



**REPORT OF THE**  
**TREASURER**

**Benjamin Hernandez**

Welcome to the Annual Meeting!

On behalf of the Finance & Audit Committee, it is my honor to present the Treasurer's Report to the Executive Board and the Governing Council. I would like to thank the members of our Finance Committee: Kay Bender, Aaron Guest, José Ramón Fernández-Peña, and Heather Walter-McCabe as well as Georges Benjamin and the Finance Staff at APHA for their work throughout the past year, especially the last few months.

There are three takeaways from this report:

- We are still feeling the financial impact of the COVID-19 pandemic.
- At this time, we are still in a good financial place to absorb the impacts.
- This year again, we made the deliberate decision to access our reserves to keep our vital functions operating.

As of the time of writing this report, the annual audit is on-going and will be shared with the Executive Board and the Governing Council upon completion. The pre-audit financial is summarized below and it is important to note that, despite the pandemic, we ended the year in the black.

The rest of this report provides:

- Overview of Finance Committee Roles and Responsibilities
- Fiscal Year 2021 Financial Report
- Fiscal Year 2021 Audit Update
- Fiscal Year 2022 Budget
- Fiscal Year 2022 Year to Date Report
- Closing Summary

**Overview of Finance Committee Roles and Responsibilities:**

The Finance Committee, with the support of staff, works to accomplish the financial goals set forth in the strategic plan. This work includes, but is not limited to, the following:

Oversight of budget process including:

- Adopting budget guidelines
- Reviewing proposed budget for recommendation to Executive Board for approval

Regularly monitoring budgetary activities.

Oversight of auditing process including:

- Selection of the auditor

- Determining timeline for annual audit and making recommendations to Executive Board

Overall oversight of financial policies including:

- Reserve Fund and Investment policies and practices

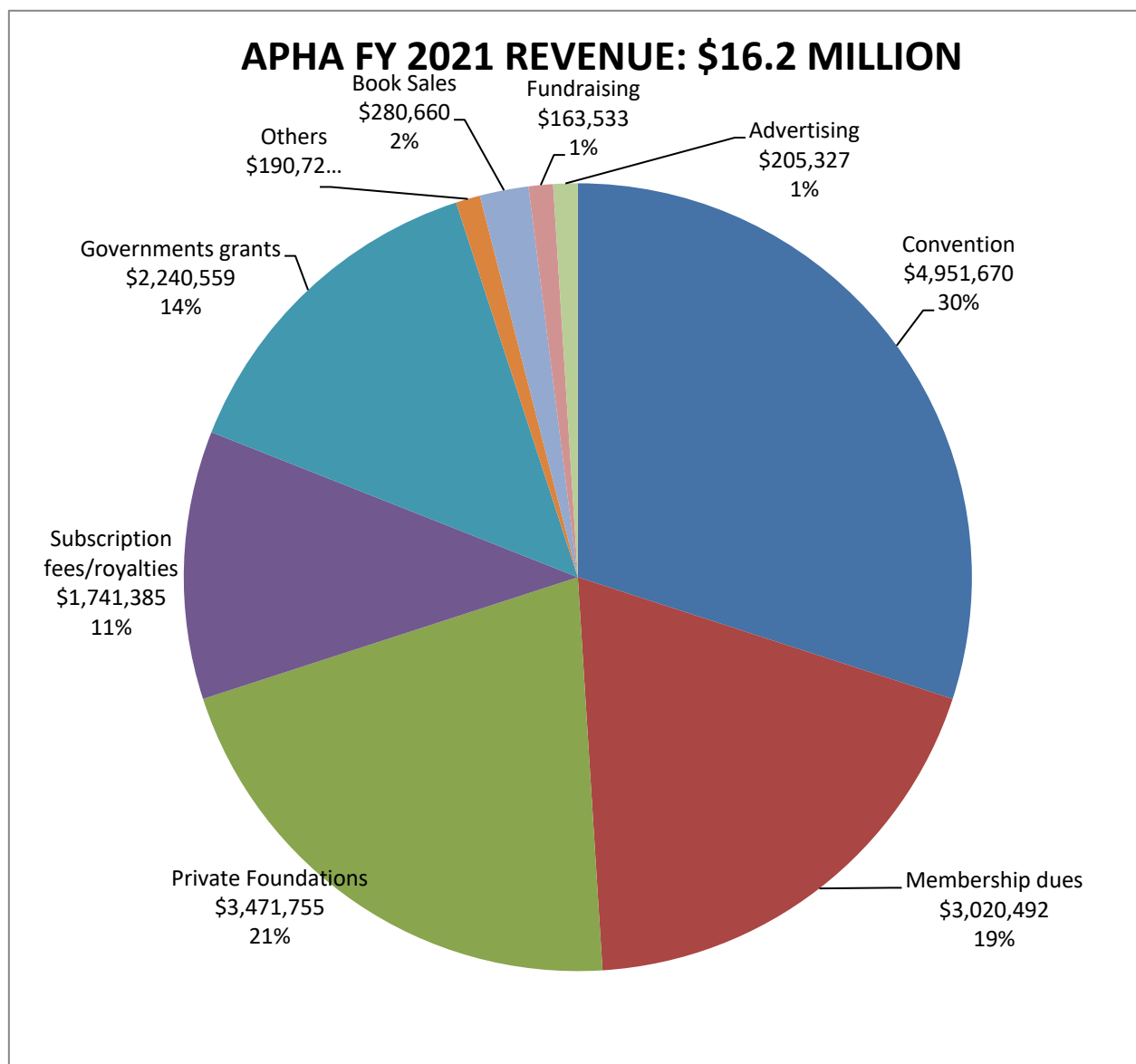
**Fiscal Year 2021 (July 2020 – June 2021) Financial Report (see attached Pre-audit financial statements and subject to change)**

APHA closed the fiscal year ending June 30, 2021 as follows:

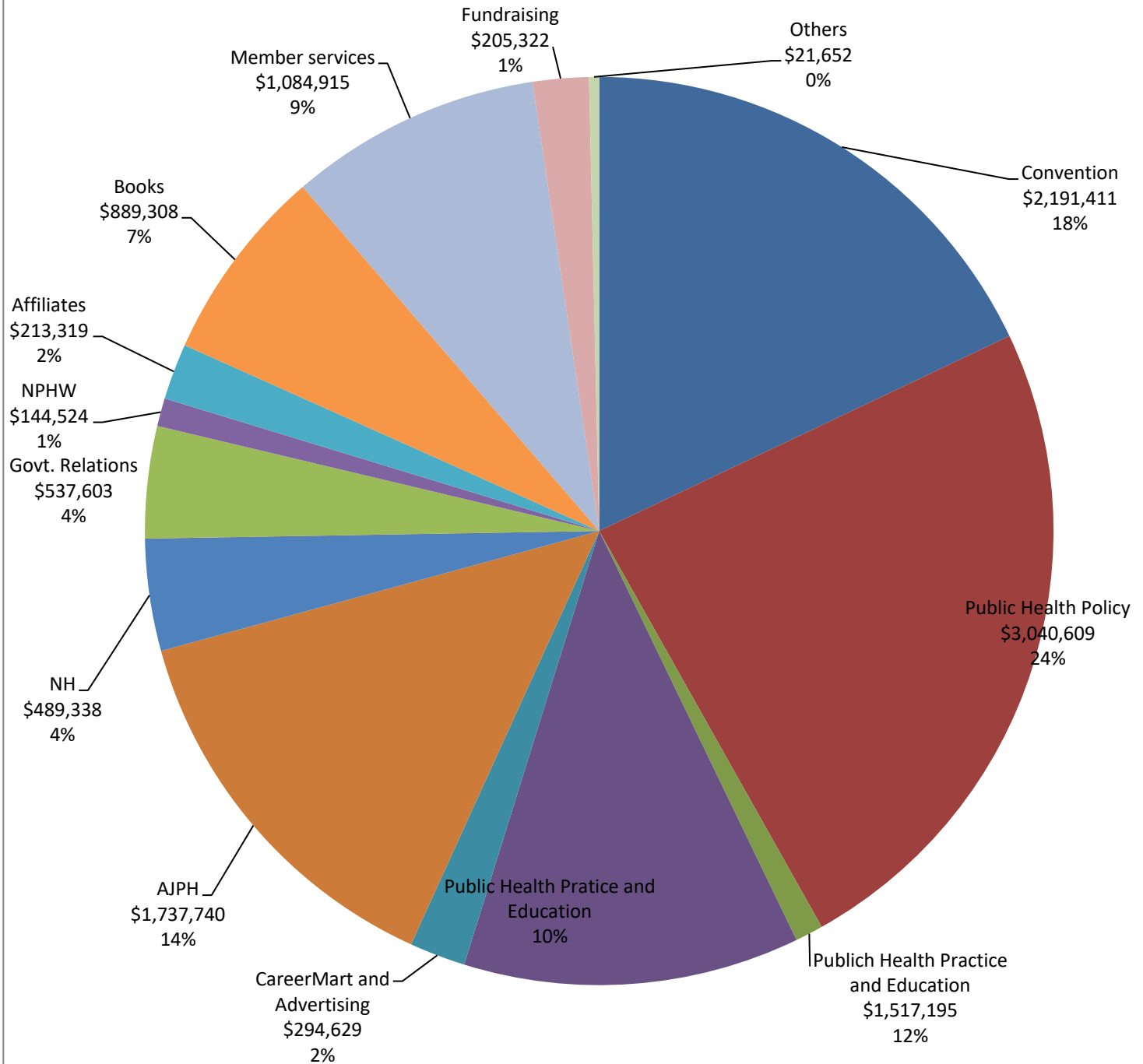
- Overall profit of \$967,846
- Loss from operations (\$575,625)
- Investment income and appreciation of \$1,543,600

In Fiscal Year 2021, membership dues, advertising revenue, and book sales, were all below budget, while other revenue items such as convention revenue, subscriptions, interest income, rent, miscellaneous revenue and contracts and grants were higher than anticipated.

For FY 2021, our revenue and expense stream is illustrative with the pie charts below.



## APHA FY 2021 EXPENSES \$16.8 MILLION



### **Fiscal Year 2021 - Financial Audit**

As mentioned previously, the Association's annual audit is currently underway, and it is being performed by RSM US LLP (Tate and Tryon merged with RSM). Upon completion, a copy of the Association's audited financial statements will reside on the Association's website.

### **FY 2022 (July 2021 – June 2022) Budget**

In May, the Executive Board approved a budget of \$18,310,097 with revenue of \$15,734,349 resulting in \$2,575,747 use of reserve for FY 2022. In other words, the board approved a budget with a deficit of \$2,575,747 due to the impacts of the pandemic on the Association's main source of revenue (the Annual Meeting) as well as other ancillary revenue generation functions.

(See attached approved detailed approved budget)

### **FY 2022 (July 2021 – June 2022) Year to Date Financial Report**

As of the end of September 30, 2021 (25% of fiscal year), APHA reported revenues of \$7,136,583 (45% of budget). This is over projections by \$1,139,004 and over prior year by \$660,511. Total expenses are \$4,978,129 (27% of budget), which is over budget by \$549,810 and under prior year by \$57,984.

In other words, compared to budget, revenue and expenses are over projection by \$1,139,004 and \$549,810 respectively. The difference between income and expenses is \$2,158,454 and when we include investments it's \$2,120,849.

(See attached September financials)

### **Closing Summary**

The last 18 months have really created a financial challenge for the Association. However, the Association was well prepared to absorb the impact. Over the years, the Association created a healthy reserve balance that allowed it to weather the direct and core financial impacts of the COVID-19 pandemic.

Last year (Fiscal Year 2021 that ended in June 2021), even though we approved a deficit budget of over \$2 million, we ended the year with a nearly \$1 million surplus. That was an unexpected swing in our favor that was created by healthy contract/grant revenue as well as the increase in the book value of our investments. If we take away the book value of our investments, we only had a deficit of \$575,000. Given where we thought we would be, that is a remarkable outcome that positioned us well to enter this fiscal year.

This year (Fiscal Year 2022 that started in July 2021), we again approved a deficit budget of over \$2 million. We took this deliberate step for three main reasons: 1. We need to continue the important public health work of the Association during these times, 2. As mentioned in the previous paragraph, we had a favorable ending to our last fiscal year, and 3. We continue to have healthy reserves to support our work during this time. Additionally, we expect to see in this fiscal year a forgiveness of our Paycheck Protection Program loan of \$1.2 million.

Finally, we can't predict when the financial impacts of the pandemic will be over, but, financially, we are as best prepared as we can be to support our work through these challenges. I am not sure if this will be the last year that we will present a deficit budget. In fact, I think it is likely that over the next couple of years we will continue to present deficit budgets, but that each year the deficits will get smaller and smaller. I am proud of the leadership of the APHA staff, Finance Committee, and Executive Board for being nimble and proactive to prepare for the financial challenges that we have faced and that are ahead of us still.