Treasurer's report- July 22, 2021; Kent Chapman

Audit Results

The accounting firm, RSM, acquired Tate and Tryon (ASPB previous auditor for more than a decade) near the beginning of the calendar year 2020, and they were enlisted to audit financial statements of ASPB in 2020 and again in 2021. The 2020 audit was slowed down by the pandemic-related difficulties, and final audited 2019 financial statements were provided later than anticipated (reviewed by the Board of Trustees and the Board of Directors in January of 2021). The auditors reported no material changes in the 2019 financial statements, providing a clean audit report for 2019. The audit of 2020 financials is nearly completed, with preliminary indications that it also will be a clean report. We anticipate that final audited financial statements for 2020 will be prepared for review by BoT and BoD later this summer or early fall. Audited financial statements will be posted on the BoT site for ASPB members to review.

Summary of 2020 Revenues and Expenditures for 2020 (unaudited)

ASPB Revenues and expenditures for 2020 are summarized in the Table below. Values for 2020 are unaudited numbers. For comparison, audited values for 2018 and 2019 are provided. In 2020, total anticipated revenue of $11,157,007 is expected to exceed anticipated expenses of $6,580,547 by $4,576,460. This unusual increase in net income is largely driven by non-recurring, extraordinary items that include investment gains, journal subscriptions and contractual agreements with Oxford University Press. A Sankey plot of the 2020 revenue and expense categories is provided to help visualize 2020 results.

Overall Summary of Income and Expenses

	Year 2018 Audited	Year 2019 Audited	Year 2020 Unaudited
REVENUE			
Publications	$5,289,681	$5,358,991	$7,169,397
Membership	315,756	339,407	389,427
Meetings	974,400	1,438,045	736,755
Legacy Society	20,706	98,200	279,300
Operations & Other	(458,964)	2,484,046	2,582,128
Total Revenue	**$6,141,579**	**$9,718,689**	**$11,157,007**
EXPENSES			
Publications	$3,315,264	$3,185,039	$3,043,933
Membership	211,459	188,542	159,195
Meetings	1,205,379	1,372,783	697,020
Legacy Society	9,853	(2,500)	(3,000)
Operations & Other	3,191,755	3,027,234	2,683,399
Total Expenses	**$7,933,710**	**$7,771,098**	**$6,580,547**
Change in Net Assets	**($1,792,131)**	**$1,947,591**	**$4,576,460**

Note: Legacy expenses are due to uncollectability and reversal of write-off

Operations & Other Consist of:

1. Facilities, Finance, and Governance
2. Meetings & Events Solutions
3. Legislative and Public Affairs
4. Education & Outreach
5. Awards
6. Digital Ecosystems
7. Grants

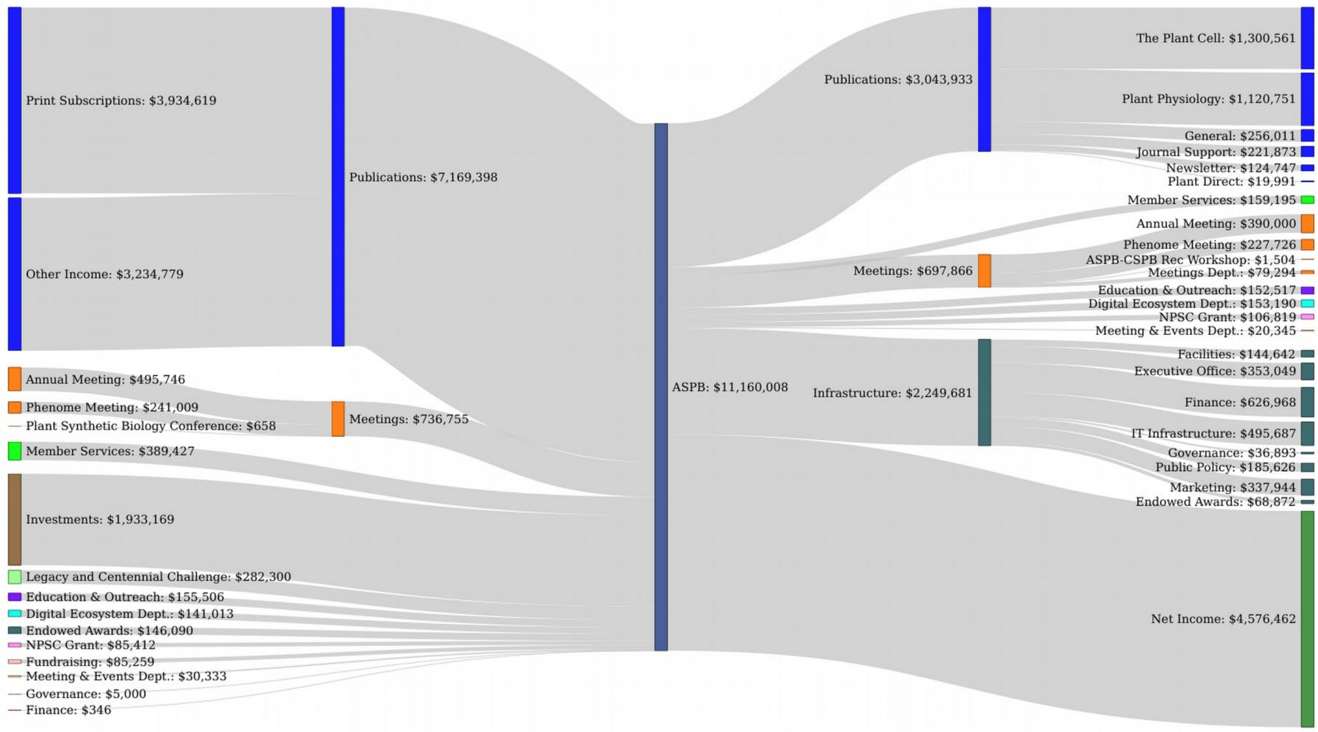


Fig. Sankey plot of 2020 revenue and expenditure categories. [Thanks to Dr. Trevor Romsdahl for generating the diagram.]

Summary of Investment Performance

The ASPB investment portfolio is managed by Paul Powers of Morgan Stanley consistent with ASPB investment policy. Paul Powers met with the Board of Trustees three times since September of 2020 to provide an update on the overall market conditions and details regarding the investments and performance of the ASPB portfolio. In the last two years, the ASPB portfolio has risen by a healthy margin to a balance of over $18M as of June 2021. Careful cash management practices by the ASPB CFO Clara Woodall and her accounting team have contributed to a disciplined budget and spending plan such that no funds have been withdrawn from the investment portfolio in the last three years with the exception of the approved amount of the Board Authorized Drawdown (see more below). A summary of year-to-date, year-over-year and the last decade portfolio balances are provided in the table below.

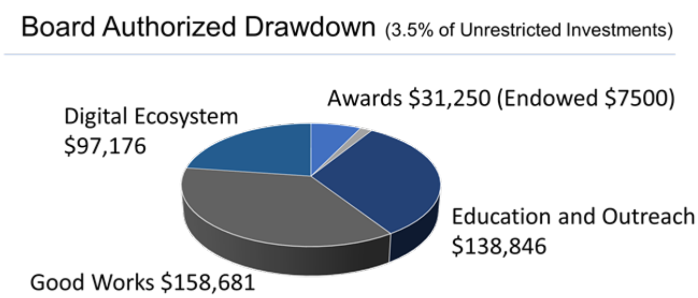
ASPB Total Investment Portfolio Balances

	Year to Date 01/1/2021 - 06/30/2021	Last 12 Months 06/30/2020 - 06/30/2021	Since 2010 01/01/ 2010 – 06/30/2021
Total Beginning Value	**$15,461,840**	**$13,627,503**	**$9,794,399**
Net Contributions/Withdrawals	1,400,000	1,400,000	(4,156,513)

Investment Earnings	1,504,737	3,339,074	12,728,691
Ending Total Value	**$18,366,577**	**$18,366,577**	**$18,366,577**
Rate of Return	9.73%	24.50%	129.96%

Distribution of Board Authorized Drawdown from Investments (2020)

Per ASPB Board of Directors policy, each year the ASPB uses a percentage of their ***unrestricted*** long-term investments to support various activities. In recent years this percentage has been reduced to 4% and now is 3.5% of the average unrestricted portfolio balance over the most recent 3-year period. This year the average was $12,441,528, and the percentage available from the BAD was $435,453. Current practice is to use these funds first to pay for honorific awards created by the society. In 2020, this was $38,750. The remaining balance is distributed in percentages to good works (35%), education and outreach (45%), and the digital ecosystem (25%). The significant expenditures in good works include sponsored travel awards, meeting registrations, etc., for programs that are administered by several committees/sections including EDIC, WIPB and PUI. In 2020 and 2021, with the annual meeting being virtual, these funds were used to expand numbers of sponsored registrants, and to offer childcare opportunities during the virtual conference. Significant expenditures in education and outreach include conference registrations and booth space as well as Bloome grants (2021 awards announced June 1). For the digital ecosystem portion of this budget, this primarily includes costs associated with Plantae. A general breakdown of the BAD funds is shown to the left.



Changes in Accounting Systems and Budgeting Process

A significant investment was made this year to upgrade software and database systems within ASPB to improve operations in financial accounting, reporting and budgeting. Considerable staff training occurred over the year with implementation of these badly-needed resources. With improved capabilities and more automated services, an earlier budgeting process has been proposed, along with increased engagement with committee chairs and section representatives, to provide for a more transparent process. The intention is to prioritize expenditure requests that align with ASPB priorities, and through ongoing assessment, are most effective use of ASPB resources. A general timeline for the budgeting process includes committee prioritization from Oct- March, submission of requests to Staff and Board of Trustees in March and development and approval of Budget by BoT and BoD in a joint meeting in September. This is just beginning to roll out, so this will be a transition year, but the hope is that this process will provide for a well-considered, thoughtful process with broader input. Most importantly this improved process will tie expenditures to the mission elements of ASPB to derive the most impact from ASPB funds.