**Audited Financial Statements**

**THE BIOPHYSICAL SOCIETY**

***June 30, 2016***

## Contents

# Independent Auditor's Report

To the Council
The Biophysical Society

We have audited the accompanying financial statements of the Biophysical Society (the Society), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. We have previously audited the 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***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 audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society'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 Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Biophysical Society as of June 30, 2016, 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 12, 2016

# The Biophysical Society

## Statements of Financial Position

| *June 30,* | 2016 | 2015 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | **$ 2,738,439** | $ 2,358,787 |
| Investments | **12,025,072** | 11,893,783 |
| Accounts receivable | **120,973** | 105,044 |
| Prepaid expenses and other assets | **202,766** | 219,996 |
| Deferred compensation investments | **309,548** | 290,876 |
| Property and equipment | **20,317** | 37,443 |
| **Total assets** | **$ 15,417,115** | $ 14,905,929 |

| | 2016 | 2015 |
|---|---|---|
| **Liabilities and Net Assets** | | |
| Liabilities | | |
| Accounts payable and accrued expenses | **$ 226,591** | $ 238,255 |
| Accrued leave | **623,951** | 556,026 |
| Deferred subscription revenue | **51,117** | 59,096 |
| Deferred dues revenue | **378,278** | 357,331 |
| Deferred exhibition revenue | **131,824** | 232,545 |
| Deferred meeting revenue | **151,186** | 69,025 |
| Deferred compensation | **309,548** | 290,876 |
| Deferred rent | **17,854** | 33,365 |
| **Total liabilities** | **1,890,349** | 1,836,519 |
| **Net assets** | | |
| Unrestricted | | |
| Council designated - annual meeting | **15,765** | 15,765 |
| Council designated - Congressional policy fellowship | **108,747** | 93,212 |
| Council designated - technology upgrades | **37,719** | 37,719 |
| Council designated - reserve for future activities | **13,077,166** | 12,710,863 |
| Total unrestricted net assets | **13,239,397** | 12,857,559 |
| Temporarily restricted | **220,718** | 211,851 |
| Permanently restricted | **66,651** | - |
| Total net assets | **13,526,766** | 13,069,410 |
| **Total liabilities and net assets** | **$ 15,417,115** | $ 14,905,929 |

*See notes to the financial statements.*

# The Biophysical Society

## Statements of Activities
## Year ended June 30, 2016
## *With comparative totals for the year ended June 30, 2015*

| | 2016 | | | | |
|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total 2016 | Total 2015 |
| **Revenue** | | | | | |
| Program services | | | | | |
| Annual meeting | $ 1,803,934 | $ - | $ - | **$ 1,803,934** | $ 1,679,455 |
| Biophysical Journal | 1,286,844 | | | **1,286,844** | 1,144,646 |
| Public affairs | 94,325 | 2,803 | | **97,128** | 102,970 |
| Total program services | 3,185,103 | 2,803 | - | **3,187,906** | 2,927,071 |
| Supporting services | | | | | |
| Membership dues | 733,981 | | | **733,981** | 746,722 |
| Other membership revenue | 533,061 | 112,371 | 66,651 | **712,083** | 620,051 |
| Interest and dividends | 253,764 | | | **253,764** | 254,813 |
| Total supporting services | 1,520,806 | 112,371 | 66,651 | **1,699,828** | 1,621,586 |
| Net assets released from restriction | 106,307 | (106,307) | | **-** | - |
| Total revenue | 4,812,216 | 8,867 | 66,651 | **4,887,734** | 4,548,657 |
| **Expenses** | | | | | |
| Program services | | | | | |
| Annual meeting | 1,325,589 | - | - | **1,325,589** | 1,357,588 |
| Biophysical Journal | 316,786 | | | **316,786** | 293,433 |
| Public affairs | 204,834 | | | **204,834** | 211,754 |
| Total program services | 1,847,209 | - | - | **1,847,209** | 1,862,775 |
| Supporting services | | | | | |
| Membership services | 2,488,144 | - | - | **2,488,144** | 2,634,074 |
| Total expenses | 4,335,353 | - | - | **4,335,353** | 4,496,849 |
| Change in net assets - operations | 476,863 | 8,867 | 66,651 | **552,381** | 51,808 |
| Net (loss) gain on investments | (17,348) | | | **(17,348)** | 225,921 |
| Designated Council expenses - Congressional Policy fellowship | (77,677) | | | **(77,677)** | - |
| Designated Council expenses - technology upgrades | - | | | **-** | (106,923) |
| **Change in net assets** | 381,838 | 8,867 | 66,651 | **457,356** | 170,806 |
| Net assets, beginning of year | 12,857,559 | 211,851 | - | **13,069,410** | 12,898,604 |
| **Net assets, end of year** | $ 13,239,397 | $ 220,718 | $ 66,651 | **$ 13,526,766** | $ 13,069,410 |

*See notes to the financial statements.*

# The Biophysical Society

## Statements of Cash Flows

| *Year ended June 30,* | 2016 | 2015 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | **$ 457,356** | $ 170,806 |
| Adjustments to reconcile change in net assets | | |
| to net cash provided by operating activities: | | |
| Depreciation | **19,455** | 22,915 |
| Net loss (gain) on investments | **17,348** | (225,921) |
| Endowment contributions | **(66,651)** | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | **(15,929)** | (41,192) |
| Prepaid expenses and other assets | **17,230** | 35,199 |
| Deferred compensation investments | **(18,672)** | (31,295) |
| Accounts payable and accrued expenses | **(11,664)** | 27,335 |
| Accrued annual leave | **67,925** | 275,958 |
| Deferred subscription revenue | **(7,979)** | (3,818) |
| Deferred dues revenue | **20,947** | (36,046) |
| Deferred exhibition revenue | **(100,721)** | (12,542) |
| Deferred meeting revenue | **82,161** | (22,135) |
| Deferred compensation | **18,672** | 31,295 |
| Deferred rent | **(15,511)** | (11,402) |
| Total adjustments | **6,611** | 8,351 |
| Net cash provided by operating activities | **463,967** | 179,157 |
| **Cash flows from investing activities** | | |
| Purchases of investments | **(7,955,377)** | (6,717,972) |
| Sales of investments | **7,806,740** | 6,414,811 |
| Purchases of property and equipment | **(2,329)** | (9,352) |
| Net cash used in investing activities | **(150,966)** | (312,513) |
| **Cash flows from financing activities** | | |
| Proceeds from contributions restricted for endowment | **66,651** | - |
| **Net increase (decrease) in cash and cash equivalents** | **379,652** | (133,356) |
| Cash and cash equivalents, beginning of year | **2,358,787** | 2,492,143 |
| **Cash and cash equivalents, end of year** | **$ 2,738,439** | $ 2,358,787 |

*See notes to the 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. The Society has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(2) of the Internal Revenue Code.

*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.

*Comparative totals:* The financial statements and footnote disclosures for the fiscal year June 30, 2015 are presented only to provide a basis for comparison with fiscal year 2016. The 2015 fiscal year financial statements and footnote disclosures are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

*Cash and cash equivalents:* For financial statement purposes, the Society considers its demand deposits in banks and the balance of money market funds in its Morgan Stanley investment account to be cash equivalents. As well, certificates of deposit maturing in one year or less are considered 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 uncollectable are charged to the allowance for doubtful accounts. The Society determined that no allowance for doubtful accounts was necessary as of June 30, 2016.

*Property and equipment:* Property and equipment is stated at cost and is depreciated using the straight-line method over three 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. Contributions restricted in perpetuity are reported as increases in permanently restricted net assets

## A. Organization and Summary of Significant Accounting Policies – Continued

*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.

*Classification of net assets:* The Society reports net assets as follows:

Unrestricted – Net assets not subject to grantor or donor-imposed restrictions.

- Undesignated – An unrestricted fund that accounts for the general operations of the Society
- Council designated – Unrestricted, designated funds that provide for the annual meeting, the Congressional Policy fellowship, technology upgrades, and the long-term stability and development of the Society's programs.

Temporarily restricted – Net assets subject to grantor or donor-imposed restrictions that will expire by actions of the Society or the passage of time (see Note F).

Permanently restricted – Net assets subject to grantor or donor-imposed stipulations that they be maintained permanently by the Society (see Note G).

*Subsequent events:* Subsequent events have been evaluated through September 12, 2016, which is the date the financial statements were available to be issued.

## B. Concentrations and Credit Risk

*Credit risk:* The Society maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portion of these accounts is backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Society.

*Market value risk:* The Society also invests funds in a professionally managed portfolio. Such investments are exposed to market and credit risks and may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

## C. INVESTMENTS

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

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Fair Value | Cost | Fair Value | Cost |
| U.S. government agency and municipal securities | $ 2,795,315 | $ 2,699,176 | $ 2,643,263 | $ 2,615,004 |
| Corporate bonds | 2,124,037 | 2,033,510 | 1,994,006 | 1,959,795 |
| Marketable equity securities | 7,105,720 | 6,225,183 | 7,256,514 | 6,121,739 |
| | **$ 12,025,072** | $ 10,957,869 | **$ 11,893,783** | $ 10,696,538 |

For the years ended June 30, 2016 and 2015 the Society incurred investment fees of $118,213 and $117,443, respectively.

In accordance with accounting principles generally accepted in the United States of America, the Society uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

The following is a summary of input levels used to determine fair value, measured on a recurring basis, of the following assets at June 30,:

| **2016** | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Marketable equity securities | $ 7,105,720 | $ 7,105,720 | $ - | $ - |
| U.S. government agency and municipal securities | 2,795,315 | | 2,795,315 | |
| Corporate bonds | 2,124,037 | | 2,124,037 | |
| Assets held for deferred compensation | 309,548 | | 232,223 | 77,325 |
| Total investments held at fair value | **$ 12,334,620** | $ 7,105,720 | $ 5,151,575 | $ 77,325 |

| **2015** | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Marketable equity securities | $ 7,256,514 | $ 7,256,514 | $ - | $ - |
| U.S. government agency and municipal securities | 2,643,263 | | 2,643,263 | |
| Corporate bonds | 1,994,006 | | 1,994,006 | |
| Assets held for deferred compensation | 290,876 | | 220,488 | 70,388 |
| Total investments held at fair value | **$ 12,184,659** | $ 7,256,514 | $ 4,857,757 | $ 70,388 |

## C. Investments - Continued

The U.S. government agency and municipal securities and the corporate bonds classified in Level 2 are valued by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security. Management believes the estimated fair value to be a reasonable approximation of the exit price for these investments.

The assets held for deferred compensation classified in Level 2 are variable annuity contracts with TIAA-CREF. The underlying assets of the contracts are investments with a publicly available net asset value share price updated daily on TIAA-CREF's website. However, the contracts themselves are not directly traded on active markets. Thus, the variable annuity contracts are valued using observable market data from non-public markets.

The asset held for deferred compensation classified in Level 3 is a guaranteed annuity contract. The underlying assets of the contract are part of the general assets of TIAA-CREF, which would typically involve unobservable financial risks and considerations relating to TIAA-CREF to arrive at a market selling price. For financial statement purposes, the guaranteed annuity contract is recorded at contract value, which is deemed to approximate fair value.

## D. Property and Equipment

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

| | 2016 | 2015 |
|---|---|---|
| Furniture and fixtures | $ 61,687 | $ 61,687 |
| Office equipment | 14,749 | 14,749 |
| Computer equipment | 211,617 | 209,288 |
| | 288,053 | 285,724 |
| Less: accumulated depreciation | (267,736) | (248,281) |
| | **$ 20,317** | **$ 37,443** |

## E. Retirement Plan

The Society has a defined contribution retirement plan (retirement plan) under Section 403(b) of the Internal Revenue Code. All full-time employees become eligible to participate in the retirement plan upon their completion of minimum requirements as to age and length of service. Retirement expense for the years ended June 30, 2016 and June 30, 2015 was $124,924 and $118,934, respectively.

The Society sponsors a deferred compensation plan (the Plan) for a key employee under Section 457(b) of the Internal Revenue Code. Under the terms of the Plan agreement, the key employee may elect to make tax deferred contributions to the Plan not to exceed $18,000 for the calendar years ending December 31, 2016 and 2015. The terms of the Plan agreement state that the Plan is considered unfunded and that the assets are subject to the claims of the general creditors of the Society. Pursuant to this treatment, the assets of the Plan are included with those of the Society and a corresponding liability is recorded. The balance of the asset and related liability for the Plan was $309,548 and $290,876 as of June 30, 2016 and 2015, respectively.

## F. Temporarily Restricted Funds

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

| | 2016 | 2015 |
|---|---|---|
| Membrane biophysics subgroup | $ 26,103 | $ 35,179 |
| Motility subgroup | 17,738 | 14,564 |
| Intrinsically Disordered Proteins subgroup | 11,770 | 13,537 |
| Nanoscale biophysics subgroup | 9,630 | 7,723 |
| Membrane structure & assembly subgroup | 9,209 | 10,000 |
| Molecular biophysics subgroup | 8,748 | 10,870 |
| Exocytosis & endocytosis subgroup | 8,332 | 10,000 |
| Biological fluorescence subgroup | 8,147 | 8,456 |
| Bioenergetics subgroup | 7,765 | 5,745 |
| Mechanobiology subgroup | 7,188 | 4,022 |
| Biopolymers in vivo subgroup | 6,552 | 6,790 |
| Permeation & Transport subgroup | 3,306 | 4,082 |
| Bioengineering | 824 | - |
| Total Subgroups | 125,312 | 130,968 |
| Dayhoff Award | 57,226 | 59,004 |
| Young Investigators Award | 26,981 | 15,110 |
| Emily Gray Award | 9,115 | 4,685 |
| Burroughs Welcome | 2,084 | 2,084 |
| | **$ 220,718** | **$ 211,851** |

During 2016, the Society concluded that certain funds related to the Young Investors Award and the Emily Gray Award were most appropriately classified as temporarily restricted net assets. As a result, the Society has included a transfer of $17,654 from unrestricted to temporarily restricted net assets as a reduction of the 2016 releases from restrictions.

## G. Permanently Restricted Net Assets

During 2016, the Society received permanently restricted contributions of $66,651 in honor of the late Professor Kazuhiko Kinosita, Jr. These contributions were used to create an endowment which will fund the Kazuhiko Kinosita Award in Single Molecule Biophysics (Award). Going forward, the Society will present the winner of the annual Award with an honorarium of $2,000 funded by the investment return of the endowment fund.

The permanently restricted contributions were received with the donor stipulation that the Society must maintain the principal in perpetuity. Income earned on permanently restricted funds, including interest, dividends and realized gains or losses, is recorded as temporarily restricted revenue unless explicitly restricted by the donor. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment fund are classified and reported as permanently restricted based on the existence or absence of donor-imposed restrictions.

## H. Endowment Net Assets

The management of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of cash gifts donated to permanent endowment and (b) the discounted value of future gifts promised to permanent endowment. The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets is classified in temporarily restricted net assets, until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund,
- the purposes of the Society and the donor-restricted endowment fund,
- general economic conditions,
- the possible effect of inflation and deflation,
- the expected total return from income and the appreciation of investments,
- other resources of the Society, and
- the investment policies of the Society.

*Return objectives and risk parameters*

The endowment fund will be included in the investments of the Society and will mirror the investment criteria and financial vehicles identified in the investment policy established by the Council, which is monitored by the Finance Committee of its Council. The investment policy describes the objective for the fund and sets ranges for asset allocation. The objectives of the endowment fund are to maintain the original principal, obtain a reasonable and competitive return on assets, to reinvest a portion of the income of the fund at no less than the annual Consumer Price Index, to prevent future erosion of the fund through inflation, and to ensure a reasonable degree of liquidity, consistent with acceptance of prudent risk in order to generate sufficient income to support the Kazuhiko Kinosita Award in Single Molecule Biophysics (Award). Investments held by the endowment fund may include fixed income instruments, marketable equity securities, and cash equivalents; they should exclude short positions, private equity, commodities, options, and futures contracts.

*Strategies employed for achieving objectives*

To ensure preservation of its long-term endowment investments, the Society's investment policy reflects a "total return policy." Total return is defined as a combination of realized and unrealized capital appreciation. The investment objective is focused on preservation of capital and diversification of investments across various asset classes and numerous industries and sectors to minimize volatility and risk.

*Spending policy and how the investment objectives relate to spending policy*

The Society expects the current spending policy to allow its endowment to grow at a modest rate of 5% annually. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

## H. Endowment Net Assets - Continued

*Endowment Pool and Spending Policies*

The Society's spending policy calculates the amount of money annually distributed from the Society's endowment fund to spend on the donor's purpose. The current spending policy will distribute an amount equal to $2,000 a year or approximately 4% of the endowment investment balance.

*Funds with Deficiencies*

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the original value of the gifts donated to the permanent endowment. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that eroded the accumulated gains of the permanently restricted endowment as well as the continued appropriation for certain programs which were deemed prudent by the Society's management. Future gains are classified as increases in unrestricted net assets until the shortfalls previously charged to unrestricted net assets are eliminated and the individual endowment fund is returned to its required level as stipulated by donors or UPMIFA.

The permanently restricted endowment fund was established during the year ended June 30, 2016 through the receipt of $66,651 of permanently restricted contributions. The Society did not grant an Award and the Society did not allocate any investment activity to the endowment fund during the year ended June 30, 2016. As of June 30, 2016, the permanently restricted endowment amounted to $66,651.

## I. 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:* Commencing on May 1, 2010, the Society entered into a seven year non-cancelable office lease for office space in North Bethesda, Maryland. The lease provides for an abatement of the first six months' rent expense. In addition, the lease contains escalation clauses for increases in operating expenses and real estate taxes. The Society is recognizing the fixed component of the lease expense on a straight-line basis over the lease term. As such, there is a deferred rent liability of $17,854 and $33,365 at June 30, 2016 and 2015, respectively. Total office rental expense for the years ended June 30, 2016 and 2015 amounted to $117,402 and $117,418, respectively.

The Society anticipates a fixed minimum lease payments of $112,148 for the year ended June 30, 2017.

## I. Commitments - Continued

*Database hosting agreement:* The Society has entered into a database support and maintenance agreement related to its online abstract submission system which expires April 2019. Under the terms of the agreement, the Society is required to make future minimum payment for the agreed upon services used by the Society.

Future minimum payments under the agreement are as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2017 | $ 49,830 |
| 2018 | 57,600 |
| 2019 | 49,330 |
| | **$ 156,760** |

*Employment agreement:* On June 30, 2014 the Society entered into a new employment agreement with its Executive Officer effective July 1, 2014 and ending June 30, 2017, but may be ended sooner under certain circumstances. Under certain circumstances, the agreement stipulates that the Society will be liable for severance and other payments.