

Date: **July 31, 2005**

To: **BSA Executive Committee and Council**

From: **BSA Financial Advisory Committee** [Greg Anderson (member), Russell Chapman (member), Jack Horner (chair), Bill Dahl (ex off), Allison Snow (ex off), and Kent Holsinger (ex off).
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Re: **Annual Report of FAC activities for 2004-2005**

Since the previous 2003-2004 Annual Report, the FAC has:

- continued to monitor the BSA Endowment Fund (EF) invested with Smith Barney (SB)
- had two conference calls with Smith Barney regarding EF and strategies for investment
- made decisions on how monies from the BSA Office are invested in EF
- recommended a portion of EF to be used by EC/Council during 2005-2006

As of June 30, 2005 the EF value was \$2,814,182. As of June 30, 2004 the EF value was \$2,235,156, an increase of \$579,026. The EF is divided among three accounts that contain stocks, bonds, and money market money. The accounts are:

1. Stocks + (money market funds)	\$2,022,069
2. Stocks + (money market funds)	\$ 399,880
3. Bonds + (money market funds)	<u>\$ 392,233</u>
Total	\$2,814,182*

*As of the date of this report (7/29/05, 4:30 pm CDT) the EF total is at \$2,934,296.

Throughout the past year, the FAC has communicated via emails and phone calls.

The FAC has carried out two conference calls with the SB financial consultants during the year. These calls were related to various questions initiated by the FAC regarding investment strategies and returns, monitoring of investments in only socially responsible companies, and management fees. These calls and questions have provided information to both FAC and SB to insure that the EF is well balanced, invested in socially responsible ways, and is generating optimum income during the present and in the near-future world economy.

The FAC believes the EF is well positioned to make money, is well managed by SB, and will continue to grow and provide financial benefits to the BSA in the future.

The FAC strongly encourages the EC/Council/Business Office to consider ways of increasing the Endowment Fund to 5.0 million by the Centennial Meeting in August 2006;

The FAC has scheduled a meeting in Austin, TX on Monday, August 15, 2005 at noon (location and room yet to be determined by meeting time).

Recommendation: *The FAC recommends that \$25,000 be provided from the EF to the EC and Council to be used for 'special initiatives' during 2005-2006 (per FAC Guideline 4);*

The chair or any member of the FAC will be willing to answer questions about the EF that the EC/Council may have.

Submitted by,
Jack Horner, BSA FAC Chair