

# Stakeholder's Brief

A message from Jay Hurt, the Chairman and President of the Sigma Phi Epsilon Educational Foundation



Jay Hurt, Davidson '88

Brothers and Friends of the Sigma Phi Epsilon Educational Foundation, One of my primary objectives when I was elected Chairman and President of the Educational Foundation was to communicate regularly with all of our stakeholders. The way I see it, it just makes good business sense. You see, my primary objective is simple...raise as much money as possible in support of our undergraduate brothers...and in order to do that, I feel it is important that everyone who contributes to our Foundation should be informed of the opportunities we have, the challenges we face, and the successes we share. Selfishly for Sigma Phi Epsilon, I also truly believe that a more informed donor will ultimately become a more generous donor.

What follows is a comprehensive overview of the Foundation's activities as we wrapped up the calendar year and move toward the end of our fiscal year on June 30. I hope you find it informative, inspiring, and a good first step toward my commitment to you as a valued donor to Sigma Phi Epsilon to keep you informed about our Foundation. And yes, I am going to ask you to join me in giving more money to support of our Fraternity. The programs are that good and our undergraduate brothers are that deserving.

Here is an overview for donors as we look at recent performance and plan for the future:

## Supporting Undergraduates



In 2009-10, the Foundation provided in excess of \$1.3 million of funding to our undergraduates. **\$300,000 was granted to the Fraternity in support of the Leadership Continuum** programs for new members, chapter officers and rising leaders.

**\$300,000 was provided in scholarships and leadership grants** to individual students, and **\$778,000 was granted to chapter housing projects and building or renovating Residential Learning Communities.**

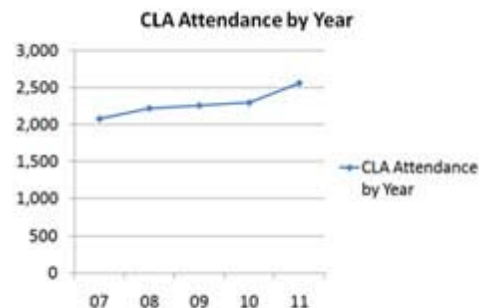
**In the last five years, the total support has been over \$6.4 million to these initiatives.** This is impressive and has helped make SigEp the largest college fraternity in the United States with the second highest GPA at 3.09. That said, with our scholarships and housing efforts growing, our grants for SigEp programs have decreased after reaching a high in 2007.

In fact, our programming **grant to the Fraternity is currently less than half of what it was at its peak.** The grant is comprised of proceeds from endowments specified for programs with additional monies from unrestricted giving. **Three primary factors brought us to the recent reduction.** Grants over the last decade were inflated beyond normal spending policy to grow great new programs (EDGE, Ruck Leadership Institute, Tragos Quest to Greece), and we felt it was prudent to return to our standard policy of 4.5% in response to the market downturn in 2008 and 2009 with our investment portfolio losing 25%. Also, annual giving dipped during the same time period, and major gift pledges made in 2007 were partially deferred.

The good news is that **the Fraternity has been able to increase operational income in the last year while reducing expenses in order to minimize the effects of the cut.** Grand Treasurer **Chris Bittman** and Executive Director **Brian Warren** have done a great job of adjusting and prioritizing.

**In 2010-11, more undergraduates than ever will attend SigEp leadership programs.** Thanks to creativity by the National Directors and the leadership of Grand President **Garry Kief**, the programming solutions and services offered to undergraduates and volunteers have been exceptional. Garry organized task forces and staff to react to the current situation and plan for the future, which will ensure your dollars are being used more efficiently than ever.

Also, **SigEp National Housing is working with numerous local Alumni and**



**Volunteer Corporations to build and remodel SigEp homes and turn them into Residential Learning Communities.** The long-term vision of the SENH Trustees, under the direction of **Bert Harris** and now **Jon Kucera**, has been making a big difference. Many of our red doors now lead to some of the best housing on campuses nationwide.

This really is good news. The better news will come when we infuse this creativity and efficiency with grants returning to previous levels as soon as possible. **The renewed generosity of alumni will make this happen.** Just like chapter alumni responding to a need in housing, we are beginning to see alumni from all chapters react to increase their giving to benefit the Fraternity programs. While some help will come as major gifts and markets begin to unthaw, the majority in the next few years will come from increased support of the Annual Fund.

#### **Investments**

As of June 30, 2010, Foundation invested assets were \$9.9 million. At the end of February, 2011, our balance was \$11.8 million. **Our investments have been managed by Bessemer Trust since 2002 with a total return since inception of 5.0%.**

Chapter-specific endowment funds make up two thirds of these assets. The other third are endowment funds generating proceeds in support of scholarships and leadership programs.

The Foundation Trustees have an investment policy setting ranges for the portfolio of investments. Bessemer provides regular reports on the investments, as well as bulletins on government and world events that may affect the market. Currently, our investments are arrayed as follows:

Cash & Short Term - 7.4%  
Fixed Income - 12.7%  
U.S. Large Cap - 32.3%  
Non-U.S. Large Cap - 14.8%  
Global Small & Mid Cap - 15.6%  
Global Opportunities - 9.8%  
Real Return/Commodities - 7.4%

#### **Operations**

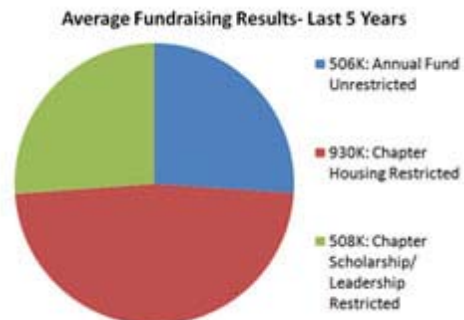
The Board of Trustees oversees a staff of four led by Executive Director **Doug Scheibe**. Development Director **Sean Cosgrove** works with the Board of Governors. **Laurie Ursiny** is the Director of Donor Relations, working with the Annual Fund, Kleos newsletter and the website. Gift & Grant Coordinator **Susan Ilch** receives and acknowledges all gifts and also works with chapters to issue scholarships. There are two part-time resources providing accounting and bookkeeping support.

The staff works with donors and volunteers to directly raise money and support the efforts of local chapters. The staff had been larger in 2007 & 2008, however, the current staffing level is in response to an effort to balance fundraising against reduced expenses. **Total operating/management/fundraising expenses this year will return to pre-2007 levels, representing about 33 cents on the total fundraising dollar.** Our goal is to reduce this further by expanding dollars raised and operating more efficiently. Any future staff expansion will be treated as an investment with an eye on increasing unrestricted giving.

#### **Fundraising**

In 2009-10, we raised more money in each key category than we have in those categories in the last five years, leading to our **largest fundraising year ever of \$2,292,000.** Here are some of the highlights.

- Unrestricted Annual Fund and Board of Governors – \$574,000
- Restricted Scholarship and Leadership Funds – \$739,000
- Restricted Chapter Housing Projects (Residential Learning Communities) – \$1,616,000



**Thank you!** With challenging financial times, this is a testament to the strength of SigEp programs, the quality of our undergraduates and the devotion of donors, volunteers and staff.

Here are some numbers inside the 2009-10 numbers:

- 3,935 total donors, down from 4,581 five years ago
- Over 301 Board of Governors (\$1,000+/year unrestricted), up from 206 five years ago
- 455 gifts from parents and undergraduates, raising over \$18,000

So far this fiscal year, we are projected to surpass last year's Annual Fund total with a goal of \$850,000. This is lofty, but necessary for us to fuel programs that benefit our undergraduate brothers.

#### **Looking forward...**

**Unrestricted Support for Programs** – We are improving and expanding mail and email efforts to have previous donors renew their support for programs and to find new gifts from alumni, parents and undergraduates. Major annual giving will continue to grow as we expand outreach on a personal basis through our Board of Governors Ambassadors, a new program for 2010-2011. We have also established the Ducal Crown Society for annual gifts between \$250-\$999, representing an important group of generous alumni and parents.

**Restricted Scholarships & Leadership Grants** – Alumni and Volunteer Corporations as well as individual alumni are recognizing the power of scholarships to attract and retain the best men on campus, and local campaigns are gaining momentum. Chapters offering Balanced Man Scholarships show improvement in manpower and scholarship. Many chapters also raise money to send their promising leaders to SigEp and campus

educational programs. The staff is working with local alumni to identify and support a key volunteer at each chapter to drive campaigns and find lead gifts.



**Residential Learning Communities** – Chapters in greater numbers than ever are providing students with environments that support higher education. In any year, there are typically eight-12 chapters at some stage in their project from identifying the scope to raising money to building to final collections. This heavy lifting is done with great teamwork by local alumni, Fraternity staff, SigEp National Housing experts, partner fundraising service providers, and the Foundation staff.

**Stewardship** – We have increased the frequency of Kleos, which is the Foundation's newsletter to our family of supporters. We have more and more generous people to recognize and programs and scholarships to highlight. You have also started seeing more video messages sent via email, so you can see and hear directly how your investment is paying off for our undergraduate brothers. Finally, you will see an expanded annual report from the Foundation, beginning with the 2010-11 fiscal year.

**SigEp Students Need You...** While I am confident our number of donors will surpass previous numbers and our overall dollars raised will continue to grow, we are looking at our overall percentage of support. With roughly 200,000 living alumni, we have room to improve with our goal to be a partner in higher education with support rates similar to that of our host institutions.

As I mentioned in the Fall 2010 *Journal*, my alma mater has 60% of its alumni give. On our way there, starting today, **I would like everyone reading this email to make a gift this year. And if you made a gift in 2010, please consider increasing that gift in 2011. If you gave at the local level, I would like you to also make a gift to the Annual Fund, which supports the great SigEp programs that affect every chapter with over 30% of undergraduates attending at least one each year.**

In closing, let me simply say how truly thankful my fellow Trustees and I are of your support for the undergraduates through the Foundation. Quite simply, your generosity positively impacts the lives of our undergraduate brothers in a significant way, and I am one of many who recognize it and appreciate it greatly.



**Grand President Garry Kief helped present awards at the Carlson Leadership Academies**

One more thing before I wrap up... I want to take this opportunity to send best wishes to a great example for all of us – **Order of the Golden Heart Recipient Shawn McKenna**. Shawn is battling cancer. He is battling cancer with all the heart that he has applied to SigEp over the years. He is a current member of the National Board of Directors and a Trustee of SigEp National Housing, and has served on the Headquarters staff. Shawn is also a long-time donor to the Sigma Phi Epsilon Educational Foundation, not to mention all he has done for his alma mater at the University of Maine and the Maine Alpha chapter.

This would not be so remarkable if it was not done in his spare time, because his priority is to be an amazing husband to Deb and father to Ryan, Riley and Erin. He juggles all this while taking many overseas assignments for work. I am exhausted just writing this. Yet when you hear from Shawn these days, he is energized. It figures.

Please keep Shawn in your thoughts and prayers. See, I have a secret plan to make him a Foundation Trustee after his term on the National Board

ends. After all, it is the only SigEp thing he has not done.

Stay tuned for future updates, and please let me know your thoughts on this and other Foundation initiatives. I value your input as we work together to "Building Balanced Men" within our Brotherhood.

With great appreciation,

A handwritten signature in black ink, appearing to read "Jay Hurt". The signature is stylized with a large, looped initial "J" and a cursive "Hurt".

Jay Hurt  
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