

**MINUTES
BOARD OF DIRECTORS
SIGMA DELTA CHI FOUNDATION
JAN. 6 2016
CONFERENCE CALL**

MEETING CALLED TO ORDER

The meeting of the Executive Committee of the Sigma Delta Chi Foundation was called to order at 2:51 p.m. ET on Wednesday, Jan. 6, 2016 via conference call.

Those present were: President Robert Leger, Secretary Hagit Limor, Treasurer Howard Dubin and at-large members Paul Fletcher and Bill Ketter

Staff members present for the meeting were Executive Director Joe Skeel, Associate Executive Director Chris Vachon and controller Jake Koenig. Representing Greenwalt CPAs were Amanda Meko and Jennifer McVeigh.

FISCAL YEAR 2015 AUDIT

The purpose of the meeting was to consider the draft of the Fiscal Year 2015 audited financials.

Meko shared that the independent accounting team found no misstatements or errors while completing the audit. The SDX Foundation adopted no new accounting policies and didn't change any existing policies.

The accounting team returned a "clean" report, which is the best rating an organization can receive.

McVeigh walked committee members through a few of the financial statements, specifically the Statement of Activities and the Statement of Financial Position.

Regarding the Statement of Activities, McVeigh noted that a poor market during FY2015 contributed to much of the swing from 2014 to 2015. The foundation had lower unrealized gains, producing a gap of \$1.3M when comparing FY2014 and FY2015.

She also noted that expenses were way down. This is the result of the new arrangement with SPJ, where the Foundation is directly managing more training programs instead of granting that money to SPJ.

In past years, the Foundation was required to record expenses when grants were *awarded* (typically April). Recording in this manner is a requirement of Generally Accepted Accounting Principles. However, in FY2015, those grants weren't awarded. This gave the appearance that the SDX Foundation's expenses dropped.

In short, the combination of GAAP reporting requirements and the transition between SPJ and the SDX Foundation painted an inaccurate picture of the Foundation's true financial situation. The

anomaly will correct itself next year, as the new method of managing the educational programs will be comparable from year to year.

Regarding the Statement of Financial Position, McVeigh noted that the Foundation could operate 18.4 years should all revenue streams end. This is up from 13 years in FY2014. Again, this is simply a reflection of the lower expenses related to the transition of SPJ and the SDX Foundation.

The accounting team shared that the Foundation earned 34 cents per every dollar spent on fundraising. This was down from \$1.77 the prior year. Greenwalt shared that because the Foundation makes little of its money on contributions, one or two big donations can change the figures dramatically.

McVeigh noted that contributions went down \$14,000 (which were tied to a couple large corporate contributions) but expenses went up \$7,000.

Skeel explained that the biggest factor behind this figure, however, is salaries that are attributed to fundraising. In FY2015, that was Vachon. In FY2016, that will be an entry-level employee. The same work is being done, but by a different person.

Upon proper motion by Dubin and second by Fletcher, the executive committee voted to approve the audit draft for FY2015.

The Executive Committee then asked McVeigh and Meko to leave so that it may discuss the Foundation's spending policy.

Dubin raised concerns that the Foundation's spending policy may be too aggressive during the most recent market downturn. The market is predicted to remain flat, he said.

Skeel explained the purpose of the spending policy. Spending 4.5 percent of the corpus is designed to allow for consistent spending from year to year while growing slowly over time, he said. The policy is based on the idea that over time, the market will average growth higher than 4.5 percent. In some years, the market may grow 8-9 percent. In some years, such as FY2015, the market decreases. In some years, the Foundation is forced to sell in a down market, which is not ideal. However, this is offset over time.

Leger asked Dubin to work with the finance committee and bring a recommendation to the full board in April.

ADJOURNMENT

Upon proper motion by Limor and second by Fletcher, the executive committee adjourned at 3:10 p.m. ET on Wednesday, Jan. 6.