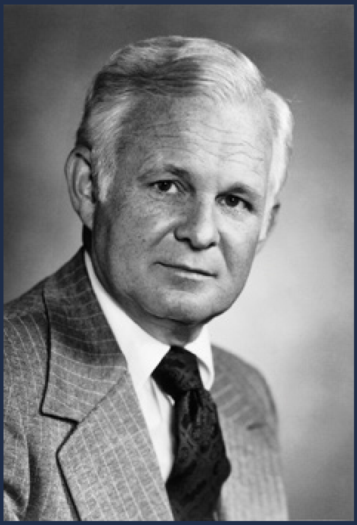
SPENCER
EDUCATIONAL FOUNDATION

BUILDING A GLOBAL TALENT PIPELINE

ANNUAL REPORT 2016

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 practices 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 the Risk and Insurance Management Society, serving as president of the Atlanta Chapter in 1973, and as vice president (1974 – 1977) and then as president (1977 – 1978) of the 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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BUILDING A GLOBAL TALENT PIPELINE

Chairman Ron Davis (left), and President Zakia Philips (right)

In looking back at our annual reports over the years, there are a few common threads:

(1) The need for talent in our industry continues to be paramount
(2) The demand for programs that support industry education continues to grow
(3) The Foundation continues to grow its programs
(4) More can and needs to be done

As noted in The Jacobson Group's "2017 Talent Trends" report, "25 percent of the current insurance workforce is expected to retire by 2018. As a result, the industry faces a potential deficit of nearly 400,000 positions."

Since the Foundation was established, we have touched more than 43,000 students through our programs. Those students represent a diverse group in every sense of the word. Over the last ten years our scholarship program has grown by nearly 250% and the internship program has grown by nearly 150%. The number of schools participating in our Risk Manager in Residence Program has doubled.

In 2016, our programs reached approximately 4,300 students and continued to identify some of the best and brightest students coming into the industry.

Looking ahead, we see the Foundation building a global talent pipeline that can populate all aspects of the industry – broking, underwriting, life/health, benefits, third-party services and more. Our alumni, 80% of whom are working in insurance-related jobs, span all areas of the industry.

Spencer is on the path to achieving that goal. We also award scholarships to students from other countries studying at schools in the U.S. and Canada. In 2016, at least five international students benefitted from our scholarships.

We agree that more needs to be done to attract talent into the industry in the U.S. and Canada, and we're proud to be a contributor in helping fill the gap.

We would like to recognize and thank our generous donors who not only believe in but have enabled us to continue our mission. We encourage you to read about our accomplishments in the pages that follow.

Ron Davis, Chairman
Zakia Phillips, President

SCHOLARSHIPS

Over the last 37 years, the Foundation has awarded 906 scholarships to students at more than 100 universities. In 2016, the Foundation provided 75 scholarships totaling $465,526. The Foundation thanks our corporate donors and RIMS chapters who donated amounts ranging from $100,000 - $500,000 toward the establishment of memorial or named scholarships.

2016 UNDERGRADUATE FULL-TIME NAMED AND MEMORIAL SCHOLARSHIPS RECIPIENTS

All scholarships are for $5,000

Adam Beach, Illinois State University, Zurich

Devon Bellamy, Butler University

Casey Brands, St. Joseph's University

Delaney Byrne, Temple University, John T. Lockton Memorial

Judy Cheng, Illinois State University

Michelle De Christopher, St. Joseph's University, RIMS New Jersey Chapter

Joseph De Michele, University of Hartford, Allied World

Sean Dent, Temple University

Ashley Dietz, University of Georgia, John T. Lockton Memorial

Eric Dynda, St. John's University, RIMS

Nicholas D'Orazio, St. Joseph's University

Ted James Faulstek, Temple University, Liberty Mutual

Hailey Goble, Olivet College

Andrew Grieco, St. Joseph's University

Sunmi Hirata, Georgia State University, RIMS Atlanta Chapter

Alicia Huang, St. John's University, William J. Clagnaz Memorial/Chubb

Enbo Jiang, St. John's University

Justin Johnson, Temple University

Michael Kagan, University of St. Thomas

Larynda Keith, Indiana State University, John T. Lockton Memorial

Clare Kocman, St. Joseph's University

Benjamin Landes, University of Georgia, E.J. Leverett Memorial/RIMS Atlanta Chapter

Vance Langdon, Appalachian State University, John T. Lockton Memorial

Jon Langel, University of Iowa, John T. Lockton Memorial

Gina Lemcke, Butler University

"I am the first in my family to go to college. My parents both work very hard: my father has worked the same warehouse job since he was 18 and works a second part-time job at night, and my mom is a Pre-K teacher's aide. I respect and appreciate all the work my parents do to support me and my three siblings, but unfortunately they are not in the position to contribute to my tuition payments...

Spencer has given me great opportunities like coming to RIMS. These events, networking opportunities, and the knowledge I've obtained from listening to some of the most influential people in risk management and insurance have all been amazing.

I believe the Spencer scholarship played a big role in helping me secure the internship I will be completing this summer… Thank you again to everyone at Spencer for giving me this opportunity and helping me to advance professionally."

*–**Eric Dynda** is a 2015 and 2016 Spencer Scholar and graduated from St. John's University. He spoke at the 2016 RIMS Annual Conference & Exhibition.*

"When I received the Spencer Scholarship, it allowed me to take a little break from working multiple jobs and focus on my school work and my future… Spencer is really important because it is invested in the education of students like me."

*–**Sunmi Hirata**, 2016 Spencer Scholar, Georgia State University*

"To me, winning the Spencer Scholarship is not only a tremendous honor, but also a tremendous opportunity. The Spencer Foundation is one of the premier educational foundations in the industry. One of the things it does particularly well is providing opportunities for both personal and professional development."

*–**Peter Shen**, 2016 Spencer Scholar, Temple University*

Tyler Lerman, Temple University

Anthony Lucero, St. John's University, Ellen Thrower

Sabba Manyara, St. John's University, Dante Petrizzo Memorial/RIMS New York Chapter

Madeline Maxwell, Olivet College

Zach W. McCoy, Indiana State University

Andrew Merfeld, Olivet College, John T. Lockton Memorial

Evelyn Mutagaywa, Drake University

Alyssa Nardi, Appalachian State University, Liberty Mutual

Timothy Nguyen, Appalachian State University, John T. Lockton Memorial

Cassandra Noel, University of St. Thomas

Ruth Nieh, University of Connecticut, Liberty Mutual

James Pappas, St. John's University, Thomas Regan Memorial/RIMS NY Chapter

Claire Patterson, Temple University, John T. Lockton Memorial

Matthew Pauszek, Butler University, September 11th Memorial

Sean Preis, Temple University

Matthew Prestifilippo, Temple University, FM Global

Heba Raja, Temple University

Moshin Raza, Temple University, FM Global

Sarah Rumon, University of St. Thomas, John T. Lockton Memorial

Katherine Sargent, East Carolina University

Riana Schvarzman, Temple University, John T. Lockton Memorial

Peter Shen, Temple University

Taylor Stack, Temple University

Fiona Spinelli, Temple University, XL Catlin/Ina R. Heap Memorial

Trevor Steiner, Indiana State University

Meagan Stenger, Indiana State University, Robert E. & John P. Gallagher Memorial

Dan William White, Temple University, Liberty Mutual

Marki Wilbur, Olivet College

Ethan Witting, Illinois State University, RIMS Chicago Chapter

Thomas Woodard, University of Georgia, Gabriel Lugo Memorial/RIMS Dallas/Ft. Worth Chapter

Chase Yetter, Lebanon Valley College, John T. Lockton Memorial

2016 FULL-TIME MASTER/GRADUATE SCHOLARSHIP RECIPIENTS

All scholarships are for $10,000

Eden Kidron**, Cornell University

Marcos Januvka, Temple University

David Olsen, University of Wisconsin-Madison

Saachel Parker, St. John's University

Qian Zhao, Georgia State University

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

Joshua Frederick (Pre-Dissertation Ph.D.), University of Georgia

Hao Lu (Pre-Dissertation Ph.D.), University of Calgary - Alberta

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

2016 PART-TIME MASTER'S SCHOLARSHIP RECIPIENTS

These scholarships are awards of up to $10,000

Laura Beattie (Zurich), University of Georgia

Patrick S. Byrnes (The Travelers), New York University

Shan He (Soteria Risk LLC), University of Colorado – Denver

Shane Hogan (Aon), New York University

Stacey Nielson (JM Family Enterprises, Inc.), Florida Atlantic University

Kelly M. Parker, (University of St. Francis), Olivet College

Benjamin L. Patterson (Chubb), University of Hartford

Jessica R. Rosser (Crown Castle International), Florida State University

Shetikka Royal (DS Services of America), Indiana State

Matthew J. Shoaf (Munich Reinsurance America), Villanova University

Jeff Stanworth (State Farm Insurance), Olivet College

INTERNSHIP GRANTS

The Foundation offers $5,000 grants to risk managers to provide experience to students by offering summer internships. Over time, the Foundation has awarded 310 internship grants totaling $1.15 million. In 2016, 26 RIMS Professional Member companies received internship grants totaling $130,000.

AbbVie
Allegheny Technologies
Alsco
Aramark
AT&T
Big 5 Sporting Goods
Dean Foods
Doosan Infracore Construction Equipment
Education Management
Ensign-Bickford
G6 Hospitality
Goldman Sachs (Risk Management Department)
Henry Schein
Holman Automotive Group
Leviton
Oregon State University (Risk Management Department)
Parsons
Port of Portland
Portland General Electric
Quintiles
R&B Realty Group
SAS Institute, Inc.
Sedgwick Claims Management Services (Risk Management Deparment)
Southern Methodist University
University of Cincinnati
Veolia NA

PORTLAND GENERAL ELECTRIC

Portland General Electric Risk Manager Dylan Lauzon hired University of Oregon MBA student Emma Etheridge for a summer internship in his department, funded by the Foundation. Dylan reported, “She did a great job and was really involved in a variety of risk management activities here at PGE.”

In her intern report, Emma said she “worked with [the company’s] Business Continuity Emergency Management Group to evaluate feedback and plan the annual emergency response exercise.” She also worked with the Corporate Tax and Finance Department on a variety of compliance and credit risk projects. As a result of her internship she better understands what enterprise risk management is and how it is used to maximize the company’s ability to achieve its objectives.

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 287 Risk Manager in Residence programs have informed thousands of students about the opportunities that risk management and insurance industry careers hold for them. At the request of risk manager participants, we have expanded the program to allow risk managers to invite brokers and underwriters at their own expense.

Appalachian State University
Robin Joines, Sedgwick Risk Management

Ball State University
Michael Phillipus, Occidental Petroleum

California State University, Fullerton
Richard Roberts, Ensign-Bickford Industries

Florida State University
Jeffrey Dato, Intercontinental Hotel Group

Illinois State University
David Williams, San Manuel Band of Mission Indians

LaSalle University
Shari Natovitz, Silverstein Properties

Missouri State University
Kristy Coleman, Turner Broadcasting System, Inc.

New Mexico State University
Al Gorski, Orange County Transportation

Seneca College
Susan Meltzer, AVIVA Canada

St. John's University
Michael Lubben, Tempur Sealy

Temple University
Lori Seidenberg, Alden Torch Financial LLC

Troy University
Andrew Baillie, AES Corporation

University of Akron
Debra Rodgers, Aramark, Inc.

University of Hartford
Steve Stich, Oshkosh Corporation

University of Houston - Downtown
Chris Mandel, Sedgwick ERM

University of Rhode Island
Mark Baker, Hyatt Hotels

University of Wisconsin Oshkosh
Sandra Mitchell, MIT

York University
Mari-Jo Hill, SAS

LA SALLE UNIVERSITY

La Salle University's 16th Annual Risk Manager in Residence Program was held on October 23 – 26, 2016. Shari Natovitz, SVP and Director of Risk Management at Silverstein Properties, was this year's practicing risk manager.

Adjunct Professor Kathleen McNichol wrote: "The overriding reason for hosting the Risk Manager in Residence is educational enhancement. We desire to spread the word about the insurance and risk management professions as a viable career option for our students. The program allows us to reinforce core concepts in risk management classes but also to introduce other students to the discipline. For example, through Shari Natovitz's discussion of value creation, students in FIN/RMI 314 [class] were able to see specific actions that can lead to the achievement of that goal."

GRANTS

SPENCER/RIMS RISK MANAGEMENT CHALLENGE | $35,000

Student teams from 21 schools put their knowledge to the test on a complex real world risk management problem provided by LEGO Systems in the second annual Spencer/RIMS Risk Management Challenge. The event, held at the RIMS Annual Conference, enables students to tackle real risk management issues and helps to elevate the visibility of the study of risk management and insurance. Temple University won the challenge. Florida State University and Butler University were the second and third place teams.

GAMMA IOTA SIGMA CONFERENCE | $20,000

This student organization promotes, encourages, and sustains student interest in insurance, risk management, and actuarial science as professions. Spencer supported its 45th Annual International Conference in October, 2016.

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 2016 RIMS Annual Conference & Exhibition in San Diego.

ERM CONFERENCE GRANT | $15,500

Through a grant to RIMS for its Enterprise Risk Management Conference, 15 students attended the 2016 conference in Atlanta. 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. In 2016, a $50,000 Risk Management Course development grant was awarded to Roger Williams University to develop, implement and offer two risk management courses beginning in Spring 2017. 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.

ERM CONFERENCE GRANT

STUDENTS LEARN HOW TO LOOK AT RISK DIFFERENTLY

"I wish I had learned more about enterprise risk management (ERM) when I was an undergraduate, because this area of insurance is very interesting to me," said Jeff Stanworth, who is currently getting his MBA in insurance risk management from Olivet College.

He was one of 15 students from six schools who attended the RIMS ERM Conference 2016 in Atlanta in late-October courtesy of a grant funded by the Spencer Educational Foundation. The group was a mix of graduate students and undergraduate seniors.

Nearly three-quarters of the students said that they had been exposed to what they heard at the ERM Conference and saw the practical application of the concepts they heard about in class.

The students' three biggest take-aways from the conference were (1) the prevalence and importance of cyber along with some best practices, (2) the importance of networking and communicating and (3) differentiating between risks and issues.

GALA DINNER AND EVENTS

Our eighth annual Gala Dinner in September, which honored Louis P. Iglesias (Allied World) and Christine LaSala (Willis Towers Watson), raised $1 million. Approximately 700 people attended the event to honor the two individuals and their companies, as well as to celebrate industry education.








SPORTS EVENTS

At the 2016 RIMS Annual Conference & Exhibition, there were two sports events that benefitted the Foundation: the 25th annual Spencer/Gallagher Golf Tournament and the 2nd annual Spencer 5K FunRun presented by Sedgwick.

The 25th annual Spencer/Gallagher Golf Tournament raised $40,000 for the Spencer Educational Foundation. This year's tournament was held at the Maderas Golf Club in Poway, California. There were 19 sponsor companies and at least 60 different companies represented at the event through the 113 participants.

The 2nd annual Spencer 5K FunRun presented by Sedgwick sold out and had more than 200 people running along the San Diego coast. The event raised $50,000 for the Foundation's programs.

FUNDRAISING AND DONOR SUPPORT

2016 continued to set benchmarks for our programs, as well as our fundraising efforts. Overall, we raised more than $1.43 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 2016. To better highlight our donors' support, we have broken our supporters into three groups: Corporations/Organizations, RIMS Chapters and Individuals.

DONOR LIST
* Multi-year donation
◊ Board Member
♦ Board member company
∆ Director Emeritus or Council of Advisors member
● 2017 Gala Dinner Supporter
ᴥ 2016 Spencer/Sedgwick 5K FunRun Sponsor
○ 2016 Spencer/Gallagher Golf Tournament Sponsor
Italics denotes named scholarship or grant

CORPORATIONS/ORGANIZATIONS

CHAIRMAN'S CIRCLE
($100,000 OR MORE)
Liberty Mutual *♦●○
RIMS, the risk management society *●

PRESIDENT'S CIRCLE
($50,000 - $99,999)
Allied World ♦●
American International Group, Inc. ♦●
Arthur J. Gallagher & Company ♦●○
Arthur Gallagher Foundation ♦●

EDUCATOR'S CIRCLE
($25,000 - $49,999)
Aon Risk Solutions ♦●
Aon Foundation ♦●
Business Insurance ♦●
Chubb Corporation ♦●○
FM Global ♦●
Lockton Companies ♦●
Sedgwick Claims Management Services, Inc. ♦●ᴥ
Starr Foundation ●
Willis Towers Watson ♦●
XL Catlin ♦●○
Zurich ♦●○

HONOR ROLL
($15,000 - $24,999)
Advisen Ltd. ♦●ᴥ
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Crystal & Company ●

PATRON
($10,000 - $14,999)
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Ironshore Holdings (U.S.), Inc. ●
JLT Specialty USA ●♦
K2 Insurance Services ●
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Markel Corporation ●
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McDermott Will & Emery ●
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One Call Care Management ᴥ
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Travelers ●♦○
Wood Smith Henning & Berman LLP ●

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White and Williams LLP ●
Williams & Connolly LLP ●
Yukevich Cavanaugh ●

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*New York**
*Northeast Florida**

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Nevada
Potomac
St. Louis
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Central Texas
Chesapeake
Connecticut Valley
Golden Gate
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Orange County
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Timothy Boston ◊
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P. Richard Hackenburg Δ●
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Bill Keogh ◊
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In honor of Jeanna Madlener
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C. Zakia Phillips ◊
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Nowell Seaman
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Ellen Vinck
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M. Michael Zuckerman

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Brittany Adams
Rubin Alspector ●
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Alicia Long
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Warren Meigs
Alex Michon
Eric Miller
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Zareen Morrison
David Morrow
Heidi Much
Timothy Muraki
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Anja Rittling
Jim Roach
Rick Roberts
Anya Robinson
Eric Rodriguez
Gisell Rodriguez
Tim Rodriguez
Pam Rogers
TJ Roland
Danielle Roth
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M Drew Rotz
James Rudder
Jennifer Ryon
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Arthur J. Gallagher & Co.
RIMS, *the* risk management society

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CONSISTENT ANNUAL GIVING FOR THE PAST 18 YEARS

Jeanne Braun
P. Richard Hackenburg
Ronald Winans

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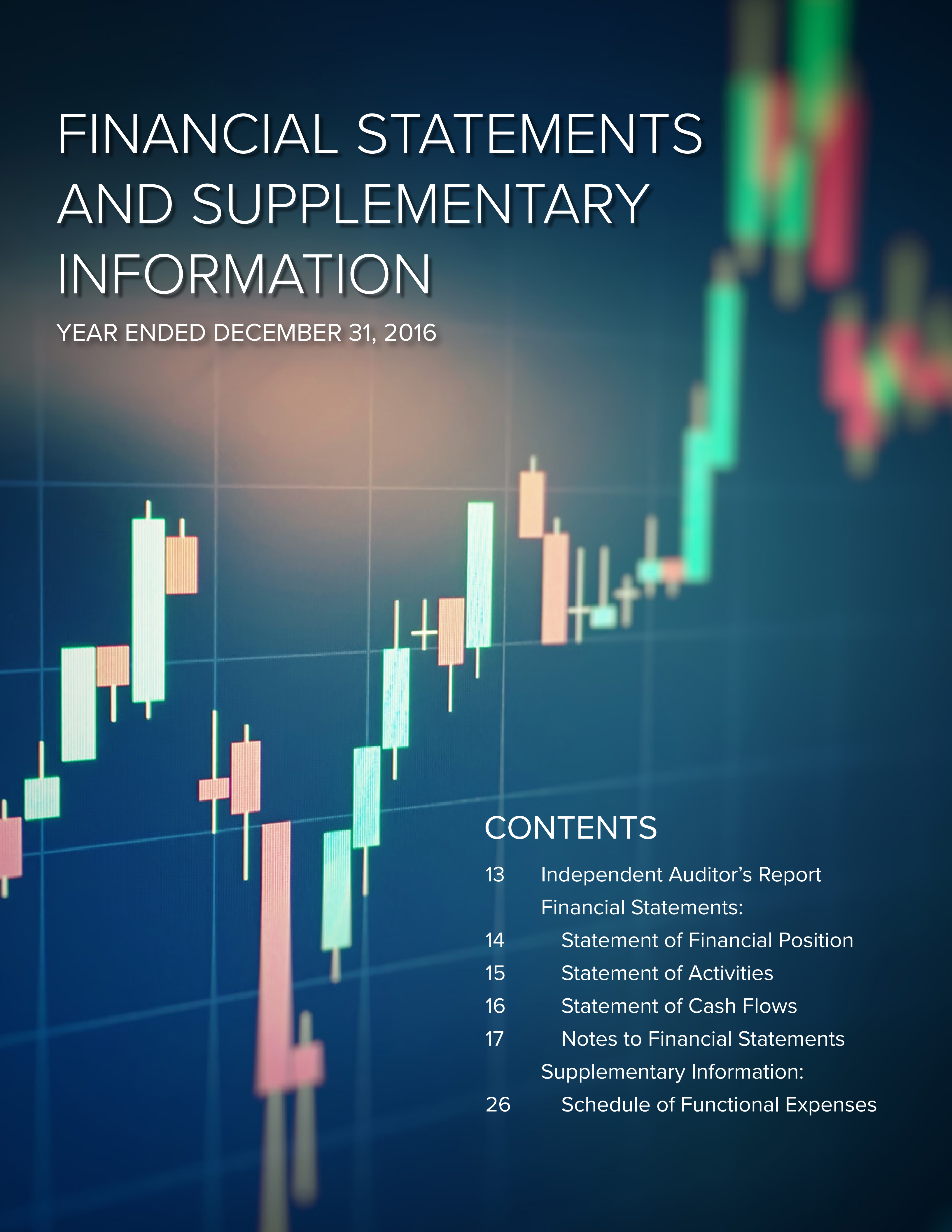

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2016

CONTENTS

INDEPENDENT AUDITOR'S REPORT

MAY 15, 2017

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, 2016, 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 abasis 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, 2016, and the results of changes in its nets 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 we expressed an unmodified opinion dated April 8, 2016.

BDO USA, LLP

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STATEMENT OF FINANCIAL POSITION

(with comparative totals for 2015)

December 31,	**2016**	2015
Assets		
Current Assets:		
Cash and cash equivalents	**$ 320,654**	$ 588,127
Investments (Note 4)	**7,033,152**	6,560,680
Contributions receivable, current portion (Notes 3 and 7)	**379,244**	99,178
Prepaid expenses	**4,159**	3,495
Total Current Assets	**7,737,209**	7,251,480
Contributions Receivable, Less Current Portion (Notes 3 and 7)	**289,263**	233,950
Property and Equipment, Net (Note 5)	**12,535**	19,585
	$8,039,007	$7,505,015
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	**$ 6,482**	$ 1,686
Refundable advances	**44,804**	-
Total Liabilities	**51,286**	1,686
Net Assets (Note 6):		
Unrestricted:		
Undesignated	**6,134,894**	5,873,473
Board designated	**42,391**	42,390
Total Unrestricted Net Assets	**6,177,285**	5,915,863
Temporarily restricted	**1,810,436**	1,587,466
Total Net Assets	**7,987,721**	7,503,329
	$8,039,007	$7,505,015

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

(with comparative totals for 2015)

Year ended December 31,

	Unrestricted	Temporarily Restricted	Total 2016	Total 2015
Support and Revenue:				
Contributions	$ 252,206	$ 525,000	**$ 777,206**	$ 326,356
Special events (net of direct expenses) of $264,580 and $254,432 for 2016 and 2015, respectively	718,635	-	**718,635**	913,068
Investment income (loss), net (Note 4)	452,511	-	**452,511**	(173,142)
Miscellaneous income	5,619	-	**5,619**	6,321
Net assets released from restriction (Note 6)	302,030	(302,030)	**-**	-
Total Support and Revenue	1,731,001	222,970	**1,953,971**	1,072,603
Expenses:				
Program services:				
Scholarship and other programs	685,912	-	**685,912**	618,442
Student involvement	318,980	-	**318,980**	319,254
Total Program Services	1,004,892	-	**1,004,892**	937,696
Supporting services:				
Management and general	134,886	-	**134,886**	133,083
Fundraising	329,801	-	**329,801**	375,635
Total Supporting Services	464,687	-	**464,687**	508,718
Total Expenses	1,469,579	-	**1,469,579**	1,446,414
Change in Net Assets	261,422	222,970	**484,392**	(373,811)
Net Assets, Beginning of Year	5,915,863	1,587,466	**7,503,329**	7,877,140
Net Assets, End of Year	**$6,177,285**	**$1,810,436**	**$7,987,721**	$7,503,329

See accompanying notes to financial statements.

STATEMENT OF CASH FLOW

(with comparative totals for 2015)

Year ended December 31,	**2016**	2015
Cash Flows From Operating Activities:		
Change in net assets	**$ 484,392**	$ (373,811)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized gain on investments	**(12,699)**	(43,613)
Unrealized (gain) loss on investments	**(348,432)**	356,344
Change in present value of contributions receivable	**(12,993)**	-
Depreciation expense	**7,050**	7,050
(Increase) decrease in assets:		
Contributions receivable	**(322,386)**	127,425
Prepaid expenses	**(664)**	24,555
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**4,796**	(8,583)
Refundable advances	**44,804**	-
Net Cash (Used In) Provided By Operating Activities	**(156,132)**	89,367
Cash Flows From Investing Activities:		
Purchase of investments	**(1,977,217)**	(5,754,058)
Proceeds from sale of investments	**1,865,876**	5,744,381
Purchase of property and equipment	**-**	(2,748)
Net Cash Used In Investing Activities	**(111,341)**	(12,425)
Net (Decrease) Increase in Cash and Cash Equivalents	**(267,473)**	76,942
Cash and Cash Equivalents, Beginning of Year	**588,127**	511,185
Cash and Cash Equivalents, End of Year	**$ 320,654**	$ 588,127

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 and interest 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.

(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 recoded 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

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. U.S. GAAP 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. U.S. GAAP 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 U.S. GAAP 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) Refundable Advances

The Foundation considers cash received for sponsorship of events occurring in future years as refundable advances. These amounts are recorded as revenue when the sponsored event takes place.

(g) 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.

(h) Impairment of Long-Lived Assets

The Foundation reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31 2016, there have been no such losses.

(i) Revenue Recognition

Contributions and promises to give are recorded as revenue when either unsolicited cash is received or when donors make a promise to give. Contributions and promises to give are classified as either unrestricted, temporarily restricted, or permanently restricted support.

Special events income is reported net of the cost of direct donor benefits. Income and expense are directly attributable to a fundraising activity or event held by the Foundation to raise additional funds other than contributions.

(j) 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 2016, 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.

(k) 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, 2016.

Under Accounting Standards Codification ("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, 2016, 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, 2016, there were no examinations being performed. Management believes it is no longer subject to income tax examination for the years prior to 2013.

(l) 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.

(m) Credit Risk Concentration

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash and cash equivalents 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, 2016, the Foundation has no significant concentration of credit risk.

(n) 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.

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.

(o) 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.

(p) 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, 2015, from which the summarized information was derived.

(q) 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.

Financial Statements of Not-for-Profits

In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Foundation's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

3. Contributions Receivable

Contributions receivable at December 31, 2016 are summarized below:

December 31, 2016	
Unconditional promises-to-give before fair value discount	$ 681,965
Less: Fair value discount	(13,458)
Net unconditional promises-to-give	668,507
Less: Current portion	(379,244)
	$ 289,263
Amounts due in:	
Less than one year	$ 379,244
One to five years	289,263
	$ 668,507

4. Investments and Fair Value Measurements

Investment income as of December 31, 2016 consists of the following:

December 31, 2016	
Dividend and interest income	$113,750
Realized gain on investments	12,699
Unrealized gain on investments	348,432
Less: Investment advisory fees	(22,370)
	$452,511

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP. 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:

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 each 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.

Publicly-Traded Limited Partnership

The Foundation has a holding in a publicly-traded limited partnership. Publicly-traded limited partnerships are determined by quoted market prices. These investments can be liquidated daily. The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

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, 2016. 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, 2016.

December 31, 2016

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	$ 352,590	$-	$-	$ 352,590
Domestic Equity Mutual Funds	3,533,741	-	-	3,533,741
International Equity Mutual Funds	1,198,392	-	-	1,198,392
Fixed Income Mutual Funds	1,656,519	-	-	1,656,519
Publicly-traded limited partnership	291,910	-	-	291,910
	$7,033,152	$-	$-	$7,033,152

5. Property and Equipment, Net

Property and equipment, net, consist of the following at December 31, 2016.

December 31, 2016

Computer software	$ 49,848
Less: Accumulated depreciation and amortization	(37,313)
	$ 12,535

Depreciation expense for the year ended December 31, 2016 was $7,050.

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

Temporarily restricted net assets as of December 31, 2016 are restricted for the following purpose:

December 31, 2016	
FM Global Fund	$ 122,500
John T. Lockton Memorial Scholarship Fund	47,150
Zurich Financial Services Scholarship Fund	60,000
Dr. E.J. Leverett Memorial Scholarship Fund-RIMS Atlanta Chapter	65,000
RIMS Chicago Chapter Scholarship Fund	60,000
RIMS Dallas-Ft. Worth Chapter Fund	60,000
XL Ian Heap Memorial Scholarship Fund	57,500
Ellen Thrower Scholarship Fund	55,080
Thomas M. Regan Memorial Scholarship Fund	47,500
September 11th Memorial Scholarship Fund	43,180
RSA Douglas Barlow Scholarship Fund	2,500
Robert E & John P. Gallagher Scholarship Fund	65,000
RIMS Atlanta Chapter Scholarship Fund	64,000
William J. Clagnaz ACE Memorial Scholarship	50,000
RIMS Scholarship Fund	55,000
RIMS Course Development	28,801
RIMS Risk Management in Residence	62,970
Liberty Mutual Scholarship Fund	280,000
Allied World Scholarship Fund	75,000
RIMS New York Chapter Scholarship Fund	43,755
Allied World Internship Program	2,000
RIMS Atlanta Chapter Internship Program	13,500
RIMS Internship Program	150,000
RIMS NJ Chapter Scholarship Fund	65,000
RIMS Part Time Masters	160,000
North East Florida	25,000
New NY Part Time Masters	50,000
	$1,810,436

The amounts of net assets released from restriction at December 31, 2016 are as follows:

December 31, 2016	
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
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	50,000
RIMS Risk Management in Residence	12,030
Liberty Mutual Scholarship Fund	20,000
RIMS New York Chapter Scholarship Fund	5,000
Allied World Internship Program	5,000
RIMS Atlanta Chapter Internship Program	45,000
RIMS Part Time Masters	35,000
RIMS NJ Chapter Scholarship Fund	5,000
	$302,030

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 $118,345 for the year ended December 31, 2016, from several RIMS chapters.

During 2016, the Foundation received a $450,000 conditional pledge from RIMS. The pledge is payable over a three-year period. At December 31, 2016 $300,000 of the pledge is outstanding.

The Foundation paid fees to RIMS of $407,361 for the year ended December 31, 2016 for program assistance, fundraising and administrative services provided. The Foundation had no amounts due to RIMS at the end of 2016.

8. Subsequent Events

The Foundation's management has performed subsequent events procedures through May 15, 2017, 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.

SCHEDULE OF FUNCTIONAL EXPENSES

(with comparative totals for 2015)

Year ended December 31,

	Program Services			Supporting Services			Totals	
	Scholarships/ Grants	Student Involvement	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2016**	2015
Expenses:								
Scholarships/grants	$535,526	$ -	$ 535,526	$ -	$ -	$ -	**$ 535,526**	$ 474,824
Student involvement	-	318,980	318,980	-	-	-	**318,980**	319,254
RIMS fees (Note 7)	143,336	-	143,336	48,479	215,546	264,025	**407,361**	388,132
Marketing	-	-	-	-	35,015	35,015	**35,015**	72,809
Accounting	-	-	-	-	-	-	**-**	12,546
Postage and shipping	-	-	-	-	54	54	**54**	590
Conferences and meetings	-	-	-	4,404	-	4,404	**4,404**	4,813
Equipment rental	-	-	-	5,273	-	5,273	**5,273**	12,498
Miscellaneous	-	-	-	22,278	-	22,278	**22,278**	4,888
Supplies	-	-	-	1,197	-	1,197	**1,197**	437
Travel	-	-	-	36,692	-	36,692	**36,692**	44,006
Bank fees	-	-	-	16,563	-	16,563	**16,563**	7,704
Depreciation	7,050	-	7,050	-	-	-	**7,050**	7,050
Indirect gala expenses	-	-	-	-	79,186	79,186	**79,186**	96,863
Total Expenses	**$685,912**	**$318,980**	**$1,004,892**	**$134,886**	**$329,801**	**$464,687**	**$1,469,579**	$1,446,414

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