



A G E N D A
2018 ANNUAL BUSINESS MEETING
Marriott Philadelphia Downtown Hotel

Wednesday, June 20, 2018
5:45 pm – 7:00 pm
Room 305/306

1. Call to Order *R. Coward*
 - a. Confirmation of Quorum (by proxy)

2. Administrative Business *R. Coward*
 - a. Approval of Agenda
 - b. Approval of June 2017 Annual Business Meeting Minutes

3. Reports *R. Coward*
 - a. President's Report *J. Kelly*
 - b. Vice President's Report *D. Kimball*
 - c. Treasurer's Report

4. Member Questions and Comments

5. Other Business

6. Adjournment

**Vote Report for 2018 Annual Business Meeting
Proxy Analysis**

Number of proxies (voting members) sent out: 7,635 (same as number of ballots)

Number necessary for a quorum (10% of above): 763.5

| Total April 17, 2018 | |
|---|-------|
| Number of valid proxies received | 1,636 |
| Number of invalid proxies (not completed / unexercised) | 397 |

2018 Proxy Analysis

| | |
|---|-------|
| Total valid proxies received | 1,636 |
| Officer Proxies | 1,613 |
| Other (self-assigned or assigned other proxy than ANS Officers) | 23 |
| Invalid proxies (not completed / unexercised)..... | 397 |
| Total proxies | 2,033 |



American Nuclear Society

Annual Business Meeting
Hyatt Regency San Francisco Hotel – San Francisco, CA

Wednesday, June 14, 2017

Members Present

Andrew C. Klein (President), Robert N. Coward, (Vice President/President-Elect), Eugene S. Grecheck (Immediate Past President), Steven A. Arndt (Treasurer), Carol Berrigan, James Behrens, Sandra M. Sloan, Kalin Kiesling, Fiona Rayment, Michaele Brady Raap, Steve Nesbit, Mark Campagna, Eleodor Nichita, Gilbert Brown, James Fancher, Hugh Hendrik, Gale Hauck, Darby Kimball, Kalie Metzger, Harsh Desai, Madan Dev, Chad Boyer, Margaret Harding, Santiago San Antonio, Art Wharton

Others Present

Ed Du Temple, Robert C. Fine, Joseph Koblich, Staci Levy, Tracy Marc, Tari Marshall, Valerie Vasilievas

The meeting was called to order at 5:46 pm by President Andrew C. Klein. A quorum was confirmed.

1. Approval of 2017 Annual Business Meeting Agenda

To approve the 2017 Annual Business Meeting Agenda.

Motion: Michaele C. Brady Raap

Second: Kalin Kiesling

Vote: Unanimously approved

2. Approval of June 16, 2016 Annual Business Meeting Minutes

To approve the minutes from the June 16, 2016 Annual Business Meeting in New Orleans, LA.

Motion: Michaele C. Brady Raap

Second: Gale Hauck

Vote: Unanimously approved

Klein announced that the official 2017 election of the new Vice President/President-Elect, Treasurer and Board members will take place at this time and gave instructions to the members. The members who have not voted in the proxy election are eligible and encouraged to complete a ballot. Klein gave a 15-minute time limit for voting and then went on to conduct further meeting business.

3. President’s Report – Andrew C. Klein

Klein highlighted his activities and travel since November 2016 as indicated under Agenda Item #4.a of the agenda materials. He then highlighted the following items:

- Technical publications transition.
- Development of a K12 program with NEI, which is currently in the proposal stage. The next step in the process is fundraising.
- Society’s delivery of the Nuclear Grand Challenges. All 20 Professional Divisions participated as well as Board participation was received. He expressed appreciation to everyone for their contributions.

4. Vice President / President-Elect’s Report – Robert N. Coward

Coward presented his ‘State of the Society’ presentation. He highlighted the following:

- Key strengths and achievements
- Key trends both internal and external to ANS
- Implications (attention and priorities)
- Member value and benefits
- ANS communities
- Clean energy technologies
- Membership
- Volunteer leadership
- Adequate Society funding

Coward stated that over the past few months the Executive Committee focused on the six proposed priorities that he identified for the Society. They would work on mapping them to the activities the Society in which the Society is currently involved to determine what, if any, additional actions we should assign to committees, Professional Divisions and other organizational units. Coward added that we need to find the right degree of specificity to mobilize the Board and others around the priorities. The Special Committee on Structure would next take time to consider an exact plan of action regarding these priorities in relation to the rest of the State of the Society presentation. This includes who does what (Board, committees, etc.) in terms of specific current and/or new activities.

He then answered member questions.

5. Close of Election – Andrew C. Klein

Klein asked for a motion to close the election for the new Vice President/President Elect and Board members.

To close the 2017 election.

Motion: Mark Campagna

Second: Gilbert Brown

Vote: Unanimously approved

6. Treasurer’s Report – Steven A. Arndt

Arndt provided a Treasurer’s Report and audit report dated June 2017 as indicated under Agenda Item #4.c of the agenda materials. He noted that this report was presented at the Board of Directors meeting which took place prior to this meeting.

7. 2017 National Election Results – Eugene S. Grecheck

Immediate Past President Grecheck reported the official results of the national election for 2017. The newly elected officers and board members are as follows:

Plan of Merger

Unanimously Approved

Vice President/President-Elect

John E. Kelly

Treasurer

Darby S. Kimball

Board of Directors

Mary Lou Dunzik-Gougar

Lisa Marshall

David Pointer

Leah Spradley Parks

Fiona Rayment (Non-US)

Student Director

Kathryn Mummah

Grecheck then asked for a motion to approve the 2017 national election results.

To approve the 2017 National Election results.

Motion: Harsh Desai

Second: Gilbert Brown

Vote: Unanimously approved

8. Member Comments

There were no member comments.

9. New Business

There was no new business to conduct.

10. Adjournment

There being no further business to conduct, that the meeting be adjourned at 6:33 pm.

Motion: Gilbert Brown

Second: James W. Behrens

Vote: Unanimously approved

June 1, 2018

**PRESIDENT'S REPORT
TO THE BOARD OF DIRECTORS
OF THE AMERICAN NUCLEAR SOCIETY**

The past year as President of ANS has been a rewarding experience for me, and I hope my leadership has provided value to the Society. As I look back, I am glad I did it and grateful for the opportunity. I thank and appreciate the members of the Society for placing their trust in me and allowing me to contribute in this leadership role.

During my tenure as President I have focused on several related themes, and I believe we have made good progress in each area.

- **Adaptation and Evolution at ANS** – ANS does many great things that contribute to advancing the nuclear community and supporting the professionals in it. To achieve this objective on a sustained basis, ANS, like any high-performing organization, must adapt and evolve with the changing landscape and needs of its members, the nuclear community, and society as a whole. We've worked to shift the culture of ANS in two ways:
 - Increasing the focus on delivering value to members and stakeholders. We need to regularly pause and ask ourselves, "How are our members benefiting from this activity? Can we do it even better and deliver more value?" We need to understand how our members define value and provide it to them.
 - Making decisions and taking action with a forward-looking perspective. Unfortunately, and perhaps not surprisingly, there are some aspects of ANS operations that are still performed "the way we've always done them." Changes in technology, business norms, and society all have an impact on how our members expect ANS to deliver. Just as we should pause and ask how we can deliver enhanced value, we must also ask, "Should I be doing this differently to be more effective today or in the future?"
- **Empowering the Next Generation** – Most of ANS's members are in either the first or final stages of their careers. The more "seasoned" professionals bring decades of valuable experience and associated insights. The younger professionals bring passion and potential energy. It is time for my generation to pass the baton to the next generation of leaders—in ANS and in the nuclear community. Working together, we can deliver to our stakeholders and empower the next generation of nuclear professionals at the same time.
- **Refreshing and Invigorating ANS** – ANS has a solid Strategic Plan. Our vision, mission, and objectives are important and consistent with member expectations. However, we need to refresh the Strategic Plan to better align it with our situation today and make it more effective in guiding the Society and inspiring members and future members to take actions that will invigorate ANS and benefit all of us.

The Strategic Direction summary and the changes we will make to the Strategic Plan at the upcoming Board meeting should help considerably in achieving these goals.

Collectively, the work in these areas is shifting ANS culture – and shifting it in good ways. I hear more leaders talking about opportunity to change and less talking about barriers to change. We need to maintain this direction and this energy as the senior leadership of the Society. ANS is getting stronger and setting a solid foundation for sustained success.

It is important for everyone in the nuclear community to be proud of their contributions and proud of being nuclear professionals. It's easy to forget the many important benefits provided by nuclear technology. Energy, power, medicine, food—these are all industries that benefit greatly from nuclear technology. We, the senior leaders of ANS, need to set the standard for getting this message out and living it ourselves.

Over the past year I have had the honor to represent ANS at the following events (and likely a few more that I missed):

- ANS Annual Meeting – June 2017 – San Francisco, CA
- Latin America Nuclear Society Meeting – June 2017 – Mexico City, Mexico
- Senate Energy Committee Testimony – July 2017 – Washington, DC
- Women in Nuclear National Conference – July 2017 – San Francisco, CA
- Center for Climate and Energy Solutions Special Conference – July 2017 – Carmel, IN
- ANS Utility Working Conference & Vendor Technology Expo – August 2017 – Amelia Island, FL
- ANS HQ Visit – August 2017 – La Grange Park, IL
- IAEA General Conference – September 2017 – Vienna, Austria
- Future of Nuclear Energy Symposium – September 2017 – Argonne National Lab, Lemont IL
- ANS French Local Section – September 2017 – Paris, France
- Penn State ANS Student Section – October 2017 – State College, PA
- DC ANS Local Section – October 2017 – Alexandria, VA
- ANS Winter Meeting – October-November 2017 – Washington, DC
- Missouri University of Science & Technology ANS Student Section – November 2017 – Rolla, MO
- PNNL ANS Award Event – November 2017 – Richland, WA
- Quarterly ANS-NEI Coordination Meetings – Washington, DC
- Periodic ANS-DOE Coordination Meetings – Washington, DC
- ANS HQ Visit – November 2017 – La Grange Park, IL
- Aiken, SC ANS Local Section – January 2018 – Aiken, SC
- Wilmington, NC ANS Local Section – January 2018 – Wilmington, NC
- ANS HQ Visit – January 2018 – La Grange Park, IL
- Michigan-Ohio ANS Local Section – January 2018 – Columbus, OH
- University of New Mexico ANS Student Section – February 2018 – Albuquerque, NM
- ANS Nuclear and Emerging Technologies for Space 2018 Conference – February 2018 – Las Vegas, NV
- International Youth Nuclear Conference/Global WIN Conference - March 2018 – Bariloche, Argentina
- American Chemical Society National Meeting – March 2018 – New Orleans, LA

- ANS Student Conference – April 2018 – Gainesville, FL
- International Congress on Advances in Nuclear Power Plants – April 2018 – Charlotte, NC
- Long Island, NY ANS Local Section (Brookhaven National Laboratory) – April 2018 – Long Island, NY
- NE New York ANS Local Section – April 2018 – Schenectady, NY
- 2018 North Carolina State Energy Conference – April 2018 – Raleigh, NC
- ANS HQ Visit – April 2018 – La Grange Park, IL
- Idaho ANS Local Section – April 2018 – Idaho Falls, ID
- ANS/NRC Advanced Reactors Standards Meeting – May 2018 – Rockville, MD
- DC ANS Local Section – May 2018 – Rockville, MD
- Oak Ridge National Labs ANS Award Event – May 2018 – Knoxville, TN (tried hard, but Mother Nature wouldn't let it happen)
- NEI Nuclear Energy Assembly – May 20-23, 2018 – Atlanta, GA

Finally, I have been able to travel extensively for ANS without using my ANS credit card a single time and not submitting a single receipt to ANS for reimbursement. The generosity of MPR has allowed me to avoid expenses to ANS and to enable use of that funding for other important ANS activities and initiatives.

John Kelly, ANS Vice President/President-Elect

Report of Activities

June 15, 2017

From October 19, 2017 – June 15, 2017, my activities as ANS Vice President/President-Elect include the following:

- Attended the ANS Winter Meeting in Washington DC (including attendance at various committee and division meetings)
- Spoke at the University of Michigan to faculty and students and also spoke to the Michigan-Ohio Local Section on November 16-17.
- Presented a seminar at Penn State University on February 22. The seminar was in honor of Larry Hochreiter and is co-sponsored by the Thermal-Hydraulics Division.
- Presented at the Seminar on Interdisciplinary Research and Education in Nuclear Emergency Response series sponsored by Virginia Tech in Arlington VA on February 27.
- Represented ANS at the MIT Seminar “Realizing the Value of Nuclear Energy” in honor of Prof. Michael Golay on March 26-27.
- Attended the ICAPP meeting and represented ANS at the International Nuclear Societies Committee meeting held on the margins of ICAPP, April 9-11.
- Met with Faculty and ANS Student Section at the University of New Mexico on April 23.
- Spoke at the Trinity Local Section Meeting held in Albuquerque NM on April 27. Over 75 people were in attendance.
- Represented ANS at the ANS-NRC meeting on standards for advanced reactors held on May 2 in Rockville MD
- Spoke at the Washington DC Local Section Meeting held in Rockville MD on May 8.
- Visited ANS Headquarters on May 10 to meet the staff and talk with the directors to review their departments’ responsibilities and activities.
- Spoke at the Virginia Local Section Meeting held in Lynchburg VA on May 24.

- Represented ANS at the Canadian Nuclear Society meeting held in Saskatoon, June 4-6.

**American Nuclear Society
2018 Annual Business Meeting Treasurer's Report**

The ANS Board of Directors issues a business report at the Society's annual meeting of members. The report is verified by the ANS President and Treasurer, by a majority of the Board of Directors and by an Independent Certified Public Accounting firm selected by the Board of Directors.

American Nuclear Society financial statements and supplemental schedules for the years ended December 31, 2017 and 2016 were audited by Marcum LLP.

Part 1 - Assets & Liabilities for the year ended December 31, 2017:

| | |
|-------------|--------------|
| Assets | \$25,162,834 |
| Liabilities | \$4,635,083 |

Part 2 - Change in Assets & Liabilities and Fund Balance for year ended December 31, 2017:

| <u>Assets</u> | <u>12/31/17</u> | <u>12/31/16</u> | <u>Change</u> |
|------------------------------|---------------------|---------------------|------------------|
| Cash & Investments | \$23,468,557 | \$22,341,912 | \$1,126,645 |
| Accounts Receivable | 349,034 | 433,329 | (84,295) |
| Property and Electronic Data | 899,723 | 951,048 | (51,325) |
| Deferred Project Costs | 287,973 | 227,214 | 60,759 |
| Other Assets | 157,547 | 227,045 | (69,498) |
| Total Assets | \$25,162,834 | \$24,180,548 | \$982,286 |

| <u>Liabilities</u> | <u>12/31/17</u> | <u>12/31/16</u> | <u>Change</u> |
|---------------------------------|--------------------|--------------------|----------------------|
| Accounts Payable | \$533,914 | \$1,020,281 | (\$486,367) |
| Deferred Revenue | 1,226,188 | 2,133,013 | (906,825) |
| Capital Lease Obligation | 62,217 | - | 62,217 |
| Accrued Postretirement Benefits | 2,812,764 | 2,679,707 | 133,057 |
| Total Liabilities | \$4,635,083 | \$5,833,001 | (\$1,197,918) |

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

CONTENTS

Independent Auditors' Report..... 1-2

Financial Statements

Statements of Financial Position.....3
Statements of Activities and Changes in Net Assets 4-5
Statements of Cash Flows.....6

Notes to Financial Statements..... 7-22

Supplementary Information

Schedule of Functional Expenses23

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
American Nuclear Society Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of American Nuclear Society Incorporated (a non-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets 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.

Auditors' 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 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 auditors' 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 American Nuclear Society Incorporated as of December 31, 2017 and 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 23 is presented for purposes of additional analysis and is 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 schedule of functional expenses 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Marcum LLP

Deerfield, IL
June 7, 2018

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|--|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 832,929 | \$ 2,436,132 |
| Investments | 22,635,628 | 19,905,780 |
| Accounts receivable, net | 349,034 | 433,329 |
| Prepaid expenses | 157,547 | 227,045 |
| Deferred project costs | 287,973 | 227,214 |
| Property and equipment, net | 390,056 | 335,809 |
| Electronic data, net | 509,667 | 615,239 |
| Total Assets | \$ 25,162,834 | \$ 24,180,548 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 533,914 | \$ 1,020,281 |
| Deferred revenue | 1,226,188 | 2,133,013 |
| Capital lease obligation | 62,217 | -- |
| Accrued postretirement benefits | 2,812,764 | 2,679,707 |
| Total Liabilities | 4,635,083 | 5,833,001 |
| Net Assets | | |
| Unrestricted: | | |
| General operations fund | 8,538,170 | 7,282,263 |
| Unrestricted - appropriated through board designation: | | |
| Insurance allowance | 1,000,000 | 1,000,000 |
| Scholarships and award funds | 1,030,880 | 1,170,042 |
| Division operating funds | 1,321,586 | 1,279,665 |
| Division scholarship funds | 658,864 | 563,432 |
| Building fund | 900,000 | 900,000 |
| Total Unrestricted | 13,449,500 | 12,195,402 |
| Temporarily restricted: | | |
| Scholarship and award funds | 4,244,077 | 3,594,920 |
| Center for Nuclear Science and Technology | 2,489,440 | 2,212,491 |
| Total Temporarily Restricted | 6,733,517 | 5,807,411 |
| Permanently restricted - scholarship and award funds | 344,734 | 344,734 |
| Total Net Assets | 20,527,751 | 18,347,547 |
| Total Liabilities and Net Assets | \$ 25,162,834 | \$ 24,180,548 |

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

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Summarized Comparative Information for the Year Ended December 31, 2016)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | 2017 Total | 2016 Total |
|--|----------------------|---------------------------|---------------------------|----------------------|----------------------|
| Support and Revenue | | | | | |
| Member services | \$ 630,289 | \$ -- | \$ -- | \$ 630,289 | \$ 668,994 |
| Meetings | 3,328,208 | -- | -- | 3,328,208 | 3,225,929 |
| Commercial publications | 2,139,872 | -- | -- | 2,139,872 | 2,378,246 |
| Scientific publications | 1,897,334 | -- | -- | 1,897,334 | 2,092,658 |
| Standards | 103,048 | -- | -- | 103,048 | 113,887 |
| Outreach and constituent units | 147,840 | -- | -- | 147,840 | 209,054 |
| Other income | 888 | -- | -- | 888 | 2,570 |
| Contribution income - Center for Nuclear Science and Technology | -- | 674,493 | -- | 674,493 | 1,063,972 |
| Scholarship and award contributions | 15,380 | 73,361 | -- | 88,741 | 303,008 |
| Other contribution income | 752,588 | -- | -- | 752,588 | 536,140 |
| Center for Nuclear Science and Technology release from restrictions | 533,780 | (533,780) | -- | -- | -- |
| Scholarship and award funds release from restrictions | 100,615 | (100,615) | -- | -- | -- |
| Total Support and Revenue | <u>9,649,842</u> | <u>113,459</u> | <u>--</u> | <u>9,763,301</u> | <u>10,594,458</u> |
| Functional Expenses | | | | | |
| Program expenses | 9,093,522 | -- | -- | 9,093,522 | 9,148,631 |
| Supporting services | | | | | |
| Management and general | 1,188,814 | -- | -- | 1,188,814 | 1,008,672 |
| Fundraising | 150,784 | -- | -- | 150,784 | 161,635 |
| Total Functional Expenses | <u>10,433,120</u> | <u>--</u> | <u>--</u> | <u>10,433,120</u> | <u>10,318,938</u> |
| Other Income (Expense) | | | | | |
| Net investment return | 2,166,598 | 812,647 | -- | 2,979,245 | 1,112,949 |
| Change in postretirement benefit obligation | (129,768) | -- | -- | (129,768) | (5,509) |
| Gain on disposal of property and equipment | 6,000 | -- | -- | 6,000 | 488,501 |
| Income tax expense | (5,454) | -- | -- | (5,454) | (22,380) |
| Total Other Income | <u>2,037,376</u> | <u>812,647</u> | <u>--</u> | <u>2,850,023</u> | <u>1,573,561</u> |
| Change In Net Assets | 1,254,098 | 926,106 | -- | 2,180,204 | 1,849,081 |
| Net Assets - Beginning | <u>12,195,402</u> | <u>5,807,411</u> | <u>344,734</u> | <u>18,347,547</u> | <u>16,498,466</u> |
| Net Assets - Ending | <u>\$ 13,449,500</u> | <u>\$ 6,733,517</u> | <u>\$ 344,734</u> | <u>\$ 20,527,751</u> | <u>\$ 18,347,547</u> |

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

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|----------------------|---------------------------|---------------------------|----------------------|
| Support and Revenue | | | | |
| Member services | \$ 668,994 | \$ -- | \$ -- | \$ 668,994 |
| Meetings | 3,225,929 | -- | -- | 3,225,929 |
| Commercial publications | 2,378,246 | -- | -- | 2,378,246 |
| Scientific publications | 2,092,658 | -- | -- | 2,092,658 |
| Standards | 113,887 | -- | -- | 113,887 |
| Outreach and constituent units | 209,054 | -- | -- | 209,054 |
| Other income | 2,570 | -- | -- | 2,570 |
| Contribution income - Center for Nuclear Science and Technology | -- | 1,063,972 | -- | 1,063,972 |
| Scholarship and award contributions | 157,000 | 146,008 | -- | 303,008 |
| Other contribution income | 536,140 | -- | -- | 536,140 |
| Center for Nuclear Science and Technology release from restrictions | 494,077 | (494,077) | -- | -- |
| Scholarship and award funds release from restrictions | 124,312 | (124,312) | -- | -- |
| Total Support and Revenue | <u>10,002,867</u> | <u>591,591</u> | <u>--</u> | <u>10,594,458</u> |
| Functional Expenses | | | | |
| Program expenses | 9,148,631 | -- | -- | 9,148,631 |
| Supporting services | | | | |
| Management and general | 1,008,672 | -- | -- | 1,008,672 |
| Fundraising | 161,635 | -- | -- | 161,635 |
| Total Functional Expenses | <u>10,318,938</u> | <u>--</u> | <u>--</u> | <u>10,318,938</u> |
| Other Income (Expense) | | | | |
| Net investment return | 813,245 | 299,704 | -- | 1,112,949 |
| Change in postretirement benefit obligation | (5,509) | -- | -- | (5,509) |
| Loss on disposal of property and equipment | 488,501 | -- | -- | 488,501 |
| Income tax expense | (22,380) | -- | -- | (22,380) |
| Total Other Income (Expense) | <u>1,273,857</u> | <u>299,704</u> | <u>--</u> | <u>1,573,561</u> |
| Change in Net Assets | 957,786 | 891,295 | -- | 1,849,081 |
| Net Assets - Beginning | <u>11,237,616</u> | <u>4,916,116</u> | <u>344,734</u> | <u>16,498,466</u> |
| Net Assets - Ending | <u>\$ 12,195,402</u> | <u>\$ 5,807,411</u> | <u>\$ 344,734</u> | <u>\$ 18,347,547</u> |

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

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|---|--------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 2,180,204 | \$ 1,849,081 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Realized and unrealized (gains) losses on investments | (2,554,337) | (820,945) |
| Depreciation | 92,312 | 83,096 |
| Amortization | 105,572 | 107,394 |
| Gain on disposal of property and equipment | (6,000) | (488,501) |
| Bad debt expense | 27,200 | 10,417 |
| Changes in postretirement benefit obligation | 129,768 | 5,509 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 57,095 | 39,892 |
| Prepaid expenses | 69,498 | 22,643 |
| Deferred project costs | (60,759) | (40,092) |
| Accounts payable and accrued expenses | (486,367) | 302,164 |
| Deferred revenue | (906,825) | 287,471 |
| Accrued postretirement benefits | 3,289 | 33,864 |
| Total Adjustments | (3,529,554) | (457,088) |
| Net Cash Provided by (Used in) Operating Activities | (1,349,350) | 1,391,993 |
| Cash Flows From Investing Activities | | |
| Purchase of property and equipment | (55,042) | (20,283) |
| Proceeds from sale of property and equipment | 6,000 | 488,501 |
| Purchase of investments | (424,909) | (358,699) |
| Proceeds from sale of investments | 249,398 | -- |
| Net Cash Provided by (Used in) Investing Activities | (224,553) | 109,519 |
| Cash Flows From Financing Activities | | |
| Payments on capital lease obligation | (29,300) | -- |
| Net Cash Used in Financing Activities | (29,300) | -- |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,603,203) | 1,501,512 |
| Cash and Cash Equivalents - Beginning | 2,436,132 | 934,620 |
| Cash and Cash Equivalents - Ending | \$ 832,929 | \$ 2,436,132 |

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

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The American Nuclear Society Incorporated (the “Society”) is a non-profit international membership organization comprised of individuals engaged in the activities in one or more of the fields of nuclear science and engineering or allied fields with 10,311 and 10,590 members as of December 31, 2017 and 2016, respectively. The Society serves its members in their efforts to develop and safely apply nuclear science and technology for public benefit through knowledge exchange, professional development and enhanced public understanding. The Society’s fiscal operations include publishing, meetings and conventions, membership activities, and investments of reserve funds. Operating support is derived approximately 42 percent from publication activities, 34 percent from meeting activity, 8 percent from membership activity, and 16 percent from contributions and other income for the year ended December 31, 2017. Operating support is derived approximately 43 percent from publication activities, 31 percent from meeting activity, 8 percent from membership activity, and 18 percent from contributions and other income for the year ended December 31, 2016.

BASIS OF PRESENTATION

The accounts of the Society are maintained in accordance with the principles of fund accounting, whereby resources are classified for accounting and reporting purposes into net assets established according to their nature and purposes:

- Unrestricted net assets – Represents the portion of expendable funds that are available for the daily operations of the Society, which are not limited by donor restriction on use, and include funds designated by the board of directors for specific purposes.
- Temporarily restricted net assets – Consists of donor-restricted contributions received with specific time or purpose restrictions. Upon satisfaction of time or purpose restrictions, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets - Subject to donor-imposed restrictions requiring the principal to be maintained in perpetuity and the income to be used only for certain purposes.

The Society has presented its statement of financial position in an unclassified manner, but in order of liquidity.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Society considers money market funds and short-term investments with original maturities of three months or less to be cash equivalents.

Cash paid for income taxes was \$0 and \$41,000 during the years ended December 31, 2017 and 2016, respectively.

Cash flows from operating activities reflect cash payments for interest of \$4,275 and \$0 for the years ended December 31, 2017 and 2016, respectively.

CASH BALANCES IN EXCESS OF INSURED AMOUNTS

The Society maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts.

INVESTMENTS AND INCOME RECOGNITION

Investments are reflected at fair value based on quoted prices in active markets and changes in fair value are recorded as unrealized gains or losses. Gains and losses on investments are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

The Society's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable include amounts due for publication, advertising and meeting activities and are presented net of an allowance for doubtful accounts in order to reflect management's estimate of the amount that will ultimately be collected. Interest is not charged on outstanding balances. Management, based on a quarterly review basis, provides for probable uncollectible amounts through charges to bad debt expense and an increase to the allowance for doubtful accounts, based primarily on the age of the receivables and historical collection experience. The allowance for doubtful accounts as of December 31, 2017 and 2016 was approximately \$28,000 and \$128,000, respectively.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Additions and improvements to existing property and equipment during the year are capitalized, while general maintenance and repairs are charged to expense. It is the Society's policy to capitalize expenditures for long-lived assets if they are over \$1,000 and have an economic life greater than one year. Depreciation is provided using the straight-line basis over the following estimated useful lives:

| | Years |
|------------------------------------|-------|
| Building and building improvements | 10-32 |
| Furniture and equipment | 3-7 |
| Vehicles | 5 |

ELECTRONIC DATA

The Society capitalized the costs relating to an online membership database which was placed into service in June, 2015. These costs are being amortized over seven years, until the year ended December 31, 2022.

IMPAIRMENT OF LONG-LIVED ASSETS

The Society reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. There were no impairment indicators at December 31, 2017 or 2016.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

POST-RETIREMENT BENEFITS

The accrual for post-retirement benefits reflects the Society's obligation to provide future health care insurance to certain former employees and their spouses and beneficiaries.

REVENUE RECOGNITION

Membership dues are deferred and recognized ratably as revenue in the period to which they apply. The Society recognizes revenue from the sale of publications upon shipment to customers. Meeting revenues are recognized in the period in which each meeting occurs. Special project revenue and expenses generally are deferred until the year of completion. Amounts collected in advance for future years are reflected as deferred revenue.

The Society reports contributions, including unconditional promises to give, as revenue in the period the unconditional contribution or promise is received. Contributions of cash and other assets are reported as restricted support if received with donor stipulations that limit the use of the contribution. Depending on the nature of the restriction, such contributions are reported as an increase in temporarily or permanently restricted net assets. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. When the donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions which are met within the same year are recorded as unrestricted revenue.

During 2016, the Society changed its method of accounting for page charges. The Society believes that the new method, which records the revenue when collected rather than invoiced, is more appropriate as collectability is not reasonably assured until ultimate collection.

INCOME TAXES

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. In addition, the Society has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. However, net income from certain activities not directly related to the Society's tax-exempt purpose, such as advertising income, is subject to taxation as unrelated business income.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

INCOME TAXES (CONTINUED)

The Society accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as interest/other expense. There was no income tax related interest or penalties during the years ended December 31, 2017 and 2016.

The Society has reviewed the tax positions for the open tax years (current and prior three tax years) and has concluded that an estimated overpayment exists as of December 31, 2017 and 2016 in the amount of \$18,072 and \$73,409, respectively. This amount represents overpayments for tax on unrelated business income (advertising) and is included in prepaid expenses at December 31, 2017 and 2016. Income tax expense was \$5,454 and \$22,380 for the years ended December 31, 2017 and 2016, respectively, and is included in other income (expense) on the statement of activities and changes in net assets. At December 31, 2017 and 2016, there were no unrecognized tax benefits identified or recorded as liabilities. Generally, federal, state and local authorities may examine the Society's tax returns for three years from the date of filing.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS

The Society has evaluated subsequent events or transactions that occurred through June 7, 2018, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 - INVESTMENTS

The components of net investment return at December 31, 2017 and 2016 are as follows:

| | <u>2017</u> | <u>2016</u> |
|--|---------------------------|---------------------------|
| Interest and dividends | \$ 510,805 | \$ 395,971 |
| Net realized and unrealized gains (losses) | 2,554,336 | 820,945 |
| Investment fees | <u>(85,896)</u> | <u>(103,967)</u> |
| Total | <u>\$2,979,245</u> | <u>\$1,112,949</u> |

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three approaches to measuring the fair value of assets and liabilities: 1) the market approach, 2) the income approach and 3) the cost approach. Each of these approaches includes multiple valuation techniques. Accounting standards do not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumption about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Assets and liabilities carried at fair value are classified in one of the following three categories based upon the nature of the inputs to the valuation technique used:

Level 1

Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3

Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments are the Society's only financial assets accounted for at fair value on a recurring basis, and are accounted for using level 1 inputs as follows: fixed income funds (bonds) and marketable equity securities (common stock) at quoted market prices. Level 2 fixed income funds (corporate bonds) are valued using observable inputs, including interest rates and maturity dates.

The following table sets forth, by level within the fair value hierarchy, the Society's only assets that were accounted for at fair value on a recurring basis as of and December 31, 2017 and 2016. As required, these assets are classified in their entirety based on the lowest level input that is significant to the fair value measurement. The Society's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

| Description | Fair Values as of December 31, 2017 | Fair Value Measurements at Reporting Date Using | | |
|------------------------------|--|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments | | | | |
| Cash | \$ 975,593 | \$ 975,593 | \$ -- | \$ -- |
| Fixed Income Funds | 2,080,302 | 95,801 | 1,984,501 | -- |
| Marketable Equity Securities | <u>19,579,733</u> | <u>19,579,733</u> | <u>--</u> | <u>--</u> |
| Total Investments | <u>\$22,635,628</u> | <u>\$20,651,127</u> | <u>\$ 1,984,501</u> | <u>\$ --</u> |

| Description | Fair Values as of December 31, 2016 | Fair Value Measurements at Reporting Date Using | | |
|-------------------------------------|--|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments | | | | |
| Cash | \$ 575,818 | \$ 575,818 | \$ -- | \$ -- |
| Fixed Income Funds | 4,461,331 | -- | 4,461,331 | -- |
| Marketable Equity Securities | <u>14,857,243</u> | <u>14,857,243</u> | <u>--</u> | <u>--</u> |
| Total Fair Value Investments | 19,894,392 | <u>\$15,433,061</u> | <u>\$ 4,461,331</u> | <u>\$ --</u> |
| Multi-Asset Funds at NAV | <u>11,388</u> | | | |
| Total Investments | <u>\$19,905,780</u> | | | |

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Multi-asset funds, which are measured at fair value using the net asset value per share practical expedient, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. Multi-asset funds invest in diversified, multi-asset portfolios which include equity securities, bonds and other fixed income securities, and non-U.S. securities, among others. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. There are no unfunded commitments or redemption restrictions on the funds.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as December 31, 2017 and 2016 consist of the following:

| | 2017 | 2016 |
|-------------------------------------|-------------------|-------------------|
| Land | \$ 114,000 | \$ 114,000 |
| Building and improvements | 1,323,981 | 1,316,681 |
| Office furniture and equipment | 298,163 | 250,421 |
| Vehicles | 24,797 | 24,797 |
| Assets under capital lease | 91,517 | -- |
| Total Cost | 1,852,458 | 1,705,899 |
| Less: accumulated depreciation | (1,462,402) | (1,370,090) |
| Property and Equipment - Net | \$ 390,056 | \$ 335,809 |

Depreciation expense for the years ended December 31, 2017 and 2016 was \$92,312 and \$83,096, respectively.

The Society financed the purchase of a copier in 2017 for \$91,517. The capital lease is payable over three years in monthly installments of \$2,791, including interest and sales tax. The final payment is due in 2019.

| | |
|--|-----------|
| Cost, included in property and equipment | \$ 91,517 |
| Less: Accumulated depreciation | (15,253) |
| Net | \$ 76,264 |

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

Future minimum payments required under the capital lease are as follows:

| For the Years Ending December 31, | Amount |
|--|-----------------|
| 2018 | \$33,492 |
| 2019 | <u>33,492</u> |
| Total Minimum Lease Payments | 66,984 |
| Less: amount representing interest | <u>(4,767)</u> |
| Present Value of Minimum Lease Payments | <u>\$62,217</u> |

NOTE 5 - ELECTRONIC DATA

The Society's electronic data primarily consists of a membership database. As of December 31, 2017 and 2016, \$880,295 of costs had been capitalized. These costs are amortized over a period of seven years. As of December 31, 2017 and 2016, accumulated amortization was \$370,628 and \$265,056, respectively.

Amortization expense for each of the next five years is as follows:

| For the Years Ending December 31, | Amount |
|--------------------------------------|------------------|
| 2018 | \$109,925 |
| 2019 | 109,925 |
| 2020 | 109,925 |
| 2021 | 109,925 |
| 2022 | <u>69,967</u> |
| Total | <u>\$509,667</u> |

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 - DEFERRED REVENUE

Deferred revenue consists of:

| | 2017 | 2016 |
|-------------------------------|--------------------|--------------------|
| Membership dues and fees | \$ 888,981 | \$ 888,734 |
| Subscriptions paid in advance | 231,679 | 802,762 |
| Deferred other | 105,528 | 441,517 |
| | \$1,226,188 | \$2,133,013 |

NOTE 7 - EMPLOYEE BENEFITS

RETIREMENT PLAN

The Society has a contributory group annuity retirement plan in conjunction with the Teachers' Insurance and Annuity Association of America ("TIAA") for which substantially all employees are eligible. Expenses related to the retirement plan were \$363,633 and \$354,677 in 2017 and 2016, respectively. The Society funds its retirement plan costs on a current basis in accordance with TIAA requirements.

POST-RETIREMENT HEALTHCARE BENEFITS

The Society provides healthcare benefits to retired employees and their spouses and beneficiaries. Generally, qualified employees may become eligible for these benefits if they retire in accordance with the provisions of the Society's pension plan and are participating in the Society's medical plan at the time of their retirement. The Society's post-retirement benefit plan is not funded. The Society has the right to modify or terminate the plan. The Society uses a December 31 measurement date for its plan.

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Obligations and Funded Status | | |
| Fair value of plan assets | \$ -- | \$ -- |
| Accumulated post-retirement benefit obligation | 2,812,764 | 2,679,707 |
| Funded Status | \$(2,812,764) | \$(2,679,707) |
| Amounts Recognized on the Statement of Financial Position Accrued Post-Retirement Benefits | \$(2,812,764) | \$(2,679,707) |

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 - EMPLOYEE BENEFITS (CONTINUED)

POST-RETIREMENT HEALTHCARE BENEFITS (CONTINUED)

The table below summarizes changes in the Society's post-retirement benefit obligation for the years ended December 31, 2017 and 2016.

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Post-Retirement Benefit Obligation, Beginning of the Year | \$2,679,707 | \$2,640,335 |
| Service cost | 26,591 | 28,578 |
| Interest cost | 105,881 | 110,069 |
| Actuarial (gain) loss | 115,854 | 5,509 |
| Retiree contributions | 10,147 | 11,111 |
| Benefits paid | <u>(125,416)</u> | <u>(115,895)</u> |
| Post-Retirement Benefit Obligation, End of the Year | <u>\$2,812,764</u> | <u>\$2,679,707</u> |

Changes in the post-retirement benefit obligation are reflected on the statements of activities for the years ended December 31, 2017 and 2016, respectively, as follows:

| | 2017 | 2016 |
|--|------------------|------------------|
| Net Periodic Post-Retirement Benefit Cost | <u>\$128,501</u> | <u>\$133,202</u> |
| Change in Post-Retirement Benefit Obligation Not Included in Net Periodic Benefit Post-Retirement Benefit Cost | <u>\$129,768</u> | <u>\$ 5,509</u> |

Contributions by participants to the medical plan were \$10,147 and \$11,111 for the years ended December 31, 2017 and 2016, respectively.

The weighted average actuarial assumptions used to determine the benefit obligation and benefit cost for the years ended December 31, 2017 and 2016, respectively, were:

| | 2017 | 2016 |
|-------------------------------|-------|-------|
| Discount rate for obligations | 3.51% | 4.03% |
| Discount rate of costs | 4.03% | 4.25% |

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 - EMPLOYEE BENEFITS (CONTINUED)

POST-RETIREMENT HEALTHCARE BENEFITS (CONTINUED)

The assumed health care cost trend rates used to determine the benefit obligation for the years ended December 31, 2017 and 2016, respectively, were:

| | 2017 | 2016 |
|--|-------|-------|
| Assumed health care cost trend rates as of December 31 | | |
| Health care cost trend rate assumed for the next year | | |
| Current pre-Medicare health care trend rate | 7.00% | 7.50% |
| Current post-Medicare health care trend rate | 5.00% | 5.50% |
| Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) | 5.00% | 5.00% |
| Year that the rate reaches the ultimate trend rate | 2018 | 2018 |

A one percentage point increase in the assumed medical cost inflation rate would increase the accumulated post-retirement benefit obligation at December 31, 2017 by \$456,465 and would increase the post-retirement benefit expense for 2017 by \$25,010.

CASH FLOWS

The Society expects to contribute \$105,516 to its post-retirement benefit plan in 2018.

ESTIMATED FUTURE BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the next 10 years:

| For the Years Ending December 31 | Amount |
|-------------------------------------|--------------------|
| 2018 | \$ 105,516 |
| 2019 | 117,512 |
| 2020 | 128,396 |
| 2021 | 134,551 |
| 2022 | 120,757 |
| Fiscal 2023-2027 | 671,833 |
| Total | \$1,278,565 |

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available at December 31, 2017 and 2016 for the following activities/programs:

| | <u>2017</u> | <u>2016</u> |
|---|---------------------------|---------------------------|
| Scholarships and award funds | \$4,244,077 | \$3,594,920 |
| Center for Nuclear Science and Technology | <u>2,489,440</u> | <u>2,212,491</u> |
| Total | <u>\$6,733,517</u> | <u>\$5,807,411</u> |

SCHOLARSHIPS AND AWARD FUNDS

The Society plays an important role in helping students complete their post-high school education and prepare for careers in nuclear science and technology (“NS&T”). More than 20 scholarships named after pioneers and leaders in NS&T and other general scholarships are awarded each year to students with outstanding academic credentials. Special scholarships are available to students who have significant economic needs in order to pursue degrees in NS&T.

CENTER FOR NUCLEAR SCIENCE AND TECHNOLOGY INFORMATION

As an initiative of the Society, the Center for Nuclear Science and Technology Information was conceived to increase understanding of the basic science of the atomic nucleus. Its focus is on the principles of nuclear science and technology, and how brilliant people are employing these principles to improve the human condition. The goal is to change the conversation about nuclear.

Navigating Nuclear: Energizing Our World is a K-12 nuclear energy education program in conjunction with Discovery Education. Led by the Society’s Center for Nuclear Science and Technology Information, the three-phase program will reach middle school, high school, and elementary school students throughout the country as part of Discovery Education’s curricular services. Navigating Nuclear will provide educators with the tools to present the science and application of nuclear in energy as well as medicine, space exploration, food preservation, and molecular science.

NOTE 9 - ENDOWMENT FUNDS

The Society’s endowment consists of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

INTERPRETATION OF RELEVANT LAW

The Society's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") enacted in the State of Illinois as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds 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 the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

1. The duration and preservation of the fund
2. The purposes of the Society and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Society
7. The investment policies of the Society

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

INTERPRETATION OF RELEVANT LAW (CONTINUED)

As of December 31, 2017 and 2016, the Society has \$344,734 of donor-restricted endowment funds which are shown as permanently restricted on the financial statements.

| | 2017 | | | Total |
|--|--------------|------------------------|------------------------|------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Endowment Net Assets, Beginning of Year | \$ -- | \$ -- | \$344,734 | \$344,734 |
| Contributions | -- | -- | -- | -- |
| Investment Return | | | | |
| Net appreciation/depreciation (realized and unrealized) | -- | 59,191 | -- | 59,191 |
| Appropriated for expenditure | <u>--</u> | <u>(59,191)</u> | <u>--</u> | <u>(59,191)</u> |
| Endowment Net Assets, end of Year | <u>\$ --</u> | <u>\$ --</u> | <u>\$344,734</u> | <u>\$344,734</u> |
| | | | | |
| | 2016 | | | Total |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Endowment Net Assets, Beginning of Year | \$ -- | \$ -- | \$344,734 | \$344,734 |
| Contributions | -- | -- | -- | -- |
| Investment Return | | | | |
| Net appreciation/depreciation (realized and unrealized) | -- | 21,925 | -- | 21,925 |
| Appropriated for expenditure | <u>--</u> | <u>(21,925)</u> | <u>--</u> | <u>(21,915)</u> |
| Endowment Net Assets, end of Year | <u>\$ --</u> | <u>\$ --</u> | <u>\$344,734</u> | <u>\$344,734</u> |

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 UPMIFA requires the Society to retain as a fund of perpetual duration. There were no endowment funds with a deficit fund balance in 2017 and 2016.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

RETURN OBJECTIVES AND RISK PARAMETERS

The Society 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, the endowment assets are invested in a manner that is intended to produce results that over time meet or exceed the total return target set in the investment policy, while assuming a moderate level of investment risk.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return 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 dividends). The Society targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objective within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Society's annual distribution policy appropriates an amount of the endowment assets based on the operating budget and the needs of the Society.

NOTE 10 - COMMITMENTS

During December, 2017, the Society entered into a three-year agreement with a third-party to develop a curriculum on nuclear science (see Note 8). The total cost of the agreement is \$1,466,000, of which no payments have been made as of December 31, 2017. The Society has the right to terminate the agreement at certain points throughout the project, at which point the subsequent obligation would be reduced accordingly.

AMERICAN NUCLEAR SOCIETY INCORPORATED
(A Non-Profit Corporation)

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Summarized Comparative Information for the Year Ended December 31, 2016)

| | Program Services | Supporting Services | | 2017 Total | 2016 Total |
|----------------------------------|---------------------|---------------------------|-------------------|----------------------|----------------------|
| | | Management and General | Fundraising | | |
| Functional Expenses | | | | | |
| Advertising commissions | \$ 190,664 | \$ -- | \$ -- | \$ 190,664 | \$ 215,300 |
| Bad debt | 27,200 | -- | -- | 27,200 | 10,417 |
| Bank charges | 8,295 | 12,596 | -- | 20,891 | 22,774 |
| Credit card fees | 160,228 | 1,764 | 305 | 162,297 | 178,058 |
| Depreciation and amortization | 121,362 | 76,522 | -- | 197,884 | 190,490 |
| Division charges | 236,626 | -- | -- | 236,626 | 317,567 |
| Dues and memberships | 34,816 | 13,032 | 4,345 | 52,193 | 53,524 |
| Equipment rental | 17,404 | 3,259 | 326 | 20,989 | 57,185 |
| Grants and awards | 253,062 | -- | -- | 253,062 | 278,149 |
| Insurance | 72,188 | 15,340 | 2,707 | 90,235 | 94,553 |
| Meetings | 2,308,075 | 2,696 | 214 | 2,310,985 | 1,706,077 |
| Miscellaneous | 21,647 | 5,111 | 662 | 27,420 | 29,406 |
| Office expense | 17,708 | 3,717 | 629 | 22,054 | 33,188 |
| Postage | 143,490 | 1,179 | 195 | 144,864 | 151,934 |
| Printing | 296,115 | 576 | 79 | 296,770 | 348,456 |
| Professional development | 10,372 | 2,230 | 439 | 13,041 | 4,378 |
| Professional fees | 886,300 | 79,321 | 7,647 | 973,268 | 1,191,843 |
| Repairs and maintenance | 46,313 | 9,925 | 1,732 | 57,970 | 51,061 |
| Retirement medical benefits | -- | 128,501 | -- | 128,501 | 133,202 |
| Salaries and benefits | 3,667,424 | 782,083 | 115,362 | 4,564,869 | 4,650,881 |
| Shipping | 15,832 | 17 | 9 | 15,858 | 19,633 |
| Software expense | 43,380 | 8,490 | 5,477 | 57,347 | 36,055 |
| Supplies and materials | 81,690 | 9,988 | 372 | 92,050 | 102,365 |
| Telephone | 47,742 | 12,908 | 2,082 | 62,732 | 58,556 |
| Travel | 146,839 | 11,876 | 6,268 | 164,983 | 145,700 |
| Travel, non-staff | 202,626 | 7 | 579 | 203,212 | 197,728 |
| Utilities | 36,124 | 7,676 | 1,355 | 45,155 | 40,458 |
| Total Functional Expenses | \$ 9,093,522 | \$ 1,188,814 | \$ 150,784 | \$ 10,433,120 | \$ 10,318,938 |

See independent auditors' report.

June 7, 2018

To the Board of Directors and Management of
American Nuclear Society
555 N. Kensington Avenue
LaGrange Park, Illinois 60526

We have audited the financial statements of American Nuclear Society for the year ended December 31, 2017, and have issued our report thereon dated June 7, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 10, 2018, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by American Nuclear Society are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was were:

Management's estimate of the methodology used in allocating expenses in the Schedule of Functional Expenses includes a significant amount of management's estimates. We evaluated the key factors and assumptions used to develop the methodology used in allocating expenses in the statement of functional expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on both known and the potential unknown uncollectible or questionable accounts receivable balances. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the discount rate used to value the pension liabilities is based on the Citigroup Pension Discount Curve. We evaluated the key factors and assumptions used to develop the discount rate estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 7, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of

the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and Management of American Nuclear Society and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Marcum LLP

A handwritten signature in black ink that reads "Marcum LLP". The signature is written in a cursive, flowing style.

June 7, 2018

Marcum LLP
Accountants & Advisors
Nine Parkway North, Suite 200
Deerfield, IL 60015

This representation letter is provided in connection with your audit of the financial statements of American Nuclear Society, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

As of the date of this letter, we confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 10, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for 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.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
10. As part of your audit, you assisted with the preparation of the financial statements. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

Information Provided



11. We have provided you with:
 - a. access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. additional information that you have requested from us for the purpose of the audit.

- c. unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d. minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14. We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a. management,
 - b. employees who have significant roles in internal control, or
 - c. others where the fraud could have a material effect on the financial statements.
- 15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.
- 17. There are no significant deficiencies, including material weaknesses, in the design or operation of internal controls, including complementary user entity controls identified in SSAE 16 reports related to our use of service organizations, if applicable, which could adversely affect the Company's ability to record, process, summarize, and report financial data.
- 18. There are no:
 - a. instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements

- b. other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC 450 "Contingencies" (formerly SFAS 5)
 - c. material transactions that have not been properly recorded in the accounting records underlying the financial statements
19. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims that are required to be accrued or disclosed in accordance with ASC 450 "Contingencies" (formerly SFAS 5), we have not consulted a lawyer concerning litigation, claims or assessments.
 20. We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
 21. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
 22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
 23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
 24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
 25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
 26. American Nuclear Society is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

27. We acknowledge our responsibility for presenting the schedule of functional expenses in accordance with U.S. GAAP, and we believe the schedule of functional expenses, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the [schedule of functional expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
28. In assessing the appropriateness of the going concern basis for American Nuclear Society, we have taken account of all relevant information covering a period of at least 12 months from the date of approval of the financial statements.
29. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

AMERICAN NUCLEAR SOCIETY

Signed:  Signed: 

Title: EXECUTIVE DIRECTOR Title: DIRECTOR, FINANCE