Society of American Archivists Foundation
Board of Directors Meeting
August 2, 2019
Austin, Texas

SAA Foundation FY 2020 Proposed Budget Narrative
(Prepared by Peter Carlson)

Foundation funds are presented using two categories: unrestricted funds and restricted funds. Following are some highlights of the FY 2020 Foundation budget:

- Contributions are budgeted to be $23,040 (34.07%) higher than projected in the FY 2019 budget and approximately the same as FY 2019 projected actuals. The FY 2020 amounts are based on FY 2019 data and assume very little or no growth. On the surface, this income estimate might appear conservative, but given that $19,600 in 2019 donations resulted from one bequest, this goal is aspirational. While it appears that we have reached a plateau in the number of individual gifts, the average gift amount has grown substantially over the last two years. Given current effort allocation and the lack of devoted staff, it is crucial that we are strategic in our appeals for the FY20 campaign.

- Investment income is estimated to be $6,790 (17.95%) more than projected in the FY 2019 budget and $1,924 (4.13%) less than 2020 actuals. This estimate is based on current data and portfolio makeup as provided in the Merrill Lynch statements, and the assumption that overall market performance will be slightly lower than FY 2019 actual performance. This estimate assumes that there will be no large market correction and that trends since January 2019 will better characterize overall performance.

- The NDRFA expense estimate (always hard to anticipate) of $7,800 represents the average for the last six years.

- 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 decrease by $471 (1.18%).

For Discussion:

1. As referenced above, our donation income assumption is somewhat aspirational given the trends in the number of gifts. The budget assumes that we will raise almost as much for the Strategic Growth Fund in FY20 as we did in FY19. Last year we realized a sizeable gift from a bequest ($19,600) that is anomalous. To make up for that in FY20, we will need a very effective campaign to maintain this momentum.

2. The FY20 budget assumes that the very successful Annual Meeting Travel Award Program will continue to be funded out of the Strategic Growth Fund. In fact, the proposed budget includes $12,000 for this program (a 20% increase). When this program was originally conceived in FY18, the Board had hoped to find external funding sources to support the program. As we move into the third year of the program, we have yet to identify non-Foundation funding sources for this popular program.

3. The SAA Foundation Payout Rate. The SAA Foundation is a public charity, which means that, unlike private foundations, it is not required to pay out any more than its Board of Directors deems appropriate. That said, it has been the prevailing opinion of the Board since its founding that the Foundation should seek to support the archives profession to the greatest extent possible while ensuring the preservation and *growth* of SAAF's funding capacity for the long term.

   As the Board has discussed payout rate over the years, its two major considerations have been: 1) growth of the funds and 2) acknowledgement that we must make awards in order to enhance our fund-raising efforts. For this reason, in 2018 the Board established a payout rate formula that strikes a balance between these competing interests and acknowledges the restricted uses of several of the funds.

   According to the payout rate formula, the FY 2020 payout rate is as follows:

   For the current period, the net asset value of the Foundation is $1,581,084;

   Less the net asset value of the endowed Ham Scholarship Fund of $131,424;

   Less the net asset value of the restricted NDRFA of $69,350;

   Less the net asset value of the Hamer-Kegan endowment of $7,492;

   Less the cash liability to SAA (due to/due from) of $502,105;

   Yields adjusted total net assets available for payout of $870,713.

   Based on an expense budget of $70,883, and with net Unrestricted assets (minus liabilities) of $870,713, the payout rate for FY20 would be 8.14%.

RECOMMENDATION

THAT a payout rate of 8.14% of the adjusted net assets of the SAA Foundation (i.e., the overall net asset value less the Ham Scholarship Fund, the National Disaster Recovery Fund for Archives Fund, the Hamer-Kegan Fund, and the cash liability to SAA) be approved for Fiscal Year 2020.

Support Statement: A payout rate of 8.14% of the adjusted fund balance is an appropriate level to both continue to grow the Foundation and support a vibrant program of support for the profession.

Fiscal Impact: For FY 2020, with an adjusted fund balance of $870,713, the payout of 8.14% will yield $70,883 in available funding.

Society of American Archivist Foundation
Income Statement
Fiscal 2020 Budget

Income & Donations	**Fiscal '20**	**Fiscal '19**	**Projected FY '19 Actuals**	**FY '20 Budget v. FY '19 Budget** $ Difference	% Difference	**FY '20 Budget v. FY '19 Actuals** $ Difference	% Difference
Unrestricted Funds							
Margaret Cross Norton	7,525	7,000	7,544	525.00	7.50%	(19.12)	(0.25%)
Mosaic Scholarship	16,150	9,100	16,310	7,050.00	77.47%	(160.35)	(0.98%)
Henry Estate	24,000	19,150	25,278	4,850.00	25.33%	(1,277.59)	(5.05%)
Strategic Growth	53,500	36,500	54,744	17,000.00	46.58%	(1,244.30)	(2.27%)
Awards	3,800	5,250	3,933	(1,450.00)	(27.62%)	(133.13)	(3.38%)
Pinkett	6,000	6,100	6,270	(100.00)	(1.64%)	(270.47)	(4.31%)
Peterson	2,625	2,060	2,629	565.00	27.43%	(3.75)	(0.14%)
National Disaster Recovery	16,550	15,150	16,720	1,400.00	9.24%	(169.64)	(1.01%)
Restricted Funds							
Hamer Kegan	750	645	804	105.00	16.28%	(53.60)	(6.67%)
Ham	4,400	4,515	4,598	(115.00)	(2.55%)	(198.01)	(4.31%)
In-Kind Contributions							
SAA	40,418	39,947	42,804	471.22	1.18%	(2,385.80)	(5.57%)
Total Revenues	$ 175,718	$ 145,417	$ 181,634	$ 30,301.21	20.84%	$ (5,915.76)	(3.26%)

Expenses	**Fiscal '20**	**Fiscal '19**	**Projected FY '19 Actuals**	**FY '20 Budget v. FY '19 Budget** $ Difference	% Difference	**FY '20 Budget v. FY '19 Actuals** $ Difference	% Difference
Unrestricted Funds							
Mosaic Scholarship	5,300	5,300	5,408	-	0.00%	(108.00)	(2.00%)
Strategic Growth	33,300	21,300	29,635	12,000.00	56.34%	3,665.00	12.37%
Awards	6,500	6,500	6,263	-	0.00%	237.00	3.78%
Pinkett	4,000	2,200	3,995	1,800.00	81.82%	5.26	0.13%
Peterson	2,100	2,100	1,646	-	0.00%	453.63	27.55%
National Disaster Recovery	7,800	5,000	-	2,800.00	56.00%	7,800.00	N/A
Restricted Funds							
Hamer Kegan	500	500	500	-	0.00%	-	0.00%
Ham	11,383	11,203	11,162	180.00	1.61%	220.43	1.97%
Administration							
Foundation Administration	19,000	33,050	30,625	(14,050.00)	(42.51%)	(11,625.05)	(37.96%)
Foundation Development	60,246	54,947	42,804	5,299.22	9.64%	17,442.20	40.75%
Total Expenses	$ 150,128	$ 142,099	$ 132,038	$ 8,029.22	5.65%	$ 18,090.48	13.70%
Gain / (Loss) from Operations	$ 25,590	$ 3,318	$ 49,596	$ 22,271.99	671.35%	(24,006.23)	(48.40%)
Transferred to Funds	-	-	-				
Net Gain / (Loss)	**$ 25,590**	**$ 3,318**	**$ 49,596**				

SAA Foundation
Budget Planner
Fiscal Year 2020

					FY 2020 Budget		FY 2019 Estimated Actual		FY 2019 Budget	
Activity No.	Fund No.	Narrative	Account No.	Account Description	Line Amount	Activity Total	Line Amount		Line Amount	Activity Total
1		**Investment Income**				**$44,625**		**46,549**		**$37,835**
		Unrestricted Funds								
	31	Margaret Cross Norton	4700	Interest and Dividends	6,225		6,227		5,000	
	35	Mosaic Scholarship	4700		1,150		1,203		1,100	
	36	Henry Estate	4700		19,000		20,167		16,310	
	37	Strategic Growth	4700		5,000		5,211		4,500	
	38	Awards	4700		2,800		2,834		2,300	
	55	Pinkett	4700		3,200		3,369		2,700.00	
	58	Peterson	4700		1,500		1,503		1,200.00	
	59	National Disaster Recovery	4700		2,550		2,633		1,900.00	
		Restricted Funds								
	92	Hamer Kegan	4700		200		216		200.00	
	93	Ham	4700		3,000		3,186		2,625.00	
2		**Donations**				**90,675**		**92,280.86**		**67,635**
		Unrestricted Funds								
	31	Margaret Cross Norton	4630	Contributions	1,300		1,317		2,000	
	35	Mosaic Scholarship	4630		15,000		15,107		8,000	
	36	Henry Estate	4630		5,000		5,111		2,840	
	37	Strategic Growth	4630		48,500		49,533		32,000	
	38	Awards	4630		1,000		1,099		2,950	
	55	Pinkett	4650		2,800		2,901		3,400	
	58	Peterson	4650		1,125		1,126		860	
	59	National Disaster Recovery	4650		14,000		14,086		13,250	
		Restricted Funds								
	92	Hamer Kegan	4690		550		588		445	
	93	Ham	4690		1,400		1,412		1,890	
3		**Expenses**				**70,883**		**58,609**		**54,103**
		Unrestricted Funds								
	35	Mosaic Scholarship	5385	Scholarship awards	5,300		5,408		5,300	
	37	Strategic Growth	5385	Grants Program	21,300		19,635		21,300	
		Strategic Growth	5385	SAA Travel Awards Program	12,000		10,000			
	38	Awards	5385	SAA Awards Program	6,500		6,263		6,500	
	55	Pinkett	5385	Awards	4,000		3,995		2,200	
	58	Peterson	5385	Awards	2,100		1,646		2,100	
	59	National Disaster Recovery	5385	Awards	7,800		-		5,000	
		Permanently Restricted								
	92	Hamer Kegan	5385	Awards	500		500		500	
	93	Ham	5230	Management Fee	1,003		933		1,003	
	93	Ham	5385	Scholarship	10,380		10,229		10,200	

SAA Foundation
Budget Planner
Fiscal Year 2020

Activity No.	Fund No.	Narrative	Account No.	Account Description	FY 2020 Budget Line Amount	FY 2020 Budget Activity Total	FY 2019 Estimated Actual Line Amount	FY 2019 Estimated Actual	FY 2019 Budget Line Amount	FY 2019 Budget Activity Total
4	**Foundation Administration**					**17,000**		**13,323**		**16,300**
	a.	Investment Management	5230	Management Fee	14,000		13,323		14,300	
	b.	Legal	5280	Legal	3,000		-		2,000	
						2,000		**17,302**		**16,750**
			5290	Food and Beverage			6,887		3,350	
							9,526		12,500	
	c.	SAAF Board Annual Meeting Working Dinner at JAM 19	5290	Food and Beverage	2,000		889		900	
	d.	Allocated Effort and Shared Expenses				**40,418**		**42,804**		**39,947**
			5xxx	SAA Staff Effort/Expenses	40,418		42,804		39,947	
			4600	In-kind Donation from SAA	40,418		42,804		39,947	
5	**Foundation Development**					**19,828**		**-**		**15,000**
		Implement Development Plan	5610	Member Travel	4,228		-		-	
	a.	Development Committee Planning Meeting (Fall 2019)	5290	Food and Beverage	600		-		-	
	b.	Development Consultant	5200	Consultants	15,000		-		15,000	
				Total Income		**$ 175,718**		**$ 181,634**		**$ 145,417**
				Total Expense		**150,128**		**132,038**		**142,099**
				Net Gain / (Loss)		**$ 25,590**		**$ 49,596**		**$ 3,318**