

Treasurer's Report: 2020 Annual Meeting
To: Board of Directors and the Assembly of Delegates

This Treasurer's report covers fiscal year 2020; the period from July 1, 2019 – June 30, 2020. The Society's Treasurer is pleased to present this report on behalf of the Committee on Finances (COF).

The COF exercises prudent and expert informed financial stewardship and oversight of all Society assets and liabilities to assure asset preservation and growth.

During the year, a quorum of the COF* met following each calendar quarter to review investment portfolio performance with the external investment manager, review annual budget for Board approval, monitor monthly cash flow and expenditures, including travel, in relation to Board-approved annual budget; review external financial audit report on appropriate internal accounting practices and internal Committee on Audit Review report, and adopt necessary practice corrections.

Assets, Liabilities and Net Worth

As of June 30, 2020, the value of the Society's invested assets was \$13.8 million. Net worth as of June 30, 2020 was \$13.2 million. By comparison, net worth on June 30, 2019 was \$9.9 million; based on assets of \$12.5 million and liabilities of \$2.6 million. Thus, the net worth of the Society increased by \$3.3 million at the end of fiscal year 2020 than it was at the end of fiscal year 2019.

The Society's total investment return for the fiscal year ending June 30, 2020, was 3.11%. There was decrease of 1.4% from FY2019 return due to unfavorable market conditions as a result of COVID-19 Pandemic. The overall estimated fee was 25 basis points (0.25%), and the total account fees were \$23,474 during fiscal 2020.

Society's Investment Returns	
Assumed rate of return	+5.00%
1-year total investment return (thru June 30, 2020)	3.11%
3-year total investment return (July 1, 2017 - June 30, 2020)	14.05%

Fiscal 2020 Operating Budget Summary

The Board of Directors approved an operational budget of \$4.4 million for fiscal year 2020 with a deficit of (\$0.63 million) at the recommendation of the Committee on Finances. An additional capital budget of \$0.017 million was also approved by the Board of Directors.

As of June 30, 2020, the operating revenues were down by (3.27%) from the budget while expenses decreased by (9.76%) resulting in a net deficit of (\$0.30 million). Contributions without donor restrictions were included in operating budget while contributions with donor restrictions were added to restricted investments to meet donor's instructions.

COVID-19 Pandemic's Impact on operational cash and its remedies

Due to COVID-19 Pandemic, the Society estimated approximately 50% loss of revenues from spring membership dues. To replenish the cash shortage, in April 2020, the Society applied and received a loan from its primary bank in the amount of \$371,500 under Paycheck Protection Program (the "PPP") as part of the Coronavirus Aid, Relief and Economic Security act ("CARES Act"). It also obtained a loan in the amount of \$150,000 from Small Business Administration (SBA) under its Economic Injury Disaster Loan program (EIDL).

The PPP loan is forgivable provided all employee retention criteria were met and the funds were used for eligible expenses. The Society has met the criteria and has applied for the loan forgiveness in October 2020.

Fiscal 2021 Operating Budget

The Committee on Finances recommended an operational budget of \$4.5 million with a deficit of (\$0.78 million) for fiscal year 2021 to the Board of Directors. The Board of Directors approved the recommended budget at its May 2020 virtual meeting.

The fiscal year 2021 budget is based on conservative projections of anticipated revenues from memberships (\$2.3 million), contributions (\$0.35 million), subscriptions (\$0.18 million), advertisers and underwriters (\$0.17 million), program income and overhead from grants and contracts (\$0.20 million) plus 5% of the average of the previous 3 years (12 quarters) of investment returns (\$0.56 million).

Society's Approved FY 2021 Budget (\$ in millions)	
Science Communications & Publications (<i>American Scientist</i> , etc.)	\$1.07
Programs (GIAR, Awards, etc.)	\$0.44
Annual Conference	\$0.38
Membership, Chapter Services & Communications	\$0.61
Governance, Finance & Administration	\$1.36
Headquarters Rent	\$0.26
Fundraising	\$0.42
Total Operating Budget	\$4.54

Respectfully submitted,
David W. Baker, Ph.D.
Treasurer

*COF Membership FY2020: D. Baker (Chair), C. Gouin, D. Mason, A. Paterson, M. Peebles, R. Pennock, S. Smith, G. Siegal, J. Vernon, and J White