



AMC Treasurer's Report

January 22, 2022

Despite our best hopes going into it, 2021 marked the second year of the COVID pandemic, which caused continued disruption and a delayed return to full-scale operations. But even given many financial and operational challenges, AMC has much to be proud of in terms of mission delivery and comes out of the year in a position of strong fiscal health thanks to sound management and the generosity of donors at every level.

On AMC finances, I am very pleased to report we were able to achieve a balanced operating result and make significant progress on our major initiative in the Maine Woods. We accomplished this by carefully managing a return to operating our hut system, outdoor program centers and other overnight and day-use facilities, supporting and growing our membership, and the continued growth in financial support from donors, as well as major wins on federal grants.

We methodically increased activities in our facilities during the first half of the year, doubling our lodging occupancy compared to 2020 and reaching almost \$7 million in revenue, which was 70% of our 2019 total. Programs for leadership training and to support members and the public being outdoors were resumed and the demand for our trail crews grew in line with the trail needs given record numbers of users. Sales of AMC merchandise, books, and maps hit record levels with revenues over \$2 million as people planned and completed outdoor adventures and connected with AMC in new ways, including our online store and new visitors center locations.

Overall earned revenues increased by 32% from 2020 to \$21.5 million but were 17% lower than they were in 2019. With the increased activity came growth in seasonal staff, with total staff related costs up 5% from 2020 at almost \$16 million but lagging 2019 by 9%. Volunteer-run camps and cabins returned to serve up great outdoor experiences with week-long getaways, and chapter trip leaders grew their offerings to recreation destinations in nearby nature. Adventure Travel program volunteer leaders successfully ran domestic trips and are plotting a return to international destinations in 2022. Capital spending to maintain and improve our facilities and support infrastructure was \$1.6 million, which was a return to previous levels.

A major factor in our 2021 success was the commitment of AMC donors to ensuring a strong financial platform for our mission. Building on what had been a record in 2020, contributions increased to \$5.8 million in 2021, a growth of 14%. President's Society members contributed nearly \$4 million of that total. Membership also bounced back from a dip in 2020 to improve to 93,280 members and the revenues achieved were better than planned.

For a second year during COVID, the award to AMC of a Paycheck Protection Program forgivable loan to support our staffing levels in the first half of 2021 was critical for balancing revenue and expenses. The 2021 grant of \$2.0 million, which along with the 2020 award of \$3.3 million, was a lifeline when we needed it. Our bottom-line operating results of a small surplus speak to the diligence with which we collectively managed our way through 2021.

Regarding the capital side of finances, I am especially excited to share that, thanks to several major grants and gifts in 2021, including a \$4.1 million Recovery Land Acquisition grant from the U.S. Fish and



Wildlife Service that was awarded in October, we expect to be in position to complete the purchase of the 27,000-acre Pleasant River Headwaters Forest in 2022. This acquisition will add an important source of support to our economic model by enlarging our responsibly managed forestry operations in the Maine Woods. In addition, the Pleasant River Headwaters Forest will bring AMC's total holdings of protected land in Maine to more than 100,000 acres. This stunning achievement is something we should all feel tremendous pride in, and we look forward to celebrating more widely, later this year.

Within our initiative to grow our recreational footprint and offerings in Harriman State Park in New York, our strong partnership with the Palisades Interstate Park Commission (PIPC) resulted in our signing a long-term lease to take over operations of two prominent visitor centers in the park that had previously been closed. Having the AMC's brand and recreational resources represented in these highly visible locations is already increasing the awareness and reputation of AMC in the region, which will grow as we continue our fundraising efforts to establish a second Outdoor Center in Harriman State Park, on Lake Sebago. We have raised over \$2 million in commitments towards the campaign thus far and are excited to be working on a \$1 million challenge, sponsored by three generous donors, for the early capital phase of this project.

I also want to share the great news that our Endowment Fund investment portfolio had another strong year, growing by an estimated 14% to \$92 million after our \$3 million draw to support 2021 operations. AMC's portfolio is invested in a diversified manner with the goal of generating long-term returns that exceed the spending rate. A portion of the portfolio is invested with managers who integrate environmental, social, and governance (ESG) criteria into their investment process. Some of the managers are specifically focused on environmentally sustainable and clean technology, while others utilize ESG criteria as part of their broader investment approach. AMC's exposure to ESG strategies in aggregate is over 25% at present, significantly exceeding the organization's goal for 2022. The Investment Committee encourages its investment managers to incorporate environmental, social, and governance criteria into their investment decision-making processes and continues to seek top performing managers who do so. The investment portfolio is made up of endowment contributions and to provide steady support for AMC's mission in perpetuity and covered over 10% of 2021 expenses. The stellar returns on our investments in 2021 will help grow this important source in 2022—a help in offsetting expected higher inflation.

The Board of Directors is grateful for the myriad staff and volunteers who helped the organization navigate through the challenging times and risks of 2020 and 2021. To ensure AMC's continued success, the board has directed a return to a balanced operating budget in 2022. We will continue to rely on the proven leadership of staff and volunteers to guide us through the next and hopefully waning phases of COVID impacts.

We feel confident in the relevance of AMC's mission, are steadfast in our commitment to active conservation and to providing recreational and outdoor education opportunities in a safe environment, and continue to mitigate risks to participants, guests and staff using established guidelines and our best practices.

The need for AMC's work is greater than ever. We are grateful for your support as members, donors, guests, and volunteers and are inspired to propel our mission forward in 2022. AMC remains financially healthy and is looking forward to the years ahead.

Lois Rothenberger
AMC Treasurer