



Community Foundation *of the* Dan River Region

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Minutes **FINANCE COMMITTEE** **August 26, 2024**

Present: Vince Kania, Helm Dobbins, Kerri Burchett, Scott Barnes, Sheila Williamson-Branch, Steve Bass, Becky Yeatts, Seth Lynn, Dan Hayes, Katy Jones
Zoom: Bill Riddle, Nina Beth Thornton
Absent: Dan Angell, Jennifer Hiltwine, Lisa Knight-Johnson, Kunal Patel

Welcome and Chairman's Remarks, Vince Kania, serving as chair of the meeting, opened the meeting at 12:03 pm. He welcomed us to the new fiscal year and the meeting. A special welcome to Scott who is here in an advisory and historical reference capacity.

May 20, 2024 Minutes, Vince asked for us to approve the February minutes since there was not a quorum at the May meeting. A Dobbins/Williamson-Branch motion passed. Vince asked to approve the May minutes. Helm asked about the decision to move from Smith-Salley. He asked that we keep that relationship open as an option. Vince asked Seth about the transition from AMNB to AUB. Seth shared that the transition was not as he would have expected. Our Bond management portfolio is currently with AUB, but Seth also recommends that we keep in touch with Smith-Salley. Seth has some concerns about the numbers that AUB has posted since the current staff is relatively new and not responsible for the performance. He also noted that Mark Holland has given the contact that Seth needed to feel comfortable about the relationship. Vince asked for a motion for approval of the Q3 (March 31) financial report. A Dobbins/Burchett motion passed. It was noted that the budget was approved at the full board meeting on June 17. Asked for approval for the May 20, 2024 minutes. The Burchett/Williamson-Branch motion passed

Investment Analysis and Discussion, Seth Lynn, our representative from Dahab and Associates, started with a review of the 11-year relationship between Dahab and The Foundation. We use index funds that are cheap, liquid and efficient. He applauded us for our relationship with local brokers and for keeping money with the local brokers to build that relationship, while still having an engine of low-cost investments to serve as the investment engine. We have a good balance of funds. Seth recommended that we stay with good old-fashioned investments and not use timber or Crypto.

The last quarter was a tough quarter:

- We purchased Peregrine as an actively managed large-cap fund. Peregrine has been struggling because its strategy is not "popular", but Peregrine is still operating a good plan and not changing its plan. Investors are returning to this fund manager. Seth recommends staying with Peregrine despite its current hard times.
- Helm asked about MA2. This is a residual from our financial plan before working with Dahab. This fund is locked up until 2026.
- Helm asked about ASB Realty. It is having a rough time, but Seth recommended sticking with it for now.

- **TIFF Secondary** – Is having a rough time but is also a residual of our pre-Dahab plan. This fund should be fully distributed by the end of the fiscal year.

Our strategic plan calls for an annual review of our relationship with our advisor in May. Because we had not reviewed Dahab at the May meeting, Scott shared the results of a comparison between the Virginia Retirement System (VRS) and our results with Dahab. It shows our return rates are comparable to the state VRS system. Vince shared that Seth often repeats the key words: “stick to your knitting”. We should stick to what we know best. The foundation has grown out of a time when Danville was slipping with the loss of industry and population. We as a foundation have grown well. Discussion also surrounded that our economy of scale has been efficient. Scott shared that perhaps the August meeting is a better time to review Dahab because the results are available for the whole fiscal year at that time.

Old Business, Vince Kania Jr.

- **Transfer to Wells Fargo** has been completed and for the benefit of the new members, Vince explained why and how the money was moved.
- **Authorizations are complete** for board members to approve transfers.

Financial Report, Sheila Williamson-Branch, Treasurer, shared that as of June 30 assets are approximately \$65 million over \$49 million of a year ago. Everything seems to be in line. There are a couple of discrepancies with the budget, while overall we were under budget. Katy shared some of the reasons for the offset. We had overbudgeted benefits last year. The committee asked what items were classified as ‘Other Expense’. Katy will send out a list of items listed as ‘Other Expense’ after the meeting. The costs of the Search for a new director was covered by the grant expense line. There is also an offset because of changing from the services of a contract accountant to an in-house accountant. A motion to accept the report from Dobbins/Burchett was approved.

NOTE: For the 2023-2024 fiscal year, \$3437.35 was categorized as Other Expense. This included bank account fees, flowers sent to staff for family deaths/injuries, licenses and permits, and postage equipment rental (Pitney Bowes). Starting this year, most expenses have been reclassified to other categories. Bank account fees will continue to be in the other expense account and it will be renamed to reflect that usage.

Investment Fee Comparison Review, Katy Jones, Accountant shared the Investment fee comparison that we do every August. Peregrine fees are lumped together because we pay fees to multiple organizations for that one fund. Statements from “alternative” funds do not always arrive in a timely manner causing some difficulty in tracking the information. Vince shared that the fees seem to be in line.

Cash Availability, Katy Jones shared the Cash availability report. The format of the statement has been altered to group by endowed and non-endowed funds. After an energetic discussion about the requirements that we have set for the accounting of our funds, and the efficiency of not pooling endowed and non-endowed funds in the same account Katy made the following Cash Needs Management recommendation: To streamline the efficiency of providing grants and not have to liquidate funds from the investment pool unnecessarily, we are asking for the following motion - Open a third investment account in the trust department of Atlantic Union Bank which will be known as Investment Managed Account 3 (IMA3). We will move the endowed funds that are currently in IMA 2 to IMA 3. IMA 3 would have the same investment makeup as IMA 2. The motion by Yeatts/Burchett passed.

Vince asked that at a future meeting, we review where the funds from the Marshall Trust will go when the real estate sales are completed and processed.

Review of Fee Schedule, at the last meeting of the Executive Committee the staff was asked to make a recommendation to improve clarity of the management fees that The Foundation charges for operations. Katy presented two choices and explained the changes. A motion to choose Option B made by Dobbins/Williamson passed. This will be sent to the Executive Committee and full board to be included in the Donor Advised Fund and the Statement of Investment Management.

Annual Appeal Dan Hayes shared that the annual appeal is in the process of being printed and mailed. An announcement was made by email on August 22. All gifts from that point will be included toward the goal of \$28,000. The appeal was to support the new Read-Write-Work fund.

Outreach to financial advisors, Dan shared that we have used Cannon Financial resources to provide education and promotion to local financial advisors. The classes have been less effective. If the board has ideas of how best to reach out to financial advisors, please let Dan know. Because Dan is new, he will be making the rounds to introduce himself.

Adjournment, Vince closed the meeting at 1:42

Next Meetings: (1) Called Meeting for Audit Review, date to be determined
(2) Finance Committee Meeting, Monday, November 18, 2024 at noon.

V. P. K. J., CPA 8-29-24