Treasurer's report- June 21, 2022; 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 2021. The 2020 audit, like 2019, indicated a clean report of financial activities with no material concerns. Due to changes at RSM in 2021, ASPB interviewed and enlisted another experienced audit firm, Calibre CPA Group. They are in the process of auditing ASPB activities, and we anticipate that final audited financial statements for 2021 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 Revenues and Expenditures for 2021 (unaudited)

ASPB Revenues and expenditures for 2021 are summarized in the Table below. Values for 2021 are unaudited numbers. For comparison, audited values for 2019 and 2020 are provided. In 2021, total anticipated revenue of $7,117,714 is expected to exceed anticipated expenses of $5,116,357 by $2,001,357. This unusual increase in net income is largely driven by non-recurring, extraordinary items that include investment gains, OUP higher than expected income, and COVID related Paycheck Protection Program loan forgiveness. Publications continue to provide the largest revenue stream to ASPB, and efforts should continue to be made going forward to diversify and enhance revenue from additional sources.

Overall Summary of Income and Expenses

	Year 2019 Audited	Year 2020 Audited	Year 2021 Unaudited
REVENUE			
Publications	$5,358,991	$7,169,397	$3,752,917
Membership	339,407	389,427	280,967
Meetings	1,438,045	736,755	474,509
Legacy Society/Pioneers	98,200	279,300	124,956
Operations & Other	2,484,046	2,582,128	2,484,365
Total Revenue	$9,718,689	$11,157,007	$7,117,714
EXPENSES			
Publications	$3,185,039	$3,059,372	$1,734,687
Membership	188,542	161,382	214,038
Meetings	1,372,783	697,020	496,877
Legacy Society	(2,500)	(3,000)	1,300
Operations & Other	3,027,234	2,729,989	2,669,455
Total Expenses	$7,771,098	$6,644,763	$5,116,357
Change in Net Assets	$1,947,591	$4,512,244	$2,001,357

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

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

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 in September of 2021 and provided a follow-up summary statement in June 2022, to update the committee on the overall market conditions and details regarding the investments and performance of the ASPB portfolio. In the last two years, the ASPB portfolio rose to a balance of over $18M as of December 2021. Recent market conditions have resulted in unrealized losses this year (-11.73% at May 2022), and the Board of Trustees is monitoring the situation with the ongoing advice from our financial advisor. 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	Last 12 Months	Beginning Balance
	01/1/2022 - 05/31/2022	05/31/2021 - 05/31/2022	01/01/ 2011 - 05/31/2022
Total Beginning Value	**$18,785,500**	**$18,204,131**	**$11,188,744**
Net Contributions/Withdrawals	-	1,400,000	(4,158,045)
Investment Earnings/(Loss)	(2,202,918)	(3,021,539)	9,551,893
Ending Total Value	**$16,582,582**	**$16,582,592**	**$16,582,592**
Average Rate of Return	-11.73%	-16.60%	85.37%

Distribution of Board Authorized Drawdown (BAD) from Investments (2021)

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 $12,628,056, and the percentage available from the BAD was $441,982. Current practice is to use these funds first to pay for honorific awards created by the society. In 2021, this was $40,550. 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 2022, with the annual meeting resuming an in-person format, these funds support conference registration and attendance for a large number of students, post docs and early career plant scientists. Significant expenditures in education and outreach include conference registrations and booth space as well as Bloome grants. For the digital ecosystem portion of this budget, this primarily includes costs associated with Plantae. In addition to the BAD funds that support ASPB programming, ASPB provided over $1M in complimentary and/or discounted items in support of attendees to the ASPB annual meeting.

Changes in Accounting Systems and Budgeting Process

A significant investment was made in 2021 to upgrade software and database systems within ASPB and improve operations in financial accounting, reporting and budgeting. 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 timeline was interrupted this year with the initiation of a strategic planning process in February, and we anticipate that we will resume this budgeting plan in the upcoming year, beginning with the budget review and approval in September 2022. The intention is that this improved process will clearly link expenditures to the mission elements of ASPB to derive the most impact from ASPB funds.

Fundraising

With the announcement this past year of the centennial challenge campaign (CCC), a formal committee was formed to help to organize and expand fundraising efforts toward a goal of $3M by the centennial anniversary of ASPB in 2024. Already an impressive total of $1.9M has been raised as of June 2022. The Board of Trustees recommended, and the Board of Directors approved, updates to the ASPB gift acceptance policy in this past year to support fundraising efforts.