



leaders in educating risk professionals

Annual Report 2009



SPENCER EDUCATIONAL FOUNDATION, INC.
Educating Risk Professionals for Today and Tomorrow

Contents:

A Message from the Foundation's Leadership	1
Board of Directors	2
About Spencer Educational Foundation	3
Spencer's 30th Anniversary Dinner Gala	4-5
FM Global Course Development Grant	6
Community Leaders: Internship Program.....	7
Academic Leaders: RMIR Program.....	8
2009 Spencer Scholars	9
A Legacy of Support	10-11
Financials	12-24

A message from the Foundation's Leadership



Despite the dire economic conditions of recent years, Spencer Educational Foundation was able to keep its fundraising efforts dynamic and successful.

During 2006-2007, Spencer Educational Foundation contracted with a consulting organization to provide know-how, process and tools for enhanced fundraising. At the time, the fundraising environment was becoming more constricted while the number of scholarship applications was increasing. In addition, the Spencer Board of Directors had reached a consensus around wanting to build a stronger corpus to better ensure the Foundation's sustainability.

These past three years have been truly remarkable in terms of funds raised. This has been largely due to a greater focus on fundraising. Other factors that played a role were the use of prospect lists and rigorous solicitation of specific prospects, the hiring of a development director and the decision to have an anniversary gala. Naturally, no funds can be raised without the existence of our wonderful donors who believe in the value of developing risk management and insurance talent.

There have been record-breaking contributions, to be sure. But that is not the full story. The funds that have flowed in from the anniversary gala were not temporarily restricted, as so many contributions are. This means that the funds can be used for current operations and for growing the corpus responsibly.

We are now at a new fundraising plateau. It is one that we should use to achieve an even higher one. Above all, we should make sure that we do not take a step down or back. Every time we hear our scholars speak about how much their scholarships have meant to them, we should and do get energized to do the work that fundraisers must do.

So, despite the dire economic conditions of recent years, Spencer Educational Foundation was able to keep its fundraising efforts dynamic and successful. As we continue down this path, everyone's help, ideas and commitment will be needed. A genuine thank you goes out to all who played a role in our accomplishments as well as an invitation to continue the good work.

Sincerely,

Donna L. Galer
Chairwoman

Roger L. Andrews
President

Spencer Educational Foundation

Board of Directors



The Foundation offers special recognition to the Spencer Educational Foundation Board of Directors for its continuing dedication to risk management education, and its enduring leadership. This group of corporate risk managers and members of the insurance community have shown a steadfast commitment to the Foundation's mission, and their dedication and financial support has been instrumental in the success of aspiring risk professionals.

Margaret S. Accordino, National Financial Partners

David G. Adler, Portman Holdings, LP

Roger L. Andrews, E.D. Bullard Co.

Gavin R. Arton, XL Capital Ltd.

Mary Lynn Bangs, Omni Hotels Corp. (retired)

James Blinn, Advisen Ltd.

J. Ruffin Branham, Jr., Markel Re

Jeanne H. Braun, Physicians' Reciprocal Insurers

Brion Callori, FM Global

Terry Fleming, Montgomery County, Maryland

Donna L. Galer, Zurich (retired)

Peter A. Heard, Travelers

Dr. Robert E. Hoyt, University of Georgia

Alicia Junta, Hoffman-La Roche, Inc.

Brian M. Kawamoto, Lockton Companies

Daniel H. Kugler, Snap-on Incorporated

Rocco J. Maggiotto, Zurich Financial Services

Andrew Miller, GAB Robins

Christopher A. Maleno, ACE USA

B. Scott Rich, Flowers Foods (retired)

Pamela G. Rogers, Marsh, Inc.

Martin J. Ross, Business Insurance

J. Douglas Strohl, Hilb, Rogal & Hobbs

Craig Van der Voort, Arthur J. Gallagher & Co.

Executive Committee:

Donna L. Galer, Chairwoman

Roger L. Andrews, President

Craig Van der Voort, Vice President

Margaret Accordino, Treasurer

Mary Lynn Bangs, Secretary

P. Richard Hackenburg
Development Director

Angela Sabatino
Administrative Manager

About Spencer Educational Foundation

Spencer Educational Foundation, administered by the Risk and Insurance Management Society, Inc. (RIMS), was created by RIMS' Atlanta Chapter in 1979 in honor of the late Robert S. Spencer, RIMS president from 1977 to 1978, and an outspoken advocate of risk management education. From the beginning, its mission has been to stimulate, promote and encourage promising undergraduate, graduate, doctoral and part-time students of risk management and insurance disciplines. Today, the Foundation is the leading organization for awarding scholarships to students and risk professionals. Students also benefit from the Foundation's Risk Manager in Residence program, Student Internship program and university grants. Since 1980, the Foundation has awarded nearly \$4 million in scholarships and \$2.1 million in grants to students at 63 colleges and universities throughout the United States, Canada and the United Kingdom. The Foundation operates with support from RIMS chapters, fundraising events and contributions from individuals and corporations. It is a 501(C)(3) educational and charitable organization.

The Foundation sponsors the following programs to promote the risk management and insurance professions:

- *Spencer Scholars.* Since 1980, nearly \$4 million in merit-based scholarships have been awarded to outstanding undergraduate, graduate, doctoral and part-time master's students.
- *Risk Manager in Residence.* This program arranges for dedicated risk practitioners to give lectures and presentations at colleges and universities across the United States.
- *Student Internships.* This program is designed to provide students with a meaningful internship experience and maximum exposure to risk management and the issues facing today's practitioners.
- *Spencer Scholar Resume Book.* A catalog of all full-time Spencer Scholars provided to supporters that donate \$5,000 or more.
- *Course Development.* Through a \$300,000 grant from FM Global, the Foundation was able to extend its reach to course development in colleges and universities. The first grants were awarded in 2009.



*Spencer Educational Foundation Chairwoman
Donna Galer with 2007 John T. Lockton Memorial
Scholarship recipient, Hanan Boukhabza*

Since 1980, the
Foundation has awarded
nearly \$4 million in
scholarships and \$2.1
million in grants
to students

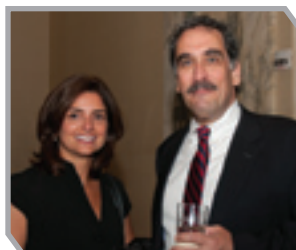
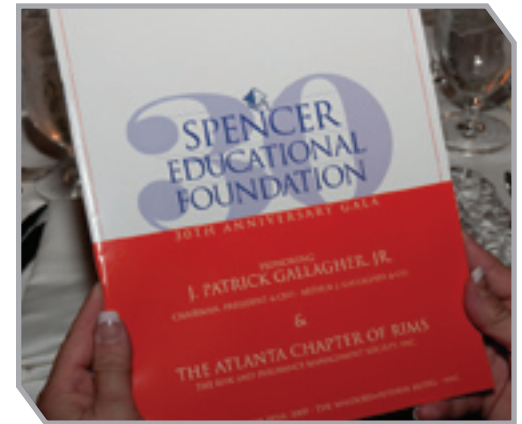


Thank you to all who made the Spencer 30th Anniversary Dinner Gala a great success!

The gala, which took place on September 10, 2009 at the Waldorf=Astoria in New York City, raised \$365,800 for risk management education!



Spencer Educational Foundation 30th Anniversary Dinner Gala



FM Global Course Development Grant

In 2009, the Foundation awarded the University of Hartford and Virginia Commonwealth University \$50,000 grants for the development of loss prevention course curricula for students studying risk management and insurance. FM Global, one of the world's largest commercial property insurers, funded the grants to support the development of undergraduate course modules and a graduate loss prevention course curriculum.

The University of Hartford Barney School of Business will use the grant to develop three course modules that focus on the importance of loss prevention in reducing an organization's total cost of risk.

The Virginia Commonwealth University School of Business Risk and Insurance Studies Center will use the funds to create a graduate-level loss prevention course designed to train current and prospective business managers to plan, develop and implement risk analysis and loss prevention programs.

The Foundation thanks FM Global for its generous support!

“FM Global has always believed that the majority of all loss is preventable and we’ve seen that risk managers who embrace and champion that philosophy can improve the quality of risk management within their organizations.”



Shivan S. Subramaniam
Chairman and CEO of FM Global

Grants:

The Foundation awarded a \$50,000 grant to the Risk and Insurance Management Society, Inc. to develop new ERM-related programs that can be offered through a variety of modalities, such as public instructor led workshops, on-line courses, webinars, and webcasts. The goal is to continue to update the knowledge and skills of RIMS members and those in the risk management community.

Fundraising Support

At RIMS 2009 Annual Conference & Exhibition in Orlando, risk managers swapped business suits for golf clubs and hockey sticks to raise funds for Spencer Educational Foundation. The 18th Annual Spencer/Gallagher Golf Tournament, sponsored by Arthur J. Gallagher and Co., was held at the Orange County National Golf Center and Lodge.

Not to be outdone by the golfers, hockey players from Team Canada and Team USA took to the ice in the NAPCO Spencer Cup, sponsored by NAPCO LLC at the Ice Factory.

The events raised more than \$57,000 to benefit the Foundation's general fund.





Mari-Jo Hill, ARM, CPCU, director of risk management at SAS Institute Inc.; Jorie Dickerson, ARM, risk analyst at SAS Institute Inc.; and intern Whitney Hill step into the SAS Institute Inc.'s aviation underwriting meeting room.

Corporate Leaders: Internship Program

Since 1997, the Foundation has awarded over \$200,000 in grants to companies and RIMS Chapters to host interns in its risk management divisions. The Foundation is pleased to offer RIMS members (deputy and associate) and chapters the opportunity to participate and receive grants to administer a Spencer Student Internship Program locally. Grants of up to \$3,000 each (to compensate the intern) will be awarded to selected RIMS chapters and members to launch this internship program. Even if your chapter already has an existing internship program, you are encouraged to participate.

Chapter or Company Eligibility Requirements

If you or your RIMS chapter is interested in participating in this exciting and rewarding program, please submit a two- or three-page proposal outlining:

- Who the employer will be and the nature of its business;
- The name of the intern or what university you will approach for a suitable intern;
- What meaningful projects or responsibilities the intern will work on.

Student Eligibility Requirements

- Students must have a current cumulative GPA of 2.7 or higher from an accredited college or university;
- Studies must be in risk management, business administration, finance, actuarial or related fields of study;
- The internship position must be heavily weighted to meaningful projects or responsibilities in risk management related activities;
- With few exceptions, applicant organizations must be RIMS members or chapters;
- Internships must last a minimum of eight consecutive weeks, with some allowance for time off.

Selection Criteria

In addition to the minimum eligibility noted above, the internship must focus on sustained involvement in risk management activities including internal and external meetings.

The committee will also consider evidence of:

- Excellence in mentoring and guiding of students;
- Breadth of duties and experience;
- External meeting and contact opportunities.

Those interested in applying should contact Angela Sabatino at 212.655.6223 or asabatino@spencered.org.

“The time I spent working with Archon’s Risk Management Team was exceptional. I gained invaluable knowledge and achieved personal growth during my experience, and I am grateful for the Student Internship Program offered by the Spencer Educational Foundation.”

Lauren Sandlin

University of North Texas
2009 Spencer Intern at Archon Group



Academic leaders: Risk Manager in Residence Program

Now in its 12th year, the Risk Manager in Residence program has been praised by both risk managers and universities as a rewarding educational experience and a chance to give back to the profession. The Foundation awards grants to colleges and universities to cover transportation, housing and incidental costs for a lecturing risk manager.

The Spencer Educational Foundation, Inc. is seeking risk managers to give presentations and lectures for the program. The prospective risk manager must be a RIMS member and must have at least 10 years minimum risk management experience; good communication skills; classroom experience; ideally CPCU or ARM teaching experience; and be able to spend two to three days on a college or university campus.

If you wish to be considered for this program, please email your resume to: asabatino@spencered.org.



Q & A:

Spencer Scholar Weighs in on the Benefits of the Scholarship Program.

Spencer Educational Foundation sat down with Amanda Mazingo, one of the first recipients of the new FM Global Scholarship.



Q.

What prompted your interest in the field of risk management?

A.

My father has worked in the industry for many years and has had a very successful career. This partially influenced my decision to enter the industry myself. In addition, I have attended a number of events (RIMS Annual Conference, CPCU/RIMS Monthly Meetings) through school that have further increased my interest. The opportunities within the insurance and risk management field are vast and this realization strongly reinforced my decision to pursue a career in this industry.

Q.

How did you become acquainted with the Foundation?

A.

The Spencer Educational Foundation was brought to my attention by my advisor. She was a Spencer Scholarship recipient as a student at Virginia Commonwealth University and told me of the organization's generosity in providing funding for students pursuing degrees in insurance and risk management.

Q.

How has this scholarship affected you academically?

A.

This scholarship has been extremely instrumental in funding my education and relieving the burden of debt following graduation. With the Foundation's support, I can focus more on school and working toward my degree.

Q.

What are your future career goals?

A.

Participation in the NAPLSO Internship Program during the Summer of 2009 sparked my interest in excess and surplus lines insurance. Once I graduate in May, I look forward to entering an underwriting trainee program within the industry.

2009 Spencer Educational Foundation Scholars

Named and Memorial Scholarships: (Undergraduate Level—\$5,000 awards unless otherwise noted)

John T. Lockton Memorial Scholarship

Julie Bahnick, *Temple University (1/2 year award, \$2,500)*

Stephanie Balbach, *Indiana State University*

Allison Dender, *Washington University*

Joshua Haselton, *Olivet College*

Terry Ketzner, *Indiana State University*

Sara Mays, *Indiana State University*

Bradley Robinson, *Ball State University*

Lauren Rozsits, *St. Joseph's University*

David Walters, *Indiana State University*

Paige Williams, *Indiana State University*

September 11th Memorial Scholarship

Cecelia Emmons, *Indiana State University*

FM Global Scholarship University

Justin Gargus, *Olivet College*

Amanda Mazingo, *Virginia Commonwealth University*

Zurich Financial Services Scholarship

Brandon Hunter, *Indiana State University*

Joseph P. Holwerda Memorial Scholarship

Nathan Lloyd, *Indiana State University*

E.J. Leverett Memorial Scholarship

Alexander Moore, *University of Georgia*

Thomas Regan Memorial Scholarship

Eva Must, *Temple University (1/2 year award, \$2,500)*

William J. Clagnaz/ACE Group Memorial Scholarship

Michael T. Neaton, *University of Hartford*

RIMS Chicago Chapter Scholarship

John Raftis, *University of Iowa*

RSA/Douglas Barlow Memorial Scholarship (\$7,500)

Mariya Skovardanova, *Georgia State University*

XL Capital Group/Ian R. Heap Memorial Scholarship

Cidney Thomas, *Temple University (1/2 year award, \$2,500)*

RIMS Atlanta Chapter Scholarship

Margaret Warden, *University of Georgia*

Ellen Thrower Scholarship

Jahvon Washington, *St. John's University*

**Total Named/Memorial Scholarships
Awarded: \$120,000**

General Fund Scholarships

Undergraduate Level:

Vincent Baldino, *Temple University*

Kristine Bataclan, *University of Wisconsin-Madison*

Taniesha Brangman, *Temple University (1/2 year award, \$2,500)*

Adam Camargo, *Illinois State University*

Brian Ford, *Florida State University*

William Gant, *Temple University (1/2 year award, \$2,500)*

Michael McGonigle, *New Mexico State University*

Matthew Shoaf, *Temple University*

Scott Struthers, *Temple University (1/2 year award, \$2,500)*

**Total Undergraduate General Fund
Scholarships Awarded: \$37,500**

Master Level: \$10,000 Scholarship

Marcos Alvarez, *University of Toronto*

Pre-Dissertation Ph.D Level: \$10,000 Scholarship

Stephen Fier, *Florida State University*

**Total of Scholarship Dollars Awarded (Full-Time Students)
in 2009: \$167,500**

Part-Time Masters Scholarships (awards of up to \$10,000)

Lori R. Badenhop, *Burroughs & Chapin
Florida State University \$6,455*

RIMS Scholarship

Danielle B. Roth, *Verizon
Rutgers University \$10,000*

Catherine J. Smith, *H&R Block
Colorado State University \$4,000*

**Total PT MBA Scholarship
Dollars Awarded: \$20,455**

**Grand Total of Scholarships Awarded
(full-time and part-time): \$182,955**



Danielle B. Roth

Striving For Excellence Campaign (three-year pledge)

Founder's Circle (\$100,000 - \$999,999)

Risk and Insurance Management Society, Inc. (3)

Chairman's Circle

(pledge of \$30,000 or more over three years)

RIMS Dallas/Ft. Worth Chapter (11)

GAB Robins NA (3)

RIMS Greater Kansas City Chapter (19)

Utah Chapter of RIMS (3)

XL Foundation Ltd. (8)

Patron's Circle (pledge of \$1,000 - \$9,999 per year or more over three years)

Allied North America (2)

P. Richard and Linda Hackenburg (24)

Joe Mc Sweeney *

Old Republic Risk Management (9)

Benefactors (pledge of \$100 - \$999 for three years)

David and Eve Adler (17)

B. Scott Rich (30)

James W. Smirles (23)

Anne M. Zug (24)

Former RIMS Presidents' Group

(Annual, three- and four-year pledges)

Roger L. Andrews (4)

Arthur P. Bostwick (9)

Tony Bridger (2)

Don Browne (2)

Mark DeLillo (2)

Robert W. Esenberg (12)

Lance J. Ewing (5)

Lucille "Lucky" Gallagher (3)

Berry L. Griffin, Jr. (9)

P. Richard and Linda Hackenburg (24)

William J. Kelly (7)

Mike Liebowitz (3)

Susan R. Meltzer (12)

William L. Mather (7)

William S. Mortimer (20)

Janice Ochenkowski (3)

Paul H. Ozan *

C.J. "Jim" Spivey *

Ron Stasch *

Ellen Vinck (7)

Steve Wilder (15)

General Fund Contributions

Chairman's Circle (\$100,000 - \$500,000)

Aon Risk Services (5)

30th Anniversary Circle (\$15,000-\$30,000)

Carolinas Chapter of RIMS (7)

Golden Circle (\$10,000 - \$14,999)

New Jersey Chapter of RIMS (10)

Sponsors (\$5,000 - \$9,999)

Arizona Chapter of RIMS *

Delaware Valley Chapter of RIMS (18)

Fairfield/Westchester Chapter of RIMS (3)

Los Angeles Chapter of RIMS (5)

South Texas Chapter of RIMS (9)

St. Louis Chapter of RIMS (20)

Benefactors (\$2,500 - \$4,999)

Connecticut Valley Chapter of RIMS (14)

Dempsey Partners LLC (2)

International Risk Management Institute, Inc. (15)

In memory of Gary E. Bird

Northeast Ohio Chapter of RIMS (4)

Potomac Chapter of RIMS (3)

San Diego Chapter of RIMS (14)

Patrons (\$1,000 - \$2,499)

Mary Lynn "Mel" Bangs (6)

James Blinn (3)

Daimler Trucks North America LLC *

Peter and Beth Heard (9)

Houston Chapter of RIMS (10)

Brian Kawamoto (16)

Long Island Chapter of RIMS (7)

McAuley, Woods & Associates *

Oregon Chapter of RIMS (5)

Physicians' Reciprocal Insurers (10)

Risk Management Planning Group (2)

Volvo Group North America *

Contributors (\$500 - \$999)

Jeanne Braun (13)

Carol Fox (10)

Logic Associates, Inc. (15)

Cathy L. McKeon (4)

Mark D. O'Brien (10)

Craig Van der Voort (6)

A Legacy of Support

Thank You, Contributors!

Donors (\$250 - \$499)

Margaret Accordino (4)
Daniel Kugler (2)
Deborah S. Little (5) (SS)
Garrett Mathieson *
James F. Murphy *
Mark D. O'Brien
In memory of Tom Celic and Patricia Cody
James W. Smirles
Washington Chapter of RIMS (19)
From the proceeds of its raffle

Friends (\$100 - \$249)

Maryann E. Amici (11) (SS)
Atlanta Chapter of RIMS (H)
*In honor of Pam Rogers, Rex Smith
Joanmarie Bolding and Robert Philbrick*
Deborah A. Babcock *
David T. Fleming *
Melissa Galetto * (SS)
P. Richard and Linda Hackenburg
*In memory of Samantha Cohn, Carole Rogers Davis,
Ann Harker*
Michael Hubbel *
Alicia Junta (7)
James Kallman (8) (SS)
Bill and Marcia Mather
In memory of Samantha Cohn
Brandon Miller (3) (SS)
Penn, Schoen & Berland Associates, Inc. (3)
Douglas Rogers (SS)
In memory of Jennifer R. Amador
Danielle Roth * (SS)
Mark Ryan *
Society of CPCU (Connecticut Chapter) (H)
In honor of Richard Roberts
Charlotte M. Spencer
In memory of my husband, Robert S. Spencer
Alex and Ellen Vinck
In memory of Samantha Cohn

Supporters (\$25 - \$99)

Damon Coppola (4) (SS)
Ron and Kelly Winans
*In memory of Jesus Balderrama, Frances Lawrence, Robert
Harrison, Jeanne Osborne, Martin Wolpert*

Educators Circle (Named Scholarships Created in 2009) \$100,000 or more

John P. and Robert E. Gallagher Memorial Scholarship—
Arthur J. Gallagher & Co.
Gallagher Memorial Scholarship Supporters
Ernst & Young LLP (additional contribution)

RIMS 2009 Annual Conference & Exhibition Fundraising Event Sponsors

Arthur J. Gallagher—Spencer/Gallagher
Golf Tournament \$55,000
Napco LLC—Napco “Spencer Cup” Hockey
Tournament, \$2,240

In-Kind Contributions

Business Insurance: \$7,000
FM Global: \$3,700
Risk and Insurance Management
Society, Inc.(RIMS): \$35,600

Our thanks to the following RIMS chapters and organizations who created scholarships prior to 2009 through three and four year pledges:

ACE Group/William J. Clagnaz Memorial Scholarship
FM Global Scholarship (two scholarships)
John T. Lockton Memorial Scholarship (up to 10 scholarships)
RIMS Atlanta Chapter (two scholarships)
RIMS Chicago Chapter
RIMS Dallas/Ft. Worth Chapter
RIMS New York Chapter/Thomas Regan Memorial Scholarship
XL/Ian R. Heap Memorial Scholarship (XL Capital Ltd)
Zurich Financial Services Scholarship

Legend

(#) Numbers listed next to each contributor
represent the number of years as a Spencer
Educational Foundation supporter
* First time contributor
(H) Honorarium
(SS) Spencer Scholar

*This listing contains the names of individuals and organizations who
have pledged to Spencer Educational Foundation from January 1, 2009
to December 31, 2009. If you have any questions, please contact Angela
Sabatino at 212-655-6223 or asabatino@spencered.org.*

Contents

Audited Financial Statements
December 31, 2009 and 2008

Report of Independent Auditors 13

Financial Statements

Balance Sheet 14

Statement of Revenues, Expenses
and Change in Net Assets..... 15

Statement of Cash Flows 16

Notes to Financial Statements 17-22

Supplemental Information

Independent Auditors' Report
on Supplemental Information..... 23

Statement of Functional Expenses..... 24

Spencer Educational Foundation, Inc.

Report of Independent Auditors

At December 31, 2009 and 2008



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

To the Board of Directors of Spencer Educational Foundation, Inc.

We have audited the accompanying balance sheet of Spencer Educational Foundation, Inc. (the "Foundation") as of December 31, 2009, and the related statements of revenues, expenses and change in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Foundation as of December 31, 2008 were audited by other auditors whose report dated February 9, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spencer Educational Foundation, Inc. as of December 31, 2009, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink that reads "Schall & Ashenfarb".

Schall & Ashenfarb
Certified Public Accountants, LLC

February 18, 2010

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New York, New York 10118
Tel: (212) 268-2800 Fax: (212) 268-2805
www.schallandashenfarb.com

Spencer Educational Foundation, Inc.

Balance Sheet

At December 31, 2009 and 2008

	<u>12/31/09</u>	<u>12/31/08</u>
Assets		
Current assets:		
Cash and cash equivalents (Notes 1d and 1e)	\$ 238,842	\$ 230,056
Accounts receivable	10,000	0
Contributions receivable, current portion (Notes 1f and 2)	92,233	287,734
Prepaid expense	3,000	0
Total current assets	<u>344,075</u>	<u>517,790</u>
Non-current assets:		
Investments (Notes 1g and 3)	4,740,851	3,140,429
Contributions receivable, net of current portion (Notes 1f and 2)	11,760	88,271
Property and equipment (Notes 1h and 4)	15,744	11,000
Total non-current assets	<u>4,768,355</u>	<u>3,239,700</u>
Total assets	<u>\$ 5,112,430</u>	<u>\$ 3,757,490</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$3,179</u>	<u>\$7,233</u>
Total current liabilities	<u>3,179</u>	<u>7,233</u>
Net assets: (Note 1c)		
Unrestricted:		
Undesignated	3,046,330	1,501,008
Board designated - Anita Benedetti Fund	52,391	52,391
Total unrestricted	<u>3,098,721</u>	<u>1,553,399</u>
Temporarily restricted (Note 5)	1,758,030	1,944,358
Permanently restricted (Note 6)	252,500	252,500
Total net assets	<u>5,109,251</u>	<u>3,750,257</u>
Total liabilities and net assets	<u>\$ 5,112,430</u>	<u>\$ 3,757,490</u>

The attached notes and auditors' report are an integral part of these financial statements.

Statement of Revenues, Expenses and Change in Net Assets

For the Years Ended December 31, 2009 and 2008

	12/31/09			12/31/08				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support:								
Contributions—FM Global Fund				\$0				\$502,500
Contributions—general	\$647,396	\$3,572		650,968	\$162,780	5,276		168,056
Contributions—Robert E. & John P. Gallagher Scholarship Fund		100,000		100,000				0
Contributions—RIMS Atlanta/ Dr. E.J. Leverett Memorial Scholarship Fund			0	0		100,000		100,000
Contributions—Zurich Financial Services Scholarship Fund			0	0		100,000		100,000
Contributions—RIMS Chicago Chapter Scholarship Fund			0	0		100,000		100,000
Annual Dinner (net of direct expenses of \$129,696)	466,204			466,204				0
Fundraising events	57,240			57,240	60,000			60,000
Contributions—in-kind (Note 2i)	46,300			46,300	44,135			44,135
Contributions—Striving for Excellence Campaign	20,000			20,000	33,750			33,750
Investment income (Note 3)	850,855			850,855	(1,327,456)			(1,327,456)
Net assets released from restrictions:								
Satisfaction of program restrictions	289,900	(289,900)		0	94,500	(94,500)		0
Total revenues, gains and other support	2,377,895	(186,328)	0	2,191,567	(932,291)	713,276	0	(219,015)
Expenses:								
Program services:								
Scholarship and other programs	521,622			521,622	454,145			454,145
Student involvement	45,000			45,000	122,000			122,000
Total program services	566,622	0	0	566,622	576,145	0	0	576,145
Supporting services:								
General and administration	69,683			69,683	110,294			110,294
Fundraising	196,268			196,268	116,850			116,850
Total supporting services	265,951	0	0	265,951	227,144	0	0	227,144
Total expenses	832,573	0	0	832,573	803,289	0	0	803,289
Change in net assets	1,545,322	(186,328)	0	1,358,994	(1,735,580)	713,276	0	(1,022,304)
Net assets—beginning of year	1,553,399	1,944,358	252,500	3,750,257	3,288,979	1,231,082	252,500	4,772,561
Net assets—end of year	\$3,098,721	\$1,758,030	\$252,500	\$5,109,251	\$1,553,399	\$1,944,358	\$252,500	\$3,750,257

The attached notes and auditors' report are an integral part of these financial statements.

Spencer Educational Foundation, Inc.

Statement of Cash Flows

At December 31, 2009 and 2008

	<u>12/31/09</u>	<u>12/31/08</u>
Cash flows from operating activities:		
Change in net assets	\$1,358,994	(\$1,022,304)
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Accretion of discount on contributions receivable	(3,572)	(8,869)
Bad debts expense	0	8,000
Net realized and unrealized losses on investments	(749,709)	1,525,304
Depreciation expense	4,056	0
Decrease/(increase) in assets:		
Accounts receivable	(10,000)	0
Contributions receivable	275,584	123,770
Prepaid expense	(3,000)	0
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(4,054)	(4,624)
Total adjustments	<u>(490,695)</u>	<u>1,643,581</u>
Net cash provided by operating activities	<u>868,299</u>	<u>621,277</u>
Cash flows from investing activities:		
Proceeds from sales of investments	1,373,413	1,058,753
Purchases of investments	(2,224,126)	(1,629,826)
Purchases of property and equipment	(8,800)	(11,000)
Net cash used for investing activities	<u>(859,513)</u>	<u>(582,073)</u>
Net increase in cash and cash equivalents	8,786	39,204
Cash and cash equivalents - beginning of year	<u>230,056</u>	<u>190,852</u>
Cash and cash equivalents - end of year	<u><u>\$238,842</u></u>	<u><u>\$230,056</u></u>
Supplemental disclosures of cash flows information:		
Non-cash investing activities:		
Cash paid during the year for interest and taxes	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2009 and 2008

Note 1- Summary of Significant Accounting Policies

a. Organization

The Spencer Educational Foundation (the "Foundation") is the premier foundation for awarding scholarships in risk management and insurance. The Foundation is a charitable and educational organization named in honor of the former president of the Risk and Insurance Management Society, Inc. ("RIMS"), the late Robert S. Spencer. Founded in 1979, by RIMS Atlanta Chapter, the Foundation provides academic scholarships to college and university students interested in pursuing a career in risk management, and other types of support for research projects dedicated to the advancement of the discipline.

The real story of the Foundation's success can only be told through the achievements of its scholars; the work of the institutions that further its mission; and the generosity of those that continue, year after year, to support the Foundation's purpose as it seeks to raise the level of awareness of the importance of risk management.

The Foundation's mission is to stimulate, promote and encourage promising students in the risk management discipline in fulfilling their education goals, primarily by providing scholarship awards and educational grants.

b. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. As such, revenue is recognized when earned and expenses when incurred.

c. Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- *Unrestricted net assets*—represents all activity that has not been restricted by the donors.
- *Temporarily restricted net assets*—represents donor restricted contributions whose restrictions have not been met at year end but whose restrictions are anticipated to be met in the future. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.
- *Permanently restricted net assets*—consists of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. The restrictions stipulate that resources be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the agreement. Income earned on permanently restricted net assets that is expended in the same period in which it is earned is classified as unrestricted by the Foundation.

d. Cash and Cash Equivalents

Short-term instruments with maturities of three months or less are considered to be cash and cash equivalents for the purposes of these financial statements, except money market funds held for long-term investment in the Foundation's investment portfolio.

Notes to Financial Statements

December 31, 2009 and 2008

e. Significant Concentrations

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents, contributions receivable, and investments. The Foundation places its cash and cash equivalents and investments with financial institutions they deem to be creditworthy. The Foundation maintains its cash balance in an account which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. The Foundation has not experienced any losses in the account. The Foundation believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Credit risk with respect to contributions receivable is limited as a large number of the amounts are due from donors spread over a wide geographic region. As of December 31, 2009, the Foundation has no significant concentration of credit risk.

f. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value. Management considers all promises to give to be fully collectible, therefore no allowance for doubtful accounts has been established.

g. Investments

Investments are carried at readily determinable fair value with realized and unrealized gains and losses included in the profit and loss statement. All of the Foundation's investments have been identified as Level I in the fair value hierarchy as they have values based on quoted prices in active markets for identical assets.

h. Property and Equipment

Property and equipment is recorded at cost. The Foundation capitalizes all expenditures for property and equipment over \$1,000 for computer software. Depreciation is computed using the straight-line method over the estimated useful life of the software, which is four years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

i. In-kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are performed by those who possess such skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. During the years ended December 31, 2009, and 2008, the Foundation received in-kind contributions of \$46,300 and \$44,135, respectively, related to certain printing and advertising expenses and to cover the use of RIMS headquarters facilities.

j. Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the statement of revenues, expenses and change in net assets. Accordingly, certain costs have been allocated amount the programs and supporting services benefited.

Notes to Financial Statements

December 31, 2009 and 2008

k. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

l. Tax Status

The Foundation has been granted exemption by the Internal Revenue Service (IRS) from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the IRS has determined that the Foundation is not a private foundation.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through February 18, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 2- Contributions Receivable

Contributions receivable consist of the following unconditional promises to give as of:

	<u>12/31/09</u>	<u>12/31/08</u>
Unconditional promises to give		
before unamortized discount	\$104,233	\$379,817
Less: unamortized discount	(240)	(3,812)
Net unconditional promises to give	<u>103,993</u>	<u>376,005</u>
Less: current portion	(92,233)	(287,734)
Noncurrent portion	<u>\$11,760</u>	<u>\$88,271</u>
	<u>12/31/09</u>	<u>12/31/08</u>
Amounts due in:		
Less than one year	\$92,233	\$287,734
One to five years	12,000	92,083
Total	<u>\$104,233</u>	<u>\$379,817</u>

Note 3- Investments

Investments consist of the following at:

	<u>12/31/09</u>	<u>12/31/08</u>
Stock funds	\$2,966,025	\$2,017,770
Bond funds	1,732,847	1,122,659
Money Market	41,979	0
Total	<u>\$4,740,851</u>	<u>\$3,140,429</u>

Spencer Educational Foundation, Inc.

Notes to Financial Statements

At December 31, 2009 and 2008

Investment income consists of the following:

	<u>12/31/09</u>	<u>12/31/08</u>
Dividend and interest income	\$109,223	\$208,454
Net realized and unrealized gains/(losses) on investments	749,709	(1,525,304)
Less: investment advisory fees	<u>(8,077)</u>	<u>(10,606)</u>
Total	<u>\$850,855</u>	<u>(\$1,327,456)</u>

Note 4— Property and Equipment

Property and equipment consists of the following at:

	<u>12/31/09</u>	<u>12/31/08</u>
Computer software	\$24,815	\$16,015
Less: accumulated depreciation	<u>(9,071)</u>	<u>(5,015)</u>
Net	<u>\$15,744</u>	<u>\$11,000</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$4,056 and \$0, respectively.

Note 5— Temporarily Restricted Net Assets

As mentioned in Note 1c, donor restricted contributions whose use is restricted by the donor are recorded in a separate class of net assets. The following schedule summarizes those restrictions:

	<u>12/31/08</u>	<u>Contribution</u>	<u>Released from Restriction</u>	<u>12/31/09</u>
FM Global Fund	\$502,500	\$0	\$110,000	\$392,500
John T. Lockton Memorial Scholarship Fund	374,650	0	47,500	327,150
RIMS Fund	263,000	0	94,900	168,100
Zurich Financial Services Scholarship Fund	100,000	0	5,000	95,000
Dr. E.J. Leverett Memorial Scholarship Fund-RIMS Atlanta Chapter	100,000	0	5,000	95,000
RIMS Chicago Chapter Scholarship Fund	100,000	0	5,000	95,000
RIMS Dallas-Ft. Worth Chapter Fund	95,000	0	0	95,000
XL Ian Heap Memorial Scholarship Fund	95,000	0	2,500	92,500
Ellen Thrower Scholarship Fund	94,840	0	5,000	89,840
Thomas M. Regan Memorial Scholarship Fund	85,000	0	2,500	82,500
September 11th Memorial Scholarship Fund	83,180	0	5,000	78,180
RSA Douglas Barlow Scholarship Fund	55,000	0	7,500	47,500
Unamortized discount on multi-year contributions receivable	(3,812)	3,572	0	(240)
Robert E. & John P. Gallagher Scholarship Fund	0	100,000	0	100,000
	<u>\$1,944,358</u>	<u>\$103,572</u>	<u>\$289,900</u>	<u>\$1,758,030</u>

Notes to Financial Statements

December 31, 2009 and 2008

Note 6— Permanently Restricted Net Assets

In accordance with Financial Accounting Standards Board (FASB) Staff Position (FSP) 117-1, Endowments of Not-for-Profit Organization: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds, the Foundation treats all donor restricted endowment funds as permanently restricted net assets. These endowment funds are invested in a pool with all other investments of the Foundation. The returns on the invested endowment funds have been included in the investment income on the statement of revenues, expenses and change in net assets.

The Foundation awards scholarships from the investment income generated by the endowment funds each year to promising students in the risk management discipline. The awards are decided by the Foundation's board of directors, and appropriated, irrespective of the returns earned on the invested funds. Scholarships awarded are funded with unrestricted resources in the absence of sufficient earnings on the endowment funds. The funds are invested in accordance with the investment policies of the Foundation. The balance of endowment funds was \$252,500 as of both December 31, 2009 and 2008, all of which are included as permanently restricted net assets on the balance sheet.

In 1991, the Foundation received \$52,500 from several contributors in memory of Joseph G. Holwerda. These contributions are subject to restrictions which require that the principal be invested and maintained in perpetuity and the income earned on such investments be used for the sole purpose of awarding scholarships in memory of Joseph G. Holwerda. The Foundation awarded scholarships in the amount of \$5,000 each for the years ended December 31, 2009 and 2008.

In 2006, RIMS Atlanta Chapter pledged \$100,000 to the Foundation over a three-year period ending no later than December 31, 2009. Scholarships will be awarded to Georgia residents pursuing an undergraduate degree in risk management or insurance. The Foundation awarded scholarships in the amount of \$5,000 each for the years ended December 31, 2009 and 2008.

The ACE INA Foundation pledged \$25,000 annually over a four-year period beginning in 2006 and ending in 2009. The \$100,000 will be applied towards the creation of the William J. Clagnaz ACE USA Memorial Scholarship. Scholarships will be awarded to risk management students who are from one of the five boroughs of New York and are a permanent resident of New York. The Foundation awarded scholarships in the amount of \$5,000 each for the years ended December 31 2009 and 2008.

Changes in endowment net assets for the year ended December 31, 2009:

	Unrestricted	Permanently Restricted	Total
Endowment assets, beginning of year	\$3,022,564	\$117,865	\$3,140,429
New contributions	0	25,000	25,000
Investment income	832,476	18,379	850,855
Scholarship payments	0	(15,000)	(15,000)
Net transfers to fund	739,567	0	739,567
Endowment net assets, end of year	<u>\$4,594,607</u>	<u>\$146,244</u>	<u>\$4,740,851</u>

Endowment net asset composition by type of fund as of December 31, 2009:

	Unrestricted	Permanently Restricted	Total
Donor restricted	(\$106,256)	\$252,500	\$146,244
Unrestricted	4,594,607	0	4,594,607
	<u>\$4,488,351</u>	<u>\$252,500</u>	<u>\$4,740,851</u>

Notes to Financial Statements

At December 31, 2009 and 2008

Note 7– Programs and Supporting Service Description

The following programs and supporting services are included in the accompanying financial statements:

Scholarship and Other Programs

Scholarship programs include general fund scholarships in undergraduate, graduate, and pre-dissertation doctorate categories. There are also various named scholarship programs that are described in Notes 5 and 6. The Risk Manager in Residence is awarded to working risk managers so they can lecture for two days on college and university campuses in the United States and Canada.

Student Internship Program

The Student Internship Program matches students with risk management companies for a meaningful internship experience that provides students with maximum exposure to risk management issues. RIMS Anita Benedetti Student Involvement Program awards a grant that enables selected risk management students to attend RIMS Annual Conference & Exhibition. The Indiana State Grant funds a risk management workshop for local high school teachers, and the Katie School Grant was awarded to Illinois University to enable high school students to attend summer workshops educating them about career opportunities in risk management and insurance.

Management and General

This includes professional fees, Board of Directors functions, and support costs necessary to manage the financial responsibilities of the Foundation.

Fundraising

Included are professional fees, printing and mailing, and marketing costs associated with the fundraising activities of the Foundation.

Note 8– Related Party Transactions

The Foundation is affiliated with the Risk and Insurance Management Society, Inc. (“RIMS”). RIMS does not exert control over the operations of the Foundation; however, significant funds are raised through the membership of RIMS. The Foundation received contributions of \$269,755 and \$273,750, respectively, for the years ended December 31, 2009 and 2008, from several RIMS chapters. Included in contributions receivable at December 31, 2009 and 2008, are \$34,000 and \$156,000, respectively, due from several RIMS chapters.

During 2007, the Foundation received a \$300,000 pledge from RIMS. Included in contributions receivable at December 31, 2009 and 2008, are \$0 and \$100,000, respectively, related to this pledge.

The Foundation also received in-kind contributions of \$35,600 and \$15,800, respectively, for the years ended December 31, 2009 and 2008, from RIMS to cover the use of headquarters facilities.

The Foundation paid RIMS a fee of \$133,290 and \$126,790 for the years ended December 31, 2009 and 2008, respectively for program assistance, fundraising, and administrative services provided. There were immaterial balances due to RIMS at December 31, 2009 and 2008.

Spencer Educational Foundation, Inc.

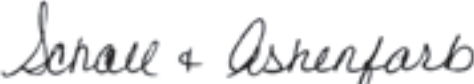
Independent Auditors' Report on Supplemental Information



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

To the Board of Directors of Spencer Educational Foundation, Inc.

Our audit of the basic financial statements included in the preceding section of this report was performed for the purpose of forming an opinion on those statements taken as a whole. The financial statements of the prior-year were performed by other auditors, whose purpose was also to form an opinion on those statements taken as a whole. The supplemental information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information for 2009 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information for 2008 has been subjected to the auditing procedures of the other auditors, whose report dated February 9, 2009, expressed an unqualified opinion on the statements and for which, in their opinion, was fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Schall & Ashenfarb
Certified Public Accountants, LLC

February 18, 2010

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Spencer Educational Foundation, Inc.

Statement of Functional Expenses

For the Years Ended December 31, 2009 and 2008

	December 31, 2009				December 31, 2008			
	Program Services	General and Administration	Supporting Services		Program Services	Management and General	Supporting Services	
			Fundraising	Total Supporting Services			Fundraising	Total Supporting Services
				Total Expenses				Total Expenses
Scholarships/grants	\$439,955		\$0	\$439,955	\$504,850		\$0	\$504,850
Administrative RIMS fees	126,667	\$25,334	42,223	168,890	71,295	\$49,907	21,388	142,590
Professional fundraising		65,905	65,905	65,905			45,639	45,639
Marketing		1,150	1,150	1,150			29,342	29,342
Accounting		15,577	15,577	15,577		26,094		26,094
Postage and shipping			11,908	11,908		635	20,481	21,116
Conferences and meetings		14,830	14,830	14,830		20,324		20,324
Bad debts expense			0	0		8,000		8,000
Equipment rental		7,085	7,085	7,085		2,342		2,342
Miscellaneous		835	835	835		1,388		1,388
Printing		1,499	1,499	1,499		946		946
Supplies		251	251	251		537		537
Staff training			0	0		95		95
Bank fees		216	216	216		26		26
Depreciation		4,056	4,056	4,056				
Indirect gala expenses			100,416	100,416				
Total expenses	\$566,622	\$69,683	\$265,951	\$832,573	\$576,145	\$110,294	\$116,850	\$803,289

The attached notes and auditors' report are an integral part of these financial statements.



30
YEARS

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