



**Community  
Foundation**  
*of the*  
**Dan River Region**

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

**AGENDA**

**FINANCE COMMITTEE**

**August 28, 2023**

**12:00 PM (lunch to be served)**

**THE COMMUNITY FOUNDATION**

- Welcome and Chairman’s Remarks**.....Kerri Burchett, Chairperson
- Investment Analysis, Discussion and  
Target Allocation Revision** .....Seth Lynn, Dahab and Associates
- May 23, 2023 Minutes**.....Kathy Milam, Executive Director
- Old Business** .....Kerri Burchett
- Board Endowment payout
- Financial Report**.....Vince Kania, Jr., Treasurer
- Investment Fee Comparison Review**.....Kendra Floyd, Accountant
- Cash Availability**.....Kendra Floyd
- Finance Committee Policy Review of  
Pledge Booking Policy**.....Kerri Burchett
- American National Bank and Trust Company Merger**.....Kerri Burchett
- Adjournment**.....Kerri Burchett
- Next Meetings:** (1) Called Meeting for Audit Review, date to be determined  
(2) Finance Committee Meeting, Monday, November 20, 2023 at 12:00 p.m.



# Community Foundation

*of the*

## Dan River Region

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

### Finance Committee Meeting Minutes

May 22, 2023

12:00 PM

### In-person and Virtual Meeting

**Present:** Scott Barnes, Kerri Burchett, Bill Riddle, Vince Kania, Jr., Jennifer Hiltwine, Angeles Atkinson, Nina Beth Thornton, Kendra Floyd, Seth Lynn, and Kathy Milam

**Absent:** Lisa Johnson-Knight and Kunal Patel

**Welcome:** Scott Barnes, Chairperson, called the meeting to order at 12:00 PM.

**Investment Analysis and Discussion:** Seth Lynn, DAHAB Consultant, reviewed his prepared bullet point list and addressed the following:

- “Wall of Worry” associated with the debt ceiling and what happens if there is a federal default on debt. He said it would be very unlikely to happen, but if it did, interest rates would rise.
- To concerns about short-term recession he stated things are looking better. Longer term numbers are great and we cannot guess short-term numbers.
- With regards for emerging markets, he said we shut down all Russian investments; index funds threw out those stocks. Right now, China is causing a great deal on anxiety. We probably do not want to be invested in China. He is not bullish on emerging markets. This is not an investment decision, but rather a practical issue.
- He said asset mix is our best friend; it looks at the 20-year horizon. He reviewed the Asset Mix Comparison document that considers 10 and 20 year numbers. Scenarios are run of the probability of 8.5% success in time horizon.
- We reviewed page 9 of the asset mix in depth. B and D are the best options of the asset mix. We discussed private equity and our target of 10% because we are not getting it. The challenge is, should we change the target, so we have something attainable? We need to find more private equity firms to look at. Seth said he will do that, and make recommendations soon about private equity opportunities. However, it was asked whether an aggressive move needs to be made into private equity. Maybe we don’t need it?
- Reducing emerging markets and putting funds into EAFE (international) was suggested. It was agreed that we are not going to decide today on asset mix, but we want emerging markets down, so Seth will rerun the asset mix. Vince suggested that if Boyd Watterson has more opportunities, move into it. Boyd Watterson, however, does not have enough property to meet its current investment demands.
- We know there is going to be money coming in. Where are we going to put it?

Scott asked where we would put \$2 million right now. It was suggested we move more into large cap equity.

- Seth recommended moving from emerging markets into international. On a Kania/Burchett motion to move \$2 million out of emerging markets into international markets, all approved. \$2 million will be moved from Vanguard Emerging Markets Index Fund (VEMAX) to Vanguard International Equity-Developed Markets Index Fund (VTMGX).

**Minutes:** Minutes from the February 20, 2023 meeting were presented. On an Atkinson/Kania motion all approved the minutes as presented.

**Old Business:** Scott updated the committee on the Marshall Estate. He, Vince and Kathy met with representatives of the Trust last week. Mike Mayhew, HHN is the Trustee replacing Sammy Saunders. Both men were present at the meeting. Mike shared documents indicating where the Estate stands. A major part of the investments are in C-W, Inc. We learned that no one will be deposited until October. No resolution to the lawsuit via trial is anticipated in the near term. We have been getting donations from the Trust. These donations take their tax position to zero. Tax related donations do reduce the money in the Trust. If the lawsuit goes to court and we win, money may be less. The dispute does seem to relate to something at a personal level.

**Financial Report:** Vince stated that since June 2022, we have recovered \$1.8 million. We are doing well and climbing back to peak. We are on top of budget with expenses. All looks good. On a Burchett/Barnes motion, all approved the financial report as presented.

**Cash Availability:** Kendra reported, using April 30 numbers for cash needs through June 30, 2023. \$651,000 is needed. We have enough for June. Funds will come from the Endowed Flow Thru account.

AMNB has asked for more notice (6 months) for withdrawal of bonds to cover cash needs. Scott asked what the committee's feeling is about keeping cash. Seth said, for year end, we need a highly liquid short-term reserve account such as Vanguard Admiral Shares (VBIRX). We own shares of Vanguard VFIAX, which is the likely place for liquidity when needed at this time.

**Proposed Budget Review:** Scott said the budget is fairly self-explanatory. On a Kania/Burchett the FY 2023-2024 budget was accepted as presented.

**Contribution Allocation Adjustment:** A motion was made to revise the policy related to undesignated contributions to The Foundation. Gifts of \$500 or more will be split 30% to the Board Endowment Fund and 70% to the Unrestricted Community Fund. Undesignated gifts less than \$500 will be allocated 100% to the Unrestricted Community Fund. On a Kania/Burchett all approved.

**Policy Review:** There were no comments on the Credit Card Policy. On a Kania /Burchett motion, all approved the policy.

On the Gift Acceptance Policy, page 11, another line will be added at the top stating that unrestricted bequests that do not specify and existing or new fund will be allocated according to the Foundation Board's discretion. On a Kania/Burchett motion, all approved the Gift Acceptancy Policy as amended.

There were no changes to the Financial Policy and Procedure. On a Kania/Hiltwine motion, all approved as presented. The Banking and Finance Resolution will be updated in July, with the approval of new Board officers.

The meeting adjourned at 1:55 p.m.

Respectfully submitted,



Scott Barnes  
Chairperson

<b>CFDRR Allocations</b>	<b>Approved June 22, 2015</b>	<b>Target</b>
Large Cap Equity		20%
Mid Cap Equity		15%
Small Cap Equity		10%
International Equity		20%
Emerging Markets		10%
Private Equity		10%
Real Estate		5%
Fixed Income		10%

Financial Statement Consolidated  
Community Foundation of the Dan River Region  
Balance Sheet  
Statement of Financial Position  
May 31, 2023

	May 2023	June 2022	May 2022
<b>ASSETS</b>			
Petty Cash	98.72	24.47	100.00
Checking	174,788.36	156,134.48	162,129.41
Credit Card Checking	3,758.96	1,453.03	13,273.22
Money Market Checking	2,674,823.42	2,707,911.38	2,798,266.76
Certificates of Deposit	107,831.72	110,324.02	108,141.24
Life Insurance	16,963.21	15,954.26	15,954.26
Investments in Equity Pool	43,984,771.35	42,751,855.36	44,620,887.48
Prepaid Expenses	18,730.33	13,031.49	16,015.13
Furniture and Equipment	33,779.02	33,779.02	39,687.52
Accum. Depreciation-Furniture	(33,460.47)	(32,847.99)	(38,692.85)
Computer Software	21,334.29	21,334.29	37,241.99
Accum. Amortization - Software	(18,565.71)	(16,687.57)	(32,424.57)
Real Estate - Office	323,014.18	323,014.18	323,014.18
Accum. Depreciation - Office	(196,064.80)	(184,857.45)	(183,838.39)
Accrued Interest Rec.	22,343.85	30,257.17	29,500.95
<b>Total Assets</b>	<b>47,134,146.43</b>	<b>45,930,680.14</b>	<b>47,909,256.33</b>
<b>LIABILITIES</b>			
<b>Total Liabilites</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FUND BALANCES</b>			
Fund Balance - Historic Gifts	40,898,167.20	39,929,909.54	38,909,671.80
Fund Balance - Net Earnings	4,660,860.54	4,550,668.45	7,464,701.34
Fund Balance - Available	1,575,118.69	1,450,102.15	1,534,883.19
<b>Total Fund Balances</b>	<b>47,134,146.43</b>	<b>45,930,680.14</b>	<b>47,909,256.33</b>
<b>Total Liab &amp; Fund Balances</b>	<b>47,134,146.43</b>	<b>45,930,680.14</b>	<b>47,909,256.33</b>

Financial Statement Consolidated  
Community Foundation of the Dan River Region  
Profit & Loss Statement  
Statement of Activities  
For the eleven months ending May 31, 2023

	Current Month	YTD Current	YTD - Prior Year
<b>REVENUES</b>			
Gifts & Bequests (Historic)	37,003.28	915,547.62	1,069,692.16
Gifts & Bequests (Avail)	1,250.00	285,926.45	355,085.75
Inter-fund Gifts (Historic)	0.00	6,532.29	11,912.00
Inter-fund Gifts (Avail)	0.00	72,422.50	67,395.60
Special Grant Income	1,777.65	16,177.09	2,400.00
Ordinary Income	0.00	19.00	87.00
Interest/Dividend Income	15,740.03	1,054,094.33	924,423.39
Realized Gain/Loss	0.00	(21,473.33)	1,989,661.70
Unrealized Gain/Loss	(496,083.65)	1,207,437.75	(6,214,685.71)
Admin Fees	5.00	489,953.64	520,477.77
Gain on Sale of Property	0.00	0.00	221,875.50
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<b>Total Revenues</b>	<b>(440,307.69)</b>	<b>4,026,637.34</b>	<b>(1,051,674.84)</b>
<b>TRANSFERS</b>			
Spend Pol Trans-Net Earn	0.00	1,518,739.00	1,381,623.00
Spend Pol Trans-Avail	0.00	(1,518,739.00)	(1,381,623.00)
Transfers - Hist Gifts	0.00	(46,177.75)	0.00
Transfers - Avail	0.00	46,177.75	0.00
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<b>Total Transfers</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENSES</b>			
Grants Voted	10,386.00	1,840,986.97	1,597,647.60
Investment Mgt. Fees	3,666.96	118,863.92	128,390.28
Administrative Fees	5.00	480,471.04	512,505.59
Salaries	14,615.19	168,994.81	140,135.52
Employee Benefits	2,538.36	29,555.65	25,120.14
Insurance	0.00	5,196.00	5,336.86
Utilities and Fuel	269.51	4,383.40	3,614.96
Telecommunications	276.62	3,203.62	3,298.33
Legal & Consult. Services	0.00	225.00	200.00
Accounting Services	5,350.30	47,238.57	43,040.43
Office Supplies	71.77	2,219.21	2,107.58
Mailing Expense	205.29	3,395.43	2,882.80
Building Maintenance	195.00	2,687.37	2,036.79
Promotion	45.00	21,427.29	23,984.66
Project Grant expense	706.41	16,002.88	2,400.10
Printing & Reproduction	328.00	2,625.34	1,202.49
Dues & Subscriptions	0.00	3,522.00	3,747.99
Software/Comp/Web Maint.	4,639.61	48,301.52	43,346.06
Meetings	69.52	1,398.62	1,350.88
Board Development	0.00	576.97	0.00
Staff Training	300.00	3,300.00	0.00
Conference and Travel	0.00	794.00	569.65
Other Expenses	663.50	2,567.37	4,058.79
Depreciation Exp	1,245.27	13,697.97	13,786.30
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<b>Total Expenses</b>	<b>45,577.31</b>	<b>2,821,634.95</b>	<b>2,560,763.80</b>
	=====	=====	=====
Furniture & Equip	0.00	1,536.10	3,283.73
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<b>Net Activity</b>	<b>(485,885.00)</b>	<b>1,203,466.29</b>	<b>(3,615,722.37)</b>

07/11/2023  
4:41 PM

Financial Statement Consolidated  
Community Foundation of the Dan River Region  
Adminstrative Budget vs. Actual Monthly  
Statement of Activities  
For the eleven months ending May 31, 2023

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	Current Month	YTD Actual	Annual Budget
REVENUES			
Gifts & Bequests Available	1,000.00	9,717.02	15,000.00
Interfund Gifts Available	0.00	22,422.50	23,066.00
Grant Income	1,777.65	16,177.09	0.00
Ordinary Income	0.00	0.09	0.00
Interest and Dividend Income	2,813.72	23,979.16	10,000.00
Realized G/L	0.00	(90.50)	0.00
Unrealized G/L	(2,764.44)	2,707.89	0.00
Admin Fees	5.00	489,953.64	364,264.00
Total Rev	2,831.93	564,866.89	412,330.00
trans			
Total Transfers	0.00	0.00	0.00
EXPENSES			
Salaries	14,615.19	168,994.81	195,620.00
Employee Benefits	2,538.36	29,555.65	36,400.00
Insurance	0.00	5,196.00	5,300.00
Utilities & Fuel	269.51	4,383.40	4,600.00
Telecommunications	276.62	3,203.62	4,160.00
Legal & Consult. Services	0.00	225.00	5,000.00
Accounting Services	5,350.30	47,238.57	47,450.00
Office Supplies	71.77	2,219.21	2,200.00
Mailing Expense	205.29	3,278.51	3,500.00
Building Maintenance	195.00	2,687.37	3,000.00
Project Grant Expense	706.41	16,002.88	0.00
Promotions	45.00	21,427.29	34,250.00
Print & Reproduction	328.00	2,152.34	2,350.00
Dues & Subscriptions	0.00	3,522.00	3,400.00
Software/Comp/Web Mt Exp	4,639.61	48,301.52	50,100.00
Meetings	69.52	1,355.77	1,500.00
Board Development	0.00	576.97	1,500.00
Staff Training	300.00	3,300.00	3,600.00
Conference and Travel	0.00	794.00	2,000.00
Furniture and Equipment	0.00	1,536.10	5,000.00
Other Expense	682.43	2,348.44	1,400.00
Total Expenses	30,293.01	368,299.45	412,330.00
Net Activity	(27,461.08)	196,567.44	0.00

**The Community Foundation of the Dan River Region  
Investment Fee Comparison  
As of June 30, 2023**

	<u>Investment Value at 6.30.23</u>	<u>Fee as % of FMV</u>	<u>unaudited FYE 6.30.23</u>	<u>FYE 6.30.22</u>	<u>FYE 6.30.21</u>	<u>FYE 6.30.20</u>
American Funds	4,613,755.67	-	-	-	-	-
American National	5,813,509.49	0.40%	23,183.81	23,446.87	18,050.95	19,796.80
American National Peregrine	1,317,833.00	0.32%	3,254.20	4,157.67	4,025.52	1,665.99
ASB Allegiance Real Estate	1,683,669.04	1.21%	18,515.81	20,334.52	19,280.59	14,291.00
BOA/US Trust	2,032,840.65	0.82%	15,305.65	16,584.60	15,134.33	13,283.72
Boyd Watterson	1,566,406.00	0.00%	-	-	-	-
Dover St. Cayman	918,894.00 *	3.15%	33,430.00	28,987.00	27,963.00	32,775.00
John Hancock	954,073.18	0.00%	-	-	-	-
MA Res. Fund 1	5,390.16	26.98%	697.94	1,454.01	1,292.74	2,271.29
MA Res. Fund 2	352,023.14 *	1.22%	2,945.56	4,310.95	4,387.78	4,507.53
MREP 2008 Distressed	-	0.00%	13.44	53.86	53.65	57.54
Private Advisors	-	0.00%	-	177.00	1,268.00	1,499.00
TIFF Sec. Partners	13,876.00 *	7.86%	1,076.00	1,091.00	1,103.00	1,152.00
Vanguard	27,273,120.68	0.00%	-	-	-	-
Subtotal	<u>46,545,391.01</u>		<u>98,422.41</u>	<u>100,597.48</u>	<u>92,559.56</u>	<u>91,299.87</u>
Dahab fee			30,133.51	33,159.40	27,091.53	25,497.66
Peregrine fee			6,227.12	9,285.29	8,513.51	484.04
<b>Agrees to general ledger</b>			<u><u>134,783.04</u></u>	<u><u>143,042.17</u></u>	<u><u>128,164.60</u></u>	<u><u>117,281.57</u></u>

\* - value at 3.31.23

Dahab and Peregrine are paid quarterly by check  
All other accounts are drawn directly out of the respective investment account and reported on the statement provided



	<b>July 31, 2023</b>
	<b><u>Current Balance</u></b>
<b><u>Cash Available Non-Endowed</u></b>	
American National Bank-Checking	\$ 264,026.79
Edward Jones-Certificate of Deposit 3.3% interest, matures 8/18/2025, balance as of 06/30/2023	\$ 107,192.82
American National Bank Plat. Money Market-non-endowed	
Administrative fund	\$ 499,681.73
Emergency fund	\$ 157,671.10
Temporary funds	\$ 119,650.57
Endowed funds - restricted	\$ 1,437,668.80
Endowed funds - unrestricted	\$ 610,387.53
First Citizens Credit Card Checking	\$ 3,983.86
<b>Total Non-Endowed Cash Available</b>	<b>\$ 3,200,263.20</b>

	<b><u>Current Balance</u></b>
<b><u>Cash Available Endowed</u></b>	
American National Bank-Endowed Money Market	\$ 874,828.42
AMNB Investment Management Account Cash & Equivalents	\$ 195,712.70
AMNB Peregrine Custody Account	\$ 10,456.84
BOA Trust Cash/Currency cash balance	\$ 51,744.98
<b>Total Endowed Cash Available</b>	<b>\$ 1,132,742.94</b>

**Estimated Endowed Upcoming Cash Needs**

September - quarterly grants	\$ 195,000.00
October - quarterly fees	\$ 120,000.00
<b>Total Endowed Upcoming Cash Needs by September 30</b>	<b>\$ 315,000.00</b>



## Policy For Booking Pledges

Pending Board Approval September 25, 2023

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The Community Foundation of the Dan River Region will only book pledges at year-end and only if they are considered to be material to the financial statement of the organization by the Executive Committee.