**TSC Alliance Endowment Fund**

**Board of Directors Meeting**

**8737 Colesville Road, Silver Spring, Maryland**

**Suite 400 Conference Room**

**Friday, October 21, 2022, 1:30-2:45 PM ET**

[**https://zoom.us/j/4477350462**](https://zoom.us/j/4477350462)

**Call-in number (669) 900-6833, Meeting ID: 447 735 0462#**

***APPROVED***

**In attendance:**

**Board Members in Person:** Jim Maginn, Brittany Smith, Paul Waxlax,

**Board Members on Zoom:** Marion Adams (Chair), Michael Augustine, Rita DiDomenico, Tim Dills, Hal Tearse

**Staff:** Cynthia Arcuri, Steve Roberds, Kari Rosbeck, Justin Martucci, Rachel Wojnilower

**Welcoming Remarks**

Marion Adams called the meeting to order at 1:39 p.m. ET and confirmed quorum of voting members.

**Approval of the July 19, 2022 Board Meeting Minutes**

Mike Augustine asked if the members had reviewed the minutes and if there were any objections or comments. There being none, *Waxlax* motioned to approve the meeting minutes, *Tearse* seconded, and *all agreed without dissent.*

**Review of Financial Statements as of August 31, 2022**

Hal Tearse gave the financial report. The stock market is showing unrealized losses of about $1,193,000 as of the end of August with net assets at $5.5 million. There was a small decrease in cash equivalents for paying operating expenses. Overall decrease in net assets is primarily driven by the decrease in investment values over the year.

Hal proceeded to review the Statement of Activities. Marion and Hal spoke earlier in the week about the portfolio and how it should be managed and determined nothing should be changed at this time; this is a regular occurrence in the market and it will pass. Total expenses are a bit higher than budgeted but not enough to be concerned as the reason for the increase was an additional $20,000 gift made to Operating for World TSC Conference scholarships. This was approved by the Endowment board in March. Cynthia Arcuri stated that general contributions are under because of the heavy focus on World TSC Conference earlier this year but meetings are scheduled through the end of the year to get additional Endowment Fund donations. Kari added there is an Endowment Newsletter coming out shortly.

**Approval of Release of Earnings/Losses on Corpus**

The auditors recommended that the donor restricted net assets grow at the same pace as unrestricted funds, but that the interest and earnings on the permanently restricted corpus balance be released from permanent restriction. *Tearse* motioned to approve the release of interest and earnings on permanently restricted funds*. DiDomenico* seconded the motion. *The motion passed without dissent.*

**Portfolio Review as of Sept. 30, 2022**

Marion Adams discussed the performance Q3. Doug Loftus presented to the Investment Committee on October 19 and showed the portfolio was allocated in-line with the policy statement. Marion reviewed the Q3 performance compared to the portfolio benchmark and showed that the portfolio is performing better than the benchmark. Declines are not good but this is what happens over time as this is a long-term investment. The total portfolio started Q3 with $5.6 million as of July 30, 2022, $238k was distributed to Operating for the annual contribution in August, overall market decline of $280k, which ended the third quarter will a final portfolio balance of $5.15 million. Marion reviewed the returns against the benchmark and overall the portfolio is not down as much as the benchmark – it is outperforming in the rough periods which is what we want. Portfolio risk was reviewed, and the liquidity is enough to meet the distributions for a few years. Assets are highly diversification with target allocations listed. No recommended changes at this time but the investment committee will continue to meet on a regular basis to review. No questions.

**Investment Committee Report**

Marion Adams called out the annual review of the policy statement was performed during the October 19 Investment Committee meeting and no changes were made.

**Progress Report on 2022 Endowment Board Goals**

Cynthia Arcuri recapped the status on the 6 goals for 2022:

1. Market planned giving vehicles, including gift annuities, plus additional giving ideas such as qualified charitable distributions, and donations of appreciated property, with a goal of placement of stories in *Perspective* on planned giving, highlight one story in e-newsletter and program ads for major TS Alliance events.
   1. There was an ad in the virtual program book for Comedy for a Cure.
   2. Ad included in the World TSC Conference program book. Endowment materials included in TSC Alliance booth and in conference bags.
   3. Story was included in Perspective that came out in the beginning of 2022 and article in upcoming Fall Perspective.
2. Implement plan to convert prospects identified in the Research Campaign Study into Endowment Fund contributions or planned gifts as part of the Capital Campaign, especially during this time (COVID-19) where donors are re-evaluating long-term financial plans.
   1. A letter was sent initially to anyone has indicated they were interested in planned giving.
   2. Currently have an Endowment newsletter in production which includes a story on Michael and Milly Augustine. This will be sent to prospects identified in the Research Campaign Study along with planned giving prospects.
3. Conduct virtual meetings with ten TSC Alliance Endowment Fund Major Donor prospects and secure five new planned giving bequests and begin tracking new expectancies with a goal of adding $250,000 in 2022.
   1. Due to World TSC Conference planning, this will be the focus of the second half of 2022.
   2. Meeting took place on August with a prospect. Additional meetings planned for the 4th quarter.
4. Calculate the annual contribution to the TSC Alliance according to the investment spending policy and approve a budget by October 2022 for 2023.  Maintain record of cumulative budgeted contributions not paid to the TS Alliance and held for future programmatic use.
   1. This will be calculated in the 3rd quarter of 2022.
5. Hold quarterly meetings to review investments and make adjustments to reflect market changes.
   1. We held quarterly investment committee meetings to review the portfolio.
6. Continue having an Endowment liaison serve on the operating Nominating Committee to cultivate and vet potential Endowment Fund Board candidates keeping in mind those that reflect the diversity of our community.
   1. Rita DiDomenico is an active member of the Nominating Committee and has three prospects she is cultivating.

Paul asked about cultivation in 1, 2, 3 leading results; Kari said pandemic has made it hard, but Lisa had a meeting at the World TSC Conference, another meeting a few weeks ago, and Endowment information was included in all bags at the World TSC Conference in addition to being on display at our table in the exhibit hall.

**Update on Campaign to Accelerate Investment in Research**

Kari Luther Rosbeck showed that this year goal was $4.78 million and we are at $3.36 million as of August and have had additional commitments since then. Cumulatively, the campaign has raised $11,664,371 with 50% from primarily family foundations. Campaign progress by gift level shows that we still need a $5 million gift; there are 2 gifts at the $2.5 million level, 1 $1 million gift, etc. To date, we are at 29% of our $40 million goal and will get to 30% by the end of this year. The numbers look good given this is mostly during the pandemic.

**Review of FY2023 Planning Items**

Marion Adams presented the goals for discussion and approval. Similar to 2022 goal and right in line with what we are doing. Mike pointed out the new goal (#6) about new or changing tax laws – estate tax exemption may sunset and return to $5-6 million which is good as appreciated assets become more valuable. Rita said this year has not been great with cultivating new board members as the board has a goal of adding a minimum of 2 new members to keep the numbers the same for 2023. The Board agreed to change the goal to include adding 2 new board members.

2023 Goals:

1. Market planned giving vehicles, including gift annuities, plus additional giving ideas such as qualified charitable distributions, and donations of appreciated property, with a goal of placement of stories in *Perspective* on planned giving, highlight one story in e-newsletter and program ads for major TSC Alliance events.
2. Continue to implement plans to convert prospects identified in the Research Campaign Study into Endowment Fund contributions or planned gifts by conducting at least 10 meetings with prospective donors with a goal of adding $250,000 in 2023.
3. Calculate the annual contribution to the TSC Alliance according to the investment spending policy and approve a budget by October 2023 for 2024.  Maintain record of cumulative budgeted contributions not paid to the TSC Alliance and held for future programmatic use.
4. Hold quarterly meetings to review investments and make adjustments to reflect market changes.
5. Continue having an Endowment liaison serve on the operating Nominating Committee to cultivate and vet potential Endowment Fund Board candidates keeping in mind those that reflect the diversity of our community *and adding at least 2 new board members in 2023 for terms beginning in 2024.*
6. Staying abreast on any new or changing tax laws that impact charitable giving.

*Maginn* motioned to approve the FY23 Endowment Fund Goals with the above change.  *Waxlax* seconded the motion. *The motion passed without dissent.*

Cynthia reviewed the 2023 budget. The budget is similar to last year with a goal of $100k of donations, $22k in contributed services (including the donated investment fees by Doug Loftus’ firm), and dividends of $96. Investment Fees are budgeted at $38k and what Doug Loftus actually charges us is approximately $16k per year (based on portfolio value). The difference of $22k is the discounted rate that gets recorded as in-kind revenue. Other expenses are similar to 2022 with slight increases in audit fee, legal fees, and insurance expenses. We budgeted for a $10k realized loss if/when we need to take the annual gift from the Endowment, 3% investment gain, and an annual gift of $238k which is consistent with last year’s gift even with the “bad” year since the gift calculation is based on a 5-year average of investment balances. Hal Tearse asked about value provided by Graham Pelton; Kari explained we are meeting with them a few times a month to continue some strategy while our internal expertise has increased. Rita asked about prior year Rainy Day Funds and it was stated that there is no current plan to transfer these funds, but they are available to Operations whenever needed.

Tearse motioned to approve budget without changes. *Waxlax* seconded the motion. *The motion passed without dissent*.

Cynthia Arcuri presented the proposed Endowment Gift to NTSA based on 5% of the average 20 calendar quarters (January 2018 – projected December 2022) which totaled $238,000. *Tearse* motioned to approve the transfer. *Maginn* seconded the motion. *The motion passed without dissent.*

**Nomination of Endowment Fund Officers and Board Members**

Marion Adams presented the names of proposed Board Members for renewing terms (Paul Waxlax, Robert Groves III). *DiDomenico* motioned to approve the proposed renewing terms. *Tearse* seconded the motion*. The motion passed* *without dissent.*

Marion Adams presented the names of the proposed FY 2023 Officers: Marion Adams (Chair), Mike Augustine (Secretary), Hal Tearse (Treasurer). *Maginn* motioned to approve FY 2023 Officers  *Waxlax* seconded the motion*. The motion passed* *without dissent.*

**Other Business and Adjourn**

Next scheduled Endowment Fund Board Meeting: March 1 or 2, 2023 at the Doubletree Crystal City.

There being no other business, *Waxlax* motioned to adjourn the meeting at 2:19 p.m. ET. *Maginn* seconded the motion.

Respectfully submitted,

Rachel Wojnilower  
Executive Assistant