



D49B Lions Foundation  
Trustee Meeting Minutes  
August 27, 2009

A meeting of the Foundation Trustees was held on Thursday, August 27th, 2009 at the Noel Wien Public Library. Meeting began at 6:00 pm by Chairman PCC Jim Dunlap.

In attendance were Bob Larango, PDG Walter Watts, PCC Jim Dunlap, Mike Rixie, Cheryl Markwood, and PDG Hollis Hall. Not present at the meeting was Rich Jones. (Footnote: Chairman Jim has been in contact with Lions Rich and he has been excused from meeting due to illness.)

- A motion was made by Mike Rixie and 2nd by PDG Walter Watts to approve the minutes of the last meeting. Motion Passed. Bob Larango Opposed.
- A motion was made by Mike Rixie and 2nd by PDG Walter Watts to approve the audit report for the transition of the financials which was submitted by PDG Hollis Hall. Written report is attached. See Page 2 Motion Passed
- A motion was made by PDG Hollis Hall and 2nd by Mike Rixie to transfer all funds to a mutual fund with Edward Jones after September 1st with no penalties which will allow us more flexibility.  
Reasoning for this motion was that the current holdings have been in a Annuity fund which had substantial penalties tied to it. Motion Passed.

Prior to this meeting, Trustee Chairman PCC Jim Dunlap requested each trustee to read and study both the D49B Lions Foundation Constitution and By-Laws and the D49B Lions Foundation Trust Agreement so that they would be fully prepared to discuss their roles as trustees and have a good working understanding of their duties.

During the meeting a great deal of discussion was held regarding the Trust Agreement and the Foundation's Constitution & By-Laws. It was recognized by all of the trustees that the Trust is not a legal trust and was not set up as a legal trust. It was also discussed that the Trust Agreement gives broad authority to the trustees and that the Constitution & By-Laws specify that the trustees are a committee of the Foundation and that ultimate authority of the trust's assets lie with the Foundation Board not the Trustees. Because it is not a "Legal Trust" the trustees feel that they must rely on the Constitution & By-Laws and that the trust agreement is a secondary agreement and has no legal bearing on their actions.

- A motion was made by Lion Bob Larango and 2nd by PDG Hollis Hall asking the President of the Foundation to commence the procedure of establishing a formal trust. Purpose of this motion is so that the trustees have authority & protection to manage the funds conservatively. If no action is taken to legalize the Trust, then the ultimate authority and action regarding the Trust lie with the Foundation Board of Directors and the trustees remain in place only in an advisory capacity. Motion Passed Unanimously.

Further discussion was held regarding the D49B Foundations Constitution and Bylaws regarding the structure of the 7 member committee. It is affirmed by the currently appointed trustees that the foundation is not in compliance and has not met the constitutional requirements to have 4 members of the trust committee being members of the Foundation Board. There are currently only 2 members of the board on the Trust Committee. It is the recommendation of the Trust Committee that the Foundation address this issue of the Constitution and Bylaws and make changes to said document to meet this requirement.

Meeting Closed at 7:10 p.m.

Next meeting scheduled for Thursday, October 1, 2009

**LIONS DISTRICT 49 B FOUNDATION TRUST**  
**AUDIT REPORT**  
(Presented August 27, 2009)

**PROCEEDURES AND FINDINGS:**

Lions Cheryl Markwood, Allura Weimer, and Hollis Hall were appointed to the audit committee for the Foundation Trust Fund. Due to scheduling conflicts Lion Weimer was not able to participate. The limited availability of records rendered the audit difficult. However, general conclusions and recommendations were possible.

An attempt was made to track deposits to and withdrawals from the trust account. Through June 30, 2009, there have been 102 Anne Sullivan recognitions, 175 Life Memberships, 23 Silver Memberships, 3 Gold Memberships, and one Diamond Membership. In addition there has been \$68,748 of memorials deposited to the Trust. From the above data there was a potential of \$192,848. A review of the records does not reveal this amount being deposited to the Trust. There were several anomalies which may reveal the reason deposits were less than this amount. Some of the Anne Sullivan's and Life Memberships were awarded by the Foundation with no financial underwriting and hence no income. The number of such award is not discernable. Also at the direction of the Foundation Board, portions of Anne Sullivan payments were deposited directly to the Foundation general fund and not through the Trust. Reconstruction of records yielded deposits to the Trust of approximately \$136,248.

Withdrawals from the trust of \$15,003.67 were recorded from 2004 to date. Even though no back-up documents were available; from the nature of the withdrawals, there is no reason to believe that the withdrawals were not legitimate.

A review of the Trust account values from January 2005 through June 26, 2009 shows a fluctuation not unlike many personal investment accounts. The account value reached a high of \$123,425.65 on September 28, 2007. The low point in value was \$75,011.46 on January 30, 2009. Changes in value were dependent on deposits, withdrawals and fluctuations in the value of fund owned securities.

**CONCLUSIONS AND RECOMMENDATIONS:**

With the records and information provided it was difficult to conduct an audit. It is not possible to vouch for the fiscal accuracy of all financial transactions involved in the management of the Trust. Differences in expected and actual values and transaction are not to the extreme to call

into question the day to day management of the Trust assets. We do not however, find rational for the investment strategies exercised for this Trust fund.

In the future we suggest that receipts from Anne Sullivan recognitions, Life Memberships and contributions be directly deposited to the Trust through the Foundation. A separate accounting should be established for complimentary recognitions. If the Foundation determines that funds should be directed to its general fund, transfers (withdrawals) from the corpus should then be made if supported by officially recorded Board action. All withdrawals should be routed through the Foundation as should all deposits.

The trustees of the Trust should develop an investment strategy and present it to the Foundation Board for approval. The trustees should be responsible for the distribution of dividends and interest to various accounts in the Foundation. It is further recommended that any growth in the value of securities remain in the corpus of the Trust and be available for distribution only by explicit direction of the Foundation Board.

This review by the audit committee is respectfully submitted to the District 49B Foundation and its trustees on this 27<sup>th</sup> day of August, 2009.