

January 22, 2019

To: ADFM Board of Directors and Finance Committee

FR: Ardis K. Davis, Executive Director  
Chelley Alexander, MD, Treasurer  
Dana J. Greco, CAE, Chief Financial Officer

RE: December 2018 Year-end Financial Statements

ADFM continued another year of increasing bottom line operations net income which allows us to grow ADFM programs and initiatives. Net operations for year-end 2018 are \$51,115 which is \$19,045 higher than 2017 year-end operations of \$32,070. Great work – great year!

Here's a snapshot of where we ended 12-31-18:

### INCOME

- Membership Dues Revenue - As of 12-31-18 we have \$257,284 dues income which is \$12,694 higher than budgeted and \$33,521 higher than year-end 2017.  
We have 110 Chair plus Administrators, 41 Chairs only, 4 Administrators, 2 Emeritus, 16 Associate and 4 Lifetime Associate in our active membership (total 177).  
At 12-31-17 we had \$223,763 dues income and 115 Chair plus Administrators and 35 Chair-Only members (total 150).  
Our board-approved policy adding membership categories successfully increased membership by 27 new members and increased our dues income by \$33,521 as compared to 2017.
- Investment interest and dividends of \$17,488 ended the year ahead of the same time last year by \$8,573. However, because of the falling stock market, we lost market value of our investments of (\$26,899). Year-end 2017 added market value of \$21,251. The lower market value does not affect year-end operations because we reverse it below the line on the income statement to reflect our operations work in a given year. The balance sheet shows a higher level of year-end investments because we were able to move 2017 year-end surpluses to investments above the amount lost in market value in 2018.
- Public Members Pilot agreement – Budgeted agreement to support pilot case study of outside public member perspectives. Total amount \$3,600 was paid in two installments.
- Annual Winter Meeting income of \$175,588 ended less than budgeted by \$13,987, but above \$17,925 year-end in 2017.
- CAFM support was on budget.
- The Diversified Chair Pilot ended in 2017 and is therefore zero for 2018.
- The ADFM Fellowship had income of \$5,280 which is higher than budgeted by \$600
- BRC earned \$3,625 at year-end. The earnings consist of \$2,625 from University of Las Vegas 2<sup>nd</sup> payment and \$1,000 for Tony Kuzel consultation at East Carolina.

- The 2017-2018 Heritage fund campaign received \$24,900. A portion was collected in 2017 and the remaining in 2018. The total received is being held as deferred income on the balance sheet until used and is therefore not reflected on the income statement.

## **EXPENSES**

- The staff salaries/management agreement line represents the ADFM agreement with STFM to provide staffing services. The agreement amount is representative of ADFM staff salaries (except for the project manager and new program coordinator) plus a 20% service fee to STFM for providing all other services.
- Our data/special project manager expenses are paid quarterly to the University of Washington.
- The new program coordinator line is \$17,178 under budget due to the new position not being filled as soon as expected.
- Publication expenses ended the year in line with the Annals of Family Medicine budget.
- Operating expenses are \$2,431 above the same time last year mainly because of the new Fonteva Association Management System in 2018. Legal fees are comprised of bi-annual state registration for ADFM in VA. Credit Card fees are also higher as compared to the same time last year as a result of more sales items being paid with credit cards.
- Board expenses are \$1,648 above the same time last year due to higher DC hotel prices at the February board meeting.
- Liaison expenses are lower by \$1,222 compared to the same time last year.
- Special Projects & Fellowships – The Public Member Pilot expenses support a pilot case study of outside public member perspectives. To date \$2,325 has been used from the \$3,600 expense budget, the ADFM Fellowship \$1,491 and the collaboration between ADFM and NAPCRG for the Building Research Capacity (BRC) program are in line with budget expenses.
- Winter meeting expenses are \$836 lower than budgeted.
- The University of Missouri New Chair Workshop was higher than budgeted by \$833.
- The Center for History of Family Medicine is in line with budget.
- Expenses approved to be paid from existing reserves are for FMAHealth travel in 2018. These approved expenses are added back to the net income calculation to reflect actual net income earned from operations.

We ended the 2018 year with operating net income of \$51,115 which is \$19,045 higher than the operating net income at 2017 year-end of \$32,070. Despite the stock market being volatile, ADFM continues to grow in strength and opportunities. Thank you for your continued hard work and contributions to ADFM!