

# 2021 Report of the ASHP Treasurer

**Christene M. Jolowsky**

The Treasurer has the responsibility to report on ASHP's financial condition to the membership annually. 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 (FY) 2020, projected financial performance for FY2021, and an FY2022 budget status update.

### **Fiscal Year 2020 Ending May 31, 2020—Actual**

ASHP's FY2020 financial statement audit, for the year ending May 31, 2020, was performed by RSM US LLP. The audit resulted in ASHP receiving the best opinion available, an unmodified opinion.

ASHP's core operations<sup>1</sup> had another successful year. Core gross revenue grew to a record \$56.8 million or 5.1% over FY2019 (Figure 1), primarily due to strong membership growth, the continued success of the Midyear Clinical Meeting (MCM), and growth in professional certificates, certifications programs, residency accreditation services, and the Summer Meetings. Membership grew to nearly 53,500 as of December 31, 2019, which represents an 8.1% increase from the prior year. Core net income was a record \$5.7 million. Program development expenses, capital budget, and investment gain/(loss)<sup>2</sup> had net expenses of \$1.5 million, and ASHP's pension plan realized a gain of \$126,000. In total, FY2020 resulted in a positive \$4.3 million net change in ASHP's reserves/net assets. Finally, the building fund<sup>3</sup> had a deficit of \$4.1 million, due to lower-than-budgeted investment returns. Even with this, the building fund remains on track to continue supporting ASHP's office space expenses and reach its long-term financial target. ASHP's total net assets at the end of FY2020 were nearly \$129 million (Figure 2) and our year-end balance sheet remains strong, with an asset-to-liability ratio of 5.38:1.

### **Fiscal Year 2021 Ending May 31, 2021—Projected**

Fiscal year 2021 core operations are shaping up to be another solid year, with projected gross revenue of \$50.2 million. Gross revenue is projected to decrease by \$6.6 million as compared to

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<sup>1</sup>Represents the revenue and expense associated with the operations of ongoing ASHP programs, products, and services, as well as infrastructure and ASHP Foundation support.

<sup>2</sup>Includes investments in ASHP's program development and capital budget, building sale reserve funds, reserves/net assets spending, and investment gains/(losses). The Board of Directors approves spending during ASHP's annual budget development process. Expenditures are typically (1) associated with new, enhanced, and expanded programs; (2) associated with time-limited programs; (3) capital asset purchases; or (4) supplemental operating expenses. These expenditures are primarily funded by investment income from reserves/net assets and the building sale reserve funds.

<sup>3</sup>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.

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FY2020, primarily due to holding a virtual MCM versus an in-person MCM as well as providing free educational content in place of in-person Summer Meetings. As of April 30, 2021, we anticipate that ASHP's FY2021 core net income will be in the range of \$3.0 million (Figure 1). This is remarkably strong performance, given the COVID-19 pandemic. We are also projecting additional net income of \$8.3 million from net program development expenses, capital budget, and investment gains. During FY2021, ASHP terminated a frozen defined benefit pension plan. This has resulted in a projected charge of \$3.8 million. In total, this results in a projected positive \$7.5 million net change in ASHP's reserves/net assets. Finally, due to strong investment returns, we anticipate that the building fund will have net income of \$11.1 million.

A key reason ASHP's FY2021 core operations continue to be so strong is the growth of its membership. ASHP membership reached nearly 58,000 as of December 31, 2020, which is another membership record. This includes 4% growth in pharmacists and new practitioners and 20% growth in student memberships. In addition, the 2020 virtual MCM was the largest ever, with more than 27,000 attendees!

To support our members and the profession during the COVID-19 pandemic, ASHP unlocked numerous evidence-based resources and tools on ASHP.org, making them available free of charge to support the national response to the pandemic. The resources and tools that ASHP invested in included clinical information, advocacy updates, and materials for healthcare professionals about the pandemic. In addition, ASHP also invested significant monies to take swift policy and advocacy actions, which included authorization of pharmacists and pharmacy personnel to test-treat-immunize for indicated populations, inclusion of ASHP's drug shortage recommendations in federal COVID-19 relief law, streamlining of professional licensing allowances, FDA flexibilities for sterile compounding, and increased annual production quota allocations for Schedule II controlled substances. ASHP also devoted significant financial resources to supporting national vaccination efforts by promoting broader authorizations for pharmacy staff to order and administer COVID-19 tests and vaccines, increased protection from COVID-19 exposure through PPE allocation and vaccine prioritization, reimbursement for vaccine administration, and alignment of volunteer pharmacy workforce to support FEMA vaccine administration efforts. In addition to pandemic responses, ASHP also invested in and formed the following: Taskforce on Racial Diversity, Equity, and Inclusion; Pharmacy Executive Leadership Alliance; Section of Pharmacy Educators and Section of Community Pharmacy Practitioners.

### **Fiscal Year 2022 Ending May 31, 2022—Budget**

ASHP's Board of Directors has thoughtfully considered the potential financial ramifications of the COVID-19 pandemic on ASHP's FY2022 budget. This included potential impacts on the MCM, cancelling the 2021 Summer Meetings, and not increasing membership dues rates for a second consecutive year. The Board of Directors continues to focus on positioning ASHP for the future, including continued support of our members and the profession with timely, valuable resources, products, and services during these extraordinary times and acknowledging that although we did not need to use reserves in FY2021, we may ultimately need to do so in FY2022 if the economic recovery is slower than anticipated or if there is a COVID-19 resurgence.

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Taking these and other factors into account, ASHP’s FY2022 budgeted Net Change in Reserves/Net Assets is a surplus of \$100,000, with \$53.0 million in core gross revenue. The building fund, which is designed to pay for ASHP’s headquarters office space, has a budgeted surplus of \$149,000.

### Conclusion

ASHP has successfully navigated the financial challenges brought on by the COVID-19 pandemic and remains well-positioned for the future to continue to support its membership. We are proud of the accomplishments and the positive impact that ASHP has had on the profession of pharmacy, healthcare, and patient safety during the past year. We are also proud that our membership has grown to nearly 58,000, which validates the value of the member benefits, programs, products, and services that ASHP offers. The Board of Directors, Chief Executive Officer, and staff remain fully committed to ASHP’s mission, vision, strategic plan, and supporting our members and the profession of pharmacy. We look forward to another successful year, and I am proud to serve this organization as your Treasurer!

**Figure 1. ASHP Condensed Statement of Activities (in thousands)**

	Actual Fiscal Year 2019 Ended May 31, 2019	Actual Fiscal Year 2020 Ended May 31, 2020	Projection* Fiscal Year 2021 Ended May 31, 2021	Budget Fiscal Year 2022 Ended May 31, 2022
<b>CORE OPERATIONS</b>				
Gross Revenue	54,000	56,759	50,174	53,011
Total Expense	(53,029)	(51,104)	(47,180)	(53,510)
<b>CORE NET INCOME</b>	971	5,655	2,994	(499)
<b>NET PROGRAM DEVELOPMENT EXPENSES, CAPITAL BUDGET, AND INVESTMENTS GAIN/(LOSS)</b>				
	(692)	(1,453)	8,290	599
Pension Plan Adjustment	1,093	126	(3,800)	-
<b>NET CHANGES IN RESERVES/NET ASSETS</b>	1,372	4,328	7,484	100
<b>BUILDING FUND</b>	(3,158)	(4,140)	11,086	149

\* Projection as of April 30, 2021.

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**Figure 2. ASHP Statement of Financial Position (in thousands)**

	Actual as of May 31, 2019	Actual as of May 31, 2020
<b>ASSETS</b>		
Current assets <span style="float: right;">+</span>	11,573	12,887
Fixed assets	8,090	6,646
Investments	141,081	138,589
Other assets	224	268
<b>Total Assets</b>	<b>160,968</b>	<b>158,390</b>
<b>LIABILITIES</b>		
Current liabilities	22,036	19,493
Long-term liabilities	10,192	9,969
<b>Total Liabilities</b>	<b>32,228</b>	<b>29,462</b>
<b>RESERVES/NET ASSETS</b>		
Net assets	130,526	128,740
<b>Total Liabilities and Net Assets</b>	<b>160,968</b>	<b>158,390</b>