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Foundation Funds are presented using three categories:

- Unrestricted Funds,
- Temporarily Restricted Funds, and
- Permanently Restricted Funds.

Some highlights of the FY 2019 Foundation budget are as follows:

- Contributions are budgeted to be \$1,115 (1.62%) lower than projected in the FY 2018 budget and approximately the same as FY 2018 projected actuals. The FY 2019 amounts are based on FY 2018 data and assume very little or no growth. This assumption reflects a sense that we have hit a plateau in both the number of individual gifts, and the total we can expect given current effort allocation and the fact that the SAA Foundation has yet to have devoted staff.
- Investment income is estimated to be \$8,515 (18.37%) less than projected in the FY 2018 budget. This decrease is based on current data and portfolio makeup as provided in the Merrill Lynch statements, and the assumption that overall market performance will be about the same as FY 2018 actual performance. This estimate assumes that the large market correction experienced in FY 2018 will not happen again, and that trends since January 2018 will better characterize our overall performance.
- SAA staff effort and associated expenses have been allocated to the Foundation since July 1, 2011. These expenses are offset via an in-kind donation from SAA (see activity 4). The only administrative expenses applied to the Foundation are those related to legal, investment management, Board travel, and event expenses. The staff allocation of in-kind expenses is budgeted to increase by \$7,166 (21.91%). This increase reflects necessary effort to address a four-fold increase in the number of gifts over the past 3 years, increased marketing and social media activity, and a substantial increase in grant administration activities (more SAA Grant Program awards and a new Travel Award Program).

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Meeting Date: June 25, 2018

Attendees: Cheryl Stadel-Bevans, Fynnette Eaton, Nancy P. Beaumont, Peter Carlson

The committee reviewed the budget and assumptions for the Draft FY 2019 Budget, and generally agreed that it should be approved as presented with one amendment: NDRFA Award expense should be increased to \$5,000 from \$4,500. So, the FY 2019 Budget would have total income of \$145,342, total expenses of \$142,024, and a net gain of \$3,318. This nominal increase reflects the opinion of the Committee that expected award expenses must be equal to at least one NDRFA award, hence this change has been made.

Discussion of the budget brought to light several recurring issues regarding the administration of the Awards and Grants program, and the Committee expressed the need to develop a consistent approach to the SAAF's payout schedule/policy. The following other issues were raised with respect to SAAF program administration:

- The group agreed that establishing a payout policy that is based upon total asset values of the Foundation writ large was necessary in order to assure that we do not diminish balances from year to year. For example, this year the Grants program will result in a net loss (as anticipated), though we have no identified strategy to address this going forward.
- Related to this, there was general agreement that the budget should flow from already established goals set forth by the Development Committee and approved by the Foundation Board. This will allow for better planning and budgeting.
- The committee agreed that establishing payout at 7% of unrestricted net assets (adjusted for liabilities) is reasonable for FY 2019.

The NDRFA and its unique purpose were topics of extensive discussion. The Committee was concerned that donation income estimated by trend in the budget was optimistic. There was general concern that without a directed effort, we would not meet the \$13,250 target for this fund. Further, the Finance Committee is concerned that even if we do a special, earmarked campaign, it might result in missing other donation revenue estimates assumed in the budget. Again, the need for coordination with the Development Committee prior to budget development was raised as a strategy to better inform the process.

Discussion of NDRFA payout also resulted in the suggestion that we develop a more coordinated approach to the administration of this program. It is acknowledged that the NDRFA Grant Review Committee has done excellent work and that the program is currently a notable success. Unfortunately, we lack coordination between the review process and the fundraising and budgeting processes. While it is critical to maintain the subject matter expert/member-driven nature of the review process, it is also necessary that SAAF Directors have better insight into the emergent demands on the fund. One suggestion was to have an SAAF Board member serve on the NDRFA review committee and coordinate with the SAAF Board and Development Committee so that we can strategically budget and plan fundraising activities.

