

2013 -2014 ATBC FINANCIAL REPORT



**Association
for Tropical
Biology and
Conservation**

By Patricia Delamônica Sampaio, Treasurer
ATBC Council Meeting, 20 July 2014 | Cairns, Australia

SUMMARY

2013

- ✓ Kaoru Kitajima stepped down as ATBC's Treasurer at the end of July 2013 after wrapping up the first two quarters of 2013 finances, including handling the entire budget of the ATBC 2013 annual meeting. Patricia Sampaio took over as Treasurer in August 2013. All documents, office supplies, bank account access, etc. were transferred to the new Treasurer.
- ✓ The transition went very smoothly, mainly because Kaoru did a phenomenal job putting together a great and easy system of finance administration and a network of professionals (accountants + BAIRD advisor) to support the Treasurer.
- ✓ This report was developed based on both Treasurers' financial records for 2013; Kaoru organized the first two quarters and Patricia the last two. Patricia is sole responsible for the 2014 information and projected budget for 2015.
- ✓ Please see tables 1 and 2 for detailed information on figures provided in this narrative summary.
- ✓ In 2013 ATBC had an **income of \$471,004¹** from these main sources: annual meeting; donations; royalties and investment returns.
- ✓ ATBC had a total of **\$368,118¹ in expenses** in 2013. The 3 main categories of expenses were: annual meeting (advance to local organizers); business office (supplies, bank charges, Professional fees, webpage) and program services (Student and non-student travel and etc.)
- ✓ ATBC's **net income** (income - expenses) was therefore **\$102,887** in 2013

¹ Because the previous ATBC Treasurer was also the Program Chair of the 2013 Annual Meeting, ATBC collected the registration fees directly and was also responsible for all payments. As a result, there was an atypically high income and more expenses that ended up zeroing each other out.

2013 -2014 ATBC FINANCIAL REPORT

- ✓ The income from **publication royalties** continues to be steady. Royalties from Wiley Blackwell is expected to stay around **U\$25 K to \$28K per year**. BioOne's contract ended in 2012 with last check received in March 2013. JSTOR income is likely to remain around \$4,000 for 2014 and beyond.
- ✓ 2013 was a very strong year for the US stock market. **The Association's portfolio** began the year at **\$123,232 and** finished the year at **\$148,378**, a gain of \$25,174 (**return of 20.4%**). ATBC continues to work with Baird Private Wealth Management and the Treasurer has been very pleased with their service (see a more detailed investment report below).

2014

- ✓ **As of March 31, 2014 ATBC** had the following assets:
 - \$184,912 in B. of America checking and savings accounts (\$64,590 restricted)
 - \$152,331 in BAIRD investment account
 - \$337,243 in total assets**
- ✓ By March 2014, ATBC received **\$28,388 in royalties from Wiley**; we still expect to receive close to \$4,500 from JStor and \$150 from University of Chicago.
- ✓ The 2014 **first quarter expenses** (January to March 2014) **totaled \$15,360**, with the main expense being the advance to local organizers of ATBC2016 in France. As of March, ATBC's **net income was \$16,247**.
- ✓ At the end of this first quarter of 2014 ATBC **had \$152,331 in its investment account** with BAIRD, a **2.4 % gain since the end of 2013**. And as of June 18, 2014 ATBC investments totaled \$157,333.
- ✓ The treasurer requests the Council for approval of the preliminary 2015 budget. The final budget will be circulated for approval after the new ATBC budget committee is established (upcoming discussion under 'new businesses') and has had a chance to review it.

INVESTMENT REPORT

(by Justin Rees and Patricia Sampaio)

The Association's investment account is managed by Justin Rees of Baird Private Wealth Management. Our investment strategy is to invest in large, mature companies with strong cash positions, low debt levels and consistent management teams. The companies in the portfolio all pay dividends and have a history of increasing dividends over time. We are diversified across most sectors, with two particular sectors avoided - energy and mining - based on the Association's mission and values. As of December 31, 2013 the Association's portfolio held positions in 31 companies (see table 4).

2013 -2014 ATBC FINANCIAL REPORT

2013 was a very strong year for the US stock market, and the Association's portfolio began the year at \$123,232 and finished the year at \$148,378, a gain of \$25,174, which is a return of 20.4%. Returns like these are rare and should not be counted upon in future years. All stock investments are inherently volatile (risky). However, we believe the companies currently held in the Association's portfolio should continue to grow their earnings and dividend payments well into the future. As of March 31, 2014, the Association's current portfolio balance is \$152,331 (table 3). And as of June 18, 2014 ATBC investments totaled \$157,333.

The Association's portfolio is managed under a fixed fee agreement with Justin, where the Association pays a fixed percentage based on the size of the portfolio and does not pay any trading commissions or other account fees. The fee is 1.5% per year, assessed in four quarterly payments based on quarterly account values. In 2013, the Association paid a total of \$2,006 in planning and management fees.

INSURANCE POLICY

ATBC has recently acquired a "Commercial Business Owner's" insurance with these types of coverage: General Liability, Umbrella Liability and Directors and Officers Liability. ATBC's pays an annual premium of \$897.00 to Hartford for the General Liability policy and \$1,713 to Philadelphia Insurance for the Directors and Officers Liability. We've worked with Marsh and McLennan insurance broker agency, referred to us by Justin Rees from Baird. They found the best price/type of coverage for ATBC's special insurance needs, given its volunteer and nonprofit nature. For complete information on ATBC's insurance policy, please contact the Treasurer for documents.

The General and Umbrella Liability terms are:

- General Liability coverage with limits of \$1M per occurrence/\$2M Policy aggregate
- Hired and Non-owned liability coverage with limits of \$1M
- Umbrella coverage with limits of \$1M per occurrence/\$1M policy aggregate

The Directors and Officers Liability terms are:

- \$1M for each claim
- \$1M policy aggregate
- \$5, 000 retention limit

NEW BUDGET COMMITTEE

The Executive Director and Treasurer would like to propose the creation of an ATBC Budget Committee. The proposed participants would be: ATBC Treasurer, ATBC Secretary, ATBC President, and 2 council members. If needed we could include *Biotropica's* Editor and the previous Treasurer as well or consult with them when needed. Below is a preliminary list of what the responsibilities of the budget committee could be. This is still up for discussions and open to any suggestions.

- ✓ Revise ATBC investments and next year's proposed budget
- ✓ Develop a policy to support Annual ATBC Conferences. Issues that frequently arise include: how much money should be spent? What is the policy on reimbursement? Should ATBC develop a contract with local organizers or continue with invoice only?
- ✓ Creation of a separated investment fund (Evans endowment _see more below) for annual fixed income of ~\$2,000 to support Latin Americans to attend ATBC annual meetings.
- ✓ Clarify ATBC fundraising efforts: Whose role is it to fundraise? What is ATBC's capacity to develop new activities with additional funds? What activities can be support with ATBC's currently available assets?
- ✓ What are the activities/goals established at the strategic planning meeting that need financial support?
- ✓ Develop a finance plan for the next 2-3 years or longer.

ENDOWMENT WITH EVANS FUNDS

The funds currently set aside from the Evans donation could be converted into an endowment to support her explicit desire *"to support the participation of Latin Americans in meeting, symposia and other activities of ATBC"*. An endowment fund is an effective way for a donor or group of donors to make a durable and long-lasting impact on a particular cause or project. Endowments also usually create very tangible results that can be highlighted by the organization and might lead to additional donations in the future. Establishing the endowment would require creating an Investment Policy Statement that would outline the exact purposes of the fund, types of investments used, performance measures, possible risks and income provided. BAIRD through Justin can help ATBC set up this Endowment if all agree.

2013 -2014 ATBC FINANCIAL REPORT

APPENDIX

Table 1: 2012, 2013 Actual, 2014 approved and up to date budgets and 2015 proposed budget

	2012	2013	2014 approved Budget revised	2014 up-to-date *	2015 proposed budget	Notes
INCOME						
Grants and Donations	\$20,300	\$50,300	\$300	\$0	\$300	Meggers /Evans Fund, Bacardi
Publications (royalties)	\$40,750	\$41,974	\$32,000	\$28,388	\$33,000	Royalties Wiley, JSTOR & U. Chic.
Annual Meeting	\$29,761	\$351,494	\$20,000	\$0	\$10,000	Reimbursement for meet. support
Interest Income	\$34	\$57	\$50	\$14	\$50	
Capital Gains & Dividends	\$6,698	\$4,008	\$2,000	\$3,083	\$2,000	Dividends back into investment
Unrealized Gains (losses)	\$10,464	\$23,172	\$3,000	\$1,423	\$5,000	Gain/loss in stock values
TOTAL INCOME	\$108,007	\$471,004	\$57,350	\$32,908	\$57,050	
EXPENSES						
Annual Meeting	\$64,558	\$352,719	\$30,000	\$14,142	\$10,000	France (\$14K) and Hawaii (\$10K)
Program Services	\$5,357	\$8,645	\$16,000	\$204	\$20,000	Student travel support + travel
Website management	\$4,476	\$1,001	\$500	\$132	\$500	
Accounting	\$2,700	\$3,093	\$3,000	\$1,300	\$3,000	
Supplies and Postage	\$331	\$18	\$2,000	\$295	\$1,000	Office supplies, permanent equip. and etc...
Bank Service Charges	\$2,523	\$2,642	\$2,000	\$587	\$3,000	wire transfers, fees and etc.
TOTAL EXPENSES	\$79,945	\$368,118	\$53,500	\$16,660	\$37,500	
Net Income	\$28,062	\$102,887	\$3,850	\$16,247	\$19,550	
Net gain on investments	\$17,162	\$27,180	\$5,000	\$4,506	\$7,000	
BREAKDOWN ROYALTIES						
Wiley	\$26,417	\$28,729	\$27,000	\$28,388	\$27,000	
JSTOR	\$4,495	\$4,460	\$4,500	\$0	\$4,500	
Bio One	\$9,481	\$8,729	\$0	\$0	\$0	Contract terminated in 2012
U. Chicago	\$289	\$154	\$150	\$0	\$150	
TOTAL	\$40,682	\$42,072	\$31,650	\$28,388	\$31,650	

* 1st quarter of 2014 (January - March 2014)

2013 -2014 ATBC FINANCIAL REPORT

Table 2: ATBC Balance Sheet as of **March 31, 2014**

ATBC Assets	Amount
BANK OF AMERICA	
Checking 3096	\$43,221
Savings 3106	\$134,937
PayPal 5419	\$6,754
Sub-total	\$184,912
Total restricted*	\$64,693
Total unrestricted	\$120,219
BAIRD INVESTMENT	
Securities	\$140,865
Advisor Cash	\$11,465
Sub-total	\$152,331
TOTAL	\$337,243

*Restricted Funds	Amount
Evans Fund	\$50,000
Meggers Fund	\$9,478
Navjat Research Fund	\$5,215
TOTAL	\$64,693

Table 3: Breakdown ATBC Investment account as of **March 31, 2014**

Total Investment Assets	Amount
Beginning Balance	\$148,377
Income and Distributions	\$909
Annual fee & foreign tax	-\$552
Gain	\$3,597
TOTAL *	\$152,331

* Allocation: 90% in stocks + 10% in cash

2013 -2014 ATBC FINANCIAL REPORT

Table 4: List of ATBC Portfolio of investments with BAIRD

✓ Abbvie Inc.
✓ At & T
✓ Abbott Laboratories
✓ Air Products And Chemicals
✓ Analog Divides
✓ AptarGroup
✓ Baxter International
✓ Becton Dickinson
✓ Brown Forman
✓ Colgate Palmolive Company
✓ Ecolab
✓ Emerson Electric Company
✓ Exxon Mobil
✓ Grainger
✓ Illinois Tool Works
✓ Intel
✓ International Business Machines Corp
✓ Johnson & Johnson
✓ Kellogg Company
✓ Kimberly Clark Corp
✓ McDonalds Corp
✓ Novartis
✓ Praxair
✓ Procter And Gamble Co.
✓ Realty Income Corp
✓ Sigma Aldrich Corp
✓ Teva Pharmaceutical Ind.
✓ 3m Company
✓ United Technologies Corp
✓ Wall Mart Stores