



Community Foundation *of the* Dan River Region

541 Loyal St · Danville, VA 24541 · 434.793.0884 · www.cfdr.org

Minutes FINANCE COMMITTEE MEETING

November 18, 2024

Present: Dan Angell, Steve Bass, Kerri Burchett, Helm Dobbins, Vince Kania, Sheila Williamson-Branch

On Zoom: Nina Beth Thornton

Guests: Scott Barnes, Stephen Gay, Seth Lynn

Staff: Dan Hayes, Katy Jones

Absent: Jennifer Hiltwine, Lisa Johnson-Knight, Kunal Patel, Bill Riddle, Becky Yeatts

Welcome and Chairman's Remarks Vince Kania, Vice President

Vince welcomed everyone and recognized that we barely had a quorum. Vince is serving as chair of the meeting.

August 26, 2024 Minutes Vince Kania

Minutes were reviewed and accepted on a Dobbins/Burchett motion.

990 Review and Audit Stephen Gay, HHN&Co

Offered a clean opinion for the financial statements with a few journal entries. No significant changes. He commented that some of the investments are difficult to track. Vince asked if the BOI needs to file separately, the consensus was no, but Vince will check. The Recommendation is to keep the organization because we use it to put gifts of property in. Stephens offered that we need to be careful of internal controls with a small staff. He reminded the board that internal controls is their responsibility. He opened to questions. Vince asked us to proactively elaborate on the effect of changing accounting software during the fiscal year. We will not capitalize the implementation fee for akoyaGO. Stephen appreciated that Katy is in-house because it is efficient for asking questions and she has been very accommodating.

Financial Report Sheila Williamson-Branch, Treasurer

Balance year to year is \$51,582,327 last year to \$69,351,158 this year. Sheila reviewed the analysis provided by Katy.

Balance sheet:

The increase in asset size from the previous FY ending 6/30/2024 and 9/30/2023 is primarily due to market value increase. Also, we received a \$6 million donation to the Marshall Fund in February 2023.

Income Statement:

The significant difference in gifts & bequests from 9/30/2023 is due to a \$4 million gift to the Marshall fund received in July 2023.

Total revenue is up due to the volatility of the market and considerable unrealized gain.

Grants Voted is lower from the previous year due to a timing difference between quarters of when grants were recorded in the system. Grants Voted is negative for the current month because of a scholarship returned.

Investment Management and Administrative fees are greater than last year at this time because our asset size is considerably larger.

There is more salary expense because of the increase in staff.

Accounting Services is less because we are no longer using a contract accountant.

Administrative Budget:

Revenue-

Interfund Gifts available is below budget because the budgeted Board Endowment gift has not been made yet.

Administrative Fees received is less than budgeted because only one quarter has been assessed. We are on track to receive \$610,000 in fees this year.

Expense-

Project Grant Expenses were incurred by sending four staff members to the Council of Foundations Conference. We will be reimbursed by DRF through the capacity grant we were awarded.

We are over budget for Board Development. There should be no more expenses charged to this account for this fiscal year.

We are on track to be under budget for the year. Revenue for the Admin Fund will be more than budgeted. Software expense will be over budget due to a \$30,000 implementation fee paid to AkoyaGo in October, but additional anticipated revenue should cover this overage. On a Burchett/Dobbins motion, the budget report was accepted.

Investment Analysis Review and DiscussionSeth Lynn, Dahab and Associates

1. We have a lot of liquidity.
2. We don't need to do a lot of rebalancing, cash is a little high, but in a good place. Actual cash is about 1% of total investments. It was noted that for the purposes of operations, we refer to "very liquid", like IMA2 or 3, as cash.
3. Peregrine has performed badly, but is coming back. Last quarter they were 10% over 6% in their market. They are focused on free-cash flow. Seth encourages us to stay with them.
Our Fixed Income portfolio is at AUB. It is on track.

REIT – Boyd Waterson had a bad quarter but will be back soon. It consists of lease back municipal buildings.

4. As a note about investments it is comparable to the Chinese food triangle rationale - Good food, fast food, or cheap food. From those three options, you can choose 2. We have good processes and long-term. Seth calls long-term 20 years. Vinnie said that we think of the short term as 5 years (20 quarters). Scott asked about adding 10-year numbers to the Performance Review book to review success. A 10-year view will help us to share with donors that we have a good track record. It also makes comparisons between funds be more relevant.
5. S&P is up 20% for the year.
6. Referring to Page 19,20 of the Performance Review book, in the net investment return column. In the last quarter, our real success has been Mid-Cap.

Old BusinessVince Kania

Water Line Bid Review – The process was reviewed and the committee was happy with the process. As of the meeting, two bids are needed for repaving the trench scar and insurance will cover the cost.

Annual Appeal – As of Thursday we have received roughly \$43,000 on a goal of \$28,000

Cash AvailabilityKaty Jones, Accountant

Cash availability is favorable. The account named IMA3 at Atlantic Union Bank is working as planned. Katy reminded the board that in the future we may need to keep in mind that we may need to add funds to that account as times go on.

Insurance ReviewVince Kania

Dan will update the spreadsheet with the next prices and send it to the committee. The Commercial Crime policy was marked as expiring in 2027. It is not a typo. The policy expires in 2027 with annual payments on a 3-year contract.

Audit PlanningVince Kania

Vince recommended an audit committee of 4 people because of our change in size. Sheila asked about internal control checks. Helm noted that adding a committee causes another load on volunteers making it difficult to get a quorum – Vince recommended that the committee operations be electronic. Steve noted to matching the hylaws to the policies, which the board will need to approve. Sheila asked for a checklist of controls for check signing (note: a checklist system was started and has been started for Sheila to review before signing checks). At this time consensus is that an audit committee would be Ad Hoc.

A motion to submit an engagement letter to HHN passed on a Burchett, Williams-Branch motion.

Policy Review-Donor Initiated Fundraising.....Vince Kania

Accepted changes as submitted by staff to send to Executive Committee for Board vote. Some grammar changes were submitted also.

Special Funding Request – Staff requested to make a non budgeted, non spending policy grant in response to the project mentioned at the Donor Appreciation Luncheon. There was concern about spending outside of our policy with recognition that we need to include in our policy the ability to be responsive and nimble.

(need to check website for board endowment fund to change derivative fund to designated fund.)

Motion to close by Dobbins/Burchett passed

AdjournmentVince Kania

Next meeting scheduled for February 10, 2025 at 12:00 p.m.

V. K. P. K. 11-25-2024