

**WORLD FEDERATION FOR ULTRASOUND
IN MEDICINE AND BIOLOGY**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019



WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY

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REPORT OF INDEPENDENT AUDITORS

Administrative Council
World Federation for Ultrasound in Medicine and Biology
Laurel, Maryland

We have audited the accompanying financial statements of the World Federation for Ultrasound in Medicine and Biology (the Federation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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.

Auditor's 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 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 Federation'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 Federation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the World Federation for Ultrasound in Medicine and Biology as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Columbia, Maryland

April 26, 2021

**WORLD FEDERATION FOR ULTRASOUND
IN MEDICINE AND BIOLOGY**
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 519,102	\$ 379,045
Accounts receivable	51,030	64,235
Prepaid expenses	6,562	7,671
	<u>576,694</u>	<u>450,951</u>
Total current assets	576,694	450,951
INVESTMENTS	<u>2,794,292</u>	<u>2,546,479</u>
	<u>\$ 3,370,986</u>	<u>\$ 2,997,430</u>
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 349	\$ 5,941
Deferred membership dues	-	6,294
Deferred publication revenue	-	33,333
	<u>349</u>	<u>45,568</u>
Total current liabilities	349	45,568
NET ASSETS		
Without donor restrictions	3,263,987	2,852,212
With donor restrictions	106,650	99,650
	<u>3,370,637</u>	<u>2,951,862</u>
Total net assets	3,370,637	2,951,862
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,370,986</u>	<u>\$ 2,997,430</u>

**WORLD FEDERATION FOR ULTRASOUND
IN MEDICINE AND BIOLOGY**

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Support and Revenue Without Donor Restrictions		
Royalties	\$ 251,030	\$ 264,234
Editorial fees	208,200	202,000
Contract signing bonus	33,333	33,333
Membership dues	83,287	84,940
Net assets released from restrictions	-	37,260
	<u>575,850</u>	<u>621,767</u>
Total support and revenue without donor restrictions		
Operating Expenses		
Programs services	344,269	519,949
General and administrative	67,619	87,298
	<u>411,888</u>	<u>607,247</u>
Total expenses		
Change in Net Assets before Non-operating Activities	163,962	14,520
Non-operating Activities		
Investment income, net of fees	247,813	297,890
	<u>411,775</u>	<u>312,410</u>
Change in Net Assets Without Donor Restrictions		
Net Assets With Donor Restrictions		
Grants and contributions	7,000	86,910
Net assets released from restrictions	-	(37,260)
	<u>7,000</u>	<u>49,650</u>
Change in Net Assets With Donor Restrictions		
Change in Net Assets	418,775	362,060
NET ASSETS, BEGINNING	<u>2,951,862</u>	<u>2,589,802</u>
NET ASSETS, ENDING	<u>\$ 3,370,637</u>	<u>\$ 2,951,862</u>

**WORLD FEDERATION FOR ULTRASOUND
IN MEDICINE AND BIOLOGY**
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	Program Services	General and Administrative	Total
Audit and accounting fees	\$ -	\$ 9,736	\$ 9,736
Bank fees	-	110	110
Centers of Education and programs	33,475	-	33,475
Education	9,085	-	9,085
Information technology and website	-	24,348	24,348
Insurance	-	1,397	1,397
Journal editor	208,200	-	208,200
Legal and administration fees	-	13,562	13,562
Management fees	61,102	15,276	76,378
Office expense, printing and delivery	-	3,190	3,190
Program planning and review meetings	13,319	-	13,319
Travel	1,857	-	1,857
World Congress	17,231	-	17,231
	<u>\$ 344,269</u>	<u>\$ 67,619</u>	<u>\$ 411,888</u>

**WORLD FEDERATION FOR ULTRASOUND
IN MEDICINE AND BIOLOGY**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Administrative Council	\$ -	\$ 38,249	\$ 38,249
Audit and accounting fees	-	8,900	8,900
Bank fees	-	3,338	3,338
Contrast-Enhanced Ultrasound Guidelines meetings	37,260	-	37,260
Committee meetings	55,781	-	55,781
Centers of Education and programs	40,585	-	40,585
Education	14,186	-	14,186
Information technology and website	-	16,720	16,720
Insurance	-	1,397	1,397
Journal editor	202,000	-	202,000
Legal and administration fees	-	539	539
Management fees	60,953	15,238	76,191
Office expense, printing and delivery	-	2,917	2,917
Program planning and review meetings	2,653	-	2,653
RSNA annual meeting	21,038	-	21,038
Travel	5,632	-	5,632
World Congress	79,861	-	79,861
	<u>\$ 519,949</u>	<u>\$ 87,298</u>	<u>\$ 607,247</u>

**WORLD FEDERATION FOR ULTRASOUND
IN MEDICINE AND BIOLOGY**

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 418,775	\$ 362,060
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gains) on investments	(189,245)	(246,711)
Reallized (gains) losses on investments	(11,907)	22,049
Decrease (increase) in assets:		
Accounts receivable	13,205	(15,726)
Prepaid expenses	1,109	(1,221)
Increase (decrease) in liabilities:		
Accounts payable	(5,592)	(9,982)
Deferred membership dues	(6,294)	6,294
Deferred publication revenue	(33,333)	(33,333)
	<u>186,718</u>	<u>83,430</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchases and reinvested earnings on investments and certificates of deposit	(899,207)	(437,815)
Maturities of investments and certificates of deposit	852,546	364,587
	<u>(46,661)</u>	<u>(73,228)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	140,057	10,202
CASH AND CASH EQUIVALENTS, BEGINNING	<u>379,045</u>	<u>368,843</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 519,102</u>	<u>\$ 379,045</u>

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION

The World Federation for Ultrasound in Medicine and Biology (the Federation) was formed in 1969 as a nonprofit membership organization under the laws of the state of New York. The Federation's purpose is to promote the use and research of ultrasound in medicine and biology. The Federation collects dues from its members, which consist of national and multinational ultrasound societies. The Federation also earns royalties and editorial fees from their journal entitled "*Ultrasound in Medicine and Biology*."

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Federation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recorded as incurred.

Measure of Operations

The accompanying statements of activities distinguish between operating and non-operating activities. Operating activities include all revenue and expenses that are an integral part of the Federation's programs. Non-operating activities include investment income, net of external investment fees.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of 90 days or less. Cash and cash equivalents held by the investment custodian to facilitate investment transactions or for investment are included in investments.

Accounts Receivable

Accounts receivable are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Federation's historical collection experience. Management considers accounts receivable to be fully collectible at December 31, 2020 and 2019, and as such, no allowance for doubtful accounts has been provided for in the financial statements.

Investments

Investments are reported at fair value. Interest and dividends are recorded as revenue when earned. Interest and dividends are recognized as revenue when earned. Realized and unrealized gains and losses are reflected in the net investment income (loss) on the statements of activities. The cost of investments sold is determined by the specific identification method.

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1:* Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2:* Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3:* Level 3 inputs are unobservable (e. g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of the Federation and changes therein are classified and reported as follows:

Net assets without donor restriction - Net assets without donor restrictions are available for use at the discretion of the Federation and/or management for general operating purposes.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Federation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Some assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting an organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or an administrative council approved spending policy.

Revenue Recognition

The Federation recognizes the revenue over a period of time if the customer receives and consumes the benefits that the Federation provided, or if the Federation's performance does not create an asset with an alternative use, and has enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods or service. The transaction price is calculated as the amount of consideration to which the Federation expects to be entitled (such as membership dues and royalties).

The following explains the performance obligations related to each revenue stream and how they are recognized:

Royalties and editorial fees: Revenue includes amounts earned pursuant to the written contract agreement with the publisher for the journal, "*Ultrasound in Medicine and Biology*." Revenue is recognized over the period in which they are earned as specified in the agreement, deferring amounts received in advanced for journals not yet published. Editorial fees are recognized on an annual basis in accordance with the signed agreement.

Membership dues: The Federation's dues are nonrefundable and are comprised of an exchange element based on the value of benefits provided, and a contributed element for the difference between the total dues paid and the exchange element. The Federation recognizes exchange portion of membership dues over the membership period, and the contribution portion immediately. The dues are recognized on a calendar year basis.

Contract signing bonus: Amounts received in advance when the contract was signed are recorded as deferred revenue and recognized ratably over the term of the journal publication agreement.

Grants and Contributions

Grants and contributions received are recorded as revenue without donor restrictions or revenue with donor restrictions. Contributions including unconditional promises to give, are reported as revenue in the year notification is received from the donor. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions.

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service.

Supporting service is comprised of general and administrative expenses and include costs that are not directly identifiable with any specific program, but provide for the overall support and direction of the Federation. Accordingly, certain overhead expenses have been allocated based on time spent by the Federation's personnel in such functions.

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

Income Taxes

The Federation is exempt from federal and state income taxes (except taxes on unrelated business income) under section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the years ended December 31, 2020 and 2019 since the Federation had no taxable income from unrelated business activities.

The income tax positions taken by the Federation for any years open under the various statutes of limitations are that the Federation continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. The Federation believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reported date. None of the Federation's federal or state income tax returns are currently under examination.

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The following are the major categories of investments measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	<u>December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 157,243	\$ -	\$ -	\$ 157,243
Fixed income bonds and accrued interest	-	1,465,790	-	1,465,790
Mutual funds and exchange traded funds	<u>1,171,259</u>	<u>-</u>	<u>-</u>	<u>1,171,259</u>
	<u>\$ 1,328,502</u>	<u>\$ 1,465,790</u>	<u>\$ -</u>	<u>\$ 2,794,292</u>

	<u>December 31, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 246,781	\$ -	\$ -	\$ 246,781
Fixed income bonds and accrued interest	-	1,416,266	-	1,416,266
Mutual funds and exchange traded funds	<u>883,432</u>	<u>-</u>	<u>-</u>	<u>883,432</u>
	<u>\$ 1,130,213</u>	<u>\$ 1,416,266</u>	<u>\$ -</u>	<u>\$ 2,546,479</u>

Net investment income consists of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 65,282	\$ 80,268
Net unrealized gains	189,245	246,711
Net realized gains (losses)	11,907	(22,049)
Investment fees	<u>(18,621)</u>	<u>(7,040)</u>
Total net investment income	<u>\$ 247,813</u>	<u>\$ 297,890</u>

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, the Federation's net assets with donor restrictions include \$50,000 designated for an education fund each year. As of December 31, 2020, and 2019, the Federation's net assets with donor restrictions also consist of \$56,650 and \$49,650, respectively, designated for the Contrast-Enhanced Ultrasound Guidelines and the Elastography Guidelines.

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 5 - JOURNAL PUBLISHING AND EDITOR AGREEMENTS

On December 14, 2014, the Federation entered into an agreement with a publisher, Elsevier, Inc. (Publisher), to produce the Federation's journal entitled *Ultrasound in Medicine and Biology* (the Journal) from January 1, 2015 through December 31, 2020. In consideration of the execution of the agreement, the Publisher made a payment of \$200,000 to the Federation in 2015, which will be ratably amortized over the six year term of the agreement. Should the agreement be terminated by the Publisher pursuant to the agreement terms, the Federation would be required to repay a pro rata portion of this payment. As of December 31, 2020 and 2019, the Federation has deferred publication revenue of \$- and \$33,333, respectively.

The terms of the agreement specify that the Publisher will pay royalties to the Federation for 25% of revenue attributed to the Journal as recorded in the Publisher's financial records, excluding member subscriptions, with minimum annual guaranteed royalty payments of \$200,000. For the years ended December 31, 2020 and 2019, revenue from royalties totaled \$251,030 and \$264,234, respectively.

In addition, the agreement specifies that the Publisher shall pay an annual fee for services provided by the editorial office. On August 24, 2015, the Federation entered into a separate Editor Agreement with an Editor-in-Chief for the Journal. The agreement commences on January 1, 2016 and continues through December 31, 2021. Either party may terminate the agreement with 120 days' notice or in accordance with other terms of the agreement. Future minimum payments to be made for editorial fees in 2021 will be \$208,200 or as adjusted per the new publisher agreement being reviewed in 2021.

For the years ended December 31, 2020 and 2019, editorial revenue and the corresponding expense totaled \$208,200 and \$202,000, respectively. The annual editorial expense is included in programs and services in the statements of activities.

NOTE 6 - OTHER COMMITMENTS AND CONTINGENCIES

The Federation has entered into agreements with vendors for various committee meetings in future years. The contracts contain contingency clauses whereby the Federation is liable for cancellations. The monetary restitution varies among contracts, but generally is based on expenses incurred by the vendor up to the date of cancellation as well as additional cancellation fees.

NOTE 7 - CONCENTRATION RISK

Financial instruments that potentially subject the Federation to significant concentrations of credit risk consist of cash, cash equivalents, and investments. Investments are exposed to various risks such as market and credit fluctuation. Due to the level of risk associated with investments, and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements. The Federation also maintains a checking account, money market account, and bank deposit accounts with financial institutions that may, from time to time, exceed insurable

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 7 - CONCENTRATION RISK (Continued)

limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The Federation has not experienced any credit losses on its cash, cash equivalents, or investments to date, as it relates to FDIC and SIPC insurance limits.

Management assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

The Federation has a written journal publishing agreement with Elsevier, Inc. (the "Publisher") whereby it receives royalties and fees for the Federation's journal entitled *Ultrasound in Medicine and Biology*. The Federation received 85% and 74% of its revenue and income for the years ended December 31, 2020 and 2019 from the Publisher, respectively.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

For general operating expenditures, the Federation's financial assets available within one year of the statement of financial position date as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 519,102	\$ 379,045
Accounts receivable	51,030	64,235
Investments	<u>2,794,292</u>	<u>2,546,479</u>
Total financial assets available within one year	3,364,424	2,989,759
Less, donor restricted for education fund	<u>(106,650)</u>	<u>(99,650)</u>
Total financial assets available to management for General expenditures within one year	<u>\$ 3,257,774</u>	<u>\$ 2,890,109</u>

The Federation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 9 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Federation is closely monitoring its liquidity and is actively working to minimize the impact of these declines. In response to local and state government mandated business closures, the Federation continues operations through remote access and has restricted travel to meetings.

WORLD FEDERATION FOR ULTRASOUND IN MEDICINE AND BIOLOGY
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2020 and 2019

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 26, 2021, which is the date the financial statements are available to be issued.

On January 6, 2021, the Federation entered into a new agreement with a publisher, Elsevier, Inc. (Publisher), to continue producing the Federation's journal entitled *Ultrasound in Medicine and Biology* (the Journal) from January 1, 2021 through December 31, 2027, replacing the previous agreement. The agreement includes an automatic renewal period for one-year periods unless either party gives written notice at least twelve months prior to the expiration of the then current term. In consideration of the execution of the agreement, a signing bonus of \$280,000 will be paid to the Federation over the seven year period.

The terms of the agreement specify that the Publisher will pay royalties to the Federation for 30% of revenue attributed to the Journal as recorded in the Publisher's financial records, less certain expense deductions and excluding revenue attributable to member subscriptions. The Publisher shall pay the Federation an annual minimum guaranteed off \$225,000.

In addition, the agreement specifies that the Publisher shall pay the Federation an annual fee for services provided by the editorial office in connection with the editorial activities under this agreement. Future minimum payments to be made for editorial fees are as follows: 2021 - \$213,405; 2022 - \$218,740; 2023 - \$224,209; 2024 - \$235,559; 2026 - \$241,448; and 2027 - \$247,484.