



## Chief Financial Officer's Report Fiscal Year End 09/30/08

Dear Members and Friends:

As I had noted in my last update, our financial statements audited by McGladrey & Pullen, LLP, continue to illustrate our improving financial stability. Following up on my comment about engaging an asset manager to improve our returns, I have now met with an organization from Texas and one from Miami. Both have been very successful in maintaining value for their clients during the past year. My next step is to finish a draft investment policy and submit it to the board for approval. Once approved, the Finance Committee will make a decision on which firm might be right for F.I.R.S.T.

Our current year Statements of Financial Position reports our net assets increasing by \$173,269 or 12.6% over last year. This lower increase over last year was due primarily to normalization of contributions and grant expenditures, which have been unusually high the last couple of years. We continue to have a healthy unrestricted equity balance that enables F.I.R.S.T. to cover just under two years of operating expenses, in case of unusual circumstances.

On the revenue side, we had a decrease of 34% in contributions, compared to last year. Keep in mind that last year F.I.R.S.T. was fortunate to receive a generous bequest, which accounts for the higher revenue. In perspective, 2008's number is still almost 200% increase over pre-2006 contributions! Clearly the bar has been raised. Our interest income decreased by \$7,000, down from the \$27,000 we had been averaging over the past couple of years. The real loss was from the reduction in our marketable securities portfolio, which luckily was converted to cash securities before the market tanked. The Board of Directors was also not as successful with its own individual fundraising compared to last year; they raised \$7,000 compared to their record high last year of \$24,000.

On the expense side, expenses were pretty much contained and in line with F.I.R.S.T.'s budget. We made net reductions from the prior year of approximately 2%, not counting grant expense or National Conference expenses.

Looking to the future, I am very excited about the implementation of two initiatives originating from our four-year Strategic Plan. We have purchased an excellent not-for-profit Constituent Relationship Management software program that will really help to manage our donor base and membership records more efficiently. Even more important, we are hiring a dedicated fund raising manager who will focus on using the bells and whistles this new program affords not-for-profit organizations. The software's key strengths include donor analysis functions, which will enable our staff to focus on donor giving so valuable time will be used effectively in matching donors to F.I.R.S.T.'s programs. Once again, let us know of any new creative ideas you may have about fundraising.

In closing, I hope all of you survive this stressful economic time in one piece and with not too many painful memories of how you were financially affected.

Sincerely,  
John J. Schoendorf (EHK member)  
CFO, Board of Directors