



Tracy Family Foundation Board Meeting Minutes

DATE:	December 19, 2023
TIME:	11:30 a.m. – 1:00 p.m.
LOCATION:	Zoom
TRUSTEE ATTENDEES:	Jean Buckley, Susie Stamerjohn, Eric Terwelp, Jim Tracy, Ben Tracy, Kristin Tracy, Mark Yingling, Tim Curtin, Linda Tracy, Kelsey B. Tracy
TFF STAFF ATTENDEES:	Dan Teefey, Kim Bielik

WELCOME & OPENING PRAYER

DISCUSSION	Jean welcomed everyone to the meeting. She opened the call with a prayer. Thank you, Jean!		
CONCLUSIONS			
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	
Assign someone to lead with prayer at January 23 rd meeting.	Susie	01/15/2024	

ABOUT ROBERT & DOROTHY TRACY

DISCUSSION	Susie shared a memory of the Tracy family going caroling on Christmas Eve. Nobody was a great singer, but they had so much fun anyway! It always seemed to brighten peoples' days, and was a wonderful memory!		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	
Assign someone to share a memory at January 23 rd meeting.	Susie	01/15/2024	

YEAR-TO-DATE FINANCIAL UPDATE

DISCUSSION	<p>Robyn provided a financial report through December 15, 2023.</p> <p><u>Statement of Financial Activities</u></p> <p>Assets:</p> <ul style="list-style-type: none"> • Cash – Operating Account: \$276,805 • Cash – Money Market & JPM Accounts: \$1,908,095 • Pledges Receivable: \$0 • Investments: \$10,279,213
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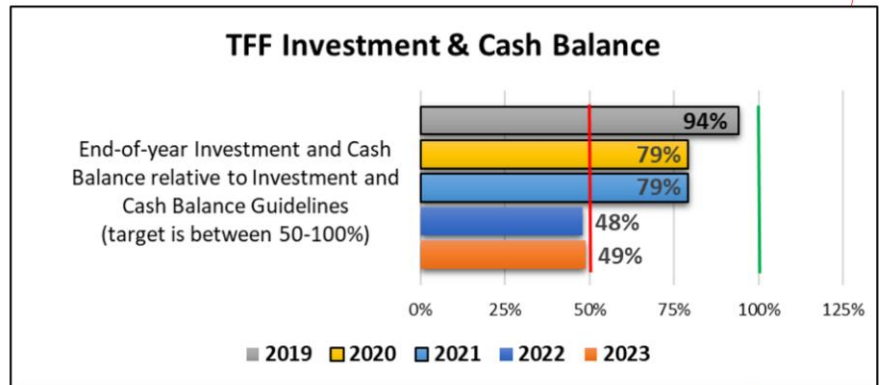
	<ul style="list-style-type: none"> • Prepaid Expenses: \$27,293 • Total Assets: \$12,491,406 <p>Liabilities and Net Assets:</p> <ul style="list-style-type: none"> • Accounts Payable: \$0 • Contributions Payable: \$228,007 • <i>Total Liabilities: \$228,007</i> • Net Assets – Without Donor Restrictions: \$12,253,399 • Net Assets – With Donor Restrictions: \$10,000 • Total Liabilities and Net Assets: \$12,491,406 <p><u>Statement of Financial Activities</u></p> <ul style="list-style-type: none"> • Revenue: \$1,338,069¹ • Less: Grant Expenses: \$7,992,090 • Less: Direct Charitable Expenses: \$595 • Less: Operating Expenses: \$1,055,642 • Deficit: (\$7,720,358) <p>¹ <i>Dot contribution to be paid in March. Total budgeted amount is \$9.2M, but the expected 2023 contribution is \$12M. Revenue thus far includes in-kind, dividends, and unrealized gains. It has been offset by some realized losses.</i></p> <p>Robyn shared that as of 12/15/23, grant expenses are 95% of budget and operating expenses are 81% of budget with Dot’s Period 12 and 13 TFF staff compensation still to be accounted for. It is anticipated that total grants will be over \$8M by year end. The total 2023 budget is \$\$9,683,273.</p> <p>Questions/Discussion:</p> <ul style="list-style-type: none"> • Why are grant expenses for Brown County only at 71%? <i>Dan – Two reasons: 1) The county applied for an ITEP grant for the BC Trails project. This grant required match dollars. TFF had budgeted \$300K for the match requirement. The county was unsuccessful in getting approved for this grant. 2) TFF also paid less in subsidies for the BCEL C than budgeted because BCEL C received some state grants.</i> • Explain how the Dot contribution works: <i>Dan -TFF won’t receive Dot’s 2023 contribution until March 2024. It is recorded as a 2023 pledge receivable in TFF’s 2023 financials. We book it in 2023, but we don’t receive the cash until 2024.</i> • Which Focus Area do most Invitation Grants go to? <i>Dan - In 2023, Families was our biggest bucket for Invitation Grants, followed by Education, then Youth, then Mental Health.</i> 		
CONCLUSIONS			
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	

REVIEW OF CASH RESERVE GUIDELINES

DISCUSSION	Dan shared the TFF Cash Reserve Guidelines which are as follows:
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The Foundation should seek to finish the year with a minimum investment and cash balance that exceeds the greater of the following amounts: 1) Average of the prior 2 years total expenditures or 2) Incoming year’s budgeted expenditures. The Foundation should seek to finish the year with an investment and cash balance that does not exceed twice the minimum balance. If the investment and cash balance are beyond twice the minimum balance, the TFF board should consider a special gift or project with the Tracy family.

Dan shared the graph below. The red line (50% marker) represents one year of expenses in reserve. The green line (100% marker) represents 2 years of expenses in reserve. At the end of 2023, Dan estimates we’ll be right around the 50% marker, meaning 1 year of expenses in reserves.



2023 Year - end balance estimate = \$11,887,197

2024 Budgeted expenses = \$12,061,129

50% represents the minimum balance and 100% represents the maximum balance (twice the minimum)

Questions/Comments:

- Looks like there will be a good surplus at the end of '24. Any worries about that? *Dan - I anticipate the '25 budget will be significantly higher than '24, and I think we'll find our cash reserves will climb. However, I seriously doubt we would get at the point of having 2 times the amount any time soon.*
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CONCLUSIONS		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Review Cash Reserve Guidelines at January board meeting.	Jean	01/23/2024

2024 BUDGET - DRAFT

DISCUSSION	<p>The 2024 draft budget was sent to trustees for review prior to today’s call. Today, Dan walked trustees through the process and the budget.</p> <p>Dan explained the budget process. He then reviewed 2023 actuals and presented a draft 2024 budget for approval. Dan will present the final 2024 TFF budget for board approval at the January 23, 2024 board meeting.</p>
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2024 BUDGET SUMMARY:

- Projected Income: \$14,626,247¹
- Projected Expenses (Grants, Direct Charitable, Operating): \$12,061,129
- Projected Surplus: \$2,565,118

¹ *The income will increase in the final budget as Dot's projected contribution has changed from \$14M to \$14.7M.*

Income Details:

- Dot Foods contribution: \$14,000,000¹
- Dividends: \$15,000
- Interest: \$242,099
- Trustee Fee Donation: \$6,000
- Refund of Grants: \$0
- Realized Gain (Loss): \$0
- Unrealized Gain (Loss): \$363,148
- Other Income: \$0

¹ *This amount is expected to be \$14,700,000 in the final budget that will be presented to the board for approval in January 2024.*

Dividends, Interest, and Realized/Unrealized Gain (Loss) are projections with the Realized/Unrealized Gain (Loss) being most speculative since no one can predict market conditions with certainty.

Expense Details:

Program & Grant Expenses

- Total Education: \$2,485,000¹
- Total Brown County: \$2,007,000²
- Total Youth: \$513,000³
- Total Families: \$701,000⁴
- Total Mental Health: \$615,000⁵
- Total Capacity Building: \$958,000⁶
- Total Invitation Grants: \$825,000
- Total Matching Grants: \$2,165,000
- Total VIP Grants: \$15,000⁷
- Total Next Gen Grants: \$170,000⁸
- Total Direct Charitable Expenses: \$595⁹

Dan provided the following commentary on the 2024 budgeted operational expenses:

¹ *Education increase is a result of: Angie building relationships with the schools, a library specialist, Ron Clark Academy projects, Donors Choose, Catholic School Scholarship Support, etc.*

² *Brown County \$350k subsidy for BCELC will be decreased in the final budget since we expect to receive additional state grants to offset our costs. \$335k is budgeted for the BC Promise Program. There is also an increase in dollars for the BC Public Schools fund.*

³ *Youth increase is primarily the result of: Increased mission trip dollars, increased responsive funding, start of CEO Program in Cass County.*

- ⁴ Families Focus Area was significantly underbudgeted for responsive funding in 2023. We increased the budget due to that and also for the marriage enrichment work.
- ⁵ Mental Health Focus Area is now led by Terry. Since TFF will have a dedicated staff person and new TFF efforts in this Focus Area, the budget was significantly increased.
- ⁶ Capacity Building has seen an increase in responsive funding. We also have new programs for Capacity Building for 2024.
- ⁷ VIP Grant participation is up, so we increased this budget by 200%.
- ⁸ Next Gen Program budget decreased because of less qualifying 3Gs and less budgeted for 3G Opportunity Fund.
- ⁹ Direct Charitable Expense of \$595 is an expense to pay for the National Student Clearinghouse data we get through BCHS.

Operating Expenses

Title	2024 Budget	2023 Budget	↑↓ %
EXPENSES			
Operating	Total	Total	
Accounting/Audit Fees	\$12,500	\$15,250	↓ -18%
Admin Expense	\$0	\$6,000	↓ -100%
Advertising/Marketing	\$10,000	\$20,000	↓ -50%
Bank Charge	\$200	\$200	→ 0%
Board and Family Retreat	\$10,000	\$0	↑ 1000%
Contractual Agents	\$8,000	\$24,000	↓ -67%
Grants Management Software (Cybergrants)	\$37,954	\$30,000	↑ 27%
Director Fees	\$63,400	\$69,400	↓ -9%
Insurance	\$3,750	\$3,500	↑ 7%
Education & Conferences (Professional Development)	\$44,975	\$36,725	↑ 22%
Meeting Expense	\$36,450	\$14,850	↑ 145%

Title	2024 Budget	2023 Budget	↑↓ %
Membership Dues	\$4,920	\$4,920	→ 0%
Misc	\$12,000	\$3,000	↑ 300%
Office	\$300	\$50,300	↓ -99%
Office Supplies	\$3,500	\$3,250	↑ 8%
Payroll Taxes	\$69,550	\$54,320	↑ 28%
P.O. Box Rent	\$85	\$65	↑ 31%
Professional Fee	\$151,000	\$66,000	↑ 129%
Publications	\$15,000	\$15,000	→ 0%
Staff Comp & Benefits	\$1,070,000	\$835,694	↑ 28%
Tax & Filing Fee	\$6,000	\$6,000	→ 0%
Tax Expense -Foreign	\$0	\$0	→ 0%
Technology Expense	\$26,200	\$24,200	↑ 8%
Travel Expense	\$20,750	\$19,750	↑ 5%
TOTAL OPERATING AND DIRECT CHARITABLE EXPENSE	\$1,607,129	\$1,303,019	↑ 23%

Dan provided the following commentary on the 2024 budgeted operational expenses:

	<p>¹ No office rental expense.</p> <p>² Advertising/Marketing down \$10k because last year we included TFF Children’s Book. This will be paid for by Family Council, not TFF.</p> <p>³ Contractual agents down 67% because in ‘23 we had NAMI director included. In ‘24, this expense will be treated as a grant to NAMI IL.</p> <p>⁴ Education and Conferences up due to adding additional TFF Staff.</p> <p>⁵ Meeting expenses up significantly due to: Added board dinners, BC Public Community meetings, focus area gatherings, and Ron Clark Academy gathering in IL.</p> <p>⁶ Misc. up 300% due to TFF Christmas Party expense increase as well as hiring expenses.</p> <p>⁷ Office down 99%. Previous budget we budgeted for engineering work for new TFF office. TFF staff should be able to continue using the Dot Market office for next couple of years.</p> <p>⁸ Professional Fee increase is driven by TFF Strategic Plan.</p> <p>⁹ Staff Comp and Benefits will be finalized at January TFF board meeting. Includes addition of two full-time staff and part-time office clerk position. Will likely hire a part-time education person as well.</p> <p>Jean asked for a motion to approve the 2024 draft budget, with the understanding that a final 2024 budget will be presented for approval at the January 23, 2024 board meeting.</p>	
<p>CONCLUSIONS</p>	<p>Everyone liked the high-level budget review instead of doing line by line. Everyone agreed this is enough detail, especially with sending the detailed budget to the board ahead of time.</p> <p>Tim made a motion to approve the 2024 draft budget as Dan has presented it today. Linda seconded the motion. All voted in favor.</p>	
<p>ACTION ITEMS</p>	<p>PERSON RESPONSIBLE</p>	<p>DEADLINE</p>
<p>Present a final 2024 budget to the board for approval.</p>	<p>Dan</p>	<p>01/23/2024</p>

MT. STERLING PARK DISTRICT GRANT APPLICATION

<p>DISCUSSION</p>	<p>The first trail of the BC Master Trail Plan - Clark Park Trail - has been completed with the exception of paving the trail which will happen in spring 2024. As part of BC Master Trail Plan, the hope is to connect Clark Park Trail to the Mt. Sterling Lake.</p> <p>There is somewhat of a sense of urgency to get this trail developed for a couple of reasons.</p> <ol style="list-style-type: none"> 1. Having the engineering completed that is required for the trail to be developed would put the Park District or County in a better position to obtain state or federal grant funding. Absent the completion of the engineering work, there is less of a chance of garnering state or federal dollars. 2. The second issue is easements. A portion of the Lake Trail would likely be on the property of two private land owners. Dan has spoken to both landowners and they are both amendable to allowing the easements. However, at this point, their verbal agreement is simply that and not legally binding. One of the landowners said he is willing to donate the land. However, this land owner is advanced in age, and his heirs will likely not be willing to do the same. If this easement is not obtained, finishing the lake trail will be difficult.
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The following recommendation presented by Dan was discussed:
Approve a grant of up to \$125,000 to the Mt. Sterling Park District to have Hutchinson Engineering, Inc. complete Phase 1 engineering work on the Mt. Sterling Lake Trail. This includes work to determine the right-of-way and easement needs for the trail.

The board discussed the recommendation and raised several concerns, those being:

- Liability and Safety | Who will be liable for the Trail? The trail crossing over Hwy. 99 is a potential safety concern. *Dan said the expectation is that the county will maintain the trail once complete so liability would not be on TFF, but with the public entity like the Clark Park Loop Trail. For safety at the crossing, there will be flashing lights and crossing measures in place for the cross over 99.* The crossing would have to be approved by the Illinois Department of Transportation and they are tasked with ensuring safety at the crossing.
- Easements | Is it possible to write up an agreement for the easements without doing the engineering? Or, to cut down the engineering costs by simply running the trail on Mr. Peacock’s side first?
- Scope of Project and Engineering Cost | Should a modification be made and have the trail end at the subdivision that is across from the Golf Course? The board suggested that Dan get engineering costs from Hutchinson, just for the trail to the neighborhood, with no cross over the highway.
- “Owner” of Trail | Is the county or park district willing to take on this project? It will be important to make sure the county agrees to take it over when project is done.

Susie made a motion to approve up to \$125,000, but there was no second to the motion so it was dropped.

Jean suggested tabling the conversation until January. Dan and Mark will talk to Hutchinson to discuss potential phases to the engineering work. If a decision needs to be made prior to the January board meeting, we can do an Action Without Meeting.

CONCLUSIONS

ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
Talk to Walton Family Foundation about legality/liability issues related to the trail.	Dan	01/23/2024
Talk to an attorney about liability concerns	Dan	01/23/2024
Talk with Park District and County board about ownership of the trail	Dan	01/23/2024
Have a conversation with Hutchinson to discuss the board’s concerns. Ask them to divide it up east of hwy/west of hwy.	Dan & Mark	01/23/2024

ADJOURN

DISCUSSION	Jean asked for a motion to adjourn the meeting.
CONCLUSIONS	Jim made a motion to adjourn the meeting at 1 p.m. Tim seconded the motion. All voted in favor.

ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE

SUBMITTED BY (TFF ADMIN):	Kim Bielik
APPROVED BY (TFF SECRETARY):	DocuSigned by: <i>Ben Tracy</i> E10A1B44E5112A53
APPROVED BY (TFF PRESIDENT):	DocuSigned by: <i>Jean Buckley</i> E10A1B44E5112A53