



Community Foundation

of the

Dan River Region

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Finance Committee Meeting Minutes

May 20, 2024

12:00 PM

Present: Kerri Burchett, Scott Barnes, Bill Riddle, Nina Beth Thornton, Steve Bass, Seth Lynn, Carole Holland, Katy Jones, and Kathy Milam

Absent: Jennifer Hiltwine, Lisa Johnson-Knight, Vince Kania, Jr., and Kunal Patel

Welcome: Kerri Burchett, Chairperson, welcomed everyone and called the meeting to order at 12:10 PM. The internet service at The Foundation was not functioning when the meeting began; therefore, Zoom was inaccessible. Carole called the people who planned to participate via Zoom. One person, Nina Beth Thornton, was able to call in to the meeting. Unfortunately, with only four committee members of eight present, there was not a majority to form a quorum. Regardless, the committee members present proceeded to discuss the agenda items, hear from Seth Lynn, and make recommendations for approval of agenda items where needed.

Minutes: Minutes from the February 19, 2024 meeting were not approved due to the lack of a quorum.

Financial Report: Kerri commented on the March 31, 2024 Financial Reports. The Balance Sheet shows \$65.7 million in assets compared to \$47.5 million in assets at March 2023. Kerri said nothing stands out on the Statement of Activities. Revenues and expenses are in line. There were no questions from committee members; however, the Financial Reports were not approved due to the lack of a quorum.

Old Business: Kerri asked Seth Lynn, DAHAB Consultant, for an update on the Atlantic Union Bank (AUB) investment group, and potentially investing with local financial advisor, Seward Anderson. Seth described his recent interactions with AUB and Seward Anderson. His concerns with AUB are the following:

- Who is running the money for our fixed income investments?
- AUB's protracted response to DAHAB's Request for Proposals
- AUB charging 60 basis points for fees, which is way out of range.

Seth expressed disappointment with AUB's service, particularly the lagging response to the RFP. Today, Mark Holland, The Foundation's AUB Trust Advisor, has provided information that indicates fees are indeed reasonable and shows that the fee provided previously was incorrect.

Seth said that he cannot recommend AUB as our fixed income manager; however, we do not have that much invested in fixed income, so we do not need to worry about it. It is not a pressing issue, but one Seth will continue to monitor. We do need an agreement with AUB demonstrating that fees are acceptable for both custody services and fixed income investments.

Seth said the two investment companies suggested by Seward Anderson are Confluence for large cap value and William Blair for large cap growth. Seward brings The Foundation money and we want to be cooperative. Seth proposes moving \$1 million to Confluence and \$1 million to William Blair.

Seth said he will provide a written update about Atlantic Union, a summary of Seward Anderson's two recommendations as well as updates on Peregrine.

Investment Analysis and Discussion: Seth Lynn presented DAHAB Associates' Performance Review for March 2024 following his bullet points provided to the committee. The Foundation's total portfolio performance, net of fees, at March 31, 2024, was 5.8% (Quarter), 15.8% (One Year), 4.0% (Three Years), and 8.3% (Five Years).

CFDRR as of 3/31/24 hit a new record \$64.7 million versus last quarter's record of \$53.1 million! We are slightly ahead of our aggressive 8.5% return objective. American Funds Growth did extremely well. Challenges continue to plague Peregrine. Index funds did their job and fixed income did relatively well despite offering paltry returns. Putting different asset classes together has given us a leg up. We will keep focused on a long term, 20 year horizon. CFDRR is ahead of 88% of foundations. We have been in the top 25% for the last 5 years.

Cash Availability: Katy provided this report, which included a written supplement explaining The Foundation's cash accounts and cash availability. She noted that we rebalance quarterly. We like to keep two months of administrative fees in the checking account. For endowed funds, 4% are liquid and 96% are in the investment pool. She stated that the cash position is fine for upcoming cash needs including scholarships, grants and administrative fees. We will not have to obtain cash from the investment pool to cover cash needs, but will need to transfer cash from the Endowed Flow-through Money Market Account and the IMA #2 account to the checking account.

Fiscal Year 2024-2025 Proposed Budget Review: Katy said that she reformatted the budget somewhat, adding the Budget v. Actual column. She noted that in 2024-2025, The Foundation will have more staff than last year. She said she is confident in the expenses, but less certain on the revenue side. Software costs are increasing considerably: Blackbaud is budgeted for one year rather than three and FIMS is increasing. The Promotion and Marketing Budget now includes a Marketing Campaign for Strategic Plan section. Scott noted that the Danville Interchange Garden sponsorship will be dropped after this year, and it is recommended that we pick up a \$5,000 Career Expo/AspHIRE sponsorship, which supports The Foundation's Strategic Plan. Steve asked about including a new position in the budget. Scott said he would confer with Vince about it, then give Katy the numbers. Scott suggested increasing the Building Maintenance line to \$12,000.

Policy Review: The committee had no changes to recommend to the Capital Assets Capitalization Policy, and for the Procurement Policy, agreed with the staff suggestion to change the CFDRR to The Foundation throughout the policy for consistency across policies.

With no further business, the meeting adjourned at 1:45 p.m.

Respectfully submitted,

Keri Burchett 5/22/24

Keri Burchett
Chairperson

CFDRR Allocations Approved August 28, 2023	Target
Large Cap Equity	25%
Mid Cap Equity	20%
Small Cap Equity	10%
International Equity	20%
Emerging Markets	5%
Private Equity	5%
Real Estate	5%
Fixed Income	10%