

COUNCIL FOR THE ADVANCEMENT OF
SCIENCE WRITING, INC.

DECEMBER 31, 2016

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DONALD F. SCHERER

Independent Auditors' Report

To the Board of Directors
Council for the Advancement of Science Writing, Inc.

We have audited the accompanying financial statements of the Council for the Advancement of Science Writing, Inc. ("CASW") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statement of activities, cash flows and functional expenses 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

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 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 CASW as of December 31, 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.

Owen J. Flanagan & Co.

April 14, 2017
New York, NY

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Cash and cash equivalents	\$ 454,038
Investments	798,678
Prepaid expenses	<u>40,894</u>
<u>Total Assets</u>	<u>1,293,610</u>

LIABILITIES

Deferred income WCSJ 2017	\$ 349,425
Accrued expenses	17,253
Payroll related payables	4,505
Credit card balance	<u>104</u>
<u>Total Liabilities</u>	<u>371,287</u>

NET ASSETS

Unrestricted	808,853
Temporarily restricted	<u>113,470</u>
<u>Total Net Assets</u>	<u>922,323</u>
<u>Total Liabilities and Net Assets</u>	<u>1,293,610</u>

See notes to financial statements.

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
New Horizons grant	\$ -	\$110,000	\$ 110,000
Brinson Foundation grant	27,500		27,500
Contributions	41,810		41,810
Evert Clark/Seth Payne Award	2,423		2,423
Investment income (Note 4)	47,275		47,275
Net assets released from restrictions	<u>137,658</u>	<u>(137,658)</u>	<u>-</u>
<u>Total Support and Revenue</u>	<u>256,666</u>	<u>(27,658)</u>	<u>229,008</u>
<u>EXPENSES</u>			
Program	234,653		234,653
Management and general	78,930		78,930
Fund-raising	<u>12,997</u>		<u>12,997</u>
<u>Total Expenses</u>	<u>326,580</u>		<u>326,580</u>
Change in Net Assets	(69,914)	(27,658)	(97,572)
Net Assets, Beginning of year	<u>878,767</u>	<u>141,128</u>	<u>1,019,895</u>
Net Assets, End of year	<u>\$808,853</u>	<u>\$113,470</u>	<u>\$ 922,323</u>

See notes to financial statements.

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2016

CASH FLOWS PROVIDED (USED):

FROM OPERATING ACTIVITIES

Change in net assets for year (Exhibit B)	\$ (97,572)
Change in unrealized appreciation	17,735
Realized gains	(56,008)
Increase in prepaid expenses	(22,821)
Decrease in credit card balance	4,221
Increase in deferred income	349,425
Decrease in accrued expenses	(801)
Increase in payroll related payables	<u>3,588</u>

Net Cash Flows Provided by Operating Activities 197,767

FROM INVESTING ACTIVITIES:

Proceeds from sales of investments	184,528
Purchase of investments	<u>(116,328)</u>

Net Cash Flows Provided by Investing Activities 68,200

Net Increase in cash for year	265,967
Cash, beginning of year	<u>188,071</u>
Cash, end of year	<u><u>454,038</u></u>

See notes to financial statements.

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Programs</u>						<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>New Horizons</u>	<u>WCSJ</u>	<u>Showcase</u>	<u>Other</u>	<u>Programs</u>	<u>and General</u>				
Salaries	\$53,500	\$44,827	\$13,352	\$12,289	\$123,968	\$28,914	\$11,569	\$164,451		
Payroll taxes	4,185	3,493	1,176	968	9,822	2,283	899	13,004		
Employee benefits	2,019	1,907	395	349	4,670	753	529	5,952		
Postage	-	-	-	-	-	252	-	252		
Telephone	114	-	-	72	186	1,849	-	2,035		
Office expense	-	-	-	-	-	3,386	-	3,386		
Printing & stationery	1,000	-	29	-	1,029	83	-	1,112		
Professional fees	805	-	11,150	1,006	12,961	14,449	-	27,410		
Directors meeting	-	-	-	-	-	25,553	-	25,553		
Taylor/Blakeslee Fellowship	-	-	-	24,535	24,535	-	-	24,535		
(Net of refunds)	-	-	-	1,500	1,500	-	-	1,500		
Grants	-	-	-	3,000	3,000	-	-	3,000		
Vic Cohn Award	-	-	-	1,000	1,000	-	-	1,000		
Evert Clark/Seth Payne Award	-	-	12,000	-	12,000	-	-	12,000		
Website content	-	-	12,900	-	12,900	1,208	-	14,108		
Technology	-	-	-	-	-	-	-	7,310		
New Horizons meeting	7,310	-	-	-	7,310	-	-	10,430		
Speakers	9,540	-	-	890	10,430	-	-	7,682		
Travel	4,250	-	1,392	2,040	7,682	-	-	1,860		
Miscellaneous	25	-	1,225	410	1,660	200	-	1,860		
	<u>\$82,748</u>	<u>\$50,227</u>	<u>\$53,619</u>	<u>\$48,059</u>	<u>\$234,653</u>	<u>\$78,930</u>	<u>\$12,997</u>	<u>\$326,580</u>		

See notes to financial statements.

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Note 1. Organization

Council for the Advancement of Science Writing, Inc. (CASW) is a not-for-profit educational organization organized for the purpose of increasing public understanding of science by upgrading the quality and quantity of science and medical writing, and by improving relationships between scientists and the press. CASW is a charitable organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization receives the majority of its support from grants and contributions.

Note 2. Significant Accounting Policies

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Basis of Presentation

Net assets are recorded based on donor imposed restrictions or lack thereof.

Unrestricted Net Assets - These assets are free from donor restriction and can be used to carry out the operations of CASW in accordance with its bylaws.

Temporarily Restricted Net Assets - These assets are either restricted for a specific purpose or for a future time period.

Permanently Restricted Net Assets - These assets are restricted by the donor to be invested in perpetuity. Income earned is to be used in accordance with the gift instrument. CASW currently has no permanently restricted net assets.

Contributions

Contributions are recorded as revenue when earned. Gifts received with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions, received and expended in the same period are reflected as unrestricted contributions in the accompanying financial statements.

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016****Note 2. Significant Accounting Policies** (Continued)**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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

CASW considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are presented at fair value. The difference between recorded cost and market value is recognized as unrealized gain or loss.

Fair Value of Investments

CASW follows FASB Accounting Standards Codification guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Note 3. Temporarily Restricted

Temporarily restricted net assets consist of the following for the year ended December 31, 2016:

Purpose Restriction:

The Patrusky Fund	\$ 285
New Horizons	43,214
Showcase	<u>69,971</u>
	<u>\$113,470</u>

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016****Note 3. Temporarily Restricted** (Continued)

Net assets released from restrictions consist of the following for the year ended December 31, 2016:

Purpose Restriction:	
The Patrusky Fund	\$ 1,291
New Horizons	82,748
Showcase	<u>53,619</u>
	<u>\$137,658</u>

Note 4. Investments

Investments consists of the following for the year ended December 31, 2016:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$428,836	\$384,444
Equity ETPs	52,056	55,965
Preferred stock	6,463	10,080
Common stocks	<u>239,269</u>	<u>348,189</u>
	<u>\$726,624</u>	<u>\$798,678</u>

The following are major categories of investments measured at estimated fair value at December 31, 2016:

	<u>Level 1</u>	<u>Total</u>
Mutual funds		
Fixed Income	\$200,850	\$200,850
Mid-Cap Growth Equity	183,594	183,594
Equity ETPs	55,965	55,965
Preferred stock	10,080	10,080
Common stocks		
Medical and pharmaceutical	73,119	73,119
Industrials	77,078	77,078
Information technology	70,091	70,091
Consumer staples	36,276	36,276
Other	<u>91,625</u>	<u>91,625</u>
	<u>\$798,678</u>	<u>\$798,678</u>

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2016****Note 4. Investments** (Continued)

Investment income consists of the following for the year ended December 31, 2016:

Interest and dividends	\$14,437
Realized gain on investments	56,008
Change in unrealized gain on investments	(17,735)
Investment fees	<u>(5,435)</u>
	<u>\$47,275</u>

Note 5. Concentration of Credit Risk

Financial instruments that potentially subject CASW to significant concentrations of credit risk consist principally of cash and cash equivalents. At times cash balances held at financial institutions may be in excess of federally insured limits.

Note 6. Change in Method of Accounting

As of January 1, 2016, CASW changed its method of accounting from the modified cash basis of accounting to the accrual basis of accounting. The accrual basis conforms with accounting principles generally accepted in the United States of America. The impact of this change was to increase unrestricted net assets by \$3,074 and to decrease temporarily restricted net assets by \$3,055. The changes were caused by recording prepaid expenses of \$18,073 and accrued expenses of \$18,054 as of January 1, 2016.

Note 7. Subsequent Events

In connection with the preparation of the financial statements and in accordance with recently issued guidance, CASW evaluated subsequent events after the statement of financial position date of December 31, 2016 through April 14, 2017 which was the date the financial statements were available to be issued.

Note 8. Commitment and Contingency

Effective August 11, 2015, CASW partnered with NASW and WFSJ to host the 2017 World Conference of Science Journalists (WCSJ). As of December 31, 2016, CASW had \$479,500 of uncollected commitments for WCSJ. These proceeds will be recognized as revenue in 2017, the year WCSJ is scheduled to occur.

COUNCIL FOR THE ADVANCEMENT OF SCIENCE WRITING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Note 8. Commitment and Contingency (Continued)

As of December 31, 2016, CASW has accepted offers from organizations to host the annual New Horizons in Science conference for the years ended 2018, 2019 and 2020. Expected contributions from these organizations, to be recognized as revenue during the conference year, total to \$115,000 each year.

CASW offers fellowships for students and working journalists enrolled in graduate level programs in science writing. Payments are split between calendar years and recorded as an expense in the year paid after submission of required reports. As of December 31 2016, the second half of the scheduled payments for the 2016-2017 fellowship winners was \$12,500.