

2019 Report of the ASHP Treasurer

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Each year, the Treasurer has the responsibility to report to the membership on ASHP's financial condition. ASHP's fiscal year is from June 1 through May 31, coinciding with our policy development process and timetable. This report describes ASHP's actual financial performance for fiscal year 2018, projected financial performance for fiscal year 2019, and the fiscal year 2020 budget.

Fiscal Year 2018 (Ending May 31, 2018)—Actual

ASHP's fiscal year 2018 financial audit ending May 31, 2018, was performed by the independent audit firm of Tate & Tryon. The audit resulted in ASHP receiving the best opinion available, an unmodified opinion.

ASHP's core operations¹ had another successful year. Core gross revenue grew to \$50.3 million, or by 3% over fiscal year 2017 (Figure 1), primarily due to strong membership growth, the success of the Midyear Clinical Meeting, and growth in residency accreditation services. Membership grew to nearly 45,000 as of December 31, 2017, which represents a 2.2% increase from the prior year. Core net income was a surplus of \$1.48 million. The program development and capital budget² had a surplus of \$767,000, primarily due to better-than-budgeted investment income. Spending from reserves/net assets³ was \$839,000, and there was a favorable pension adjustment of \$425,000. The building sale reserve funds⁴ had a surplus of \$570,000, primarily due to strong investment returns. The building fund⁵ had an accrual accounting deficit of \$521,000, primarily due to depreciation expense. This was anticipated in the financial model, and the building fund is on track to continue supporting ASHP's building/office space expenses and reach its long-term financial target.

ASHP's reserves/net assets at May 31, 2018, represented 83%⁶ of total fiscal year 2018 expense. Our long-term financial policy is to maintain reserves/net assets within the Board of Directors-approved guidelines of 50% minimum, 70% target, and 90% maximum.

ASHP's total net assets grew by \$1.9 million during fiscal year 2018 (Figure 2), and our year-end balance sheet remains strong, with an asset-to-liability ratio of 5.17:1.

¹ Represents the revenue and expense associated with the operations of ongoing ASHP products, programs and services, and infrastructure support.

² Is intended for expenditures that are (1) associated with new, enhanced, and expanded programs; (2) associated with time-limited programs; (3) capital asset purchases; or (4) supplemental operating expenses. The program development and capital budget is funded primarily with investment income from reserves/net assets.

³ Additional reserves/net assets spending is only occasionally used to fund programs. Funding requests from reserves/net assets are reviewed on a case-by-case basis and approved by the Board of Directors.

⁴ Created with a portion of the cash proceeds from the sale of ASHP's previous headquarters building. The investment earnings are intended to be used for new programs, products and services, as well as to sustain ASHP through an economic downturn. Funding requests are approved by the Board of Directors on a case-by-case basis.

⁵ Created to hold the net gain from the sale of ASHP's previous headquarters building. The long-term investment earnings are used to pay for lease and other occupancy related expenses associated with ASHP's current headquarters office.

⁶ The building fund is excluded from the reserves/net assets calculation due to its designated use.

Report of the ASHP Treasurer

Fiscal Year 2019 (Ending May 31, 2019)—Projected

Fiscal year 2019 is shaping up to be another solid year. As of February 28, 2019, we anticipate that core operations will end the fiscal year slightly better than budget (Figure 1). The financial performance of the program development and capital budget, building sale reserve funds, and building fund will ultimately depend on our fiscal year investment returns, which are trending in a favorable direction.

A significant accomplishment during fiscal year 2019 is growing ASHP's total membership to nearly 49,500 members as of December 31, 2018, which is a 10% increase from the prior year. With your continued involvement and support, we can collectively advance the roles and impact of pharmacy services across the continuum of care.

Fiscal Year 2020 (Ending May 31, 2020)—Budget

ASHP's core operations budget for fiscal year 2020 is balanced (Figure 1). Core gross revenue is projected to increase to \$54.2 million. The program development and capital budget and building sale reserve funds have budgeted surpluses of \$175,000 and \$185,000, respectively. Reserves/net assets spending is budgeted at \$200,000 for the depreciation of previously purchased assets. Although the building fund has a budgeted accrual accounting loss of \$416,000, primarily related to depreciation, it is budgeted to have positive cash flow for fiscal year 2020 and continues to be on track to achieve its long-term financial target.

7272 Wisconsin Building Corporation

ASHP's subsidiary, the 7272 Wisconsin Building Corporation, owned ASHP's previous headquarters building in Bethesda, Maryland, and derived income from leased commercial and office space that was used to support ASHP's expansive membership mission. We anticipate this subsidiary will be closed by the middle of calendar year 2019.

Investments and Growth in ASHP

Due to our strong financial position, we are pleased to have had the resources to invest in new initiatives to better serve our members and the profession. ASHP has developed the Pharmacy Technician Forum and the Section of Specialty Pharmacy Practitioners to better support member needs in those areas. ASHP has also further developed specialty pharmacy accreditation, enhanced our pharmacy residency and technician accreditation management systems, joined the National Academy of Medicine Collaborative on Clinician Well-Being and Resilience, and developed additional certification and certificate products. In addition, ASHP has supported Board of Pharmacy Specialties petitions for sterile compounding, solid organ transplant, and emergency medicine specialties. There have also been investments to enhance the ASHP website and upgrade ASHP's financial accounting and reporting systems. The staff and Board of Directors of ASHP continue to actively look to the future and invest in programs and services that support our members in advancing the profession of pharmacy.

Conclusion

The ASHP Board of Directors, CEO, and staff remain committed to supporting, you—our members—and advancing the profession of pharmacy. We are proud to have nearly 50,000

Report of the ASHP Treasurer

members and to be at the forefront of improving medication use and enhancing patient safety. ASHP's financial strength and diversity of revenue sources allows for continued investment and development of a wide variety of member services, including educational resources, advocacy resources, and advancement of membership sections and forums. ASHP is positioned for the long term to continue to advance the profession and positively impact pharmacy services to fulfill our Mission and Vision.

It is hard to believe my 3-year term as ASHP Treasurer comes to an end in August 2019. It has been a pleasure and an honor serving as your Treasurer. I continue to be truly amazed at the outstanding work by ASHP members in so many diverse practice areas. And thank you to everyone that continues to move our profession forward to make a difference in the lives and health of our patients.

Figure 1. ASHP condensed statement of activities

	Actual Fiscal Year Ended May 31, 2017	Actual Fiscal Year Ended May 31, 2018	Projection Fiscal Year Ended May 31, 2019	Budget Fiscal Year Ended May 31, 2020
CORE OPERATIONS				
Gross revenue	48,843,159	50,310,485	53,521,735	54,181,085
Total Expense	(48,624,344)	(48,831,214)	(53,450,606)	(54,179,073)
CORE OPERATIONS NET INCOME	218,815	1,479,271	71,129	2,012
PROGRAM DEVELOPMENT AND CAPITAL BUDGET				
	2,425,113	766,706	(370,484)	175,011
BUILDING SALE RESERVE FUNDS				
	75,058	569,526	285,720	185,000
PROGRAMS FUNDED FROM RESERVES/NET ASSETS				
	(311,973)	(839,356)	(444,775)	(200,453)
Pension Plan Adjustment	43,389	425,004	0	0
NET CHANGES IN RESERVES/NET ASSETS	2,450,402	2,401,151	(458,410)	161,570
BUILDING FUND				
	2,674,719	(520,799)	(2,184,757)	(416,325)

Figure 2. ASHP statement of financial position (in thousands)

	Actual as of May 31, 2017	Actual as of May 31, 2018
ASSETS		
Current assets	5,596	5,743
Fixed assets	11,113	9,606
Long-term investments (at market)	38,085	39,831
Long-term investments (at market) Building Sale Reserve Funds	16,100	16,869
Long-term investments (at market) Building Fund	86,282	89,282
Other Assets	169	204
Investment in 7272 Wisconsin Building Corp	199	267
Total Assets	157,544	161,802
LIABILITIES		
Current liabilities	18,954	20,356
Long-term liabilities	9,945	10,921
Total Liabilities	28,899	31,276
RESERVES/NET ASSETS		
Net assets	128,645	130,526
Total Net Assets	128,645	130,526
Total Liabilities and Net Assets	157,544	161,802