



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

Dear Members and Friends:

I believe this past year's financial statements, audited by McGladrey & Pullen, LLP, illustrate the foundation's ability to withstand all the negative impacts of our economy. Unlike many not-for-profit organizations, we seem to have a donor base that is very stable and dedicated and have therefore continued to raise funds above national statistics and with virtually no deterioration. In addition, when comparing our expense spending with other similar organizations, our numbers are right in line. Approximately 82% are spent on programs including research grants, 9% on fund raising and 9% on management and general expenses.

With the hope of recovery, it has become more important than ever to finish a modernized investment policy to take advantage of any hoped for upswing in the economy. Although I have not been able to move as quickly as anticipated in that direction, we have increased the number of members of our finance committee to assist in this important task. We have been meeting regularly now to discuss various alternatives and are doing research into how other organizations have changed their policies to accommodate the changing financial environment to reduce the risk of loss in their financial investments. Fortunately we were able to minimize our investment losses this year so that the actual value of our investments only deteriorated \$7,600.

Looking at the numbers, our current year Statements of Financial Position illustrates Net Assets increasing by \$19,995 or 1.3% over last year. Although not an exciting number, you may have read that nationally, most not-for-profit organizations experienced an erosion of their assets due to inadequate or improper asset management.

On the Revenue side, we had a decrease of 11% in contributions mostly due to not having the ability to have an extremely successful grassroots fundraiser, like at the family conference in Chicago in 2008, and the family conference itself. Interest income also decreased by \$19,000 after experiencing the full impact of rate adjustments during the prior year.

On the operating expense side, expenses continued to be relatively in line with prior years and budget. Payroll and related expenses did increase, but that was offset by using staff and executive director time to focus more on raising money and being able to perform more tasks and duties aimed at providing better service to members.

From a management standpoint, our not-for-profit donor/member management software program has turned out to be every bit as valuable as hoped. Rather than war tales about implementation or user problems, our executive director and staff have only kudos on how it is helping them perform better.

In closing, I hope all of you have been successful in coping with our changed financial world and look forward to seeing many of you at the family conference in June.

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