

I look forward to entering this **great industry** and not only becoming a **productive member** of it, but a **member who pays it forward, holds true** to her **values** and **gives back** to those who have **supported her**.

—**Julia Hellman**
2015 Spencer Scholar &
University of Georgia student

Changing lives

ANNUAL REPORT 2015

through education



SPENCER
EDUCATIONAL FOUNDATION



Spencer's Heritage and Mission

Robert Spencer was a visionary leader in the risk management field. For 17 years, he held numerous management positions at Fuqua Industries Inc., where he developed the organization's diverse risk management program, co-founded the Bermuda-based Fuqua Insurance Company Ltd., set standards on the dealings of captives in the domestic and international reinsurance markets, and created a workers' compensation, self-retention program adopted by 31 U.S. states. In addition, Robert was a leader in RIMS, serving as president of the Atlanta Chapter in 1973, and as vice president (1974 – 1977) and then president (1977 – 1978) of the national organization. He was also a founding member of the Canadian Institute of Chartered Accountants. In all these roles, Robert developed numerous programs – including RIMS' Anita Benedetti Student Involvement Program – so that the principles of "good" risk management could be passed on. Long after his death, in 1979, the Spencer Education Foundation is continuing Robert's legacy by providing educational opportunities for young men and women seeking to advance their education in business, insurance, actuarial sciences, and risk management.

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Changing Lives through Education

To say you have been able to change a life is remarkable. To actually be part of the process is inspirational.

As donors and board members we have had the privilege to touch lives and see and hear the impact that our Foundation has had on students, educators and industry professionals. To say that the individuals we have met in our journey of service are remarkable would be an understatement. They are among the most talented, most committed, and most enthusiastic people we have encountered in our careers, and we will be working for them in the future.

The Spencer Educational Foundation provides students and industry professionals a foundation, something they can rely on. In 2015, that foundation could have been:

- One of our 73 scholarships
- One of our 36 internship program grants
- One of our 28 risk manager in residence programs
- One of the many experiential learning opportunities we fund including the Spencer/RIMS Risk Management Challenge or the Anita Benedetti Student Involvement Program, which sends students to the RIMS conference at no cost

2015 was a record setting year, and we want to continue to set records, attract the best and brightest students into the industry and change lives through our education programs. Over the next three years, we hope to increase opportunities for students and risk management professionals in each of our programs by one-third.

The programs that the Foundation puts forth are making an impact and changing lives. As you will see in this Annual Report, our Scholars have shared that they would not be where they are if not for our scholarships. Education is a door opener and Spencer is providing a key.

As we move forward into 2016 and beyond, we would like to thank and recognize our generous donors. The Foundation is able to accomplish its mission because of you.

We would like to encourage all of you to read about our accomplishments and help change lives by investing in industry education.

Brion Callori, Chairman

Ron Davis, President



Chairman Brion Callori (left), and President Ron Davis, (right)

2015 was a record setting year, and we want to continue to set records, attract the best and brightest students into the industry and change lives through our education programs.

Changing Lives through Education

Over the last 36 years, the Foundation has awarded 831 scholarships to students at more than 100 universities. In 2015, the Foundation provided 73 scholarships totaling \$432,500. The Foundation thanks our corporate and RIMS chapter donors who donated amounts ranging from \$100,000 - \$500,000 towards the establishment of memorial or named scholarships.

Thank you to every company and individual . . . for donating selflessly to students who have the drive and ambition for better education but don't always have the means. If you ever thought your donations didn't mean anything or that they went to unmotivated students, let me ease your anxiety and speak for every recipient and say your contributions are more than appreciated – they are making a difference.

–DeAnna Young, 2015 Spencer Scholar & St. John's University student



2015 Undergraduate Full-Time Named and Memorial Scholarships Recipients

Unless noted all undergraduate scholarships are for \$5,000.

- Christopher B. Alexander**, *St. Joseph's University, Zurich*
- Colin Anderson**, *Temple University*
- Michael Beneventano**, *St. John's University, Dante Petrizzo Memorial (New York Chapter)*
- Stanislav Colpacov**, *University of Illinois at Urbana-Champaign*
- Christopher Comrie**, *Appalachian State University*
- Nathalie A. Dail**, *University of South Carolina*
- Nicholas A. DeMarco**, *Appalachian State University*
- Alex DiVerde**, *Bradley University*
- Eric Dynda**, *St. John's University, RIMS New Jersey Chapter*
- Patrick S. Emerson**, *The University of Georgia, E.J. Leverett Memorial Scholarship*
- Mitchell C. England**, *University of Mississippi, September 11th Memorial*
- Thomas Fiorillo**, *St. John's University, John T. Lockton Memorial*
- Ryan Fitzpatrick**, *Illinois State University, Liberty Mutual Group*
- Leanne Fuentes**, *St. Mary's University*
- Kassie Grooms**, *Indiana State University, John T. Lockton Memorial*
- Julia Hellman**, *The University of Georgia, RIMS Atlanta Chapter*
- Alec Immordino**, *Ball State University, Liberty Mutual Group*
- Roy Ju**, *Drake University, John T. Lockton Memorial*
- Ashley Kadamthottu**, *St. John's University*
- Larynda S. Keith**, *Indiana State University*
- Mitchell Kirchner**, *Temple University*
- Melissa Lakin**, *Butler University, FM Global*
- Patrick Landwehr**, *Indiana State University, Robert E. & John P. Gallagher Memorial*
- Nancy Le**, *Temple University, FM Global*
- Linda Liu**, *St. John's University, Ellen Thrower*
- Leah L. Lupu**, *Olivet College, Royal & Sun Alliance/Douglas Barlow Memorial***
- Brittany McClure**, *University of North Texas, Gabriel Lugo Memorial/RIMS Dallas/Ft. Worth Chapter*
- Zach W. McCoy**, *Indiana State University*
- Philip McMahon**, *University of Louisiana at Lafayette*
- Andrew Merfeld**, *Olivet College*

Kate Michel, Temple University

Jacob E. Morris, Illinois State University, RIMS Chicago Chapter

Michelle Muzulu, Drake University, Risk & Insurance Management Society

Brandon J. Nettrouer, Indiana State University, Allied World

Matthew T. Pauszek, Butler University

Sean Preis, Temple University

Joseph G. Quarticio, Saint Joseph's University, XL/Ian Heap Memorial

Rachel Roberts, Indiana State University, Liberty Mutual Group

Richard Rosenbaum, Temple University

Sarah J. Rumon, University of St. Thomas

Boris Salvador Maldonado, Appalachian State University, John T. Lockton Memorial

Tanner N. Schultz, Illinois State University

Mary Grace Sear, Temple University, John T. Lockton

Farid Shatara, Indiana State University

Peter Shen, Temple University, Liberty Mutual Group

Rachel L. Shriver, Baylor University

Stephen Simmons, Temple University, John T. Lockton Memorial

Allison Slater, Illinois State University

Daniel Smith, The University of Alabama

Meagan B. Stenger, Indiana State University, John T. Lockton Memorial

Margaret Sutton, University of Wisconsin–Madison

Victor C. Tang, Florida State University

Swarnima Taparia, St. John's University, John T. Lockton Memorial

Alison Tarrant, Butler University, John T. Lockton Memorial

Kathleen Troy, Saint Joseph's University, John T. Lockton Memorial

Hailey R. Willett, Olivet College, John T. Lockton Memorial

Brandon Williams, University of Hartford, Thomas Regan Memorial/RIMS New York Chapter

DeAnna Young, St. John's University, William J. Clagnaz/ACE USA Memorial

*** This is a \$7,500 scholarship given to the undergraduate student with the highest grade point average.*

2015 Full-Time Master/Graduate Scholarship Recipients

All scholarships are for \$10,000.

Angela Addo**, Niagara University

Joshua Berman, University of Wisconsin-Madison

Leifei Sun, University of Wisconsin-Madison

Isiah Woods, DePaul University

Junhao Liu, (Pre-Dissertation Ph.D.), University of Wisconsin-Madison

*** Indicates Anita Benedetti Memorial Scholarship Recipient — awarded to the female graduate student with the highest grade point average.*

2015 Part-Time Master's Scholarship Recipients

These scholarships are awards of up to \$10,000.

Laura Beattie, University of Georgia, Zurich

Patrick Byrnes, New York University, The Travelers

Susan Crowe, Olivet College, The Institutes

Robin Joines, Florida State University, Sedgwick Claims Management Services, Inc.

Robert Mitchell, III, Florida State University, Mitchell Insurance

Kathy Mollett, Florida State University, Sun Edison, Inc.

Stacey Nielsen, Florida Atlantic University, JM Family Enterprises, Inc.

Benjamin Patterson, University of Hartford, Chubb

Jeremiah Sevrey, Olivet College, Hanover Insurance Group

David Shluger, New York University, Zurich

Amy Templeton, Lake Forest Graduate School of Management Hospira, Inc.



I really can't put to words the tremendous impact Spencer has made on my education and career. Being awarded the scholarship has been a big relief for me and my dad, who is retired and has funded my education. Financing the first year of my MBA education was not easy. Now, we can both now breathe a sigh of relief knowing that Spencer has got it covered.

—Angela Addo, 2015 Spencer Scholar & Niagara University student

Internship Grants

The Foundation offers grants to risk managers, which enable them to provide experience to students by offering summer internships. Over time, the Foundation has awarded 285 internship grants totaling \$970,000. In 2015, 36 RIMS Professional Member companies received internship grants totaling \$144,000.

Aetna
AlSCO Inc.
Aramark
A. Shulman, Inc.
AT&T
Big 5 Sporting Goods
Birla Carbon/Columbian Chemical Co.
Blue Cross/Blue Shield
Colorado State University (RM Dept.)
Crossmark
Dean Foods
Doosan Infracore Construction Equipment
Energy Future Holdings
Ensign-Bickford
Goldman Sachs (RM Dept.)
Growmark
Holly Frontier Companies
Holman Automotive Group
LEGO System
Lennox International
Leviton
MBM Corporation
Mister Car Wash
Oregon State University (RM Dept.)
Parsons
Pitney Bowes
Portland General Electric
Quintiles
R&B Realty Group
SAS Institute, Inc.
Sedgwick Claims Management Services
Taylor Morrison
Tiffany & Co.
Toll Brothers
Veritiv Corporation
Waterton Associates, LLC



2015 Internship Program participant Kimberly Perry, a 2016 graduate of East Carolina University, completed an internship in SAS's Risk Management Department that was funded in part by a grant from Spencer Educational Foundation.

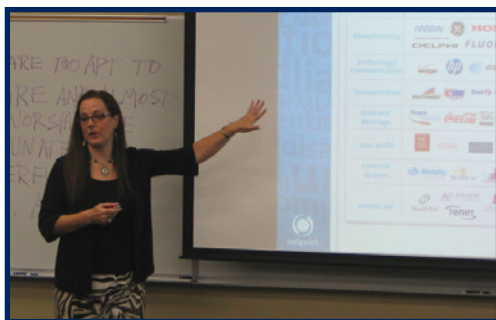
"My personal goals for this internship were to learn as much as possible, grow as an individual, and take away principles that I can apply to my future career. I feel that I have met my goals and am pleased with my experience. I am in disbelief that it has already come to an end."

Risk Manager in Residence



"It's been such a good experience for me individually. It's added so much to my career. It's given me so many opportunities. And to see the youth coming on and know that I'm transitioning out of this industry in the near future. I want to give back while I still can."

—Gordon Adams, 2015 Risk Manager in Residence



Since 1997, our 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 of up to \$4,000 to college and universities to cover transportation, housing, and incidental costs for a lecturing risk manager. Since the program began, more than 230 Risk Manager in Residence programs have informed thousands of students about the opportunities that risk management careers hold for them.

Appalachian State University

Faith Cring – Growmark, Inc.

BCIT (Canada)

Mark Robertson – Nexen, Inc. (Canada)

Ball State University

Jeffrey Dato – Intercontinental Hotels

California State University Fullerton

Randy Jouben – Five Guys Ent. (Spring 2016)

Eastern Kentucky University

James Hughes – Conoco Phillips

Florida State University

Pamela Rogers – formerly with WeightWatchers

Illinois State University

Debbie Rodgers – Aramark

Indiana State University

Carolyn Snow – Humana, Inc.

La Salle University

Kristy George – Turner Broadcasting Co.

Minnesota State University

Steve Stich – Oshkosh Corp.

Missouri State University

Tracy Hwang – Ebay

New Mexico State University

Chris Mandel – Sedgwick/ERM

St. John's University

Cynthia Garcia – Morley Builders

Temple University

Jennifer Santiago – Novartis

Troy University

Shari Natovitz – Silverstein Properties

University of Akron

David Williams – California Pizza Kitchen

University of Hartford

Mark Baker – Hyatt Hotels

University of Louisiana Lafayette

Robin Joines – Sedgwick Risk Mgmt. Dept.

University of Rhode Island

John Bell – Union Bank of California

University of Wisconsin Oshkosh

Rick Roberts – Ensign-Bickford Industries

Virginia Commonwealth University

Fred Savage – Chevron Corp

Mississippi State University

Ira Cohen – TIAA-CREF

St. Joseph's University

Stephanie Hyde – Morgan Stanley

University of Central Arkansas

Mari-Jo Hill – SAS Institute, Inc.

University of Iowa

Gordon Adams – Tri-Marine Int'l

University of Minnesota

Chris Mandel – Sedgwick ERM (Spring 2016)

University of Oregon

Jeffrey Vernor – TPG Global LLC

York University (Canada)

Susan Meltzer – Aviva Canada

Grants

Spencer/RIMS Risk Management Challenge | \$35,000

Student teams from 18 schools put their knowledge to the test on a complex risk management problem in the second annual Spencer/ RIMS Risk Management challenge. The event, held at the RIMS conference, helps to elevate the visibility of the study of risk management and insurance.

Gamma IOTA Sigma Conference | \$10,000

This student organization promotes, encourages, and sustains student interest in insurance, risk management, and actuarial science as professions. Spencer supported its 44th Annual International Conference in October, 2015.

Anita Benedetti Student Involvement Program | \$40,000

The Foundation awarded a \$40,000 grant to RIMS in support of this program, which has been in existence since 1978. Spencer's grant allowed 30 students to attend the 2015 RIMS Annual Conference & Exhibition in Denver.

ERM Conference Grant | \$15,500

Through a grant to RIMS for the Enterprise Risk Management Conference, 15 students attended the 2015 Conference in Chicago. The individuals enjoyed the conference and agreed that it added to their experience, network and knowledge.

RIMS Risk Management Course Development Grant

This is an ongoing grant of up to \$50,000 given to universities who currently do not offer risk management courses at their university. To date, \$80,000 was awarded to two universities, St. Francis College and the University of Missouri, to create course/module content. While outreach on the Foundation's part is ongoing, if you know of a university that may wish to take advantage of this education opportunity, please contact the Foundation.



Spencer/RIMS Risk Management Challenge Winners



Anita Benedetti Student Involvement Program Students



ERM Conference Grant Students

Gala Dinner & Events



Our 7th annual Gala Dinner in September, which honored Dean Klisura (Marsh) and Christopher Maleno (ACE Group), surpassed \$1.1 million. In addition to the Gala Dinner, the annual Spencer/Gallagher Golf Tournament at the RIMS Conference raised \$40,000 and a new event, the Spencer 5K Run presented by Sedgwick raised \$11,000.



RIMS Chapters

In addition to the corporate and individual support, 34 RIMS Chapters contributed in excess of \$130,000 to support industry education. We would like to recognize the following RIMS Chapters for their consistent and ongoing support – contributing each year for the last 16 years: Atlanta, San Diego and St. Louis. We also would like to thank those chapters who have invested in education through our named scholarship program: Atlanta, Chicago, Dallas/Ft. Worth, New Jersey & New York.

Fundraising and Donor Support

2015 was not only a record programming year, but also a record year for fundraising. Overall, we raised more than \$1.2 million to help the Foundation change lives through education. We are grateful to all of our donors.

The generosity of our donors allows us to reach higher and fund more scholarships and programs. We appreciate the continued support of the industry, chapters and individuals and thank those who gave in 2015.

* = denotes multi-year donations. ♦ = Denotes 2014 Gala Dinner Supporter.

Italics indicates donors who have funded scholarships

Chairman's Circle

(\$500,000 – \$999,999)

Liberty Mutual*♦

Trustee's Roundtable

(\$100,000 – \$499,999)

RIMS, *the risk management society**♦

RIMS New Jersey Chapter*

RIMS New York Chapter*

Educator's Circle

(\$25,000 - \$99,999)

ACE Group of Companies ♦

AIG ♦

Allied World ♦

Ahmuty, Demers & McManus ♦

Aon Risk Solutions ♦

Business Insurance ♦

The Chubb Corporation ♦

CRC Insurance Services ♦

FM Global ♦

JLT RE ♦

Lockton Companies ♦

Ryan Specialty Group ♦

Spencer/Gallagher Golf Tournament

Starr Foundation ♦

The Cozen O'Connor Foundation ♦

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Zurich North America ♦

Dean's Fellow

(\$15,000 - \$24,999)

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Crawford & Company ♦

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GNV Insurance Companies ♦

Marsh, Inc. ♦

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Novae Group ♦

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RIMS Atlanta Chapter

RIMS Carolinas Chapter

RIMS Delaware Valley Chapter

Sedgwick, Inc. ♦

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

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Beazley ♦

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Brown Sims, PC ♦

CNA ♦

Conner Strong & Buckelew ♦

Deloitte ♦

Endurance Insurance ♦

EverestRe Group Ltd. ♦

Frenkel & Company ♦

General Reinsurance Corporation ♦

Hamilton Insurance Group ♦

The Hartford ♦

Hinshaw & Culbertson ♦

Hub International Northeast ♦

Ironshore Holdings (US), Inc. ♦

JLT Specialty USA ♦

Lewis Brisbois Bisgaard & Smith LLP ♦

Lloyd's ♦

Markel Corporation ♦

Marks, O'Neill, O'Brien, Doher ♦

Munich Reinsurance America Inc. ♦

Nationwide Mutual Insurance Company ♦

Partner Specialty Group ♦

QBE ♦

RIMS Greater Kansas City Chapter

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Travelers ♦

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LLP ♦

XL Group ♦

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

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(\$1,500 - \$4,999)

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Dan Kugler

Peter Kulbacki

Larsen & Toubro Infotech Limited ♦

Thomas Mazzei

North Family Foundation

"My most rewarding experience with the risk manager and residence program was at Troy University this past fall, not only did I get a chance to speak to the insurance and risk management classes, but I also spoke to some of the economic classes."

**– Robin Joines, SVP-Risk Management,
Sedgwick Claims Management Services, Inc.**

Partner Reinsurance Co. of US
C. Zakia Phillips
Prologis Foundation ♦
Marya Propis
Renaissance Re ♦
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RIMS Dallas/Ft. Worth Chapter
RIMS Golden Gate Chapter
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RIMS Piedmont Chapter
RIMS South Texas Chapter
RIMS Washington Chapter
Debra Rodgers
Silicon Valley Chapter of RIMS
St. John's University ♦
Transatlantic Reinsurance Holdings ♦
Carla Vel
Wortham Insurance ♦

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(\$250 - \$1,499)**

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Christopher Walby
Mark Walls
Valerie Walters
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Amy Winslett
Amanda Young
Nick Zabrecky
Daniel Zimmerman
Russell Zinn
Anne Zug



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Spencer Educational Foundation, Inc.

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Spencer Educational Foundation, Inc. (the "Foundation"), which comprise the balance sheet as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015, and the results of changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 17 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

Information for the year ended December 31, 2015 is presented for comparative purposes only and was extracted from the financial statements of Spencer Educational Foundation, Inc. for that year, on which other auditors expressed an unmodified opinion dated April 8, 2015.

BDO USA, LLP

April 8, 2016

Spencer Educational Foundation, Inc.

Statement of Financial Position

(with comparative totals for 2014)

<i>December 31,</i>	<i>2015</i>	<i>2014</i>
Assets		
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 588,127	\$511,185
Investments (Note 4)	6,560,680	6,863,734
Contributions receivable, current portion (Note 3)	99,178	216,798
Prepaid expenses	3,495	28,050
Total Current Assets	7,251,480	7,619,767
Contributions Receivable, Less Current Portion (Note 3)	233,950	243,755
Property and Equipment, Net (Note 5)	19,585	23,887
	\$7,505,015	\$7,887,409
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,686	\$10,269
Net Assets (Note 6):		
Unrestricted:		
Undesignated	5,873,473	6,054,584
Board designated – Anita Benedetti Fund	42,390	2,391
Total Unrestricted Net Assets	5,915,863	6,056,975
Temporarily restricted	1,587,466	1,820,165
Total Net Assets	7,503,329	7,877,140
	\$7,505,015	\$7,887,409

See accompanying notes to financial statements.

Spencer Educational Foundation, Inc.
Statement of Activities
 (with comparative totals for 2014)

Year ended December 31,

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
Support and Revenue:				
Contributions	\$326,356	\$ -	\$326,356	\$187,711
Fundraising events (net of direct expenses) of \$254,432 and \$233,928 for 2015 and 2014, respectively	913,068	-	913,068	901,884
Investment (loss) income, net (Note 4)	(173,142)	-	(173,142)	239,656
Miscellaneous income	6,321	-	6,321	4,454
Net assets released from restriction (Note 6)	232,699	(232,699)	-	-
Total Support and Revenue	1,305,302	(232,699)	1,072,603	1,333,705
Expenses:				
Program services:				
Scholarship and other programs	618,442	-	618,442	670,908
Student involvement	319,254	-	319,254	170,000
Total Program Services	937,696	-	937,696	840,908
Supporting services:				
Management and general	133,083	-	133,083	120,358
Fundraising	375,635	-	375,635	315,845
Total Supporting Services	508,718	-	508,718	436,203
Total Expenses	1,446,414	-	1,446,414	1,277,111
Change in Net Assets	(141,112)	(232,699)	(373,811)	56,594
Net Assets, Beginning of Year	6,056,975	1,820,165	7,877,140	7,820,546
Net Assets, End of Year	\$5,915,863	\$1,587,466	\$7,503,329	\$7,877,140

See accompanying notes to financial statements.

Spencer Educational Foundation, Inc.

Statement of Cash Flows

(with comparative totals for 2014)

<i>Year ended December 31,</i>	2015	2014
Cash Flows From Operating Activities:		
Change in net assets	\$ (373,811)	\$ 56,594
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gain on investments	(43,613)	(372,129)
Unrealized loss on investments	356,344	259,217
Depreciation expense	7,050	3,413
Decrease in assets:		
Contributions receivable	127,425	323,267
Prepaid expenses	24,555	7,025
Decrease in liabilities:		
Accounts payable and accrued expenses	(8,583)	(86,079)
Net Cash Provided By Operating Activities	89,367	191,308
Cash Flows From Investing Activities:		
Purchase of investments	(5,754,058)	(4,849,653)
Proceeds from sale of investments	5,744,381	4,800,624
Purchase of property and equipment	(2,748)	-
Net Cash Used In Investing Activities	(12,425)	(49,029)
Net Increase in Cash and Cash Equivalents	76,942	142,279
Cash and Cash Equivalents, Beginning of Year	511,185	368,906
Cash and Cash Equivalents, End of Year	\$ 588,127	\$ 511,185

See accompanying notes to financial statements.

Notes to Financial Statements

1. Description of Organization

Spencer Educational Foundation, Inc. (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 funding the education of tomorrow's risk management and insurance industry leaders.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Management of the Foundation makes estimates and judgments in preparing financial statements in accordance with such accounting principles. Those estimates and judgments affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may vary from the reported results.

(b) Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a balance sheet and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments should be reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

(i) Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

(ii) Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(iii) Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(c) Cash and Cash Equivalents

All short-term investments purchased with a maturity of three months or less from the date of purchase are considered to be cash equivalents, except money market funds held for long-term investment in the Foundation's investment portfolio.

Notes to Financial Statements

(d) Contributions Receivable and Provisions for Doubtful Accounts

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 using a risk-adjusted discount rate of return. Management considers all promises-to-give to be fully collectible; therefore, no allowance for doubtful accounts has been established.

(e) Fair Value Measurements

Accounting Standards Codification ("ASC") 820, "Fair Value Measurement", defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participant's use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. ASC 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the evaluation of the asset or liability and their placement within the fair value hierarchy. The Foundation classifies fair value balances based on the fair value hierarchy defined by ASC 820 as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

(f) Property and Equipment

Property and equipment is recorded at cost. The Foundation capitalizes all expenditures for property, equipment and computer software over \$1,000. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which is generally 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.

(g) In-Kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of services that require specialized skills and would typically need to be purchased if not provided by contributions or which create or enhance non-financial assets are reported at fair value. In 2015, there were no in-kind contributions.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Foundation. These services have not been recorded in the financial statements, because they do not meet the criteria outlined above.

Notes to Financial Statements

(h) Accounting for Uncertainty in Income Taxes

The Foundation is qualified as a charitable organization which is exempt from tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, therefore, has made no provisions for income taxes in the accompanying financial statements. The Foundation has been determined by the Internal Revenue Service (the "IRS") to not be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2015.

Under ASC 740, "Income Taxes", an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740 had no impact on the Foundation's financial statements. The Foundation does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2015, there were no interest or penalties recorded or included in the statement of activities. The Foundation is subject to routine audits by a taxing authority. As of December 31, 2015, there were no examinations being performed. Management believes it is no longer subject to income tax examination for the years prior to 2012.

(i) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(j) Credit Risk Concentration

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash and cash equivalents, contributions receivable and investments held at financial institutions that management deems to be creditworthy. The Foundation maintains its cash and investment balances in accounts which, at times, may exceed the Federal insurance limits. Investments are subject to market fluctuations and principal is not guaranteed. The Foundation has not experienced any losses in the account due to failure of any of these financial institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Credit risk with respect to the 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, 2015, the Foundation has no significant concentration of credit risk.

(k) Programs and Supporting Service Description

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

Scholarships 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 Note 6. The Foundation also awards scholarships to risk management professionals pursuing master's degrees part-time. The Risk Manager in Residence Program provides universities the opportunity to host risk managers and expose students to risk management through formal lectures and informal discussions. Risk managers can lecture for up to three days on college and university campuses in the United States and Canada.

Notes to Financial Statements

Student Involvement Programs

These programs provide opportunities outside the typical college setting. The RIMS Anita Benedetti Student Involvement Program enables selected risk management students to attend the RIMS Annual Conference and Exhibition. The Spencer/RIMS Risk Management Challenge is a competition in which student teams from different colleges submit solutions to a risk management case study. The finals are held at the RIMS Annual Conference and Exhibition. The Student Internship Program provides grants for summer internships in the risk management field. Students work with professional risk managers and receive an in-depth, firsthand learning experience.

(l) Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(m) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the balance sheet, statement of activities and statement of cash flows, the prior year amounts are presented on a combined basis rather than by affiliate. With respect to the schedule of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

(n) Recently Issued Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers", which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Foundation is currently evaluating the impact of the pending adoption of ASU 2014-09 on its financial statements.

Accounting for Leases

On February 25, 2016, the FASB issued ASU 2016-02, "Leases", which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business entities for fiscal years beginning after December 15, 2019 and the Foundation is currently evaluating the impact of the pending adoption of ASU 2016-02.

Spencer Educational Foundation, Inc.

Notes to Financial Statements

3. Contributions Receivable

Contributions receivable at December 31, 2015 are summarized below:

December 31, 2015

Unconditional promises-to-give before fair value discount	\$ 359,579
Less: Fair value discount	(26,451)
Net unconditional promises-to-give	333,128
Less: Current portion	(99,178)
	\$233,950
Amounts due in:	
Less than one year	\$ 99,178
One to five years	233,950
	\$ 333,128

4. Investments and Fair Value Measurements

Investment income as of December 31, 2015 consists of the following:

December 31, 2015

Dividend and interest income	\$ 162,208
Realized gain on investments	43,613
Unrealized loss on investments	(356,344)
Less: Investment advisory fees	(22,619)
	\$ (173,142)

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 2 for a discussion of the Foundation's policies regarding this hierarchy. A description of the valuation techniques applied to the Foundation's major categories of assets measured at fair value are as follows:

Spencer Educational Foundation, Inc.

Notes to Financial Statements

Money Market Funds

Money market funds are valued at cost, which approximates fair value due to the short-term maturity of the instruments.

Mutual Funds

The Foundation has investments in mutual funds, which are invested primarily in investment-grade bonds and equity securities. For these investments, the Foundation has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund's net asset value ("NAV") is the value of a single share which is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 1 within the fair value hierarchy.

The following table shows, by level within the fair value hierarchy, the Foundation's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2015. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. There were no transfers between levels during the year ended December 31, 2015.

December 31, 2015

Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money Market Funds	\$ 280,837	\$-	\$-	\$ 280,837
Domestic Equity Mutual Funds	3,675,954	-	-	3,675,954
International Equity Mutual Funds	1,298,890	-	-	1,298,890
Fixed Income Mutual Funds	1,304,999	-	-	1,304,999
	\$6,560,680	\$-	\$-	\$6,560,680

5. Property and Equipment, Net

Property and equipment, net, consist of the following at December 31, 2015.

December 31, 2015

Computer software	\$ 49,848
Less: Accumulated depreciation	(30,263)
	\$ 19,585

Spencer Educational Foundation, Inc.

Notes to Financial Statements

6. Temporarily Restricted Net Assets and Net Assets Released From Restriction

Temporarily restricted net assets as of December 31, 2015 are restricted for the following purpose:

December 31, 2015

FM Global Fund	\$ 132,500
John T. Lockton Memorial Scholarship Fund	102,150
Zurich Financial Services Scholarship Fund	65,000
Dr. E.J. Leverett Memorial Scholarship Fund-RIMS Atlanta Chapter	70,000
RIMS Chicago Chapter Scholarship Fund	65,000
RIMS Dallas-Ft. Worth Chapter Fund	65,000
XL Ian Heap Memorial Scholarship Fund	62,500
Ellen Thrower Scholarship Fund	60,080
Thomas M. Regan Memorial Scholarship Fund	52,500
September 11th Memorial Scholarship Fund	48,180
RSA Douglas Barlow Scholarship Fund	2,500
Robert E & John P. Gallagher Scholarship Fund	70,000
RIMS Atlanta Chapter Scholarship Fund	69,000
William J. Clagnaz ACE Memorial Scholarship	55,000
RIMS Scholarship Fund	60,000
RIMS Course Development	78,801
RIMS Risk Management in Residence	15,000
Liberty Mutual Scholarship Fund	283,755
Allied World Scholarship Fund	75,000
RIMS New York Chapter Scholarship Fund	65,000
Allied World Internship Program	7,000
RIMS Atlanta Chapter Internship Program	13,500
RIMS NJ Chapter Scholarship Fund	70,000
	<hr/>
	\$1,587,466

Spencer Educational Foundation, Inc.

Notes to Financial Statements

The amounts of temporarily restricted net assets released from restriction at December 31, 2015 are as follows:

December 31, 2015

FM Global Fund	\$ 10,000
John T. Lockton Memorial Scholarship Fund	55,000
Zurich Financial Services Scholarship Fund	5,000
Dr. E.J. Leverett Memorial Scholarship Fund-RIMS Atlanta Chapter	5,000
RIMS Chicago Chapter Scholarship Fund	5,000
RIMS Dallas-Ft. Worth Chapter Fund	5,000
XL Ian Heap Memorial Scholarship Fund	5,000
Ellen Thrower Scholarship Fund	5,000
Thomas M. Regan Memorial Scholarship Fund	5,000
September 11th Memorial Scholarship Fund	5,000
RSA Douglas Barlow Scholarship Fund	7,500
Robert E & John P. Gallagher Scholarship Fund	5,000
RIMS Atlanta Chapter Scholarship Fund	5,000
William J. Clagnaz ACE Memorial Scholarship	5,000
RIMS Scholarship Fund	5,000
RIMS Course Development	26,199
RIMS Risk Management in Residence	15,000
Liberty Mutual Scholarship Fund	20,000
Allied World Scholarship Fund	5,000
Allied World Internship Program	5,000
RIMS Internship Program	24,000
RIMS NJ Chapter Scholarship Fund	5,000
	<hr/>
	\$232,699

7. Related Party Transactions

The Foundation and RIMS have a management agreement in place. Significant funds are raised through the membership of RIMS. The Foundation received contributions of \$138,000 for the year ended December 31, 2015, from several RIMS chapters. There were no contributions receivable at December 31, 2015.

During 2013, the Foundation received a \$300,000 unconditional pledge from RIMS. The balance was due over a three-year period and at December 31, 2015 there was no receivable balance.

The Foundation paid fees to RIMS of \$388,132 for the year ended December 31, 2015 for program assistance, fundraising and administrative services provided. The Foundation had no amounts due to RIMS at the end of 2015.

8. Subsequent Events

The Foundation's management has performed subsequent events procedures through April 8, 2016, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

Spencer Educational Foundation, Inc.

Schedule of Functional Expenses

(with comparative totals for 2014)

Year ended December 31,

	Program Services			Supporting Services			Totals	
	Scholarships/ Grants	Student Involvement	Program Services	Total Management and General	Fundraising	Supporting Services	Total 2015	2014
Expenses:								
Scholarships/grants	\$474,824	\$ -	\$474,824	\$ -	\$ -	\$ -	\$ 474,824	\$ 540,843
Student involvement	-	319,254	319,254	-	-	-	319,254	170,000
RIMS fees (Note 7)	136,568	-	136,568	46,191	205,373	251,564	388,132	369,645
Marketing	-	-	-	-	72,809	72,809	72,809	22,009
Accounting	-	-	-	12,546	-	12,546	12,546	17,069
Postage and shipping	-	-	-	-	590	590	590	3,681
Conferences and meetings	-	-	-	4,813	-	4,813	4,813	16,619
Equipment rental	-	-	-	12,498	-	12,498	12,498	9,424
Miscellaneous	-	-	-	4,888	-	4,888	4,888	10,466
Supplies	-	-	-	437	-	437	437	2,012
Travel	-	-	-	44,006	-	44,006	44,006	9,003
Bank fees	-	-	-	7,704	-	7,704	7,704	8,361
Depreciation	7,050	-	7,050	-	-	-	7,050	3,413
Indirect gala expenses	-	-	-	-	96,863	96,863	96,863	94,566
Total Expenses	\$618,442	\$319,254	\$937,696	\$133,083	\$375,635	\$508,718	\$1,446,414	\$1,277,111

Board of Directors

The Foundation's Board of Directors and volunteers deserve special recognition for their time, commitment and financial support to the Foundation's mission. These individuals are committed to furthering the risk management and insurance profession and share a common passion to attract and provide more students with the opportunity to learn about risk management and insurance.

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