2020 ASA FINANCIAL STATEMENT

The ASA's Income Statement for the year 2020, Expenses for 2020, and its Balance Sheet as of December 31, 2019 and December 31, 2020 are presented in Tables 1A, 1B and 1C, respectively. Summaries for ASA CDs, as of December 31, 2020 are presented in Table 1D. Summaries for ASA Investments are presented in Table 1E. Consolidated income and expenses for the ASA for 2020 are presented in column 1 of Table 1A.

Income, Expenses and Donations

Total receipts for the year were $27,719, total expenses were $25,114; revenue exceeding expenses by $2,605. If the **Azalea Research Fund (ARF)** is excluded, the net revenue is $2,869. Some additional factors:

- In 2020, the dues revenue was $12,275 compared to $11,995 for 2019. Dues revenue continues the overall downward trend, however 2020 was better than 2019. The 10-year average dues collection is $14,306.
- Donations to the **General Fund** were $3,535. Primary components were a $1,000 donation from the **Northern Virginia Chapter,** in memory of associate member Robert Thau, a $1,000 donation from the **Magnolia Plantation Foundation**, and several donations $100-$500.
- Donations to the **Azalea Research Fund** were $3,036. The largest component was a $2,500 donation from the **Dolan Gardens Foundation**.

Membership

On March 1st, as per the ASA by-laws and reinforced at the 2016 BOD meeting, those members who had not yet renewed for 2020 were made inactive, and their access removed from the protected areas of the website. In addition, they will not be mailed any missed issues of *The Azalean* if they subsequently renew their membership. **Ninety-seven** members were removed from the active rolls; our active membership was then 433. This is well below the normal level of about 480-500 at March 1st. An aggressive campaign by several of our chapters has resulted in 40 renewals after March 1st. Further details are as follows:

- In 2018, we had 63 new members from the "Azaleas 101" session at the Little Rock convention. Fourteen of these new members are still in the Society.
- In 2019, we had 80 members join. In 2020 that number was <u>only 46</u>. That is way below our average number of 70.

In order to gain additional insight into the membership numbers, I performed an analysis of all the years for which I was treasurer, 2014-2020. For each of these years, I determined the number who had joined in the year, and the number who joined that year, but did not renew. The table below shows the results.

Year	Joined	Renewed	Not Renewed	% Not Renewed
2014	62	50	12	19%
2015	49	43	6	12%

2016	92	63	29	32%
2017	72	49	23	32%
2018	171	99	72	42%
2019	80	43	37	46%
2020	46	33	13	28%
Avg	**82**	**54**	**27**	**30%**

The average new members from 2014-2017 was 69. The average of those new members who did not renew was 24%. The year 2018 was an anomaly, as this was the year of the convention in Arkansas, where about 70 members joined as a result of the "Azaleas 101" part of the convention. For 2019, 46% of the new members did not renew; however, in 2020 the percentage of non-renewals dropped to 28%. The total membership as of April 18, 2021 is 481. In order to regain our membership of about 600 members, we will need 120 new members in 2021. This is about 40 members over and above our average. Clearly, as usual, a push to gain new members is sorely needed.

Endowment Fund (EF)

The total value of the Endowment Fund (EF) was $62,715 at the end of 2019, and $57,360 at the end of 2020. The endowment fund is a set-aside of assets to cover life membership dues as well as pre-paid dues for the coming years. The cost of a life membership for domestic members is $600. This is based on an estimate that the life membership will need to cover dues not paid for approximately 20 years. There is no data at this point to backup that assumption. I tallied all the life members who joined prior to 1990 (23) and assessed their future obligation at $600 each ($13,800). This assumption is that those members who joined prior to 1990 will likely have no more than 20 years more of membership. The remaining 46 life members were assessed at $900 each ($41,400), assuming these are younger members and that they may have 30 years of membership yet to be covered by the EF. Adding these two set-asides ($55,200) together with the pre-paid 2022 and later ($2,160) dues resulted in a total requirement for the EF of $57,360.

I think it is worthwhile for us to consider actuarial data when determining the value of our endowment fund. However, we would need to know the ages of our members to determine statistically how long they might live. We do not currently have that information. I suspect that we are way undercharging for life memberships. Some consideration should be given to a tiered approach to life membership dues.

Azalea Research Fund (ARF)

The total value of the Azalea Research Fund (ARF) was $105,708 at the end of 2019, and $109,835 at the end of 2020. The fund received donations of $3,036 in 2020, and awarded $3,300 in grants. The ARF is self-sufficient, and its goal has been to incur no expenses other than grants awarded.

The dedicated assets of the ARF, in addition to moneys donated and a 50/50 split in earned interest, are the two equities in the Schwab account, Ford Motor Corp (F), 1000 shares, and Ameriprise Financial (AMP), 100 shares. The per-share price of these equities was $8.79 (F) and $194.33 (AMP) respectively at the end of 2020. The total market value of these equities on 12/31/2020 was $28,223. This is a significant improvement from their value at the end of 2018, which was $18,087. The value of the Ford stock decreased by $510 in 2020, and was watched in 2020 and 2021 for potential sale, due to a continual decline in market price from 2014 when it was donated to the ARF. In April, 2021, the Ford stock reached a 5-year high of $12.33 and was liquidated on April 14th, 2021. Even though this was a 5-year high price, there still was a net loss of approximately $3,000.

The Ameriprise shares have cycled up and down over the last five years, from a high of $16,947 in 2017 to a low of $10,437 in 2018. The 50/50 split of earned interest was $2,126. Graphs of both F and AMP price fluctuations for the last 5 years are contained at the end of this report. Note that the long term trend on AMP is strongly up and F is consistently down, until 2020, where it made a dramatic climb back from its deep hole. The recovery by AMP in 2020 is similar to F, as shown in the charts at the end.

Operating Fund (OF)

The operating fund is a computed value, based on the total Society assets less the ARF and EF. The total value of the Operating Fund (OF) was $75,269 at the end of 2019, and $89,192 at the end of 2020. The Operating Fund remains healthy, though caution is advised given the current membership trend. The end of year Operating Fund balance is sufficient to cover expenses for over three years without any additional revenue, or twenty two years if operating at a yearly deficit of $4,000. It would be prudent, however, to review the Endowment Fund taking into account actuarial tables.

Assets and Liabilities

As shown in Table 1C, total assets and liabilities have increased from $243,716 (2019) to $256,411 (2020). The major component of the increase is due to the increase in end of year market prices. The mix of ASA assets was altered significantly in 2019, by moving $85,000 from matured CDs and $5,000 in cash into Schwab mutual funds. The ASA was given permission to invest in equities a couple of years ago, however the Finance Committee had opted to not use that option, and recommended investing in no-load mutual funds instead. This process was finally completed in March 2019, and an initial $25,000 mutual fund purchase was made in March, 2019 and an additional $65,000 in 2019. The 2020 end of year balance for the mutual funds was up $32,000 over the 2019 end of year balance. The decision to move into no-load mutual funds was a wise one; however, 2020 was a very atypical year for the market. At this point, we are split between savings ($17,397), CDs ($81,780) and mutual funds ($118,925) for the Society assets (not including the ARF, which is in two equities). The proceeds from the sale of the Ford stock will be moved into the same five mutual funds currently owned, pacing the transfer over a span of about a month.

Conclusion

The Society is financially healthy at this time, with a reasonable safety margin. Additional initiatives to increase membership are recommended. Further study into the Endowment Fund calculations is also recommended.

Respectfully submitted,

Paul A. Beck, PhD, Treasurer
Azalea Society of America
April 18, 2021

Table 1A
ASA Receipts 2020 ($)

	Consolidated	Operating + Endowment	Research
Azalean			
Advertising	3080	3080	
Back Issues	198	198	
Total Azalean	**3278**	**3278**	
Donations	**6590**	**3854**	**3036**
Seed Exchange	**1324**	**1324**	
Dues			
Regular Dues	12275	12275	
Life Dues	0	0	
Total Dues Paid	**12275**	**12275**	
Interest			
CD Interest	1483	742	741
Checking Account Interest	18	9	9
Savings Account Interest	56	28	28
Schwab Account Interest	1	0	1
Total Interest	**1558**	**779**	**779**
Dividends			
Mutual Fund Dividends	2135	1068	1067
Stock Dividends (ARF)	559		559
Capital Gains (distributed)	0	0	0
Total Dividends	**2694**	**1068**	**1626**
Total Receipts	**27719**	**22278**	**5441**

Table 1B
ASA Expenses 2020 ($)

	Consolidated	Operating + Endowment	Research
Administrative			
Envelopes & miscellaneous	75	75	
Postage	56	56	
Website	418	418	
Total Administrative	**548**	**548**	
Awards & Memorials			
Awards	133	133	
Memorials	0	0	
Total Awards & Memorials	**133**	**133**	
Azalean			
Advertising	0	0	
Convention	0	0	
Editor (three issues)	4500	4500	
Layout (three issues)	4500	4500	
Postage	1033	1033	
Printing	8523	8523	
Total Azalean Expense	**18556**	**18556**	
Fees & Charges			
PayPal Charges (online renewals)	246	246	
Square Charges (phone renewals)	45	45	
Corporate Fees	80	80	
Azalea City	0	0	
Total Fees & Charges	**371**	**371**	
Membership			
Chapter Reimbursement	1750	1750	
New Member Packets	455	455	
Total Dues Expense	**2205**	**2205**	
Research Fund			
Grants Awarded	3300	0	3300
Total Research Fund Expense	**3300**	**0**	**3300**
Total Expense	**25114**	**21814**	**3300**
Receipts-Expenses	**2605**	**464**	**2141**

Table 1C
ASA Balance Sheet, December 31, 2019 and 2020 ($)

	2019	2020
Assets		
Checking Account	7316	9354
Savings Account	24641	17397
PayPal	2939	228
CDs	80296	81780
Mutual Funds (Schwab)*	92989	118926
ARF Stock Investment (Schwab)*	25958	28223
Schwab cash	9577	2638
Total Assets	**243716**	**256411**

* Market value as of 12/31/2020

Liabilities		
Uncashed checks (chapter rebates)	0	0
Operating Fund	75269	89216
Credit Card	24	0
Endowment Fund	62715	57360
Research Fund	105708	109835
Total Liabilities	**243716**	**256411**

Table 1D
ASA CDs, a/o December 31, 2020 ($)

	Rate, Maturity	12/31/2020
FVC Bank, XX2169, $15,000	1.69%, 3/18/2020	16195
FVC Bank, XX2056, $25,000	1.69%, 2/1/2020	27228
FVC Bank, XX3284, $36,368.15	1.88%, 01/05/2023	38357
Total CD Balance		**81780**

Table 1E
ASA Investments, a/o December 31, 2020 ($)

	12/31/2019	12/31/2020
Ford, 1000 shares (ARF)	9300	8790
Ameriprise, 100 shares (ARF)	16658	19433
SCHWAB FUNDAMENTAL US (SFSNX)	18021	21440
SCHWAB INTL INDEX FUND (SWISX)	18614	21932
SCHWAB S&P 500 INDEX FD (SWPPX)	19277	24758
SCHWAB SMALL CAP INDEX FD (SWSSX)	17982	23635
SCHWAB TOTAL STOCK MKT IND (SWTSX)	19095	25026
Cash balance	9577	9,577
Total Investments Balance	**128524**	**154591**

Ameriprise Financial Inc **AMP**:NYSE
Capital Markets

Trade
Margin Requirements

Last Price	Today's Change	Bid/Size	Ask/Size	Today's Volume
$247.56	+4.27 (1.76%)	$247.44/2	$247.65/1	280,739 Below Avg.

As of 2:25 PM ET, 04/14/2021

Schwab Equity Rating® Data as of 04/09/2021*
First Quarter Earnings Announcement Expected

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Open $241.75 High $246.39 Low $240.86 Close $245.67

Ford Motor Co **F**:NYSE
Automobiles

Trade
Margin Requirements

Last Price	Today's Change	Bid/Size	Ask/Size	Today's Volume
$12.33	+0.13 (1.07%)	$12.33/145	$12.34/156	35,243,443 Below Avg.

As of 2:31 PM ET, 04/14/2021

Schwab Equity Rating® Data as of 04/09/2021*
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Open $12.20 High $12.49 Low $12.20 Close $12.33