

WHAT WOULD YOU DO?

THERE IS MUCH TO DO AND NOBODY IS DOING IT. YOU ARE CHAIR OF THE BOARD.

Written by Cynthia Jarboe.

The names in this case are disguised.

The College of Men & Women is 100 years old with a strong alumni base of over 90,000 alumni based in Maryland. They recently completed a capital campaign due to the strong involvement and giving participation of the alumni. In fact, they exceeded their \$1 Billion goal.

Given the impact of alumni donations, funds have been allocated to build alumni engagement.

THE MWAA BOARD OF DIRECTORS

The Men's and Women's College alumni association ("MWAA") is an independent organization led by an elected board of directors which receives funds from the College. The WMAA holds several events throughout the year to engage alumni which are funded both by sponsorships and small fees. These are insufficient to cover all the costs which is why funding by the College is critical.

Now that the campaign is over, there are less funds available from the College for the WMAA. The pandemic has forced the postponement for the last two years of successful fundraising events by the WMAA.

Board members are elected for a maximum of two 3-year terms with no term limits by all alumni of the College from a slate prepared by the Governance Committee. One third of the Board is elected each year. There is never a problem finding candidates for the Board since it is considered an honor to serve. In addition to the Governance Committee, there is the Programs Committee, the Finance Committee

and numerous task forces. When potential new members are considered for nomination the chair of the Governance Committee meets with each one and describes the time requirements, the role of the Board, attendance requirements, committee responsibilities and financial giving expectations. Rarely has anyone declined to be nominated because it is seen as an honor to be asked. There is a strong culture of giving back to the College of time and treasure instilled in both students and alumni.

ROLE OF THE FINANCE COMMITTEE AT WMAA.

The Board completed a strategic plan establishing goals and priorities to grow alumni engagement. Each new initiative from the plan requires funding and an investment in additional staff.

The finance committee has been charged with identifying new sources of revenue.

The finance committee of the Board of Directors is chaired by the elected Treasurer of the MWAA. Board members express an interest in serving on a particular committee and the Chair of MWAA appoints Board members to each committee based on interest and skills.

The finance committee has five board members currently serving on the committee. In addition, two former board members with financial expertise also serve. Currently the committee is made up of:

- (1) a state senator, (2) president of a large corporation, (3) partner with a CPA firm, (4) managing partner of her own investment advisory firm, (5) retired tax partner who is enjoying retirement by travelling extensively (6) a semi-retired lawyer, (7) partner at a private equity firm.

Normally, the committee would meet online. The last face-to-face meeting was four years ago.

The finance committee has responsibility for overseeing financial reporting, budgeting, investing, tax filings and the audit. There is a finance staff of two plus the assistant executive director who is very involved in the financial affairs and reporting to the finance committee.

The MWAA is audited annually by a CPA firm who prepares the tax filing, Form 990.

The finance committee meets monthly by phone or on Zoom. At the meetings the assistant executive director presents a comparison of the budget to actual results and on a quarterly basis an investment report. Investments are managed by an independent financial advisory firm selected by the committee and approved by the Board.

At each finance committee meeting, the same items are on the agenda with a committee member assigned to report on it. There are different opportunities for additional revenue that have been identified and a committee member asked to investigate and recommend a course of action. The members who are investment professionals have been asked to meet with the investment advisor. They are tasked to review investment results and to recommend what the spending rate from investments should be.

MUCH TO BE DONE AND NOBODY IS DOING IT.

It is time for the budget to be drafted and the preliminary draft (which only the Treasurer has seen) indicates a significant shortfall or loss. The amount the College is willing to fund has declined by 20% as they deal with their own financial issues.

At each meeting the Treasurer asks for reports on how to solve the financial crisis and at least balance the budget based on the revenue generating opportunity assigned to each committee member. Two of the committee members are rarely in attendance and do not submit their report. The two investment experts have very different views on how much should be spent or pulled from investments to cover the loss. The committee has never been able to agree on an investment policy statement, so the funds are invested in low risk but also low earning investments.

The Treasurer keeps taking on more and more to keep the organization going and is exhausted. Employees feel overworked and underappreciated but there are no funds for wage increases or new hires. So far, no new revenue generating opportunities have been investigated enough to move forward. Meanwhile, the program committee has announced plans to pursue a new program without a budget showing it will be financially sustainable.

Because of the prestige of serving on the Board, alongside of community and national leaders, elected Board Members never resign on their own. There is value in both being part of the leadership of one of the top boards on campus, being in the “know” as to what is going on at the University and the networking with fellow Board Members. The ability to regularly meet and get to know the President is

also seen as a prestigious honor. They are invited to special events on campus including the President's Box for football games.

The state senator hardly puts in any time on the board which is in clear violation of the requirements of board membership. However, he is one of only two minorities on the Board and is rumored to be under consideration of a congressional run for office. Can you afford to antagonize him? A second non-working board member is a female executive with a large corporate event sponsor. Also, she is an attorney who has contributed her expertise in the past. Can we afford to lose her?

THE TREASURER APPROACHES YOU.

You are Chair of the Board of MWAA. The Treasurer calls you up to express her frustration. There is much to do, and these Committee members are not pulling their weight.

How do you respond?