



# December 2021 Management Committee Meeting Notes

Friday, December 17, 2021

## **Participants:**

### Management Committee Members:

In-person: Leanne Roulson, Cecil Jennings, Brian Murphy, Patrick Shirey, Jason Olive, Mark Fincel, Brian Nerbonne, Marybeth Brey, Melissa Wuellner, Laurie Earley, Lian Guo, Randy Schultz (Constitutional Consultant, non-voting), Doug Austen (Executive Director, non-voting)

Guests: Brian Missildine (Ethics and Professional Conduct Committee), John Jackson (Nominating Committee)

Emerging Leaders: Christina Murphy, Brian Gallagher, Dan Mosier, Kaylyn Zipp

AFS Staff: Dan Cassidy, Lauren Maza, Beth Beard, Kelly Kotche

## **Minutes of the Meeting:**

1. **Quorum established** by Constitutional Consultant Randy Schultz
2. **Review of agenda** – accepted by unanimous consent.
3. **Review and approval of minutes from the Management Committee** meeting on November 4, 2021 – Accepted without modifications by unanimous consent.
4. **Constitutional Consultant Report** - (Randy Schultz, Brian Murphy, John Jackson)
  - A. Affiliate membership in chapters – Randy Schultz reported that the Nebraska chapter had inquired about the option of adding an “affiliate member” category to their bylaws. The reason for this, as noted by Melissa Wuellner, was that the chapter had been having a difficult time finding officers. However, the AFS Constitution and Rules require that all AFS officers at any level, must be AFS members. There is no allowance for an affiliate member officer option. Randy Schultz will report to the Nebraska chapter that this option of creating an affiliate membership category is not allowed.
  - B. PPAC proposed revisions to AFS Rules and Procedures (Attachment A, Presented by Brian Murphy, chair, Past Presidents Advisory Committee)  
Two motions – the first for AFS Rules and the second for AFS Procedures.
    1. Proposed Motion 1:  
The AFS Management Committee endorses the following changes to the AFS Rules and recommends that the AFS Governing Board approve the changes and present them to the AFS membership for final approval.

xxi. PAST PRESIDENTS' ADVISORY COUNCIL ~~identifies ways or develops an organizational structure for greater participation by retirees. Identifies candidates for Honorary Membership in the Society.~~ **Advises the AFS Officers, Executive Director, Governing Board, and Management Committee on matters of AFS policy and procedures. Solicits nominations and selects the winners of The President's Fishery Conservation Award and the William E. Ricker Resource Conservation Award, and administers the Retired Members Travel Award to the AFS annual meeting.**

Motion by Murphy (from committee so no 2<sup>nd</sup> needed). **Passed with unanimous consent**

2. Proposed Motion 2:

The AFS Management Committee approves the following changes in the AFS Procedures to better enable the PPAC to execute their responsibilities (see exact language in Attachment A)

Motion by Murphy (from committee so no 2<sup>nd</sup> needed). **Passed with unanimous consent.**

C. Nominating Committee proposed changes to AFS Procedures (Attachment B; presented by John Jackson, chair, Nominating Committee)

Motion: To accept the proposed language changes by the Nominating Committee as provided in Attachment B and move them to the Governing Board with full recommendation for approval.

Moved by John Jackson (no 2<sup>nd</sup> needed). **Passed with unanimous consent.**

5. **Financial Report and Discussion** (Attachment C; presented by Dan Cassidy)

- A. This was an informative presentation and discussion on the key issue of defining, calculating and managing an obligated reserve as discussed the Procedures Manual revision This was not a decision-making discussion, but rather building background and common understanding as part of preparing for a February MC vote on proposed AFS Procedures language. Leanne Roulson noted that this discussion should result in a February adoption of new language that represents the perspective of the MC in addressing their
- B. Brief financial update:
  - 1. Baltimore – we will net over \$200,000 from the Baltimore annual meeting after including staff operating expenses.
  - 2. Cvent negotiations - 50% of our \$47,000 payment for the first year will be refunded to AFS and the remainder will be provided as credit to AFS.

3. AFS has now put in place a contract with X-CD for future meeting management. We have also contracted with Tricia Fry to provide additional meeting management support and X-CD expertise.
  4. Much of the AFS Procedures Manual revisions are well crafted and will be very helpful to AFS in future financial management. There are, however, a few specific but important issues that do need additional discussion and clarification.
  5. At the November MC meeting in Baltimore, the FPPC was presented with five motions. Two of these motions were adopted and three are being given additional review before proposed final adoption.
  6. AFS has had an Obligated Reserve Fund (ORF) for many years but it has not been actively managed. The ORF will be redefined through the PM revision as the target fund for building the reserve. Funds from other sources will be moved to ORF as appropriate and approved. However, the definition of this fund needs to be review and refined as well as how it will be accessed by the MC or GB to address emergency needs or other purposes.
- C. Lian Guo and Brian Nerbonne – suggested that establishing goals for an obligated reserve fund would be appropriate but that allowing for MC flexibility in how and the time frame for meeting those goals is important. One option would be to identify a initial reserve of 50% of the target in 4-5 years and allow the leadership the option of adding more or less as needs define. This would allow the MC and GB to also address AFS program or capital budget needs
- D. What financially defines an Obligated Reserve Fund – Does this need to be highly liquid (cash) or otherwise easily available. If invested, there are issues of market volatility that would need to be addressed. It was noted that this shouldn't include assets such as our office building that simply are not easily accessible.
- E. Leanne Roulson – The ORF should have a goal established but then allow for leadership to define when and how we will move to meeting that goal. Requested that AFS staff and the Financial Planning and Procedures Committee develop specific questions and issues responses needed from the MC and GB at their January meetings. This could possibly include a survey of MC members about the obligated reserve.
6. **Meetings Code of Conduct** – Application to AFS Unit Meetings (Attachment C, with Brian Missildine, chair, Ethics and Professional Conduct Committee)

The issue was brought to AFS leadership of ensuring that the Code of Conduct is applied to all AFS events and that there are appropriate reporting processes defined. Several points were identified:

- A. The Meetings Code of Conduct (MCC) applies to all AFS meetings at all levels (Chapter, Section, Division, Annual meeting, and any others where AFS has an ownership role). This includes meetings that are held virtually or with any sort of hybrid or other remote format.

- B. The MCC does have a reporting mechanism which provides for reporting to the AFS Ethics and Professional Conduct Committee (EPCC) and/or an AFS officer or the AFS Executive Director which will then be forwarded to the Ethics and Professional Conduct Committee for assessment.
- C. However, for unit meetings, there should be a defined person(s) for local reporting of issues and immediate responses, as appropriate. This is usually the officer(s) of the entity meeting or some designated person(s) who is given authority for the role. The event registrants should be provided with information on who and how to contact these people in the case of a MCC violation. Such incidents should then be reported to the MCC.
- D. Laurie Earley stated that the Western Division has developed a reporting form that might be applicable to all AFS units.
- E. AFS staff working with the EPCC should develop and send to all AFS units a reminder about the MCC and recommended guidance for implementation of the MCC at unit events.

**7. President/Officers activities report**

- A. Leanne Roulson, President – Spokane meeting planning is fully underway. The symposium submission tool is open and the official submission portal will be opened on December 20.
- B. Cecil Jennings, First Vice President – Continuing to work on the Honolulu meeting but most activities will get fully underway in January

**8. Executive Director and AFS staff reports**

- a. General updates on key staff activities
  - i. Cvent closure and X-CD transition – AFS is finalizing the move to X-CD and closing out our main account with Cvent.
  - ii. Holiday AFS office closure during the week between Christmas and New Years.
- b. JASM planning update – over 140 symposium abstracts submitted.

**9. Reminder of planned MC and GB meetings for remainder of 2021 and into 2022**

- A. MC calls set for 2<sup>nd</sup> Friday of the month (next meeting on January 14)
- B. Mid-year GB meeting – in-person and virtual – Thursday and Friday, January 20 and 21, 2022.

**10. Additional Topics – none presented to the group**

**11. Adjourn at 12:41 p.m. ET**

# Attachment A

## Past Presidents Advisory Council Proposed Updates to AFS Procedures and Rules

### Background:

The Past Presidents Advisory Council (PPAC) has been reviewing its structure and has developed a series of proposals to enable to operate in a more efficient and effective manner. At the recent meeting of the PPAC on 9 November 2021 at the Baltimore annual meeting, the PPAC members passed several motions as part of a comprehensive update of their Rules and Procedures:

- A. Motion: Convert the position of chair of the Past Presidents Advisory Council (PPAC) from one automatically assumed by the AFS Immediate Past President to a position held by a PPAC member and elected by PPAC membership.
- B. Motion: Chair of the PPAC will serve for a two-year term.
- C. Motion: Create the position of vice chair of the PPAC, held by a member of the PPAC and elected by PPAC membership for the same term as the PPAC Chair.

These have been combined into revised language for the AFS Rule and Procedures as provided below.

### Proposed Motion 1:

The AFS Management Committee endorses the following changes to the AFS Rules and recommends that the AFS Governing Board approve the changes and present them to the AFS membership for final approval.

xxi. PAST PRESIDENTS' ADVISORY COUNCIL ~~identifies ways or develops an organizational structure for greater participation by retirees. Identifies candidates for Honorary Membership in the Society.~~ **Advises the AFS Officers, Executive Director, Governing Board, and Management Committee on matters of AFS policy and procedures. Solicits nominations and selects the winners of The President's Fishery Conservation Award and the William E. Ricker Resource Conservation Award, and administers the Retired Members Travel Award to the AFS annual meeting.**

**Proposed Motion 2:**

The AFS Management Committee approves the following changes in the AFS Procedures to better enable the PPAC to execute their responsibilities.

**Past Presidents’ Advisory Council**

Purpose:

Advises the Governing Board and the Executive Director on matters of mutual interest. ~~Serves as a source of AFS history and practices about past society activities. Identifies ways or develops an organizational structure for greater participation for retirees. Identifies candidates for Honorary Membership in the Society.~~ (Article IX 2. R see RULES 14(b)(xxi))

Composition:

All living past AFS Presidents. ~~The Immediate Past President serves as chair.~~ The chair and vice chair of the PPAC are elected biannually by the PPAC members and are installed at the AFS annual meeting. There is no limit on the number of consecutive terms the chair and vice chair may serve.

Duties:

- Advises the AFS Officers, Executive Director, Governing Board, and Management Committee on matters of AFS policy and procedures.
- Solicits nominations and selects the winners of The President’s Fishery Conservation Award; and the William E. Ricker Resource Conservation Award, and administers the Retired Members Travel Award to the AFS annual meeting.
- Serves as a source of AFS history and practices about past society activities.
- Identifies ways or develops an organizational structure for greater participation for retirees.
- Identifies candidates for Honorary Membership in the Society.
- May partake in special projects as assigned by the AFS president.

Operational Guidelines:

See the “SOCIETY AWARDS” section for details on the above-mentioned awards.

# Attachment B

## AFS Officer Election Process Improvements through Revision of Rules and Procedures

### Issue and Background:

Voter turnout for AFS officer elections has been routinely disappointing averaging about 20% (or thereabouts) for many years. The traditional mechanism for introducing the two candidates for Second Vice President is the publication of the candidate statements in the February issue of *Fisheries* magazine. In an effort to enhance voting participation we have also attempted to engage the membership through social media postings, candidate webinars, Q&A articles on the website, and the e-newsletter. None of these additional efforts have resulted in any measurable increase in member participation in the election. One issue suggested as contributing to this lack of participation is the AFS Rules' required 60-day time delay between the publication of the candidate statements in *Fisheries* and the opening of voting. This creates an excessively long time period between the most substantive announcement of the candidates in *Fisheries* and the election. In response to this long delay, we have scheduled some of the additional activities closer to the actual opening of the election balloting, but no impact on election participation has been realized.

### Why the 60-day delay?

Although the history of the current voting process is unclear, the 60-day period (AFS Rules Section 3.b.ii) -seems to have been established to allow for additional candidates to be nominated from the membership (through submission of a petition with 100 signatures). The 60 days also seemingly reflects a time period prior to electronic communications when gathering signatures through U.S. Postal Service was the only option. To our knowledge, this process has never been used and membership is not even informed during the voting process that this option is available. Furthermore, the election ballot allows for write-in candidate names to address this issue; the write-in option, however, is rarely used.

### What other problems are caused by the current AFS Rules?

The AFS Rules define the February issue of *Fisheries* as the primary vehicle to present candidate statements to the membership. However, if there are any delays or issues in finalizing the two candidates, which has happened twice in the past 7 years, AFS must request an exemption from the Rules through a vote of the Governing Board and the membership. This is an obviously onerous and time-consuming task. Eliminating the specification of which issue of *Fisheries* for the printing of the candidate statements would address this problem. Furthermore, we believe that there is no need to provide a petition option for adding a candidate to the two selected by the Nominating Committee. Committee membership includes representatives from each of the four Divisions plus at-large AFS members selected by the Governing Board. The Nominating Committee can solicit nominations from the membership as part of their selection process. Finally, the option of write-in candidates is always available should there be some unforeseen reason to present an alternative candidate to those identified by the Nominating Committee.

### What are the Recommended Changes to AFS Constitution, Rules, and Procedures?

**Commented [MJ(1):** For what it is worth, the change to eliminate the 60-day period was requested by AFS staff in 2014 to alleviate timing concerns. We also discussed removing the ability to nominate individuals by petition.

My notes indicated I proposed the following changes as part of the 2014 Constitution and Rules overhaul, but likely owing to multiple versions and last minute changes I think the change did not go in the package for GB approval:

- a. The Nominating Committee is obliged to present an annual slate of candidates. This slate must be announced to the membership in the February issue of *Fisheries*, ~~at least 60 days before ballots are distributed.~~ (see Article III, 3. A. and Procedures)
- b. Eligible candidates may be nominated in a written petition signed by at least 100 Active Members and presented to the Executive Director by 30 days after the distribution of the February issue of *Fisheries*, and at least 30 days before ballots are distributed. (see Article III, 3. A. and Procedures)

My comment in the revised Rules says "This change was requested by AFS staff. This revision removes the potential conflict that may occur if there are less than 60 days between the February issue of *Fisheries* and April 1. The revised wording still allows adequate time between announcement of candidates, distribution of ballots, voting, and the annual Society meeting."

This is my long way of saying we've been here before and there is broad support for eliminating the 60-day requirement. My notes from my time as CC also are clear that no one was aware of the petition process being used for nominating officers. I am in favor of the current proposed edits.

**Commented [MJ(2):** My notes say that the delay was a direct result of members only receiving information via the snail-mailed February issue of *Fisheries*, and *Fisheries* was notorious for arriving a month late.

**Commented [MJ(3):** Food for thought: While this issue is being debated and reviewed/approved, there is the possibility to suspend the Rules and Procedures for the 2022 Officer election.

Constitution Article X.2.a.:  
The Rules may be suspended until the next annual or special Society meeting by a 2/3 majority of the Governing Board.

Constitution Article X.3.:  
Procedures are the lowest level of documentation of Society operations. They are generally established to provide continuity in the conduct of Society business. The Procedures may be suspended or amended by a simple majority vote of the Governing Board or Management Committee.

No changes are proposed to the Constitution. The AFS Rules and Procedures do require modifications as highlighted below. Modifications of the AFS Rules require a simple majority vote of the membership but also must be approved by the Management Committee and the Governing Board prior to presentation to the membership. AFS Procedures are modified by the Management Committee.

## AFS Rules

### Section 3.b:

#### b. Nomination and election of officers

- i. On or about April 1st of each year, but at least 90 days before an annual Society meeting, the Executive Director shall provide all Active Members a printed or electronic ballot bearing nominations for President-elect, First Vice-president, and Second Vice-president. There must be at least two nominees for Second Vice-president. Members will be allowed at least 30 days from the distribution date to return their printed or electronic ballots ~~to the Vote Auditor.~~
- ~~ii. Nominations for elective Society offices may be received and processed in two ways.~~
- ~~(1)ii.~~ The Nominating Committee is obliged to present an annual slate of candidates. This slate must be announced to the membership in ~~the February issue of Fisheries, at least 60 days~~ before ballots are distributed. ~~(see Article III(3) and Procedures)~~
- ~~iii. Eligible candidates may be nominated in a written petition signed by at least 100 Active Members and presented to the Executive Director by 30 days after the distribution of the February issue of Fisheries, and at least 30 days before ballots are distributed. (see Article III(3) and Procedures)~~
- ~~iv-iii.~~ The nominee receiving the largest number of votes for each office is elected. If a tie occurs, the Governing Board makes the selection by a majority vote.

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**Commented [TP4]:** I think it is worth putting in a statement about requiring the opportunity for write-in candidates

## AFS Procedures

### Nominating Committee

**Purpose:** Prepares a slate of candidates for the Society offices of Second Vice-President, First Vice-President, and President-elect according to procedures approved by the Governing Board. It must name at least two candidates for Second Vice-President.

**Composition:** Ten members as follows: Chair, appointed by the AFS President; one person selected by each Division (four in total); four persons elected by the Governing Board at the Annual Meeting; and the Immediate Past-President of the Society. Each of the four Division Presidents should inform the incoming AFS President of the name of the Division's selected representative to the ~~Society~~-Nominating Committee prior to the Annual Meeting. The newly-installed AFS President needs to have those names so they can be eliminated from consideration when the

**Commented [MJ5]:** The most current version of the Society's Procedures needs to be checked for the following and updated if changes to the Rules are approved: Society Officers- Does this section still mention voting by petition? Vote Auditor- 4. Discusses officer elections and distributing the ballot to membership in May.

**Commented [DA6]:** Note that there is inconsistency among our Constitution, Rules and Procedures on the appropriate grammatical presentation of First Vice President (Constitution) vs First Vice-president (Rules and Procedures). A search on proper usage seems to all be consistent favor of "Vice President". All documents are consistent on use of President-elect. We will have AFS editorial staff provide a recommendation on use that is consistent with the AFS Style Manual.

Governing Board selects its four members to the Nominating Committee during the Incoming Governing Board Meeting held following the Annual Business Meeting.

Duties: The Chair of the Nominating Committee shall direct the nomination and voting procedure and tally the votes as outlined in the following steps. In order to comply with the specific and rigid timelines detailed in these procedures, the chair must contact the committee immediately after the AFS Annual Meeting and hold committee members to the timetable.

1. All ten members of the Committee, including the Chair, may nominate one or two candidates for Second Vice-President. Accordingly, the number of candidates in any given year may be as many as twenty.
2. Each Committee member shall vote on five of the candidates by assigning five points to the first preference, four points for second choice, etc.--one point for fifth choice. The Chair may vote only if her/his signed ballot is mailed to the AFS President at the same time as ballots are mailed to the other Nominating Committee members.
3. Votes will be evaluated by the Chair who determines the top two candidates on the basis of the highest point total.
4. Total point ties for first and second, or second and third positions, go to the candidate with the greatest number of first place votes (5's). If a tie cannot be resolved by this procedure, then a second vote will be required. In this case only the tied candidates are voted upon. If a tie still remains after the second vote, the AFS President will cast the tie-breaking vote.
5. Written results of the nomination and vote, including the ballots, shall be forwarded to the Executive Director or the AFS President for audit as soon as the two candidates for Second Vice-President have been determined by vote. The Executive Director and the AFS President shall review the results before they are announced.
6. The candidate in third place following the vote of the Committee and the candidate in second place after the general membership vote for Second Vice-President, shall automatically be considered as possible nominees by the Nominating Committee for the following year. This last stipulation mandates forwarding the names and biographical information of those individuals to the Unit Services Coordinator at Headquarters for transmission to the Committee Chair for the following year.
7. This is a confidential process; Committee members may not discuss the individuals on the list or the rankings with anyone other than other Committee members.

**Operational Guidelines:**

The duties are to be implemented as follows. With the consent of all committee members, all written materials including ballots may be exchanged among committee members electronically.

1. A biographical sketch (background), some comments on the state of the Society (AFS involvement), and some steps that might be undertaken as AFS President to address major issues (Vision Statement) should be prepared by each candidate and forwarded by November 15 to the member of the Committee advancing the candidate's name for consideration. The statement should be no more than two type-written pages. Each Committee member shall inform his/her candidate(s) that the Committee does not encourage or appreciate receiving any additional vote solicitation contact or information.
2. Each Committee member should submit the name(s) of his/her candidate(s), the biographical sketches, and comments to the Chair by November 20.
3. The biographical sketches and comments by nominating committee members for all candidates will be forwarded with a ballot to all members of the Committee by December 1.
4. Ballots should be returned to the Chair by December 15. The Committee Chair will communicate the results to the President and Executive Director immediately.
5. The Committee Chair shall notify the first- and second-ranked candidates as soon as he/she has been informed by the AFS President or Executive Director that they have audited the Committee Chair's tally of the votes and have approved. The Committee Chair shall let the remaining candidates know who placed first, second, and third and will forward the third-ranked candidate's file to the Unit Services Coordinator at Headquarters for transmission to the next year's Committee Chair.
6. When notifying the winning candidates the Chair will request that they update or revise, if they wish, their biographical sketches and vision statements for AFS and send them to the Chair with a photograph by January 5.
7. The Chair will forward these materials to the editor of *Fisheries* ~~by an absolute deadline of January 10~~ so that the nominees will be announced ~~in the February issue of Fisheries. The slate must be announced at least 60 days~~ before election ballots are ~~sent~~mailed to the AFS membership. ~~This will allow sufficient time for possible nominations by petition.~~
8. Following the election, the Committee Chair will forward the unsuccessful candidate's file to the Unit Services Coordinator at Headquarters for transmission to the next year's Committee Chair.

# Attachment C

## AFS MANAGEMENT COMMITTEE FINANCIAL PLANNING

FRIDAY, DECEMBER 17, 2021

### FPPC BACKGROUND

- **Financial Planning and Procedures Committee (FPPC) :**
- Special Committee formed in 8/2020; The Investment Committee were handling some duties
- Began work earlier this year to organize committee, review Rules and Procedures
- **Purpose:**
  - To act as a singular body to work with AFS staff in assessing and evaluating the financial position of the Society and provide advice and guidance to the Management Committee, Governing Board and AFS leadership on such matters.
  - This committee will work with the Audit Committee and AFS Investment Advisors to develop and promulgate appropriate financial plans for the Society.
  - FPPC reviews AFS financial trends and provides recommendations to the Management Committee with the overall goal of ensuring the Society's financial sustainability.

## NOVEMBER RECAP

In November 2021, the MC was presented with Five Motions from the FPPC after its review of AFS procedures and financial position:

**Motion 1:** Approve the revised FPPC Rules and Procedures (status: **pending**)

**\*\*Motion 2:** The **Obligated Reserve in the Investment Fund** shall be rebuilt over 5 years, or at a rate approved by the MC, beginning in 2022 to become sufficient to cover 1 year of AFS operations (status: **pending**)

## NOVEMBER RECAP

**Motion 3:** Transfer all money from the AFS 2000 Fund, \$750,000 from Publications Endowment Fund, to Obligated Reserve and request CEC review possible uses of Gerking Continuing Education Program Fund and report back within 6-months (status: **Approved**)

**Motion 4:** The Executive Director shall include contributions to the Obligated Reserve Fund in the annual budget (status: **pending**)

**Motion 5:** Proposed rule to establish the Financial Planning and Procedures Committee as an AFS Standing Committee (status: **Approved**)

## A FEW KEY QUESTIONS

- What is AFS's definition of the Obligated Reserve?
- What is an appropriate Target Balance for the Obligated Reserve?
- How quickly should AFS seek to build its Balance to reach this Target?
- What considerations are important in developing a Target Balance?
- How and when will the Obligated Reserves be used?
- But first ...

## LIONS, TIGERS AND RESERVES, OH MY!

Net Assets vs Reserves?

Is there a difference?

Let's go ask the Wizard!



## NONPROFIT NET ASSETS

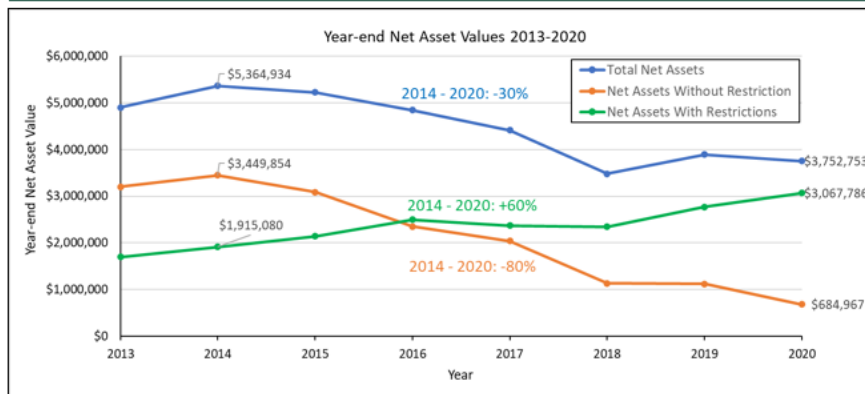
### What are Net Assets?

Net Assets are Assets minus Liabilities or more simply the accumulated operating results of the organization.

In other words, if AFS converted all of its investments, receivables, property and other assets into Cash, and then paid off all of its liabilities, the remaining balance is Net Assets.

As the following chart shows, AFS Net Assets have varied from year to year, based on program operating results (net income), through changes in the investment portfolio and from financing activities (borrowings and repayments of loans).

## NET ASSET BALANCES 2013 - 2020



## NET ASSETS TERMS

- **“Without Donor Restrictions” – Unrestricted Assets or Funds**
  - Net assets **not subject** to donor-imposed stipulations.
  - Existing investment account funds
  - Net of all Assets and Liabilities
- **“With Donor Restrictions” – Restricted Assets or Funds**
  - Net assets **subject** to donor-imposed stipulations.
  - Donors may stipulate how the funds are to be used or provide a timeline for use.
  - If restrictions lapse, assets are released from restrictions
  - Maintained in investment account

## NONPROFIT RESERVES

### What are Reserves?

- The National Council for Non-Profits defines “Reserves” as:
  - the portion of “unrestricted net assets” that nonprofits maintain and/or formally designate or “Reserve” for use in emergencies to sustain financial operations in the unanticipated event of significant unbudgeted increase in operating expenses and/or losses in operating revenues.
  - “Unrestricted net assets” is a required line item in the balance sheets of financial statements prepared in according to Generally Accepted Accounting Principles (GAAP) and IRS Forms 990 of nonprofit organizations.

## NONPROFIT RESERVES

- Sometimes “Reserves” and “Net Assets” are used interchangeably.
- Let’s agree that “Reserves” are part of Net Assets but Net Assets are not part of “Reserves”
- “Reserves” (really Net Assets) for nonprofit organizations are a result of accumulated earnings over a period of time or excess earnings which are not used for annual operations but rather a portion of which is ‘put aside’ for particular purposes.

## NONPROFIT RESERVES

- Keep in mind that Reserves are not an accounting requirement nor are they a required line item in a nonprofit’s financial reports.
- They are merely a procedural position designating Net Assets for specific purposes or to insure financial sustainability. Nonprofits may designate or undesignate Unrestricted Net Assets as they feel appropriate.
- The term Designated Net Assets, is appropriate and one used in the financial statements

## TYPES OF RESERVES (“DESIGNATIONS”)

- **Repair and replacement of fixed assets:** to maintain and preserve productive long term assets.
- **Unexpected external problems:** to protect and stabilize the nonprofit in case of unexpected, often external, problems. This is the classic rainy-day fund, or operating reserve
- **Invest for the future:** to prepare for and respond to long term changes in organizational strategy or in the community or market.
  - “Opportunity Reserves” allows a nonprofit to invest in program redesign or to pilot an expansion, seed fund an innovation, test out new marketing or development ideas, or bring on staff capacity that will pay off in the future.

## RESERVES HISTORY

- While it’s unclear where the term Reserves originated, in the nonprofit community an “Operating Reserve” is commonly used to refer to the amount of unrestricted cash on hand and available to sustain an organization, and nonprofit Boards usually specify a target of maintaining several months of operating cash as a percentage of budget, also called an “Operating Reserve Ratio”.
- Perhaps the convention of referring these funds as “Reserves” is a function of early nonprofits operating mainly on a cash basis, before adopting accrual accounting.
- In any event, the current definitions and proper accounting terms are:
  - Net Assets with Donor Restrictions
  - Net Assets without Donor Restrictions

## SIMPLE EXAMPLE

### "Franny the Fisheries Biologist"

Asset	Value	Loan	Net Equity
Home	\$500,000	\$300,000	\$200,000
Vehicle	\$15,000	\$10,000	\$5,000
Savings acct	\$100,000	\$0	\$100,000
Totals	\$615,000	\$310,000	\$305,000

Franny's Net Assets = \$305,000 and these may be "allocated" by her for travel, emergencies and replacing her car in a few years. However, only \$100,000 of this amount is held in Cash.

Her "Reserves" (Emergency Funds component) might be \$60,000 or let's say \$5,000/month to cover one year of her living expenses (mortgage, car payment, utilities, food, etc.)

Of course, she may also have access to credit cards, HELOC and an employer retirement plan she can borrow against, if needed.

## UNRESTRICTED NET ASSETS BALANCE

Unrestricted Net Asset Balance		9/30/21	
Fund Name	Balances	Comments	
Pubs Endowment Fund	\$750,000		
Obligated reserve	\$192,921		
AFS 2000 fund	\$165,485		
Gerking	\$109,472	This amount is total balance, but likely leave a portion for the committee TBD	
Hutton (75%)	\$147,392	Estimate of accumulated OH funds/gains to recognize as unrestricted income	
DJV	\$16,411	Reclass to unrestricted income	
<b>Totals</b>	<b>\$1,410,436</b>		
Unrestricted net assets, Dec 2020	\$685,000		
Revised unrestricted before			
<b>Total Unrestricted</b>	<b>\$2,095,436</b>		
2021 Operating Net Revenue	\$TBD		
2021 Expense Budget	\$3,400,000		
<b>Unrestricted % of Budget</b>	<b>62%</b>		

## ESTABLISHING A RESERVE TARGET

- The long-standing question facing every Nonprofit is “How to set a Reserve Target, Ratio or Formula”
- The Greater Washington Society of CPAs suggests the Reserves (Net Assets) rule of thumb is a minimum of 25% or three months of the annual operating expense budget.
- Many organizations hold higher levels or strive to increase that target to six months or more.

## ESTABLISHING A RESERVE TARGET

- There is no one formula or ratio that applies to all organizations and each nonprofit needs to establish targets that best meet its needs.
- Organizations should also be diligent in reviewing such targets periodically in light of changing conditions and new developments to ascertain whether the funds properly reflect the organization's expected needs and business risks.
- For example, overly restricting Net Assets reduces an organizations ability to respond to opportunities, under restrict and an organization's financial position may be compromised at least in the short term. Along these lines, nonprofits should consider other short-term funding vehicles such as bank credit lines, collateralized loans or lending from other sources.

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## ESTABLISHING A RESERVE TARGET

- For example, the level of funds set aside by an organization depends on many factors including
  - reliability of revenue sources, industry and environmental factors and plans or potential new programs in the future.
- AFS has potential capital upgrades for website and iMIS database (\$ TBD but likely in the \$100,000's) as well as the possibility of selling the office condo (very rough quote of \$1.3M after fees) plus lower operating costs.
- Plus, refinement of AFS's strategic positioning may necessitate additional resources.

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## NEXT STEPS

- Staff will work the FPPC on the proposed procedures and
- **\*\*Motion 2:** The **Obligated Reserve in the Investment Fund** shall be rebuilt over 5 years, or at a rate approved by the MC, beginning in 2022 to become sufficient to cover 1 year of AFS operations (status: **pending**)
- and bring back recommendations on the procedures document and further guidance on the Obligated Reserve in terms of definition, use (s), and operational considerations.

# Attachment C

## AFS Meetings Code of Conduct

### **Purpose:**

American Fisheries Society (AFS) meetings are among the most respected scientific meetings of fisheries professionals in the natural resource scientific community. AFS values the diversity of views, expertise, opinions, backgrounds, and experiences reflected among all attendees, and is committed to providing a safe, productive, and welcoming environment for all meeting participants and AFS staff. All participants, including, but not limited to, attendees, speakers, volunteers, exhibitors, staff, service providers, and others, are expected to abide by this Meetings Code of Conduct. This Code of Conduct applies to all AFS meeting-related events, including those sponsored by organizations other than AFS but held in conjunction with AFS events, in public or private facilities.

### **Expected Behaviors:**

- Treat all participants, attendees, AFS staff, and vendors with respect and consideration, valuing a diversity of views and opinions, and critiquing ideas rather than individuals.
- Refrain from demeaning, discriminatory, or harassing behavior and speech directed toward other attendees, participants, AFS staff, and suppliers/vendors.
- Be mindful of your surroundings and of your fellow participants. Alert AFS staff or venue event staff if you notice a dangerous situation or someone in distress.
- Respect the rules and policies of the meeting venue, hotels, AFS-contracted facility, or any other venue.
- To foster a welcoming environment, assist AFS members with impaired physical or cognitive abilities, if necessary.

### **Unacceptable Behaviors:**

- Harassment, intimidation, or discrimination in any form is unacceptable. Harassment includes speech or behavior that is not welcome or is personally offensive. Behavior that is acceptable to one person may not be acceptable to another, so use discretion to be sure respect is communicated. Harassment intended in a joking manner still constitutes unacceptable behavior. Regardless of your intent, if you are advised directly or by another party that some aspect of your speech or behavior at an AFS meeting is harassment, you are expected to stop engaging in such speech or behavior.
- Do not physically or verbally abuse any attendee, speaker, volunteer, exhibitor, AFS staff member, service provider, or other meeting guest.
- Examples of unacceptable behavior include, but are not limited to, unwelcome or offensive verbal comments related to age, appearance, or body size, employment or military status, ethnicity, gender identity and expression, individual lifestyle, marital status, national origin, physical or cognitive ability, political affiliation, sexual orientation, race, or religion. Harassment can also include the use of sexual and/or discriminatory images in public spaces or

in presentations; deliberate intimidation; stalking; following; harassing photography or recording; sustained disruption of talks or other events; bullying behavior; inappropriate physical contact; and unwanted sexual attention.

- Appropriate and responsible personal use of photographs or posts to social media of another individual's oral presentation, poster, or likeness is acceptable unless permission is specifically denied by the individual.
- Do not disrupt talks at oral or poster session or activities in the exhibit hall or at other events organized by AFS at the meeting venue, hotels, or other AFS -contracted facilities.
- Any retaliation against participants for reporting unacceptable behavior is unacceptable. Like harassment or discrimination, retaliation against reporting poor behavior will be subject to consequences.

**Reporting Unacceptable Behavior:**

- Anyone experiencing or witnessing behavior that constitutes an immediate or serious threat to public safety at any time should contact local law enforcement (by calling 911) and immediately notifying facility security without delay.
- If you are not in immediate danger but feel that you are the subject of unacceptable behavior, you are encouraged to file a formal complaint to the AFS Ethics and Professional Conduct Committee and/or an AFS officer or the AFS Executive Director which will then be forwarded to the Ethics and Professional Conduct Committee for assessment.

**Consequences:**

- Anyone requested to stop unacceptable behavior is expected to comply immediately.
- Consequences to unacceptable behavior will be determined by the AFS Ethics and Professional Conduct Committee in conjunction with AFS officers and the AFS Executive Director.
- Consequences may include one or more of the following actions:
  - Dismissal from the meeting without refund
  - Reporting to your agency
  - Exclusion from any future AFS (sub unit/chapter/division) meetings for five years
  - Revoke of AFS membership without the opportunity for renewal for five years
  - If the offense is criminal, local law enforcement will be contacted.

*Adopted by the Governing Board of the American Fisheries Society on January 30, 2019, at the mid-year meeting in Cleveland, Ohio.*