

American Fisheries Society

Management Committee Meeting Call

May 16, 2016

Meeting Minutes

Participants

MC Members: Ron Essig, Joe Margraf, Jesse Trushenski, Donna Parrish, Marybeth Brey, Julie Defilippi, Ken Kurzawski, Mark Porath, Cleve Steward, and Doug Austen (non-voting)

Constitutional Consultant: John Boreman

AFS Staff: Martha Wilson, Dan Cassidy

Guest: Sandra Clark-Kolaks

Meeting Minutes

1. **Meeting called to order at 1:03 p.m. by Essig and quorum established** (by Boreman)
2. **Approve Agenda** - no changes requested
3. **International Fisheries Section (IFS)** – discussion on proposal (Attachment A) for consideration by the World Council of Fisheries Societies (WCFS) at the upcoming World Fisheries Congress in Busan, Republic of Korea.

Essig reviewed the proposal from IFS and his discussion with IFS President Bob Hughes. IFS has agreed that the draft proposed motion could be delayed until an unspecified date. Several actions were requested; (1) IFS should have the Marine Fisheries Section review and provide comments on the proposal, and (2) the proposal should be circulated to IFS members for additional comments. Discussion noted "Effective management plan" could be a hot button as definitions could vary greatly. It was also reported that the WCFS is currently discussing future roles and activities and part of that will be the interest in addressing topics such as that identified in the IFS proposal.

4. **Approval of Management Committee minutes** from April 18, 2016, by unanimous consent.

Steward requested that AFS affirm the requirement in AFS Rules that all AFS unit officers must be AFS members. This requirement is frequently not known by unit officers despite the efforts to AFS leaders and staff to inform prospective and current unit officers of this requirement.

5. **1st Quarter Financial Review** (Cassidy) – see notes and Powerpoint presentation slides (Attachment B and C). Cassidy concluded his presentation with suggestions of items for future MC meetings including unit services, financial reporting and the 2017 budget. A new reporting format based on programs may be available to see prior to the annual meeting in Kansas City.

6. President's Report –

- A. Essig and Parrish will be at the World Fisheries Conference in Busan, South Korea, on May 23-27. A number of other AFS members will attend with many presenting papers or as keynote presenters.
- B. Kansas City meeting planning is going well with sessions and plenaries looking to be exciting.

7. Executive Director's Report

- A. AFS will take over administrative duties for CASS
- B. Policy issues next steps
- C. In June attend NWF meeting, explore meeting

8. Next Management Committee call – June 20 @ 1:00 p.m. EDT.
Meeting ended 2:20pm

Attachment A

DRAFT MOTION FROM THE AFS INTERNATIONAL FISHERIES SECTION:

As a product of the 2016 Busan World Fisheries Congress, the World Council of Fisheries Societies and its Member Organizations and Affiliate Member Organizations are encouraged to publish the following statement on their web sites and in Member Organization publications, send it as a press release to mass media outlets such as major print and online newspapers, and send it as letters to their respective national fisheries management organizations:

“Two key actions are necessary to increase the contribution of marine fisheries to the food security, economies and well-being of coastal communities: 1) effective management plans and monitoring, and 2) effective and pre-agreed harvest control rules to rebuild overexploited stocks—especially for highly migratory and straddling fisheries exploited solely or partially in the high seas (e.g., tunas).”

BACKGROUND:

Declining catch per unit effort of marine catches, the increased percentage of overexploited fish stocks, and the decreased proportion of non-fully exploited species indicate that the state of marine fisheries continues to worsen in some regions (FAO 2011; Anderson et al. 2012; Pauly & Zeller 2016; CFOOD 2016).

Overexploitation causes negative ecological consequences, reduces fish production, and leads to negative social and economic consequences. Such management plans and monitoring programs as supported by the 2001 United Nations Fish Stocks Agreement and Rio+20 have been implemented successfully for 70-90% of the stocks in Australia, New Zealand, and the USA.

To promote the use of science in development of fisheries policies, Goal 2 from the 2008 World Council of Fisheries Societies meeting states that the WCFS shall “Develop opinion pieces on fisheries issues, to be published on Member Organization web sites and in Member Organization publications, as well as in mass media outlets such as major newspapers or journals.” The 2001 United Nations Fish Stocks Agreement and Rio+20 should be used as a legal basis for managing high seas fisheries, including banning the international trade of endangered fish species under the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

REFERENCES

Anderson SC, Branch TA, Ricard D, Lotze HK. 2012. Assessing global marine fishery status with a revised dynamic catch-based method and stock-assessment reference points. *ICES Journal of Marine Science* 69:1491-1500.

CFOOD: Science of Fisheries Sustainability. 2016. <http://cfooduw.org/about/> (accessed May 2016).

FAO (Food and Agricultural Organization of the United Nations). 2011. Reviews of the state of world marine fishery resources. Fisheries and Aquaculture Technical Paper 569. Rome, Italy.

Pauly D, Zeller D. 2016. Catch reconstructions reveal that global marine fisheries catches are higher than reported and declining. *Nature Communications* DOI:10.1038/ncomments10244.

Attachment B

AFS Management Committee March 2016 Financial Status Report

Operating Summary.

AFS 2016 operating performance shows positive net revenue year to date on revenues of \$1,261,000 and expenses of \$641,000 resulting in a \$619,000 net change. These results compare less favorably to 2015 with a net change of \$727,000.

Operating Revenue.

Membership. Dues in 2016 remains strong and continues the trend towards an expanding membership base with young-professional members leading year over year growth, while the other categories are lagging 2015. The dues budget was developed based on the communications plan and other membership recruitment efforts greatly influencing membership growth. It will be interesting to see how implementing portions of the communications plan will affect membership and help overcome what may turn out to be a smaller "Annual Meeting boost" on recruiting new and returning members.

AFS Membership Counts	Life	Regular	Yprof	Student	Dev	Retired	Honorary	Totals
Apr 2016	767	3157	752	1276	43	343	11	6349
Apr 2015	764	3313	673	1321	30	330	14	6445

Institutional/individual Subscriptions. Revenue is comparable to last year recognizing a portion of the funds recorded in 2015 actually pertain to the prior year's sales that were adjusted by T&F.

Publications sales. Book sales are off to a slow start for the year.

Meetings. The annual meeting program shows the largest year over year differential for several reasons.

The most obvious one is the expected size of the Kansas City meeting comparable to the Portland event. In 2015, tradeshow and sponsorships were larger and committed earlier than this year. Timing issues and accounting process changes for posting expenses paid and the realizing prepaid deposits earlier in the year also contribute to the variance. While the scale of the KC meeting will be smaller and appears negative at this point, the meeting is still expected to return at least 20% net revenue consistent with its budget.

Interest and dividend income. The allocation in the investment portfolio is weighted slightly more to fixed income accounts and stands at 30% while the yield on the account has moved higher up to 2.23% from 1.73% a year ago.

Contracts. Revenue has been accrued for the AFS Special Publication 30 book (Fish and Mussel Kill book) projects pending reimbursement of travel and program costs expended to date.

Other. The remaining sources of revenue are generally tracking ahead of budget with the Jobs Bulletin showing the largest favorable variance.

Operating Expense.

Salaries and benefits. This line item reflects costs for staff. Staff positions are fully filled except for the Development Director, which is under active recruitment. A new retirement plan was implemented on May 1 bringing enhanced services to employees and lower costs to AFS.

Travel. Expenses for staff and officer travel are higher than this period last year due to more active travel to industry events and reimbursable contract costs.

Contractual services. This line item is comparable year over year but for slightly different reasons. Recall in 2015, AFS was in the middle of the PCG work while in 2016 much of the expense is for the biennial license renewal for iMIS. 2016 also includes HR consulting work assessing position descriptions in preparation for changes to federal regulations in Fair Labor standards.

Web hosting and equipment maintenance. Shows considerably lower in 2016 on account of the web development work performed last year.

Office equipment. Reporting lower in 2016 as last year, upgrades to its computer network were temporarily recorded here before being capitalized as fixed assets.

Dues and subscriptions. Reporting lower in 2016 due to enrollment in ASAE organizational membership occurring earlier in 2015.

Other expenses. The negative figure reflects the \$21,000+ of reimbursable costs for CSC/Cornell project.

Unrealized Gains/Losses. The investment portfolio broke into positive territory recouping earlier unrealized losses for the year. The upward trend continues in April with the portfolio increasing by another \$76,000.

Restricted funds. The activity in the funds year to date shows a net disbursements primarily due to the repayment of the Publications Endowment loan.

Financial Position

The financial position of the Society has changed over the past year. Assets total \$6,489,000 in March 2016, which is \$569,000 below this period last year. While liquid assets (Cash, CDs, Investments) are lower on a nominal basis (\$5,437,000 in 2016 vs. \$6,079,000 in 2015), it is only 3 percentage points below last year, relative to total assets, and remains exceptionally robust.

The change in Assets is due in part to a comparably elevated bank balance in 2015, where the balance was unusually high from sales proceeds of the condo, against the current period where cash had been moved to the investment account and also where investment performance is behind last year. A few additional points to highlight are:

- In early 2015, AFS was generating additional cash from sponsorships and exhibit sales leading up to the Portland meeting and in other key income categories.
- \$500,000 transferred to the investment portfolio in May 2015 has not fully regained its value from the turmoil in the financial markets over the past year and the portfolio remains \$200,000 below its high mark last June.
- Accounts receivable is higher reflecting monies due to AFS on contracts and fixed assets have increased, reflecting asset costs to be depreciated over future periods.
- Overall, net income through March 2016 is lower than in the prior year as noted in the operations section above, thereby having an unfavorable impact on cash.
- Finally, while AFS has returned positive net income in its financial statements on an accrual basis, cash flow from operations has been negative.
 - o Why? Included in annual income are several large non-cash items like amortized Taylor & Francis (T&F) royalty income of \$143,000 per year, unrealized gains on investments, and similar noncash items such as receivables for agency grants and contracts (e.g. Hutton) which usually lag cash outflows (student awards).
 - o This situation is not atypical when large cash inflows, like the T&F \$1M royalty prepayment, which occurs once in every seven years or so, and when the timing for other large cash

payments, like collecting on large grants, occurs in future periods after the expenditures have been disbursed.

- From a long-term budgeting and financial management perspective, over-relying on any one source of revenue is not a good business practice and the Society should consider pursuing top line revenue growth in current or new programs to support its programmatic expenditure needs and for maintaining its solid financial position.

Other Accounts.

Certificate of deposit. A portion of one CD matured in February.

Investments. Portfolio of restricted and unrestricted funds managed by AXA. Account performance is as follows-

Investment Account

<u>Trailing Returns*</u>	<u>3 Mo</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>
Portfolio Return	1.15	-2.81	6.93	7.63	6.93
Benchmark Return	<u>1.58</u>	<u>-3.22</u>	<u>5.97</u>	<u>6.26</u>	<u>5.44</u>
+/- Benchmark Return	-0.43	0.41	0.96	1.37	1.49

Inventory. Is comprised of books and the change between 2016 and 2015 reflects net sales and additions to book inventory. AFS is working with its auditors for determining whether any portion of its book inventory should be written down, given the publication date of many titles is over a decade ago and some are not selling briskly.

Accrued expenses. Are mainly comprised of accrued employee benefits

Other current liabilities. Funds contributed by chapters in the AFS Unit Investment program.

Deferred revenue. Represents the unamortized balance from the \$1M T&F payment.

Other Information.

The March 2016 financial results and additional information will be covered in a presentation on the next MC call.

Attachment C.

1st quarter 2016 financial report by Dan Cassidy.



MARCH 2016 FINANCIAL REPORT

AFS MANAGEMENT COMMITTEE, MONTHLY CALL MAY 2016



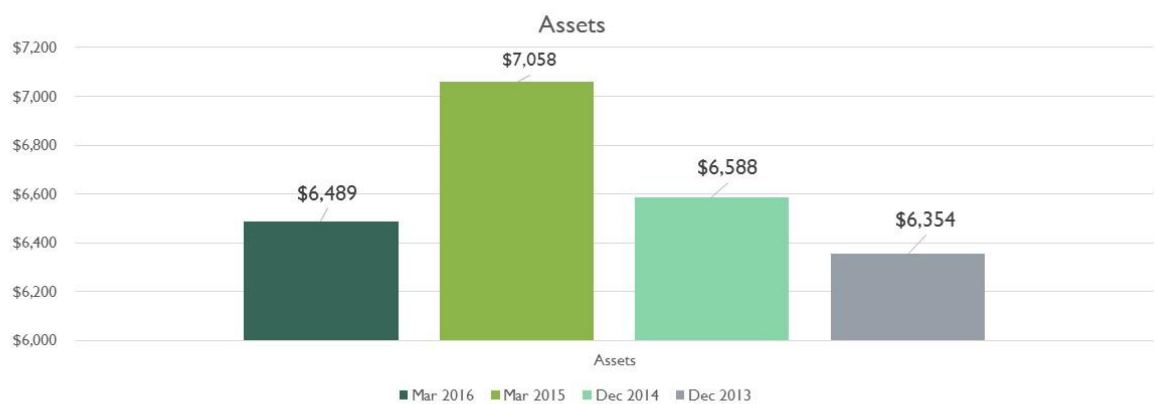
AGENDA

- March Financial Reports
- Budget Changes
- Other Updates
- Prequel of Proposed Discussion Topics for June Call
 - Unit Support
 - Financial & Operations Reporting
 - Fiduciary Responsibilities of Management Committee
 - 2017 Budget Preparation

FINANCIAL POSITION – KEY NOTES

- AFS financial position remains strong
- Cash account lower than prior year
- Liquid Assets proportionally equivalent to 2015
- Investment Portfolio is trending upwards
- Portion of one CD matured
- Uncollected Portland sponsorships & registrations ~\$10,000
- Books inventory may need to be written down

TOTAL ASSETS 2013 - 2016

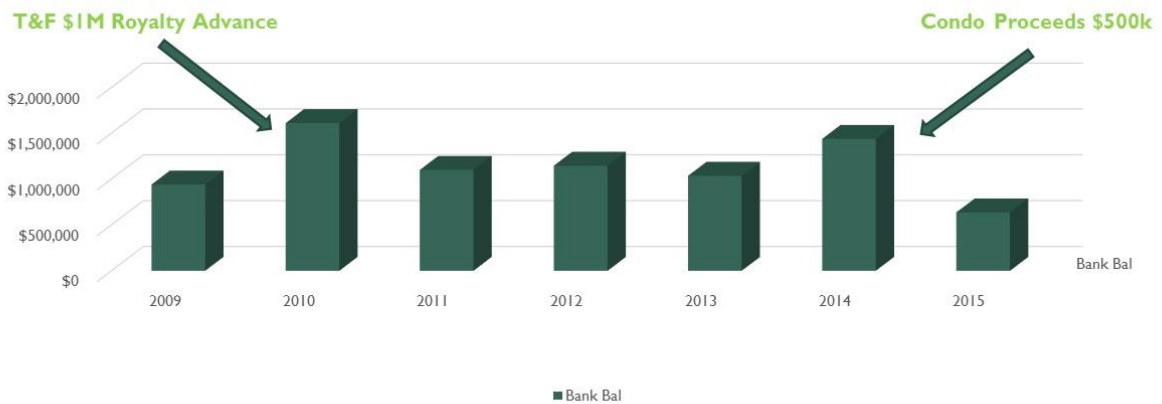


MAIN ASSET CLASSES

Description	Mar 2016	Mar 2015	Dec 2014	Dec 2013
Cash/Investments	\$5,438 (83%)	\$6,079 (86%)	\$5,483 (83%)	\$5,240 (82%)
AR/Other	178	90	210	121
Inventory	460	491	493	481
Fixed Assets	412	397	401	514
Totals	\$6,488	\$7,058	\$6,587	\$6,356

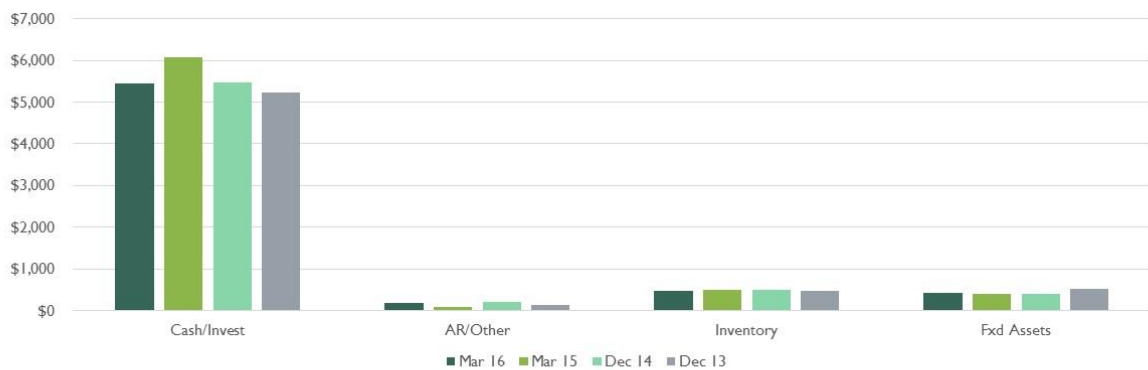
% represent percent of total assets

BANK BALANCE DECEMBER 31,



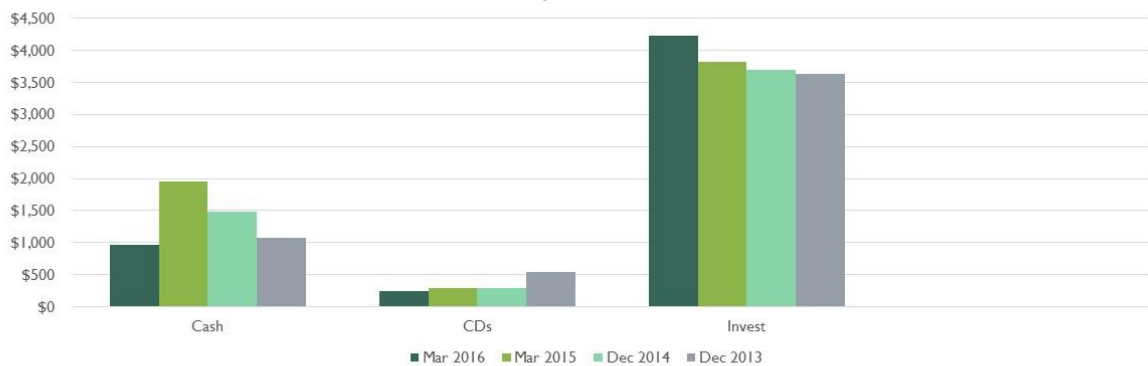
FINANCIAL POSITION 2013 - 2016

Main Asset Classes



BREAKDOWN OF CASH & INVESTMENTS

Liquid Assets



ASSETS

- Why the large change in assets?
 - 2015 balance was disproportionately higher from condo proceeds; investment appreciation
 - In 2016, lower (but recovering) investment portfolio
 - Lower net income in 2016
 - Lower Meeting income
 - Contract expenses paid- SP30, CSC/Cornell
 - Higher program costs (ex. \$32,000 iMIS license fee) and staffing

ACCOUNTING 101: CASH VS. ACCRUAL

- All cash (receipts and disbursement) transactions flow through the bank account, but not all cash transactions are reported as income and expense in the same period. This approach is called accrual accounting, matching revenues and expenses in the periods earned.

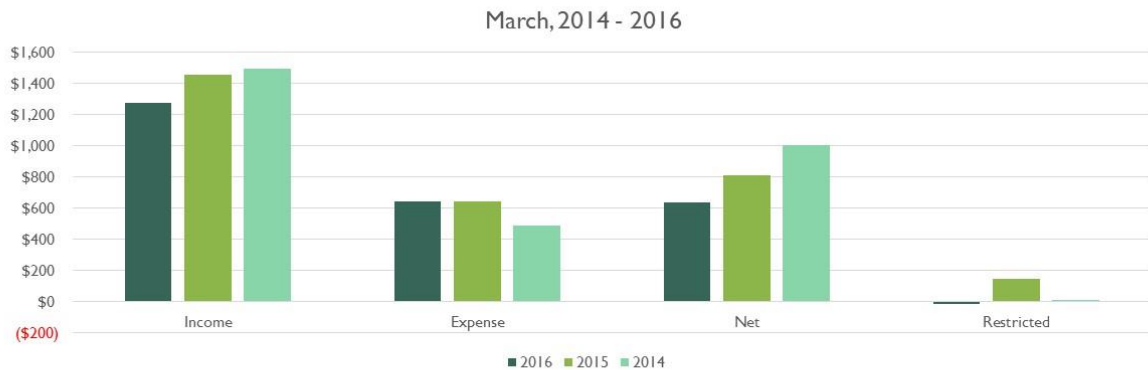
ACCOUNTING 101: CASH VS. ACCRUAL

- Cash basis = cash receipts (disbursements) are reported as income (expense) when received (paid).
- Accrual basis = revenue and expense reported when incurred (recognized).
- Most AFS transactions are reported when received or paid
 - Revenues- dues for current period, book sales, interest income, meeting registrations
 - Expenses- salaries, benefits, utilities, contractual fees, most meeting costs

ACCOUNTING 101: CASH VS. ACCRUAL

- Exceptions
 - Revenue- dues and subscriptions paid in advance; T&F royalty, grant billings, asset gains
 - Expenses- meeting deposits, certain contractual fees, depreciation, accrued items (leave), cost of books

OPERATING PERFORMANCE



OPERATING RESULTS KEY NOTES

- Income tracking about where expected
- Expenses at similar level as last year, but for different reasons
 - Contract income billed in 2016
 - Restricted Fund income reported in 2015
- Budget has not been fully entered into the reports (formatted using new codes)

OPERATING RESULTS

- Income
 - Dues on par with last year
 - Subscriptions strong (2015 includes prior year payouts)
 - down from high in 2014
 - Relatively little annual meeting income; 2015 includes significant funding and tradeshow
 - Book sales lagging a bit; investment income strong; job board ahead of last year

OPERATING RESULTS

- Expense
 - Staff costs reflect near full capacity (DevDirector position under active recruitment)
 - Travel higher, includes CSC contract costs
 - Contracted Services- 2016 includes iMIS license; 2015 includes PCG
 - Web hosting last year has web development and computer network upgrades
 - Meeting expenses in 2015 reflect February Board meeting
 - Other expenses reflects billing for reimbursement of CSC costs (miscoded)

2016 BUDGET CONSIDERATIONS

- Expense Savings - Technology
 - Web Services- \$199 / month savings in Media Temple Priority Support; ~\$150 / month savings in hosting GoDaddy
 - Online Document management- \$150 / month
 - iMIS enhancements - new GB reporting tool and data analysis are already included in the budget.

2016 BUDGET CONSIDERATIONS

- Expense Savings - Financial
 - Outsourced Accounting- rebidding these services / potentially insourcing savings up to \$20,000
 - Financial Advisor- current fees are \$20,000 / yr; proposed fees range from \$14,500 - \$28,000
 - Retirement plan administration- savings from consolidating plans = \$7,500

2016 BUDGET CONSIDERATIONS

- **Member Dues**
 - Will likely not meet goal to grow membership 10%
- **Unbudgeted expenditures**
 - HR Consulting (\$5,000) for assessing impact of new FLSA (overtime regulations)
 - Accounting codes / reports project (~\$4,000)
 - Outsourced Web Services (\$750 / month) for supporting 6 AFS sites

OTHER UPDATES

- **Investment Committee**
 - Received four proposals- AXA (current), Vanguard, LarsenAllen, Orion
 - Will interview all four firms first week of June
- **Audit Committee**
 - Looking to hold call in mid-June to review audit report and related documents
 - Mary Buckman has expressed intentions of leaving the Committee at conclusion of this audit cycle
 - The Committee has discussed potentially conducting a search for a new firm
 - May be a good opportunity to clarify the Committee's charges

TOPICS FOR NEXT CALL

- **Units Services-** the process for securing web support services brought forward the matter of Unit support and the lack of a defined approach. Here are a few questions to kick off the discussion about the amount of support AFS provides Units:
 - What should be the approach for providing services for Units?
 - Which services are appropriate for AFS to support?
 - What level of resources is AFS comfortable supporting?

TOPICS FOR NEXT CALL

- **Units Services contd:**
 - Should the costs to support Units be budgeted and tracked?
 - Some Units are very well funded, should Unit financial position influence level of support?
 - Is a process needed to respond to requests for additional support or when new opportunities arise?

TOPICS FOR NEXT CALL

- **Units Services contd:**
 - Sample of currently provided services
 - General Liability Insurance- Opt in; Paid by Units; \$150 per year
 - Unit Investment Program- participating Units share proportionately in Fund and Advisor fees
 - Dues and rebate processing- staff and administrative processing costs covered by AFS
 - Web services- hosting of subdomains; technical support; web site development; training by AFS
 - Meetings- contracting for Unit meetings is being more frequently supported by AFS
 - Other items- awards, tax and business counseling, publications, meeting profit sharing

TOPICS FOR NEXT CALL

Financial and Operational Reporting. With the coming new financial reporting capabilities, enhanced statistics available from iMIS and other data available from the GB reporting system ...

- Which data/results/statistics are desired for monitoring financial and operational performance (Dashboard)?
 - Financial- actual to budget; Current year vs. prior year; Forecasts, results reported program/functional area
 - Operations- membership (renewals, lapse, new members), education participation, publication sales, web-social media, meeting stats, fundraising results, etc, etc.

FIDUCIARY RESPONSIBILITIES OF MC

- Consider a Primer for incoming (or all) Committee members annually
 - Build on the information covered during the fall officers retreat
- Define appropriate level of interaction with financial committees (Investment and Audit)
- Address other such matters as risk management, new business opportunities, revenue growth, monitoring performance against organization goals, etc

TOPICS FOR NEXT CALL

2017 Budget. The budget planning process will begin shortly and input is requested for drafting the initial Plan. For 2017, what assumptions should be considered regarding:

- New Programs
- Changes to Existing Programs
- Other Factors
- Budget Development Timeline for inclusion in GB materials and for MC preview