

Audited Financial Statements

THE BIOPHYSICAL SOCIETY

June 30, 2008

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T A T E



TRYON

A Professional Corporation

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Accountants

and Consultants

Independent Auditor's Report

To the Board of Directors
The Biophysical Society

We have audited the accompanying statement of financial position of the Biophysical Society (the Society) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Society's 2007 financial statements and, in our report dated September 28, 2007; we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Biophysical Society as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Washington, DC
September 17, 2008

THE SOUTHERN BUILDING

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.....

9TH FLOOR

.....

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The Biophysical Society

Statements of Financial Position

<i>June 30,</i>	2008	2007
Assets		
Cash and cash equivalents	\$ 2,345,105	\$ 1,695,712
Accounts receivable, net of allowance	158,031	153,009
Prepaid expenses	99,214	105,587
Investments - Note B	4,276,473	3,962,324
Property and equipment - Note C	65,031	84,720
Total assets	\$ 6,943,854	\$ 6,001,352
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 183,443	\$ 142,453
Accrued annual leave	114,553	98,153
Deferred subscription revenue	685,138	685,011
Deferred dues revenue	357,942	334,433
Deferred publication revenue - Note D	500,000	-
Deferred exhibition revenue	121,150	-
Total liabilities	1,962,226	1,260,050
Net assets		
Unrestricted		
Board designated - annual meeting	15,765	15,765
Board designated - reserve for future activities	4,819,441	4,580,369
Total unrestricted net assets	4,835,206	4,596,134
Temporarily restricted - Note F	146,422	145,168
Total net assets	4,981,628	4,741,302
Commitments and contingencies - Note G	-	-
Total liabilities and net assets	\$ 6,943,854	\$ 6,001,352

See notes to financial statements.

The Biophysical Society

Statements of Activities

<i>Year ended June 30,</i>	Unrestricted	Temporarily Restricted	Total 2008	Total 2007
Revenue				
Program services				
Biophysical Journal	\$ 2,393,275	\$ -	\$ 2,393,275	\$ 2,212,911
Annual meeting	1,670,304	-	1,670,304	1,511,269
Public affairs	86,432	34,488	120,920	133,046
Total program services	4,150,011	34,488	4,184,499	3,857,226
Supporting services				
Membership dues	676,327	-	676,327	681,723
Other membership revenue	167,357	77,374	244,731	298,554
Interest and dividends	229,930	-	229,930	231,305
Total supporting services	1,073,614	77,374	1,150,988	1,211,582
Net assets released from restriction	110,608	(110,608)	-	-
Total revenue	5,334,233	1,254	5,335,487	5,068,808
Expenses				
Program services				
Biophysical Journal	1,974,776	-	1,974,776	1,914,661
Annual meeting	1,193,425	-	1,193,425	1,012,188
Public affairs	204,423	-	204,423	219,431
Total program services	3,372,624	-	3,372,624	3,146,280
Supporting services				
Membership services	1,389,975	-	1,389,975	1,248,254
Total expenses	4,762,599	-	4,762,599	4,394,534
Change in net assets - operations	571,634	1,254	572,888	674,274
Bad debt (expense) recovery	(22,471)	-	(22,471)	100,890
Net (loss) gain on investments	(310,091)	-	(310,091)	241,157
Change in net assets	239,072	1,254	240,326	1,016,321
Net assets, beginning of year	4,596,134	145,168	4,741,302	3,724,981
Net assets, end of year	\$ 4,835,206	\$ 146,422	\$ 4,981,628	\$ 4,741,302

The Biophysical Society

Statements of Cash Flows

<i>Year ended June 30,</i>	2008	2007
Cash flows from operating activities		
Change in net assets	\$ 240,326	\$ 1,016,321
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,001	15,780
Net (gain) loss on investments	310,091	(241,157)
Changes in assets and liabilities:		
Accounts receivable	(5,022)	(29,550)
Prepaid expenses	6,373	9,082
Accounts payable	40,990	24,496
Accrued annual leave	16,400	10,252
Deferred subscription revenue	127	94,744
Deferred dues revenue	23,509	(43,171)
Deferred signing bonus	500,000	-
Deferred exhibition revenue	121,150	-
Total adjustments	1,043,619	(159,524)
Net cash provided by operating activities	1,283,945	856,797
Cash flows from investing activities		
Purchases of investments, net	(624,240)	(128,425)
Purchases of property and equipment	(10,312)	(40,118)
Net cash used in investing activities	(634,552)	(168,543)
Net increase in cash and cash equivalents	649,393	688,254
Cash and cash equivalents, beginning of year	1,695,712	1,007,458
Cash and cash equivalents, end of year	\$ 2,345,105	\$ 1,695,712

See notes to financial statements.

The Biophysical Society

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Biophysical Society (the Society) was incorporated in the State of Ohio in 1958. Its mission is to encourage the development and dissemination of knowledge in Biophysics.

Income tax status: The Society is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation by the Internal Revenue Service.

Basis of accounting: The Society prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, the Society considers its demand deposits in banks and the balance in its Smith Barney and Mercantile Safe Deposit & Trust Company "Operating Accounts" to be cash equivalents.

Accounts receivable: Accounts receivable consists primarily of amounts owed from customers as a result of the sale of publications and advertising. The Society's management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Society's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Accounts receivable are presented net of an allowance for doubtful accounts of \$47,372 and \$25,000 at June 30, 2008 and 2007, respectively.

Property and equipment: Property and equipment is stated at cost and is depreciated using the straight-line method over five to seven years. The Society generally capitalizes all acquisitions greater than \$1,000.

Restricted and unrestricted revenue: Contributions are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of any donor imposed restrictions. When a restriction expires (that is, when a stipulated purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Allocation of expenses: The costs of the Society's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net assets: Unrestricted net assets consist of the following:

Undesignated: An unrestricted fund that accounts for the general operations of the Society.

Board designated: Unrestricted, designated funds that provide for the annual meeting, Biophysical Journal, and the long-term stability and development of the Society's programs.

The Biophysical Society

Notes to Financial Statements

B. INVESTMENTS

The Society's investments are recorded at fair value and consisted of the following as of June 30,

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 137,056	\$ 137,056	\$ 138,688	\$ 138,688
U.S. Treasury & Agency securities	1,343,932	1,310,846	1,352,085	1,373,454
Corporate bonds	1,001,297	1,027,190	669,294	688,504
International bonds	89,349	89,929	42,177	43,714
Marketable equity securities	1,704,839	1,734,794	1,760,080	1,516,575
	\$ 4,276,473	\$ 4,299,815	\$ 3,962,324	\$ 3,760,935

For the years ended June 30, 2008 and 2007 the Society incurred investment fees of \$19,376 and \$26,985, respectively.

C. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30,

	2008	2007
Furniture and fixtures	\$ 60,965	\$ 57,891
Office equipment	25,780	21,492
Computer equipment	192,073	189,123
	278,818	268,506
Less accumulated depreciation	(213,787)	(183,786)
	\$ 65,031	\$ 84,720

D. DEFERRED PUBLICATION REVENUE

The Society has contracted with an outside publishing company, whereby the publishing company will assume all responsibilities for the publication, promotion, and distribution of the Biophysical Journal. The term of the agreement is from January 1, 2009 through December 31, 2013. As part of the agreement, the publisher paid the Society a \$500,000 "signing bonus". The signing bonus will be earned by the Society ratably over the term of the agreement.

The Biophysical Society

Notes to Financial Statements

E. RETIREMENT PLAN

The Society has a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees upon their completion of minimum requirements as to age and length of service. Retirement expense for the years ended June 30, 2008 and 2007 was \$60,519 and \$59,408, respectively.

F. TEMPORARILY RESTRICTED FUNDS

Temporarily restricted net assets are available for the following purposes at June 30,

	2008	2007
Membrane subgroup	\$ 33,902	\$ 32,085
Structure & assembly subgroup	25,331	24,478
Motility subgroup	15,582	15,833
Molecular subgroup	18,650	17,743
Bioenergetics subgroup	8,439	9,499
Biological fluorescence subgroup	8,876	11,004
Exocytosis & endocytosis subgroup	1,203	1,136
Permeation & Transport	4,352	3,983
Intrinsically Disordered Proteins	4,533	3,299
Total Subgroups	<u>120,868</u>	<u>119,060</u>
Young Investigators Award	17,912	20,225
Emily Gray Award	4,074	3,799
Burroughs Welcome	2,084	2,084
IUPAB Travel	1,484	-
	<u>\$ 146,422</u>	<u>\$ 145,168</u>

The Biophysical Society

Notes to Financial Statements

G. COMMITMENTS

In the ordinary course of business, the Society has entered into various operating contracts with vendors for goods and services. The Society's management actively reviews all such contracts and believes that the Society's exposure to significant future liabilities from such contracts is remote.

Operating Leases: As of January 1, 2005, the Society entered into a non-cancelable office lease ending on December 31, 2010. Total office rental expense for the years ended June 30, 2008 and 2007 amounted to \$108,866 and \$107,659, respectively. Future minimum payments under the terms of the lease are as follows:

Year Ending June 30,	Total
2009	\$ 113,042
2010	<u>57,036</u>
	<u>\$ 170,078</u>

In addition, the Organization has entered into an employment agreement (the Agreement) with its Executive Officer. The agreement is scheduled to terminate on June 30, 2011, but may be ended sooner under certain circumstances.