

**SIGMA XI, THE SCIENTIFIC RESEARCH SOCIETY
REPORT OF THE COMMITTEE ON FINANCES
FOR THE YEAR ENDED JUNE 30, 2008**

The membership of the Committee on Finances for 2007-08 is:

Richard L. Meyer, Chair, Treasurer
Arthur M. Geller
Millicent Goldschmidt
William Little
Linda Meadows, Executive Director
Richard E. Miller
James W. Porter, President
Ann H. Williams, President-elect

The Committee on Finances met on February 15-16, 2008, at the Sigma Xi Center in Research Triangle Park, North Carolina, to review the status of the FY2008 budget, to review the performance of Sigma Xi's investments, and to recommended a draft budget which reflected the needs for support services, programs and activities and capital expenses for FY 2009 to the Board of the Corporation. The purpose of the Programs and Support Services Fund is to provide annual support for programs, research and Society operations. The purpose of the Building Fund is to finance the amortization of the notes on and maintenance of the Sigma Xi Center. The balance of the fund was used to pay down the note in FY2008.

As of June 30, 2008, the balances in these funds were as follows:

| Fund | Cost | Market Value |
|-----------------------------|---------------|---------------|
| Programs & Support Services | \$ 13,068,187 | \$ 12,672,599 |

Dividend/interest yields and total returns, based on cost, for these funds on June 30, 2008 were:

| Fund | Dividend and Interest Yield, Percent | Total Return Including Realized Capital Gains, Percent |
|----------------------------|--------------------------------------|--|
| Program & Support Services | 3.20% | 1.89% |

Our investment advisors, Tanglewood Asset Management Company (TAMCO), reviewed the performance financial environment for the fiscal year to date and the status of the endowments. As of December 31, 2007 the market value of Sigma Xi's endowment portfolio was \$13.5 million. For the calendar year 2007 the portfolio was up 6.6% but they anticipate a down turn during the remainder of fiscal year 2008. The advisors expressed concern for the fiscal year 2008 and 2009 budgets, and strongly advocated bold action, including a dues increase.

TAMCO will no longer be able to manage the equity investment for Sigma Xi since this segment has merged with Novant. The Committee received a presentation from The London Company to manage the equity portion of Sigma Xi's portfolio. One of the former TAMCO managers will continue to serve as our advisor at The London

Company. The contract was received by the Treasurer and distributed to the Committee on Finances for approval. The committee voted to recommend to the Board of the Corporation a new investment management agreement, to be named the "Sigma Xi Endowment Fund", with The London Company to manage of the Society's equity portfolio. TAMCO will continue to manage the fixed instrument portfolio. The two companies will continue to provide financial advice.

The Committee on Finances addressed the budget proposed by Dr. Meadows, Executive Director. After extended discussion the committee recommended several modifications. The Committee on Finances requested that a revised budget be developed and presented with an increase limited to 9% or less. A revised budget with a 9.0% increase was to be circulated for comment and vote. This revised budget was approved by the committee and forwarded to the Board for their review and action.

The committee forwarded a recommended 9-point motion concerning dues and fees to the Board for action.

The Committee on Finances requested that they receive from the Executive Director a formal written policy concerning un-cashed checks for review and recommendation.

The members expressed appreciation to Jasmine Shah, Director of Budget and Finance, for her excellent work in preparing of the numerous documents and to Margaret Drum, Executive Assistant, for taking minutes.

Richard L. Meyer
Chair