk of liquidity for that asset.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks and Equity mutual funds	\$ <u>1,037,443</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,037,443</u>

NOTE 5 - PERMANENTLY RESTRICTED NET ASSETS

Endowment Funds

The Society has two named endowment funds that represent gifts and bequests that have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or a specified period. Incomes from these assets are restricted to provide scholarships and honorariums as detailed below. These funds are recognized as restricted net assets.

The Robert H. Gibbs, Jr. Memorial Award:

The Gibbs Endowment presents an annual award for an outstanding body of published work in systematic ichthyology to citizens of a western Hemisphere nation. The fair market value of this endowment is \$100,000.

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NOTES TO FINANCIAL STATEMENTS

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The Edward C. Raney Award:

The Raney Endowment funds an award for ichthyology. The award provides support for young student ichthyologists for museum or laboratory study, travel, fieldwork, or any other activity that will effectively enhance their professional careers and their contributions to the science of ichthyology. The fair market value of this endowment is \$32,000.

Funds With Deficiencies

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Uniform Prudent Management of Institutional funds act requires the society to retain as a fund of perpetual duration. The deficiencies usually result from unfavorable market fluctuations. The society's Endowment and Financial Committee is authorized to transfer the necessary funds as needed, from unrestricted net assets to restore the endowments to their stipulated value.

Objective and Risk Parameters

The society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to produce results that approximate a yield of 5% per year, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for achieving Objectives

To satisfy its long-term objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The society targets a diversified asset allocation that places equal emphasis on equity based on income investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year 5% or less of the endowment funds' average fair value for the awards described above. Accordingly the society expects the current spending policy to allow its endowments to remain stable on an annual basis. This is consistent with the Society's objectives to maintain the purchasing power of the endowment assets held in perpetuity as well as provide adequate funding for annual awards.

NOTE 6 - CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time and support of the Society program services. The value of this contributed time is not reflected in the accompanying financial statements because the criteria for recognition have not been satisfied.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of this report. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 8 - RELATED PARTY TRANSACTIONS

There were no related party transactions that were material to the financial statements during the fiscal year.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 9 - PRIOR PERIOD ADJUSTMENTS

An adjustment of \$68,487 was made to the financial statements for compliance with *Financial Accounting Standard Board's* Statement of Financial Accounting Standards No. 157 (Fair Value Measurements). The adjustment of \$68,487 was to correct the beginning values of related investments.

NOTE 10 - LIFE MEMBERSHIPS

Life memberships have in indeterminate membership length. Therefore, the organization has elected to recognize life memberships when received.

NOTE 11 - OFFICERS AND OTHER INFORMATION

<u>Name</u>	<u>Position</u>
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Officer and Executive Committee:

Maureen A. Donnelly	President
Carole Baldwin	President Elect/Sec.
Larry Allen	Past President
H. Brad Shaffer	Prior Past President
F. Douglas Martin	Treasurer
Christopher Beachy	Editor

Executive Committee Only:

Frederick Zaidan	Chair of LRPP
Michael Retzer	Chair of ENFC

Copia Staff (Partial)

Christopher Beachy	Editor
Kathleen Smith	Production Editor
William L. Smith	Figure Editor

Historians:

David Smith
Joseph Mitchell

Offices:

P O Box 1897
Lawrence, Kansas 66044-8897
Phone: 800-627-0326
Fax: 785-843-1274

asih@allenpress.com