



American Fisheries Society

September 2021 Management Committee Meeting

Friday, September 10, 2021

Participants:

Management Committee Members: Leanne Roulson, April Croxton, Cecil Jennings, Miguel Garcia-Bermudez, Brian Murphy, Mark Fincel, Marybeth Brey, Melissa Wuellner, Lian Guo, Randy Schultz (Constitutional Consultant, non-voting), Doug Austen (Executive Director, non-voting)

Guests: Troy Brandt

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

AFS Staff: Drue Winters, Lauren Maza, Katrina Dunn, Aaron Lerner, Dan Cassidy, Shawn Johnston, Beth Beard

Minutes of the Meeting:

1. **Welcome/Determination of Quorum** - Quorum established by Roulson and meeting called to order at 11:04 a.m. All members and guests were asked to introduce themselves as the new Management Committee for 2021-2022.
2. **Agenda approved** - without change
3. **Review of minutes from the August Governing Board and Incoming Governing Board** – This was simply an informative review in preparation for submission to the Governing Board for final review and approval at the Baltimore annual meeting. No comments were received.
4. **Constitutional Consultant's report (Schultz) –**
 - a. **Motion:** Approve the proposed amendments to the AFS Lifetime Member dues (Attachment A).
 - i. **Background:** The Membership Committee requests the Management Committee approve adjusting the fee structure for Lifetime Membership. Currently there is a one-time cost \$1,737.00 (includes lifetime subscription to Fisheries and all AFS journals online). The origin of the Lifetime membership price is unknown and does not seem to be benchmarked to any existing metric. AFS has 771 lifetime members, gains less than 10 new Lifetime members annually, and does little to market the Lifetime membership. In the past several years, member value has increased (with the addition of online access to journals, webinars, new books, enhanced job board, and other programs) and the enhanced marketing and communications efforts by staff.
 - ii. **Proposal:** The committee proposes that Lifetime membership should continue to be an option and propose the following to be effective for the 2022 dues cycle:
 - Alter language in the AFS rules to reflect that Lifetime membership includes a subscription to Fisheries and online access to all AFS journals.

- Increase the cost to \$2250. This number was calculated based on ten years of regular membership dues (\$100*10yrs) and the value of AFS online journal access (\$125*10yrs).
 - An option to pay in installments with a service fee to reimburse cost of tracking; three installments of \$750.
 - For future years, lifetime membership will be increased in accordance with increases in regular membership rates.
 - Revisit Lifetime Membership in five years to evaluate if the payment plan is used, and whether it should be modified or removed in the future.
- iii. Motion made by Brian Murphy; 2nd by Mark Finsel. **Adopted with unanimous consent.** Discussion resulted in question about implementation of the new Lifetime Membership dues since the constitution does provide a six-month delay between adoption and implementation. This will be resolved by Randy Schultz and AFS staff and reported back to the Management Committee
- b. **Motion:** Approve the proposed amendments to the bylaws of the Fisheries Information and Technology Section.
- i. **Background:** The proposed minor amendments to the bylaws (bolded below) were reviewed by the Constitutional Consultant and deemed consistent with the AFS Constitution and Rules. Changes clarified officer duties.

Article IV. Duties of Officers

2. The President-Elect shall perform the duties of the President in the absence of the President and assume those duties in the event the office is vacated for any reason. The President-Elect shall serve as chairperson of the nominating committee. The President-Elect will ensure that Section Bylaws are not violated in the course of Section activities, and will act as chairperson of the Section Bylaws Committee. **The President-Elect is not obligated to take on additional duties in their first year in office. Additional duties in Year 2 shall be developed with guidance from the President and Immediate Past-President.**

4. The Immediate Past-President shall appoint a nominating committee to select candidates to run for open officer positions, and shall perform the duties of the President in the absence of the President and President-Elect. He/she shall assist the Newsletter Editor by soliciting and collecting newsletter items, and assist the Communications and Outreach Coordinator in the development of an engaged membership **(including formally recognizing non-Executive Committee volunteers, committee members, and partners through regular posts, notes of appreciation, and plaques/awards as necessary).** **The Immediate Past-President is not obligated to take on additional duties in their second year in office, but is expected to assist the President in preparing the President-Elect for the presidency.**

- ii. Motion moved by Melissa Wuellner; 2nd by Brian Murphy. **Adopted with unanimous consent.**

5. President/Officers activities report

- A. Leanne Roulson – primary activities have been working on committee chair appointments and charge letters. Seeking additional leadership for the following committees: Publications Oversight, Awards (co-chair), Professional Certification, Continuing Education, Development, Membership (co-chair). Initiating a planning committee for the AFS 2022 Spokane annual meeting. Program Committee and Planning Committee chairs are established and a growing group of other organizers has been identified.
Major effort is being started by the Officers to fully review the AFS Procedures Manual. The first section (Pages 1-18) has started and we expect to have it to the MC for discussions in November.
- B. April Croxton – CASS activities have included discussion about membership trends in the CASS partner societies, Navigable Waters Protection Rule and CASS letters to the Biden Administration, JASM2022 planning and work on the DEI NSF-LEAPS grant, and the Diversity Joint Venture (DJV). The DJV will be soliciting for nominations to be on the new board. Finally, planning for the 2023 AFS Grand Rapids meeting has been initiated.
- C. Cecil Jennings – the 2024 AFS Honolulu meeting planning has begun with initial efforts directed towards re-establishment of a Hawaii and Pacific Islands Chapter. Also working on the 2023 Latin America and Caribbean Congress.
- D. Miguel Garcia Bermudez – also working the 2023 Latin America and Caribbean Congress as one of the lead planners and working to get familiar with the AFS Procedures Manual and other core documents.
- E. Brian Murphy – Primarily focused on planning for the Baltimore annual meeting.

6. Executive Director and AFS staff reports

- a. **Updates on AFS staffing and other activities** (Austen) – Austen reported that Membership Coordinator Adrienne Vincent has decided to return to her former employer. Lauren Maza and Dan Cassidy will be opening a search for a replacement as well as working with contractors to address immediate issues.
Aaron Lerner has also announced his retirement effective about the end of September. We have decided to appoint Laura Hendee to be the acting Director of Publications for up to a six-month period and then, if both parties are in agreement, she will move into the position permanently.
- b. **Financial report** (Attachment B) and update from the Finance and Investment Committee (Dan Cassidy and Troy Brandt; Attachments C and D). This will start a sequence of discussion on AFS finances using the following outline:
 - i. 9/2021
 - 1. Committee given financial orientation materials to review
 - 2. Share cover letter with agenda materials which introduces FPPC, its charges, procedures summary and motions
 - 3. Introduce recommendations and motions on 9/10 call
 - ii. 10/2021
 - 1. Troy to give his presentation
 - iii. 11/2021 (Annual Meeting)
 - 1. Prepare impact report on each recommendation / motion
 - 2. Submit 2022 Budget
- c. **Policy update** (Drue Winters) –

- i. The AFS Climate Fellows Program funded through the Multistate Conservation Grant has recently started. This program is focused on state agency staff while the existing Climate Fellows Program is about one year into its two-year programs
- ii. The Navigable Waters Protection Rule (Waters of the U.S.) – Arizona Federal Court vacated the Rule and EPA is working on a replacement rule.
- iii. RAWA is moving forward and all AFS Chapters, Sections and individual members are encouraged to contact their Congressional delegation. A number of states need letters and chapters should contact Drue Winters for details.
- iv. Climate Change – AFS Climate Statement is being sent to Bob Kerry, U.S. Climate Representative.
- d. **Baltimore planning update** –
 - i. Mask and vaccination mandate – emerging details on this will be posted on the meeting website.
 - ii. Update on hotel contracts and current room block – Shawn Johnston is working with both hotels to adjust room contractual obligations and has seen good response. Hotels will not charge us for meeting space due to reduced room pickup.
- e. **JASM planning update** – The call for symposia, integrative events, and professional development closes on September 25.
- f. **Spokane planning update** – Leanne and Doug
 - i. Need Program Committee representatives from NCD and NED

7. Remnder of planned MC and GB meetings for remainder of 2021

- a. MC calls set for 2nd Friday of the month
 - i. October 8 @ 11:00 a.m. ET
 - ii. November 4 @ 1:00 p.m. ET (Baltimore annual meeting)
 - iii. December 10 @ 11:00 a.m. ET
- b. Baltimore Annual Meeting –
 - i. Management Committee – afternoon of Thursday, November 4
 - ii. Governing Board – Friday, November 5

8. Additional Topics – None provided.

9. Adjourn – at approximately 12:35 p.m. ET

Attachment A. Lifetime Membership

AFS Membership Committee Motion

Motion: Lifetime Membership Updates

Date: June 28, 2021

(Provided by Kerry Flaherty-Walia, co-chair and Joshua Raabe, co-chair AFS Membership Committee)

Background:

The Membership Committee requests the Governing Board consider a proposal to adjust the fee structure for Lifetime Membership. Currently there is a one-time cost \$1,737.00 (includes lifetime subscription to Fisheries and all AFS journals online) and the origin of the Lifetime membership price is unknown and does not seem to be benchmarked to any existing metric. AFS has 771 lifetime members, gains less than 10 annually, and does little to market the Lifetime membership. In the past several years, member value has increased (with the addition of online access to journals, webinars, new books, enhanced job board, and other programs) and the enhanced marketing and communications efforts by staff.

Charge to Membership Committee with regards to Lifetime Membership:

The determine if the current AFS Lifetime Membership program is of sufficient value to continue and, if so, to provide a full recommendation, in the form of a motion, to the President on a revised fee structure and any additional qualifications or program guidance as the committee deems appropriate.

Proposals: The committee all agreed that Lifetime membership should continue to be an option and propose the following to be effective for the 2022 dues cycle:

- Alter language in the AFS rules to reflect that Lifetime membership includes a subscription to Fisheries and online access to all AFS journals.
- Increase the cost to \$2250. This number was calculated based on ten years of regular membership dues (\$100*10yrs) and the value of AFS online journal access (\$125*10yrs).
- An option to pay in installments with a service fee to reimburse cost of tracking; 3 installments of \$750.
- For future years, lifetime membership will be increased in accordance with increases in regular membership rates.
- Revisit Lifetime Membership in five years to evaluate if the payment plan is used, and whether it should it be modified or removed in the future.

AFS Life Memberships Summary

Life Members as of March 2019 to 2021

<u>Year</u>	<u>Life</u>
2019	761

2020 768

2021 771

Change 2021 /
2019 101%

Life Members as of July 2016 to 2018

2018 758
2017 768
2016 767

Summary:

1. Life memberships over the past three years have averaged in the 760's range
2. Back In 2005, there were 740 Life members
3. Essentially new Life memberships are replacing existing ones that are lost
4. Approximately 5 new Life members join each year
5. We can expect this category to grow in the coming years, particularly if new payment options are offered, with additional promotion making it more attractive to participate as a Life member

Financial Analysis

Presume
New
Lifetime
Members
per year 5

Rate Type	Life Member Dues Rate	Annual Income	Potential Pay-Plan Deferred Revenue
Current	\$1,737	\$8,685	
Proposed	\$2,250	\$11,250	
	3-year pay plan	\$3,750	-\$7,500
	5-year pay plan	\$2,250	-\$9,000

Background and notes from the committee in red below.

1. Rate Adjustment:
 - a. Link lifetime membership to some multiple of dues (e.g. 20 times the Regular membership rate) with the Lifetime rate automatically adjusted as Regular rate changes).
 - b. Examine other societies to assess their Lifetime rate and basis for calculation.

2. Payment Options: **Recommend a payment plan over 3 years (\$750/year)**
 - a. Current payment is single lump-sum.
 - b. Explore options such as monthly payments for a year or some other time period (would require recurring payment from credit card or some other means – Pay Pal, etc.)
3. Fundamental review of the need for Lifetime membership.
 - a. Is this even a program that AFS should offer? Many societies do not offer the option and one (ASLO) has terminated the program.
The committee agreed that lifetime membership should still be offered.
 - b. If we do offer a Lifetime membership, should there be some conditions to be met before the option is available (e.g., 10-years as a member). However, this could also act as a disincentive. **After much discussion, the committee rejected this idea since it would be difficult to implement (i.e., what type of membership should apply to this timeframe – student, early career, only regular membership, etc.)**
 - c. If we continue with Lifetime, should there be some more thoughtful use of the funds (e.g. part of an endowment)? **The committee discussed this at length and thought that this might be a good idea, however, would depend on the number of memberships gained.**
4. Other issues
 - a. The WA/BC chapter provides lifetime membership to their President after their service is completed. This is a very nice (but expensive) benefit and is seen as a critical inducement to getting members to serve as an officer. We are not aware of any other chapter, section or division that offers this type of benefit but we also have not fully surveyed the units to ascertain if this is true. The WA/BC chapter has expressed concern that if we raise the lifetime membership fee substantially, they may not be able to afford the cost and will have to discontinue this incentive with consequent loss of interest by members to become an officer. While this is certainly a valued incentive, the chapter could explore other options of similar value such as paying for 10 years of membership or similar options as they deem appropriate. **Per previous agreement, WA/BC has a pricing freeze through 2022 so this price increase would not impact them until 2023. In addition, the WA-BC will stop using the Lifetime Membership as an incentive in the future (either this year or next) so this price increase will not affect them.**

Other Society Lifetime Membership Options

1. Ecological Society of America (<https://www.esa.org/membership/>) - \$2,800, single payment.
2. The Wildlife Society (<https://wildlife.org/join/>) – Doesn't appear to have a lifetime membership option
3. Association for the Sciences of Limnology and Oceanography (<https://www.aslo.org/membership-options-join-and-renew/>) – Previously offered a lifetime membership option but has discontinued the practice (no details given for time frame or reason).
4. Society of Wetland Scientists (<https://www.sws.org/sws-membership-benefits/>) – Does not appear to offer a lifetime membership option.

5. Society for Freshwater Science (<https://freshwater-science.org/about/why-join-sfs>) – Does not appear to offer a lifetime membership option.

Suggested changes to AFS Constitution and Rules

AFS Constitution

No change needed. The only Lifetime membership language is

Article II: Membership

1.a.ii. LIFE MEMBERS pay a specified fee and are exempt from further payment of dues to the Society.

AFS Rules (Section 10.b.4)

The Life Member fee is set by the Governing Board subject to a six-month delay between announcement and implementation of a changed fee. The Governing Board may suspend the availability of new Life memberships, which suspension shall be effective immediately, without prejudice to current Life Members or to their benefits. Life Membership is automatically conferred on all Past Presidents, and the fee is waived.

This section of the AFS Rules needs to be changed (removed)

11. Receipt of Journals by Life Members

Persons who became Life Members before 1976 or after 1993 shall receive *Fisheries* plus one other Society journal of their choice. Those who became Life Members between 1981 and 1993 shall receive *Fisheries* plus two other Society journals of their choice. *Those who became Life Members after 2021 shall receive Fisheries plus online access to all AFS journals.*

Attachment B. Financial Report



American Fisheries Society
Organized in 1870 to Promote the Conservation, Development and Wise Utilization of Fisheries
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Brian Murphy
President 2020-2021

Douglas J. Austen, PhD
Executive Director

July 2021 Financial Update -- 9/3/21

Summary. The Society's financial position continues to improve on the strength of the investment portfolio. Financial markets have steadily risen this year and the S+P is up over 17% through July. Our moderately aggressive portfolio allocation is yielding solid results. Alternately, operating revenue is lagging last year reflecting the lingering effects of covid and a later annual meeting. On a purely operating basis (removing gains and losses), operations returned a \$88,000 YTD loss versus a \$90,000 loss last year (see table below). Strong investment performance and weak operations yields a surplus of investment assets, mostly restricted, and a cash flow crunch in the bank account. As such, AFS drew \$125,000 from its bank credit line on August 3 to meet operating cash needs after drawing and repaying \$75,000 in July.

Why a cash crunch? The confluence of several concerning trends. In some cases, program revenues remain below 2020 levels while others have been trending down the past few years (see 'Trends to Watch' below). Declining operating results coupled with a later annual meeting is creating a cash deficit. Plus, with the timing of the meeting and fewer overall registrations so far, lapse individual members are not renewing in fiscal year 2021 in conjunction with registrations, that typically incentivizes these members to rejoin. Finally, we can assume Covid variants and economic instability / agency budget concerns remain major factors among our members/customers. For example, exhibit sales are extremely low compared to recent years.

With government stimulus funds subsidizing it's difficult to project how the balance of 2021 will play out. One thing is clear, AFS will miss its budget targets despite efforts to address revenue challenges and reduce expenses. On the plus side, expenses are 5% lower this year, much of which is attributable to not refilling staff positions. A short term positive for sure, but one that may hamper AFS's recovery with existing staff functioning near capacity.

Importantly, the new Financial Planning and Procedures Committee's (FPPC) has issued recommendations and proposed procedural revisions for Management Committee (MC) consideration on restoring unrestricted reserves and achieving long-term financial goals. These changes, which entail deeply evaluating program financial results and growing the Obligated Reserve fund, to name a few, will be introduced to the MC and reviewed over the coming months to allow ample time for assessing implications. Having a strong understanding of program financial results is important for understanding sources and uses of funds. Equally important is refining AFS strategy and organization directions. Therefore, emphasis should also be placed on jump-starting the Special Committee on Strategic Positioning, which has yet to hold its first meeting since it was established last year, in order to couple strategic directions with program financial assessments.

Notable Financial Position Items:

- Assets total \$6,044,000 and stand \$887,000 higher than in July 2020 (mostly due to investment appreciation)
- The investment account exceeds \$5,200,000 and grew over \$100,000 over the past few months.
- PPP Loan Funds
 - AFS received confirmation the \$381,000 PPP loan issued in May 2020 has been forgiven
 - AFS received \$303,000 from PPP Loan 2 on March 9, 2021 and will seek loan forgiveness
 - These loans will be recognized as unrestricted income in the year they are forgiven
- AFS accessed \$75,000 of its \$500,000 bank credit line in early July and paid it back on July 20 after the quarterly Wiley royalty payment was received.

Notable Operating Statement Items:

* Note: keep in mind the impact covid had on 2020 operating results when comparing 2021 to last year

Revenue:

- Total revenue is \$991,000 higher this year than last (reflecting the swing in the investment portfolio from lows in spring 2020 to its present high)
- Investment account appreciation is \$405,000 year to date.
- Hutton/Grants income higher this year from more project activity
- Meetings income is slightly below last year (2020 income is mainly exhibitors prepaying for Columbus), as Baltimore registration and exhibits opened in early July.
- Membership is lower by about 2.5% with drops in all individual member categories except Life and primarily in Sustaining Strategic Partner organization.
- Jobs income is now on par with last year
- Books sales are much lower so far with many older titles remaining in inventory and no institutional ebook subscription sales to date.
- Journals income is marginally higher reflecting negotiated annual fee increase

Expense:

- Overall expenses are \$147,000 in 2021 lower mostly from reduced staff costs, administration, board and annual meeting expenses.
- Awards is a timing difference related to the Berkeley award
- Hutton variance reflects earlier student payments
- Membership variance reflects earlier unit dues rebates expenses.

2021 / 2020 Net Change Comparison (after removing nonoperating gains)

Category	2021	2020	Fav (Unfav) Diff
Total Revenue	\$2,368,000	\$1,461,000	\$907,000
<i>Less unrealized gains</i>	<i>\$405,000</i>	<i>(\$202,000)</i>	<i>\$607,000</i>
<i>Less PPP forgiveness</i>	<i>\$381,000</i>	<i>\$0</i>	<i>381,000</i>
Operating Revenue	\$1,582,000	\$1,663,000	(\$81,000)
Expenses	\$1,670,000	\$1,753,000	\$83,000
Net Change- Operations	(\$88,000)	(\$90,000)	\$2,000

Trends to Monitor / Other Matters:

1. Cash Flow

- a. The operating bank account balance is low and prospects for meeting cash requirements this year hinge on holding a financially successful annual meeting and fall 2022 membership renewals. AFS has walked a fine line meeting its cash needs over the past few years and was fortunate to have received \$684,000 of federal Paycheck Protection Program funds in 2020/21. However, these funds are spent and AFS is relying on future receipts (essentially monies received now typically used to pay expenses later on) and bank credit line borrowings to pay its current bills. While predicting cash flow is difficult given uncertainty over the timing of receipts, estimates indicate AFS may need at least \$200,000 of cash generated from the meeting and additional sources to cover operating cash needs by year end.
 - b. AFS does have seven active multistate conservation grants with over \$262,000 of personnel and indirect cost recoveries, of which \$247,000 remain. The timing of these recoveries is driven by program accomplishments and application of staff time.
2. **Journals** royalty income continues trending down and Wiley has failed to generate additional income beyond the guaranteed minimum in 2020 while 2019 was also lower coming in at plus \$34,000 after generating plus \$136,000 in 2018, the first year with Wiley. Also during these years, AFS added paid editors in chiefs and a journal coordinator staff position, thereby further lowering the net revenue this program contributes to the Society's budget by over \$190,000 from baseline year 2018.
 3. **Books**- New books titles are fewer and there are many older, unsold titles that will need to be written off (by taking a charge to expenses). There has been no new sales of the institutional eBooks subscription program so far this year.
 4. **Administrative and staff expenses** remain lower than last year from unfilled staff positions and reduced office expenses and no travel/meeting costs.

American Fisheries Society
Statement of Financial Position
As of 7/31/2021

	2021	2020	Variance
ASSETS			
Checking	\$48,424	\$233,090	(\$184,666)
Accounts Receivable	93,307	49,802	43,505
Allowance of doubtful accounts	(5,149)	(14,170)	9,021
Inventory	233,491	257,624	(24,133)
Prepaid Expenses	78,336	9,078	69,258
Current Assets	448,409	535,424	(87,015)
Property and Equipment	1,211,915	1,204,663	7,252
Accumulated Depreciation	(846,753)	(806,370)	(40,383)
Net Property and Equipment	365,162	398,293	(33,131)
Long-Term Investments	5,222,662	4,215,204	1,007,458
Other Assets	7,300	7,300	0
Total Long Term Assets	5,229,962	4,222,504	1,007,458
TOTAL ASSETS	6,043,533	5,156,221	887,312
LIABILITIES AND NET ASSETS			
Current Liabilities			
Payables and accruals	303,805	177,160	126,645
Payroll Salary and Taxes	(3,500)	(368)	(3,132)
Loan Payable	303,617	381,012	(77,395)
Deferred Royalty Revenue	439,286	567,857	(128,571)
Other Current Liabilities	1	3	(2)
Subunits Dues Payable	125,742	77,962	47,780
Subunits Books Payable	13,771	(8,703)	22,474
Deferred Membership Dues	1,325	(95)	1,420
Deferred Revenue - Other	91,375	69,704	21,671
Total Current Liabilities	1,275,422	1,264,532	10,890
Total Other Liabilities	312,664	262,093	50,571
TOTAL LIABILITIES	1,588,086	1,526,625	61,461
Net Assets - Unrestricted	1,599,622	1,736,512	(136,890)
Net Assets - Temporarily Restricted	2,156,849	2,154,720	2,129
Change in Unrestricted Net Assets - Curr Year	698,976	(261,636)	960,612
Total Net Assets - End. Balance	4,455,447	3,629,596	825,851
TOTAL LIABILITIES AND NET ASSETS	\$6,043,533	\$5,156,221	\$887,312

American Fisheries Society
Summary of All Units
For the Seven Months Ending 7/31/2021

	Year to Date - Actual			Budget	2020 Annual	
	2021	2020	Var \$	2021 BUDGET	vs YTD Actual	Actual
Revenue						
Investments	\$437,913	(\$153,865)	\$591,778	\$45,000	\$392,913	\$357,921
Web	6,310	4,560	1,750	5,000	1,310	4,560
Continuing Education	2,025	1,575	450	12,000	(9,975)	9,275
Certification	2,370	2,750	(380)	5,000	(2,630)	4,944
Other Education	0	0	0	8,000	(8,000)	0
Hutton	32,050	37,750	(5,700)	125,000	(92,950)	37,750
Multi State Grants	33,904	38,800	(4,896)	163,000	(129,096)	62,961
Standard Sampling-Multi-State (Phase 2)	21,588	0	21,588	0	21,588	0
Blue Book	3,500	0	3,500	0	3,500	0
Web Tool	0	9,250	(9,250)	0	0	9,250
Web Agenda	5,700	0	5,700	0	5,700	0
Other Grants & Contracts (PPP gain)	381,012	0	381,012	198,000	183,012	0
Annual Meeting	33,488	55,920	(22,432)	966,000	(932,512)	292,950
Membership	501,240	514,166	(12,926)	532,000	(30,760)	523,946
Awards	1,351	3,672	(2,322)	3,000	(1,650)	4,096
Mem Other	4,063	11,194	(7,131)	15,000	(10,937)	16,504
Jobs	15,920	15,650	270	55,000	(39,080)	28,250
Policy	750	250	500	0	750	250
Advocacy	13,857	0	13,857	0	13,857	0
Books	17,442	87,938	(70,497)	160,000	(142,558)	117,697
Journals	853,116	830,798	22,318	1,141,000	(287,884)	1,129,658
Fisheries	20	0	20	0	20	50
Total Revenue	2,367,619	1,460,408	907,210	3,433,000	(1,065,381)	2,600,062
Expenses						
Administration	173,089	188,845	(15,757)	319,000	145,911	300,140
Staff Costs	1,148,699	1,190,465	(41,766)	1,793,000	644,301	1,947,319
Technology	25,898	26,521	(623)	45,000	19,102	43,267
Communication	1,812	1,482	(330)	7,500	5,688	2,503
Web	12,734	22,415	(9,680)	34,500	21,766	32,093
Development	0	0	0	3,500	3,500	0
Continuing Education	0	52	(52)	9,000	9,000	2,052
Certification	381	83	(298)	500	119	171
Other Education	0	0	0	3,000	3,000	0
Board	2,439	23,608	(21,169)	31,000	28,561	23,698
Hutton	68,951	33,088	(35,863)	101,000	32,049	35,562
Multi State Grants	57,366	51,650	(5,716)	0	(57,366)	80,300
Grey Literature	15,776	548	(15,228)	0	(15,776)	11,585
Blue Book	9,872	0	(9,872)	0	(9,872)	0
Web Tool	0	9,250	(9,250)	0	0	9,250
Web Agenda	5,700	0	(5,700)	0	(5,700)	0
Cornell	0	(1,307)	(1,307)	0	0	(1,307)
Other Grants & Contracts	0	0	0	0	0	244
Annual Meeting	3,932	27,381	(23,449)	743,000	739,068	74,989
WCF World Council of Fisheries	0	1,464	(1,464)	0	0	1,464
Membership	55,809	99,755	(43,945)	94,000	38,191	90,027
Awards	440	14,141	(13,701)	4,000	3,560	21,153
Mem Other	746	598	(148)	1,000	254	708
Jobs	14,647	4,334	(10,313)	12,000	(2,647)	14,479
Units	0	69	(69)	0	0	69
Policy	2,735	3,058	(323)	7,000	4,265	3,058
Books	7,416	9,107	(1,691)	55,000	47,584	33,618
Journals	47,361	38,888	(8,473)	133,000	85,639	83,062
Fisheries	7,514	7,818	(304)	10,000	2,486	15,383
Other Publications	6,662	0	(6,662)	0	(6,662)	0
Total Expenses	1,669,979	1,753,313	83,333	3,406,000	1,736,021	2,824,887
Net Change from Operations	697,640	(292,905)	990,544	27,000	670,640	(224,825)
Non Operating (shown on a net basis)						
Restricted contributions	1,336	31,268	(29,932)	0	1,336	91,108
Total Non Operating	1,336	31,268	(29,932)	0	1,336	91,108
TOTAL NET CHANGE	698,976	(261,637)	960,612	27,000	671,976	(133,717)

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Attachment C. Financial Procedures Recommendations

July 29, 2021

To: AFS Officers
From: Troy Brandt, Chair, Financial Planning and Procedures Committee (FPPC)
Re: AFS Financial Procedures

The FPPC submits the following revised financial procedures and policies for adoption and immediate implementation by AFS Governance.

These procedures were revised as part of charges assigned to the new Special Committee on Financial Planning and Procedures created last fall.

The purpose of the FPPC is to work with AFS staff, the Audit Committee and the AFS Investment Advisor to assess AFS' current and future financial positions and guide AFS leadership on such matters. The FPPC duties include: 1) engage with AFS staff, Investment Advisor and others to provide review, recommendations, and evaluation of AFS finances; 2) develop training for the Management Committee to ensure that members understand and better execute the fiduciary responsibilities; 3) develop more transparent tools for reporting on AFS finances to AFS leadership; 4) help AFS staff assess financial reports; 5) facilitate financial assessments of AFS programs; 6) review new program proposals and strategic plans; and 7) revise the AFS Rules and Procedures as appropriate.

AFS has been operating under outdated procedures that haven't been updated in years. These revisions reflect the current state of AFS finances and new thinking on budgeting, program planning and financial benchmarks and were developed with input from the Audit Committee, Investment Committee and FPPC representing members from each AFS division. The new procedures include sections on:

- **Definitions**- broader list of financial terminology and instruments.
- **Program Planning**- guidelines for improving budgeting, program planning and evaluation for new and existing activities along with a decision flow chart.
- **Financial Policies**- with new goals for the operating budget, details on existing programs and the origin of new programs for benchmarking and resource allocation purposes.
- **Investment Policies**- governing the Investment Fund, defining Unrestricted and Restricted funds, and elevating the Obligated Reserve for stabilizing unrestricted net asset and spending policy purposes.

As you are aware, AFS's financial position is precarious as unrestricted net assets have been declining since 2014. While overall assets have remained relatively stable, unrestricted net assets stand about one year away from going negative (per the auditor's assessment on AFS's December 31, 2020 statements). However, the contrast of total asset stability and unrestricted asset decline is deceiving and gives a false sense of overall financial strength. Unrestricted activities have been unprofitable for many years and it's been the Investment Fund that has provided financial balance

through account appreciation and income, plus drawdowns to supplement cashflow. Yet, much of these investments remain restricted for awards or chapter investments and unavailable to support the mainstay of Society operations.

The financial dilemma has been confirmed by our auditors, who highlighted the need for improving unrestricted net assets last year in its August 2, 2019 letter accompanying the 2018 audited financial reports. The AFS audit committee noted similar concerns in its report dated August 12, 2020 and the perspective for 2020 remains the same. Similar concerns were voiced by the Investment Committee during a series of memos and conference calls in the fall of 2019. The situation has not improved as AFS unrestricted activities lost \$474,000 in 2020 (covid impacted) in addition to \$198,000 in 2019 (see the chart below tracking the trends in restricted and unrestricted net assets).

The committee understands AFS governance is committed to making the Society more relevant externally and more responsive to member needs. We applaud these efforts. We also understand AFS has reduced administrative expenses over the years and not filled recent open staff positions. What the committee sees lacking is responsiveness to current conditions, deeper understanding of program financial results and rigorous planning efforts laying out financial, operational and strategic initiatives extending beyond the coming fiscal year.

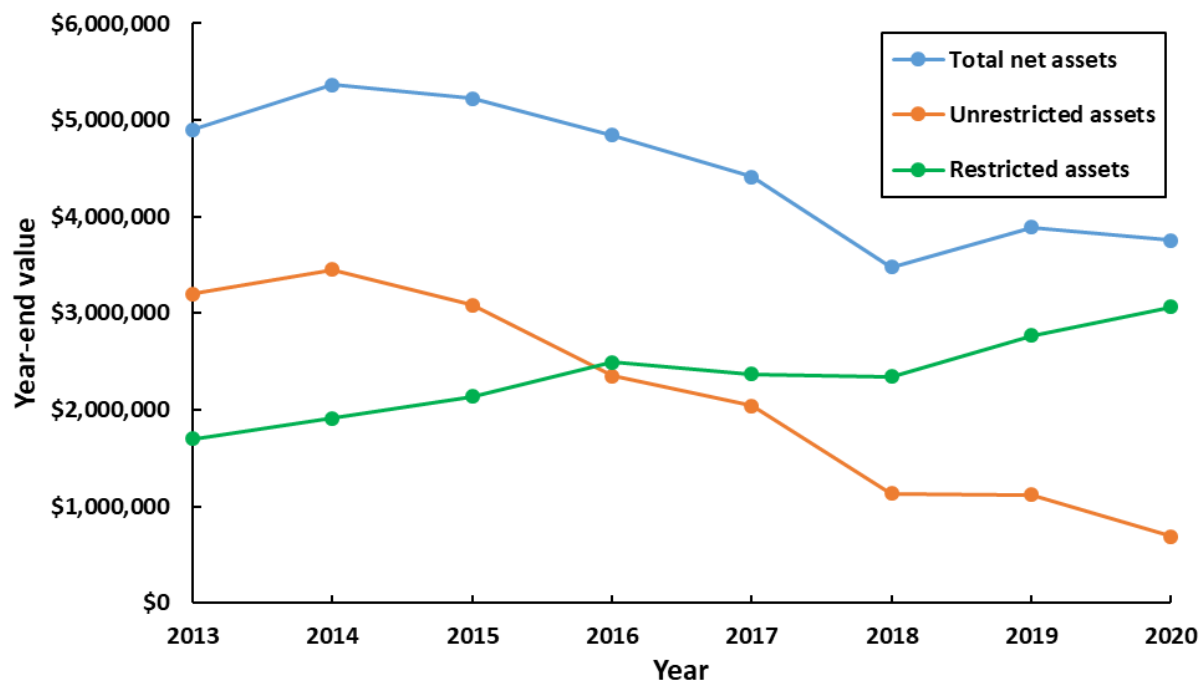
While Governance has taken some measures to respond to the Society's declining financial position, through creation of the FPPC and the Special Committee on Strategic Positioning, more urgent actions are needed not only for understanding the connection between programs and budget outcomes but also in relation to Society goals and strategic directions. With recent federal Paycheck Protection Program funding, AFS has a unique opportunity to reposition itself on a pathway to profitability and financial stability. We believe the revised financial procedures are the structure for reaching these goals.

Summary Key Procedural Recommendations:

1. **Budgeting, Program Planning and Evaluation**- create a list of programs and activities with financial results over the past four years; prepare project activity reports as part of the annual budget process; deeply evaluate one-third of programs every three years
2. **New Program / Service Business Plans**- submit proposals and business rationale for new programs for business case and resource allocation evaluation
3. **Capital Budgeting**- prepare rolling three-year capital budget and replacement reserves for anticipated future outlays for major expenditures for such items as the Society's website and database and other investments for replacing or acquiring new assets.
4. **Operating Budget**- Prepare the annual budget and benchmark it against the past four-years of operating results, taking into account fluctuations in revenues and expenses from annual meeting rotations, economic or other planned and unplanned anomalies.
5. **Obligated Reserve Fund**- rebuild unrestricted net assets through use of the existing Obligated Reserve Fund by allocating a portion of net income each year until it equals one-year of the operating budget.
 - a. Begin this process by consolidating the existing value in the Obligated Reserve Fund plus the AFS 2000 Fund; Gerking Fund and Publications Endowment fund. These funds have not been drawn on in at least 6 years.

- b. Target payments from the Obligated Reserve through implementing a spending policy for amounts from the Obligated Reserve up to 50% of the account appreciation and interest and dividends from the prior year.

AFS Net Assets 2013 -- 2020



FPPC Motions:

- **Recommended Motion 1:** Approve the revised Rules and Procedures of the Financial Planning and Procedures Committee (FPPC).
- **Recommended Motion 2:** The Obligated Reserve in the Investment Fund shall be rebuilt over 5 years, beginning in 2021 (see Motion 3) to become sufficient to cover 1 year of AFS operations (based on the average of the previous 4 years).
- **Recommended Motion 3:** Transfer all money from the AFS 2000 Fund, the Publications Endowment Fund, and the Shelby Gerking Continuing Education Program Fund to the Obligated Reserve and close all 3 funds.
- **Recommended Motion 4:** The Executive Director shall include contributions to the Obligated Reserve Fund in the annual budget.

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Attachment D. Financial Planning Presentation



AFS Financial Planning and Procedures Committee

Troy Brandt, Committee Chair
Dan Cassidy, Deputy Director

AFS Officer's Retreat

August 12, 2021

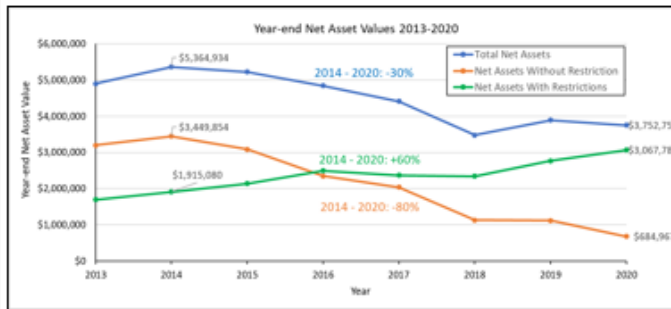
Discussion Topics

- Financial Overview – Key Take-aways
- Future Opportunities and Risks
- Implementing Stronger Strategy and Visioning
- FPPC Motions
- Planning and Strategy

Financial Overview

- Financial condition masked by restricted asset values
- Net assets have declined since 2014
- Traditional revenue sources flat or declining
- Some expenses have been reduced but more reductions are necessary for financial solvency
- Assets will need to be shifted from restricted funds to unrestricted funds to provide short-term relief
- Longer-term structural budgetary changes are needed to avoid financial hardship

Unrestricted and Restricted Net Assets



- Financial issues masked by reporting total assets
- Investment account volatility affects total assets
- One-time events have supported operating budget- Condo sale (2014), Wiley Advance (2017), PPP (2020/21)

	2013	2020	Change
Net Assets Without Restriction	\$3,202,269	\$684,967	-79%
Net Assets With Restrictions	\$1,700,686	\$3,067,786	80%
Total Net Assets	\$4,902,955	\$3,752,753	-23%



Program Net Assets

- Sources - Journals & Publications, Membership, Project Management
- Uses - Policy & Communications, Management & General, Prof Development
- Annual Meeting revenue producer only when in Western Division
- -\$2.156M reduction in net assets from 2016 to 2020

Net Assets	2016	2017	2018	2019	2020	2016-2020 Average
Meeting	\$9,287	(\$48,029)	(\$101,739)	\$170,918	(\$200,233)	(\$33,959)
Journals & Publications	(\$267,258)	\$214,041	\$796,626	\$540,933	\$595,863	\$376,041
Policy & Communications	(\$469,603)	(\$488,932)	(\$566,867)	(\$513,057)	(\$445,467)	(\$496,785)
Membership	\$886,877	\$56,801	\$172,265	\$212,020	\$238,117	\$313,216
Project Management	\$4,632	\$115,517	\$30,104	\$87,701	(\$46,687)	\$38,253
Professional Development	(\$47,434)	(\$72,081)	(\$110,019)	(\$100,067)	(\$27,746)	(\$71,469)
Total Programs	\$116,501	(\$222,683)	\$220,370	\$398,448	\$113,847	\$125,297
Management & General	(\$566,291)	(\$544,569)	(\$643,206)	(\$356,155)	(\$294,688)	(\$480,982)
Fundraising	\$68,628	(\$17,018)	(\$83,337)	(\$168,677)	(\$177,408)	(\$75,562)
Total Support Services	(\$497,663)	(\$561,587)	(\$726,543)	(\$524,832)	(\$472,096)	(\$556,544)
Change in Net Assets	(\$381,162)	(\$784,270)	(\$506,173)	(\$126,384)	(\$358,249)	(\$431,248)

Program Concerns

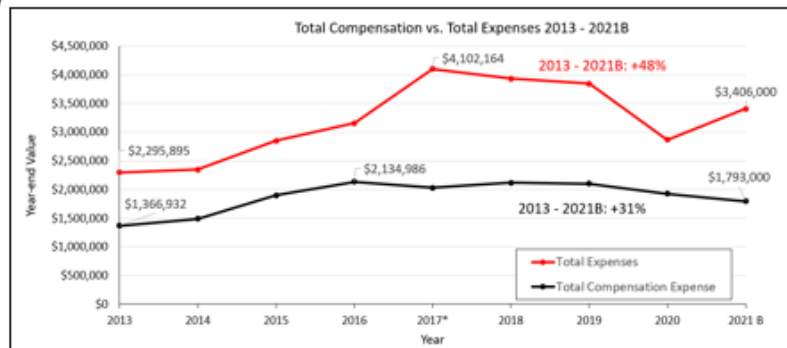
- Annual Meeting – Needs to be a net asset producer more than 1/4 years; profit sharing doesn't come out of meeting budget, it is paid from Unrestricted Funds
- Journals & Publications – Strong and consistent, but...
 - Journals royalty payments declining, additional personnel costs are increasing
 - Books under pressure – inventory write-off (2017), another one due, less demand
- Policy and Communications – Big expense, evaluate goals and need
- Membership – flat over last 3 years, 20% less new members, affiliate members do not contribute
- Professional Development – Revenue covers 30% of cost
- Management & General – AFS has been effective at reducing costs
- Fundraising – Personnel costs +69% from 2016-2020, responsible for general fundraising, meeting sponsorships, SPP program and grants program

New Revenue Growth Areas

- Do we have financial targets for new revenue growth areas?
 - **MSCG and meetings management**- veering too far from our mission? New growth areas don't include traditional member programs
 - **Student programs** are commendable, but not likely strong future revenue source. Will these programs attract new members? What is the cost of these programs vs. anticipated revenue?
- Strategic Partners – revenue projections? We have lost 1/3 since pre-covid.
- External meetings management – revenue projections? JASM yes, WCFS and LA conf TBD but will cover staff costs – Do these efforts take away from AFS focus?
- Are there other strategic partners we should be reaching out to?
- Relationships with industry or foundations?

Staffing and Administration

- AFS has reduced administration and staff costs
 - 21 staff in 2016, 17 in 2021
 - Total comp peaked in 2016 at \$2.135M, \$1.925M in 2020, \$1.793M in 2021B
 - % of total expenses declined from 68% in 2016, to 53% in 2021B
 - Staff currently at capacity



Other Costs

- Unit support - \$170k+ projected for 2021
- Bank charges - \$57k in 2020
- Journal page charge waivers - \$117k in 2019; no \$ from Wiley in 2020
- Books inventory - \$200k?
- Maintaining headquarters - \$120k/yr

- Annual Meeting inefficiencies
- Affiliate members don't pay for membership
- Unit integration and coordination (more of an opportunity cost)

Declining Liquidity

- Declining liquidity with reduction in Unrestricted Funds
- Collateral account for LOC supported by Restricted Funds
- PPP funds and LOC used to cover costs with later Annual Meeting

- What is the plan if Baltimore meeting doesn't achieve financial goals?
- What if membership remains flat?

- **If we can't generate more revenue, we must reduce expenses.**

Future Opportunities and Risks

- Continue to evaluate staffing and consider further reductions
- Use new tools from COVID to reduce travel and meeting expenses
- Assess program goals, benchmarks, revenues and expenses
- Meetings management – determine revenue potential and staffing risks – what if AFS meeting staff leave?
- PPP loans give short-term bump to net assets, cash already spent
- Determine annual revenue and expense targets: \$200k net assets/yr?
- Balance member services and budget – carefully evaluate member value proposition

Questions

- Do we have productivity and financial targets for programs?
- Can we grow traditional revenue sources or have we plateaued?
- Have / can we roll back programs that haven't yielded anticipated returns (if targets were initially established)?
- Are there other strategic relationships we haven't developed?
- **The really big questions here and missing pieces are ...**
 - What is the process for having these discussions, for questioning assumptions and determining where AFS is headed and how it can win in the desired areas?

FPPC Key Recommendations

The following recommendations are strategies that we expect will improve the Society's chances of weathering poor financial and economic conditions and ensure long-term financial sustainability.

1. Program Planning & Evaluation
2. New Program Business Plans
3. Capital Budgeting
4. Operating Budget
5. Obligated Reserve Fund

1. Program Planning & Evaluation

- Inventory all existing programs immediately and have AFS staff and/or program proponents complete evaluation template
- Document program financial results by year-end 2021 and report to Management Committee
- Evaluate 1/3 of programs every three years
- Use financial and program results to monitor performance and make adjustments

2. New Program Business Plans

- FPPC shall evaluate new program proposals using business plan format
 - Form completed by proponent
 - How does program meet AFS mission?
 - What AFS staff resources are needed and what costs will be incurred?
 - How will the program be funded?
 - What is the lifetime of the program?
 - What are the financial and operational goals?
- Proponent presents to MC for vote prior to annual budget development

3. Capital Budgeting

- 3-year capital budget and replacement reserves schedule
- Major expenditures such as Society database, website and other tools
- Similar significant investments of capital for acquiring or replacing assets

4. Annual Operating Budget

- Determine target revenue, expenses and net assets
 - Right-size financial targets to achieve at least \$200k in net assets each year
 - Previous Operating Budgets that had \$2.8-\$3M in total revenue and \$2.6-\$2.8M in total expenditures yielded positive net asset change
 - If \$200k in net assets not realized, then amount provides some buffer
 - From 2015-2020, more revenue required more expenditures and resulted in losses
 - For 2021, the budget projects \$27k in net assets
- Society's annual financial plan goals
 - Meet member needs
 - Meet Society's obligations and mission
- Compare budget proposal averages of prior 4 years
- Include legacy document outlining financial considerations during year

5. Obligated Reserve Fund

- Fund to equal one-year operating budget to provide buffer and income
- 50% of investment income will be paid out each year once target value is met (interest, dividends, realized gains)
- Obligated Reserve will be funded by consolidating:
 - Unrestricted Funds - \$1.228M
 - Obligated Reserve- \$182k
 - AFS 2000 Fund- \$157k
 - Shelby Gerking Continuing Education Fund- \$104k
 - Publications Endowment Fund- \$992k
 - **Total: \$2.663M** (update with current fund values)
 - 2021 Budget: \$3.406M, 4-yr average \$3.688M

FPPC Motions

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Planning vs. strategy

- **Planning** typically isn't explicit about what the organization chooses not to do and why. It does not question assumptions.
- The focus on **Planning** leads to cost-based thinking.
- Mistaking **Planning** for strategy is a common trap.
- **Strategy** = "Where to play" and "How to win" decisions

Planning vs. strategy

- **Implementing Stronger Strategy and Visioning Efforts are Critical**
 - For prioritizing opportunities and directions
 - Defining measurable goals and benchmarking progress
 - For translating into operational and financial plans
 - Good starting place - revisit 2020 Little Rock discussions

Reasonable steps ... paths to consider

1. Strategy and Visioning (Fall 2021 to ...?)
 - Longer-term initiative
 - Unable to rally member interest
 - Officers consider taking more active role
 - Governance
 - Orientation (on AFS nuances) and focus (on strategic drivers, existing assumptions, new opportunities)
 - Reconsider MC agendas (less updates, more analysis)
 - Based on stronger committee integration and reporting

Planning vs. strategy

- There is a need for better strategy
- Not tedious strategy efforts, but instead...

A simple process of thinking what it would take to achieve what AFS wants and then assessing whether it's reasonable to try.

Planning vs. strategy

THE CASCADE OF STRATEGIC CHOICES:

