



**TREASURER'S Report
TACF Board Zoom Meeting
October 19, 2020**

Use of Established Lines of Credit

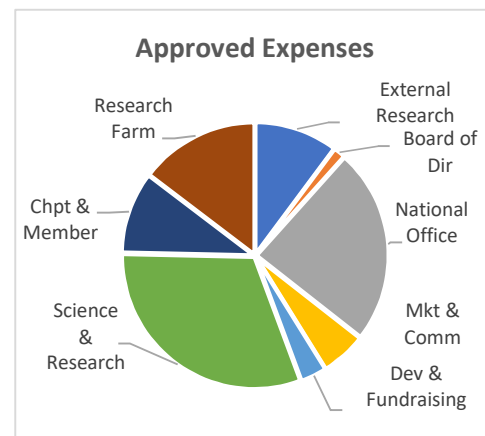
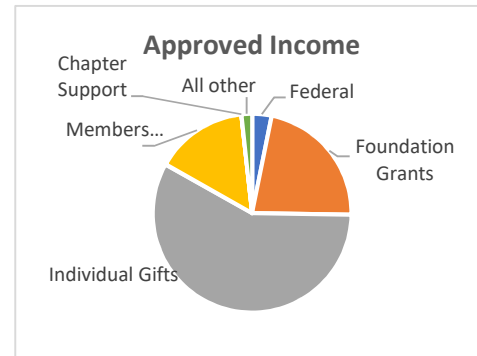
TACF has available to it a \$1,000,000 line of credit from Merrill Lynch, secured by investments. This line of credit has an interest rate of LIBOR +3% and no maturity date. TACF has second line of credit of \$300,000 from BB&T secured by the Meadowview property. This line of credit has an interest rate of Prime and a maturity date of January 10, 2022. There is currently no outstanding balance associated with either line of credit.

Fiscal Year 2021 (07/01/2020 to 06/30/2021)

TACF's fiscal year runs from July 1 through June 30. Income and expenses are reported on an accrual basis.

The FY 2021 TACF Budget was approved by the full Board at the June 2020 TACF Board meeting, as follows:

TACF FY 2021 Budget	APPROVED		Year to Date (09/30/20)	% of appv
INCOME	\$	%		
Federal Funding	75,000	3.2	74,000	98.7
Foundation Grants	523,394	22.1	271,140	51.8
Individual Gifts	1,375,000	57.9	44,298	3.2
Membership	358,200	15.1	83,989	23.4
Unrealized Investment Gain	0	0	189,630	N/A
All Other	41,160	1.7	16,289	39.6
Total Income	2,372,754		679,346	28.6
EXPENSES				
External Research	249,500	10.2	250,246	100
Board of Directors	36,200	1.5	0	0
National Office	586,858	23.9	127,540	21.7
Marketing & Communications	136,972	5.6	15,379	11.2
Development & Fundraising	78,161	3.2	14,182	18.1
Science & Research	760,773	31.0	162,559	21.4
Chapter & Membership Services	245,205	9.9	51,060	20.8
Research Farm	359,549	14.7	60,194	16.7
Total Expenses	2,453,218		681,160	27.8
Net Income (Loss)	-80,464		-1,814	



Cash Accounts

The following table summarizes TACF's cash accounts at BB&T as of **October 01, 2020** with prior year snapshot, pre-pandemic and initial pandemic.

	Jan. 31, 2020	Apr. 30, 2020	Oct. 01, 2020
Operations Checking	652,740	885,044	\$553,025
Payroll Checking	38,465	14,389	\$4,623
Interest Savings	722,135	722,170	\$722,204
Total	<u>1,413,340</u>	<u>1,621,603</u>	<u>\$1,279,852</u>
All Chapters Accounts*	238,365	238,365	\$242,709
Modified Total	<u>\$1,651,704</u>	<u>\$1,859,968</u>	<u>\$1,522,561</u>

* Merged Chapters include IN, NC/SC, OH, TN & WV

NOTE: April 30, 2020 was three days following receipt of the Payroll Protection Program funding of \$208,100.

Cash Flow Projection – October-December 2020

TACF provides strict oversight of the Foundation's cash flow. During this pandemic, we are sharing a summary of our cash-flow projection. This does NOT include Chapter funds or investments.

	October 2020	November 2020	December 2020
Beginning Operating Cash Balance	1,263,020	1,121,873	1,062,958
Forecast Revenue			
Grants	12,100	5,500	67,500
Membership and Donations	30,000	30,000	30,000
Year End Appeal	40,120	38,082	107,744
Sub-Total	1,345,240	1,195,455	1,268,202
Forecast Expenses			
Grant Expenses	(33,536)	(16,200)	(8,700)
Payroll & Payroll Tax	(87,990)	(58,660)	(58,660)
Operations (Db, Mkt, Farm, Recurring, misc)	(101,841)	(57,637)	(57,637)
Ending Operating Cash Balance	<u>1,121,873</u>	<u>1,062,958</u>	<u>1,143,205</u>
Increase (decrease) in operating	(141,147)	(58,915)	80,247

* SUNY-ESF Pass-Through Grant

Investments

The following table summarizes TACF's investment balances with prior period comparison as of January 21, 2020.

	Jan. 21, 2020	Oct. 01, 2020	\$ Change	% Change
Vanguard	\$48,149	\$49,738	\$1,589	1.03%
Merrill Lynch*	<u>\$3,315,910</u>	<u>\$3,262,887</u>	-\$53,023	-1.1%
Total	<u>\$3,364,059</u>	<u>\$3,312,625</u>		

***Merrill Lynch Investment Note:** Paul Wingenfeld has posted all of the monthly investment activity from Merrill Lynch and Vanguard for the period July 2020 – September 2020. Merrill Lynch activity in summary:

• Dividend income reinvested	\$12,973
• Realized gain from sale of donated stock	\$0
• Unrealized gain in investments	\$185,278
• Investment fees paid	\$5,577
• Cost basis of donated stock	\$0

Financial Notables

Merrill Lynch: On Friday, September 4th, Lisa Thomson was notified by email that the Will Group, led by Mark Mayer, has severed ties with Merrill Lynch, and has established RS Will Wealth Management, LLC. Lisa informed Barb Tormoehlen, Treasurer, immediately, and Brian McCarthy, Board Chair, the entire Executive Committee, and Cartter Patten as chair of the Audit Committee and lead on the latest investment RFP, right away after the holiday weekend. She has talked with Dick Will concerning this change and its implications. We have had subsequent discussions with the TACF Finance Committee and with Mark Mayer. After two videoconferencing meetings, the Finance Committee has decided to **convene an ad-hoc team to address the most appropriate option to TACF for current and future investments to meet the mission and purpose of the Foundation.** They are to recommend *a course of action (guided by TACF's Statement of Investment Policy)* for TACF investments to be submitted to the Finance Committee for approval, and ultimately to the full Board of Directors for action **before the end of calendar year 2020.**

External Audit: The FY 2020 External Audit began at the end of August, and the **draft financial statements received from Carter P.C., our external auditors on September 29, 2020.** Cartter Patten chairs the Audit Subcommittee, who will review the Financial Statements and Audit Report, and recommend action to the Finance Committee and the full Board, expected in November 2020. The draft Independent Auditor's Report indicates that "the financial statements ... *present fairly, in all material respects,* the financial position of The American Chestnut Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the USA."

Update on Payroll Protection Program: TACF qualified for, and received on April 27, 2020 a federal loan through the Paycheck Protection Program (PPP) in the amount of \$208,100. BB&T is the loan originator. TACF is staying apprised of forgiveness requirements and the expectation is that this loan will be 100% forgiven using the 24-week period. BB&T has not yet begun to accept loan forgiveness applications.

Operations during Pandemic: Despite the fact that COVID-19 continues to affect TACF operations, staff are fully engaged and productive, working from home as possible and practical, and taking cautionary measures at Meadowview Farm and in the labs. The Regional Science Coordinators continue to maintain ongoing communication and coordination with the chapters in their region and have made mission-critical trips to orchards during the growing season, following CDC guidelines. All employees including administrative services, are functioning seamlessly and no layoffs or furloughs were necessary, thanks to a strong fiscal foundation, continued donor and foundation support, and the PPP loan. Because the pandemic is not yet under control, no set opening date for the Asheville office has been set, despite having a reopening process under our continuation of operations plan. Along with increased email, videoconferencing has become the norm for staff and board communications

Fiscal Year 2019 Tax Filing and External Audit

TACF's 2018-2019 Form 990 was filed on December 13, 2019. The external audit was completed and submitted to TACF on October 30, 2019, indicating TACF financial statements were in accordance with generally accepted accounting principles. Financial information for both, and the TACF annual report can be found at:

<https://www.acf.org/about-us/financials/>