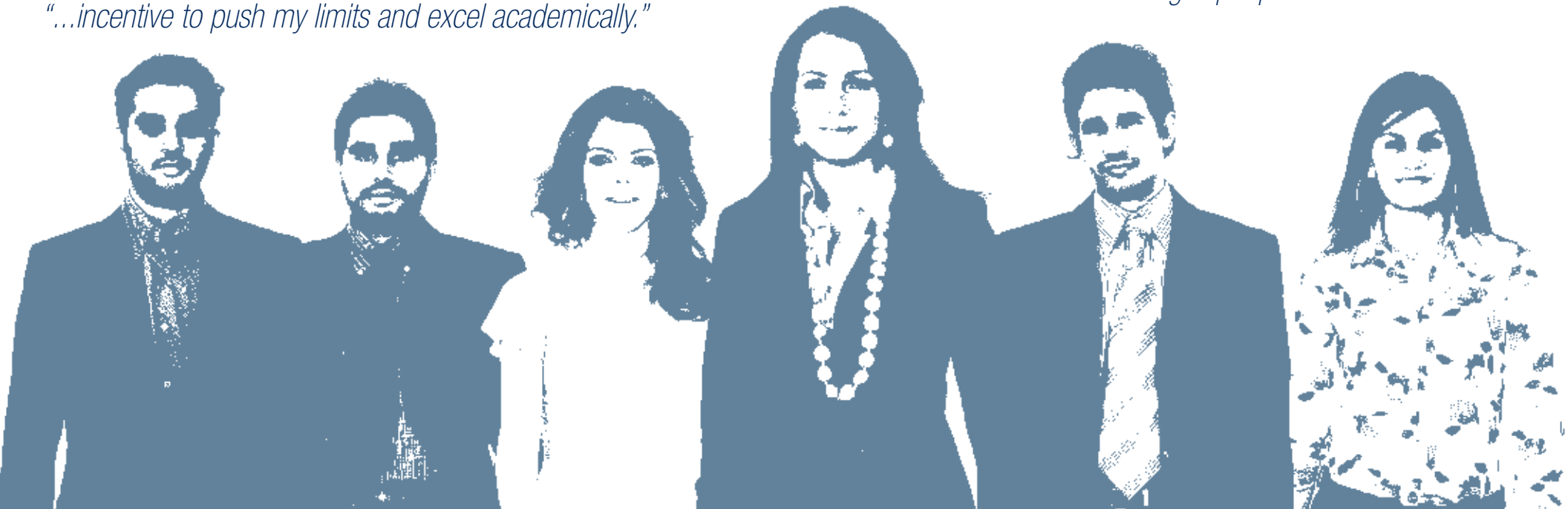


SPENCER EDUCATIONAL FOUNDATION, INC.
Educating Risk Professionals for Today and Tomorrow

Ensuring the Future of the Industry

"...incentive to push my limits and excel academically."

"The foundation changes people's lives."





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A Message from the *Chairwoman and President*

For a Foundation that began its journey in 1979, every year feels different from the one before. We are constantly learning and adapting to this ever-changing world of risk. We take much pride in the difference that Spencer Educational Foundation has made in the lives of students and professionals in the risk management and insurance disciplines. Through the overwhelming generosity of individuals and companies within the industry, the Foundation continues to provide scholarships and programs that attract and retain outstanding talent for our industry. And none of us will soon forget the support we received in 2007.

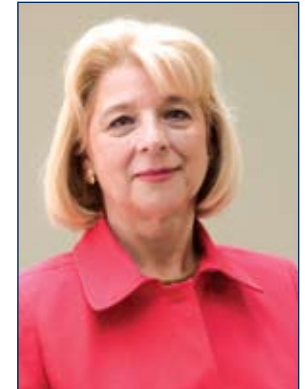
In April, XL Capital Ltd announced a \$100,000 contribution, which will be used to establish the Ian R. Heap Memorial Scholarship to be awarded annually in \$5,000 lots starting in 2008. Then in June, the Risk and Insurance Management Society, Inc. (RIMS) Dallas-Fort Worth Chapter bestowed a \$100,000 commitment. The donation will be used to award \$5,000 scholarships to students whose permanent residence is in Texas and are pursuing a degree in risk management or insurance. And in December, RIMS announced a \$300,000 donation—one of the largest in the Foundation's history. RIMS gift will increase the amount of scholarships awarded to part-time masters students, support the Risk Manager in Residence and Internship programs, and promote the study of Enterprise Risk Management in universities and continuing education programs. This year we also awarded the first William J. Clagnaz ACE USA Memorial Scholarship to Patrice Cameron, an undergraduate student enrolled at St. John's University.

In addition, we were fortunate to receive strong support from RIMS chapters including Atlanta, Carolinas, Central Florida, Connecticut Valley, Dallas-Fort Worth, Delaware Valley, Greater Kansas City, Houston, Long Island, Los Angeles, New Jersey, New York, Orange County, St. Louis, San Diego, South Texas, Toledo, Oregon, Upstate New York, Utah and Washington.

The Foundation awarded a total of 41 scholarships amounting to \$283,360 in 2007. In addition, \$191,400, in program and university grants were extended including:

- \$47,900 for Risk Manager in Residence grants to universities
- \$78,500 for student internship awards to RIMS member employers
- \$30,000 grant to RIMS Anita Benedetti Student Involvement Program
- \$35,000 for grants to high school outreach and career promotion programs

You can rest assured that Spencer Educational Foundation's efforts will remain focused on enhancing the future of the risk management and insurance industry. On behalf of the hundreds of students that Spencer Educational Foundation assisted this year, I would like to extend sincere gratitude for your continued support and dedication to the Foundation's work in furthering the educational opportunities in the risk and insurance management disciplines. And we look forward to your continued support in going forward as we nurture the next generation of risk and insurance professionals.



Donna L. Galer



Roger L. Andrews

Donna L. Galer
Chairwoman

Roger L. Andrews
President

“At Temple University, Spencer Educational Foundation is perceived by everyone in the risk management program as the most prestigious in terms of its weight and significance in the industry. The Foundation changes people’s lives.”

Hanan Boukhabza
ACE INA – Internal Audit
John T. Lockton Memorial Scholarship recipient



About

Spencer Educational Foundation

Spencer Educational Foundation, Inc. is the premier organization for awarding scholarships in risk management and insurance. It is a 501(c)(3) educational and charitable organization named in honor of the 1977-78 president of the Risk and Insurance Management Society (RIMS), the late Robert S. Spencer. The Foundation is an affiliate of RIMS and operates with support from donations by corporations, individuals, RIMS chapters and fundraising events.

Spencer Educational Foundation strives to stimulate, promote and encourage promising students of insurance and risk management disciplines by assisting them to fulfill their educational goals. The Foundation provides scholarship awards, educational grants and knowledge programs for undergraduate, graduate, doctoral and part-time MBA students.

Annually, the Foundation provides the Spencer Scholar Resume Book—filled with the resumes of talented risk and insurance management students and graduates who were awarded a Spencer Educational Foundation scholarship—to companies and corporate recruiters who donate \$5,000 or more.

The Foundation hosts the following programs:

- ***Spencer Scholars***—Since 1980, more than \$3.3 million in merit-based scholarships and grants have been awarded to outstanding undergraduate, graduate and part-time MBA students aspiring to join the risk and insurance management profession.
- ***Risk Manager in Residence***—This program arranges for dedicated risk professionals to give lectures and presentations at colleges and universities across the country.
- ***Student Internships***—This program provides students with a meaningful internship experience and maximum exposure to the issues facing today’s risk practitioners.
- ***Spencer Scholar Resume Book***—Companies and corporate recruiters who donate \$5,000 or more have access to resumes of talented risk and insurance management students and graduates who were awarded a Spencer Educational Foundation scholarship.
- ***Educational Grants***—This program supplies grants for risk management program development at numerous colleges and universities.
- ***Student Outreach***—This program provides grants to help raise the visibility of risk management careers among high school and college students.



2007 Board of Directors

The Board of Directors of Spencer Educational Foundation, Inc. is a volunteer board comprised of corporate risk managers and members of the broader risk community. They are a group of extraordinary individuals who are committed to a mission beyond their daily responsibilities and who work tirelessly to provide the financial and educational support that aspiring risk professionals truly need. Members of the Board give their time and financial support because they have faith in what the Foundation seeks to accomplish.



A Note from the Honorary Fundraising Chairman

This past year, I was proud to offer my support to Spencer Educational Foundation's mission to raise funds for scholarships and grants that support the next generation of risk management and insurance professionals. The Foundation provides gifted students and risk practitioners the tools and educational programs that are critical to the industry's progress, integrity and future. I would like to express a sincere thank you to all those who supported the Foundation in 2007 and hope that you will continue to support our goals and help hundreds of students to realize their dreams.

Regards,

Thomas R. Tizzio, Sr.
2007 Spencer Educational Foundation
Honorary Fundraising Chairman

Executive Committee

Donna L. Galer, Chairwoman

Roger L. Andrews, President

Craig Van der Voort, Treasurer

Mary Lynn Bangs, Secretary

Margaret S. Accordino, National Financial Partners

David G. Adler, Portman Holdings, LP

Roger L. Andrews, E.D. Bullard Co.

Gavin R. Arton, XL Capital Ltd.

Mary Lynn Bangs, Omni Hotels Corp.

James Blinn, Advisen Ltd.

J. Ruffin Branham, Jr., Markel Re

Jeanne H. Braun, Physicians' Reciprocal Insurers

Timothy J. Bunt, CB Richard Ellis

Donna L. Galer, Zurich (retired)

Peter A. Heard, Travelers

Dr. Robert E. Hoyt, University of Georgia

Alicia Junta, Hoffman-La Roche, Inc.

** Risk and Insurance Management Society, Inc. representative*

Administrative Manager

Angela Sabatino

Financial Liaison

Lynn Chambers*

Brian M. Kawamoto, Lockton Companies

Daniel H. Kugler, Snap-on Incorporated

Anthony Kyasky, American International Group

Rocco J. Maggioletto, Zurich Financial Services

Christopher A. Maleno, ACE USA

Janice Ochenkowski, Jones Lang LaSalle, Inc.

*(until August 2007)**

Joseph A. Restoule, NOVA Chemicals Corp.

*(beginning September 2007)**

B. Scott Rich, Flowers Foods (retired)

Pamela G. Rogers, Marsh, Inc.

Martin J. Ross, Business Insurance Magazine

J. Douglas Strohl, Hilb, Rogal & Hobbs

Craig Van der Voort, Arthur J. Gallagher & Co.

“The role of the risk manager or chief risk officer today is increasingly involved with the senior levels of the organization. Not only do risk managers buy insurance, they also are involved in mergers and acquisitions, long-term strategic planning and many other key activities of the organization”.

Donna Galer
Chairwoman
Spencer Educational Foundation



Spencer Educational Foundation

Promotes the Future of Risk Management

“The attraction, development and retention of talent are key issues facing the insurance industry today,” said Richard Ward, Lloyd’s of London chief executive. “The [insurance] industry has a more difficult time attracting and retaining talent than other sectors of the financial services industry,” according to a Deloitte Touche Tohmatsu report. “That situation is poised to worsen at all job levels as baby-boomers retire, few top graduates move into the field and overlap among financial services encourages a loss of talent to banking and asset management.” (Global Insurance Industry Outlook, 2006).

The situation is particularly acute for the risk management profession. According to a 2004 Marsh study on risk manager demographics, 70 percent of participants had been in the field for more than 21 years, and most of the rest for more than 16 years. More than half of the respondents had no succession plan. One organization that is tackling the job of encouraging talented youth to pursue risk management careers is Spencer Educational Foundation.

“Intuitively, we know that demographics are against us,” said the Foundation’s chairperson, Donna Galer. But while addressing the talent void is important, it isn’t Spencer Educational Foundation’s sole *raison d’être*. “Bringing well qualified talent in and keeping them up to date is getting more difficult,” she said. To be successful, risk managers need an increasingly broader array of skills, and the Foundation is on the forefront of providing programs that bring the educational and developmental skills, as well as career opportunities, to this and the next generation of risk professionals.

To achieve its objectives, Spencer Educational Foundation has established five programs: scholarships, placing lecturing risk managers at colleges and universities, a student internship program, grants to colleges and universities, and an outreach program to high schools. These programs are funded by donations. “We get support from all facets of the insurance

industry, including insurance companies, brokers, RIMS chapters, individuals and third party administrators,” according to Galer. “RIMS recently pledged \$300,000. There is broad recognition that supporting Spencer Educational Foundation is good for the industry.” Other large recent commitments include \$100,000 from the RIMS Dallas-Fort Worth Chapter, \$30,000 from the RIMS Utah Chapter, \$24,000 from the RIMS Los Angeles Chapter and \$100,000 from XL Capital Ltd.

While the goal of the Foundation is to provide encouragement and support to students, its activities benefit the insurance industry more broadly. “Many risk management departments don’t have entry-level positions,” noted Galer. “As a result, Spencer Educational Foundation scholarship recipients often begin their careers with insurance companies or brokers.” The 2004 Marsh study found that 63 percent of risk managers had worked for insurers or brokers. The makeup of the Foundation’s board of directors—which includes senior risk managers, and executives from major insurers and brokers—is a testament to the perceived importance of the Foundation to the commercial insurance sector.

Spencer Educational Foundation sees many encouraging signs for the next generation of risk professionals. The number of scholarship applications increases each year, and the caliber of applicant, according to Galer, is “truly impressive. The real challenge is continuing to generate the funds needed to support these gifted and aspiring students.”



RIMS Los Angeles Chapter at its Day at the Races fundraising event for Spencer Educational Foundation.

"I highly doubt that I could be where I am now without the support of Spencer Educational Foundation. Not only has the Foundation provided me with crucial financial aid, but it has given me an incentive to push my limits and excel academically."

Aelon Porat
Temple University

September 11th Memorial Scholarship recipient



Scholarships:

Rewarding Excellence

From the beginning, Spencer Educational Foundation's commitment has been to provide high-quality support to students in the risk management and insurance disciplines while advancing the future of the industry with top-notch professionals. In 2007, The Foundation awarded \$283,360 in scholarships; \$172,500 to full-time students and \$111,360 to risk practitioners obtaining their MBA online or part-time. With increasing college tuition costs, these scholarships allow students to concentrate on achieving good grades and receive the necessary skills to successfully enter the industry as risk managers, brokers, actuaries, underwriters and other risk related fields. In addition, the Foundation's part-time masters scholarships enable practicing risk professionals to obtain advanced knowledge and tools to apply to their companies' existing risk management systems. All of the Foundation's awards are merit-based and do not discriminate on the basis of race, color, sex, religion, national origin, age, handicap or veteran status.

New Scholarship Fund in 2007

This year, a new memorial scholarship was added to our fund. Through a generous donation of \$100,000 from the ACE INA Foundation, Spencer Educational Foundation awarded the first William J. Clagnaz/ACE USA Memorial Scholarship to Patrice Cameron, a student attending St. John's University in New York.

2007 Spencer Scholars

Unless otherwise noted, scholarships are awarded from the Foundation's General Scholarship Fund.

UNDERGRADUATE \$5,000 – \$7,500 awards

Ellen Thrower Scholarship
Jonathan Crisol, St. John's University

John T. Lockton Memorial Scholarship
John Caywood, Illinois Wesleyan University
Ryan Coburn, Olivet College
Katherine Coleman, Ball State University
Joshua Hart, Olivet College
Elizabeth Heeren, Illinois State University
Andrew Lansang, Olivet College
Jonathan Lough, Indiana State University
Kara Owens, Temple University
Dana Warrington, Appalachian State University

Joseph Holwerda Memorial Scholarship
Katrina Heflin, Indiana State University

RSA/Douglas Barlow Memorial Scholarship
Deyan Kozhuharov, Olivet College

September 11th Memorial Scholarship
Eilon Porat, Temple University

Thomas Regan Memorial Scholarship
Elisa Heaton, University of Hartford

William J. Clagnaz ACE USA Memorial Scholarship*
Patrice Cameron, St. John's University

Other
Ashley Euper, Olivet College
James Karl, Florida State University
Sarah Leszczuk, Temple University
Amy Parsons, University of Louisiana-Monroe
Brian Sassano, Temple University
Amanda Sunbury, Indiana State University
Keone Wilkie, St. John's University

GRADUATE \$10,000 awards

Timothy Capel, Virginia Commonwealth University
Samir Terko, Emory University
Rui Thomas, Georgia State University
Pataraporn Treetipbut, University of Wisconsin-Madison
Yelena Veretennikova, Georgia State University
Anita Benedetti Memorial Scholarship

PRE-DISSERTATION PH.D \$10,000 awards

Bobby Bierly, University of Georgia
Kevin Gatzlaff, Florida State University

PART-TIME MASTERS Awards of up to \$10,000 based on employer tuition reimbursement

Teresa Cazares, Southern Methodist University
Cathy Cooper, Auburn University
Daniel Harbison, New York University
Patricia Kagerer, Southern Methodist University
Kimberly Leonard, Northwestern University
Christina McKnight, Pennsylvania State University
Nicholas Mehelic, Georgia State University
Megan Miller, New York University
Frank Ortiz, Southern Methodist University
Ross Rodefeld, Texas Christian University
Catherine Seto, New York University
R. Fernando Vázquez, Columbia Southern University

** First recipient of this award*

"I volunteered for the Risk Manager in Residence program because I really enjoy being around risk management students—they are bright, eager and soak up everything you have to say. Now that I have lectured three times in the program, I am hooked! I can say that it's the highlight of my year when I am selected by a university to lecture and I plan to accept any offer to share my knowledge with students."

Roger L. Andrews
President, Spencer Educational Foundation
Director of Risk Management, E.D. Bullard Co.



Awareness and Guidance Programs



Spencer Educational Foundation President Roger Andrews with Temple University students.

Risk Manager In Residence Program (RMIR)

Now in its 10th year, this program arranges for practicing risk managers to give lectures and presentations at colleges and universities across the country. Since 1997, the Foundation has invested \$340,025 in the Risk Manager in Residence program. In 2007 the Foundation awarded 13 grants totaling at \$47,900. Grants are awarded to institutions that host the program and cover costs associated with bringing a risk

manager to a U.S. or Canadian campus to lecture for one to three days. The program has been praised by participating risk managers, universities and students as a rewarding educational experience. The Foundation continues to make enhancements to the program. This year, one-day lecture series were added to the ever popular three-day lectures and the application process was streamlined to make it easy for all parties to become involved.

Student Internship Program

Since 1998, grants of up to \$5,000 have been awarded to RIMS chapters, RIMS member companies and Foundation supporters to employ gifted students for internships of eight weeks or more. The program is designed to provide students with a meaningful internship experience and maximum exposure to risk management issues facing today's practitioners. Students with a GPA of 2.7 or higher are matched with risk management companies and departments. As of December 2007, the Foundation has awarded \$78,500 in internship grants.

Mentor Program

The Mentor Program pairs Spencer Scholars with practicing risk managers. The Foundation frequently receives requests from Spencer Scholars to appoint a mentor to advise on their course of study, areas of specialization and career direction. The program realizes that the best source of information is from someone who has direct experience. For that reason, the program seeks to apply the mentor's experience to the scholar's growing career.



Dan Kugler, assistant treasurer of risk management for Snap-On Inc., lecturing as a Risk Manager in Residence at the University of Central Arkansas.

For more information on Spencer Educational Foundation programs, please contact Angela Sabatino at 212-655-6223 or asabatino@spencered.org.

"Spencer Educational Foundation has long been a champion of educating the next generation of risk and insurance professionals. RIMS Anita Benedetti Student Involvement Program provides students of risk and insurance management with the opportunity to attend the RIMS Annual Conference & Exhibition, enabling them to broaden their horizons by networking with many different professionals in the industry. We are grateful to the Foundation for its generous support of the program and helping us to provide this unique opportunity to promising students."

Margaret S. Accordino
*Chair, RIMS Anita Benedetti Student Involvement Program
Vice President and Director of Risk Management, National Financial Partners Corp.*



RIMS Anita Benedetti Student Involvement award winners at RIMS 2007 Annual Conference & Exhibition in New Orleans.

The Anita Benedetti Student Involvement Program

In 2007, the Foundation awarded a \$30,000 grant to the Risk and Insurance Management Society, Inc. (RIMS) Anita Benedetti Student Involvement Program to enable aspiring risk management students to attend seminars and meet risk professionals at the RIMS Annual Conference & Exhibition in New Orleans.

The RIMS Anita Benedetti Student Involvement Program—originally dubbed the RIMS Student Involvement Program—was initiated as a pilot program at RIMS 1978 Annual Conference & Exhibition in New Orleans to provide funding for future risk managers to experience the premier risk management conference. Due to the project's overwhelming success, the program has continually covered the costs of promising risk and insurance management students to attend the RIMS Annual Conference. In 1997, the name was changed to RIMS

Anita Benedetti Student Involvement Program to honor the late Anita Benedetti, a former deputy executive director of RIMS and president of Spencer Educational Foundation, and to honor her dedication in mentoring and inspiring students pursuing a career within the industry.

High School Outreach Grants

This year, the Foundation awarded a \$15,000 grant to Ball State University to conduct a risk management workshop for local high school teachers during the summer, and a \$15,000 grant to Illinois State University—Katie School of Insurance's Red Bird Risk Management Program—to enable high school students to attend summer workshops in order to educate them about career opportunities in risk management disciplines.

Other Grants

The Foundation awarded a \$5,000 grant to the Wisconsin Foundation for Independent Colleges (WFIC) to be applied towards the Wisconsin Undergraduate Insurance Education Institute portion of its overall program. This one-week program provides awareness and information to college and university undergraduates to consider the risk management and insurance industry as a viable career opportunity.



“The funds that RIMS Los Angeles Chapter raised at A Day at the Races was a proud day for our industry. We all worked together to achieve a tremendous result for Spencer Educational Foundation.”

—Steve Wilder
Vice President of Risk Management
The Walt Disney Company



Donations that Dazzle!



Executives and board members from RIMS and Spencer Educational Foundation celebrating a donation of \$300,000.

RIMS Pledges \$300,000

In December, Spencer Educational Foundation received a \$300,000 commitment from the Risk and Insurance Management Society (RIMS). RIMS contribution will go towards expanding some of the Foundation's most popular programs, including part-time MBA scholarships for RIMS members; the Student Internship Program; and the Risk Manager in Residence Program. Some of the funds will also go towards developing Enterprise Risk Management (ERM)-related education through RIMS.

RIMS Dallas-Fort Worth Chapter Donates \$100,000

In June, the Foundation received a \$100,000 commitment from the Risk and Insurance Management Society (RIMS) Dallas-Fort Worth Chapter, to be contributed over a four-year period beginning in 2007. The RIMS Dallas-Fort Worth Chapter Scholarship will be granted annually in \$5,000 lots to students permanently residing in Texas and who are pursuing a degree in risk management or insurance and meet all academic requirements of the Foundation.

RIMS Utah Chapter Donates \$30,000

In March, the Risk and Insurance Management Society (RIMS) Utah Chapter joined Spencer Educational Foundation's Striving for Excellence Campaign with a \$30,000 donation to be contributed over a three year period.

RIMS 2007 Annual Conference & Exhibition in New Orleans

Each year at the RIMS Annual Conference & Exhibition, the risk management industry meets for friendly competition in support of the Foundation's programs. The following two fundraising events were held on Sunday, April 26, at RIMS 2007 Annual Conference & Exhibition in New Orleans.

16th Annual Spencer/Gallagher Golf Tournament Raises \$65,000

Arthur J. Gallagher & Co. sponsored the annual golf tournament in New Orleans to raise funds for scholarships. The tournament raised an outstanding \$65,000!



Arthur J. Gallagher & Co. executives raise \$65,000 for the Foundation at the 16th Annual Spencer/Gallagher Golf Tournament.

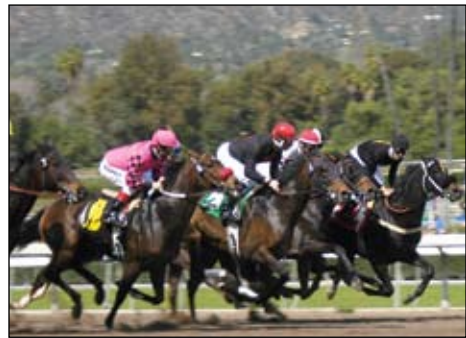
Spencer/Logic Tennis Tournament Raises \$7,000

Now in its 14th year, the Spencer Logic Tennis Tournament drew large crowds to center court for the singles competition in New Orleans. Generously sponsored and coordinated by Logic Associates, Inc. and Ernst & Young, the tournament raised \$7,000.



RIMS Greater Kansas City Chapter Raises \$30,000

In September, the Risk and Insurance Management Society (RIMS) Greater Kansas City Chapter held an annual Golf Tournament at the Paradise Point Golf Complex in Smithville, Missouri. This gathering for the risk community in the Kansas City area attracted more than 200 golfers and 25 sponsors, and raised some \$30,000 to fund the RIMS Kansas City Chapter's educational activities, including the Spencer Educational Foundation General Fund Contribution and Student Intern Program.



The RIMS Los Angeles Chapter spent a Day at the Races and raised \$25,000 for the Foundation.

RIMS Los Angeles Chapter Raises \$25,000

The Risk and Insurance Management Society (RIMS) Los Angeles Chapter gathered risk professionals from the region in March at the Santa Anita Racetrack for "A Day at the Races" fundraiser to benefit Spencer Educational Foundation. Participants enjoyed horse races, a raffle and numerous race-themed activities on the infield. The end result was an outstanding \$25,000 donation that the Foundation plans to use to supplement risk and insurance management student enrichment programs, scholarships and university grants.

The event was under the leadership of the chapter as well as a committee that consisted of members from ACE, AIG, Aon, Chubb, Fireman's Fund, FM Global, Gallagher, Liberty Mutual, Lockton Cos., Marsh, Travelers and Willis.

XL Capital LTD Bestows \$100,000 Contribution

In April, the Foundation received a \$100,000 commitment from XL Capital Ltd to be contributed over a four-year period beginning in 2008. The scholarship was created in memory of Ian R. Heap, XL Capital's first chairman and CEO. The merit-based XL Ian R. Heap Memorial Scholarship will be awarded in \$5,000 increments to university students who are pursuing a degree in risk management or insurance in the United States. The first scholarship is scheduled to be awarded in 2008.



Executives from XL Capital Ltd. and Spencer Educational Foundation celebrating a donation of \$100,000.

Spencer Educational Foundation appreciates the support of the participants at these important fundraisers and gives special recognition to our strong supporters—A.J. Gallagher & Co., Logic Associates and Napco LLC—and, of course, many of the RIMS chapters that host fundraising events on the Foundation's behalf over the course of the year.

2007 Contributions

Striving For Excellence Campaign

Founder's Circle (\$100,000 - \$999,999)	Risk and Insurance Management Society, Inc. (RIMS)		
Chairman's Circle (Pledge of \$30,000 or more over three years)	GAB Robins NA* RIMS Dallas-Ft. Worth Chapter (11)	RIMS Greater Kansas City Chapter (18) RIMS Utah Chapter*	XL Foundation Ltd. (7)
Patron's Circle (pledge of \$1,000 - \$9,999 per year or more over three years)	Allied North America* American International Group, Inc. (22) P. Richard and Linda Hackenburg (22)	W. Pat Hopkins, Jr. (3) International Risk Management Institute, Inc. (17)	Old Republic Risk Management (7) RIMS Orange County Chapter (13)
Benefactors (pledge of \$100 - \$999 for three years)	David and Eve Adler (16) Roger and Joelyn Andrews (3) Mr. and Mrs. Fred Bangs (4) Ted Dann* Berry L. Griffin, Jr. (8)	Huggins Actuarial Services, Inc. (3) Alicia Junta (6) B. Scott Rich (27) Mary and Donald Roth (2)	Charles L. Ruoff (3) James W. Smirles (21) Ellen Vinck (6) Anne M. Zug (23)

General Fund Contributions

Directors' Circle (\$25,000 to \$99,999)	RIMS Los Angeles Chapter (3)	Thomas R. Tizzio, Sr.*	
President's Circle (\$15,000 - \$24,999)	RIMS Carolinas Chapter (6)		
Golden Circle (\$10,000 - \$14,999)	Arch Insurance Group (3)	Wells Fargo*	
Sponsors (\$5,000 - \$9,999)	Business Insurance (22) <i>In memory of Al Malecki</i> Chubb Group (5) Physicians' Reciprocal Insurers (12)	RIMS New Jersey Chapter (8) RIMS St. Louis Chapter (18)	RIMS Upstate New York Chapter (7) RIMS Washington Chapter (17)
Benefactors (\$2,500 - \$4,999)	13th Annual RIMS Connecticut Valley Chapter Golf Classic (9) Jeanne H. Braun (12)	RIMS Chicago Chapter (15) <i>In honor of the achievements of Pam Morrow and James Parizek</i>	RIMS San Diego Chapter (12) RIMS South Texas Chapter (10)
Patrons (\$1,000 - \$2,499)	James D. Blinn* Ascension Health* Guy Carpenter & Co., LLC* International Risk Management Institute, Inc. <i>In memory of Gary E. Bird</i>	Brian M. Kawamoto (5) KMZ Rosenman (2) William S. Mortimer (19) Napco LLC (9) RIMS Central Florida Chapter* RIMS Central Penn Chapter (14)	RIMS Houston Chapter RIMS Long Island Chapter (6) RIMS Oregon Chapter (4) RIMS Toledo Chapter* Stephen M. Wilder (15)
Contributors (\$500 - \$999)	Mary Lynn Bangs (4) Robert W. Esenberg (11) Donna L. Galer (7) Peter and Beth Heard (7) Dr. Rob Hoyt (7) Thomas M. Jones*	RIMS Atlanta Chapter (H) <i>In honor of the following speakers: Adam Appel, Jay Doyle, Ted Joy, Andy Kuchar, Tom Martinelli, Richard Michel, Brian O'Reilly, Matt Patiedl, Briggs Peery, Mike Ryder and Richard Wyatt Debra L. Rodgers (8)</i>	Dr. Joan Schmit (2) Tave Risk Management* Myra Leigh Tobin (15) Craig M. Van der Voort (4) World Captive Forum (4) YKK Corporation of America (3)

Donors (\$250 - \$499)	Margaret Accordino* Maryann Amici (8) (SS) <i>In memory of William J. Clagnaz</i> Thomas and Elizabeth Balderston (8)	Huggins Actuarial Services (3) Daniel H. Kugler* <i>In memory of Joseph J. Wojdula</i> Rosenberg & Parker*	Steven W. Sachs (4) James W. Smirles (21) J. Douglas Strohl (3)
Friends (\$100 - \$249)	RIMS Atlanta Chapter (H) <i>In honor of chapter speakers, Ken Frazier and Angela Spivey</i> John and Vivian Bonini* <i>In memory of Joseph J. Wojdula</i> Yvonne T. Cordova* Rita P. Garcia (17) P. Richard and Linda Hackenburg <i>In memory of Janet Daly, Terrence Daly, Gloria Di Renno, Ronald Jacks, Hans Kessler, Guyon Saunders and Jean Elizabeth Sudol</i>	Mari-Jo Hill* James W. Kallman (4) (SS) Deborah Shaner Little (4) (SS) William L. Mather (7) Mark O'Brien (10) <i>In memory of Tom Celic and Patricia Cody</i> Douglas Rogers* (SS) SAIA Motor Freight Line, Inc* David G. Schwartz (5) Donald and Britt Sullivan <i>In memory of Joseph J. Wojdula</i>	Lauren Tawney* (SS) Judith Tornese (18) West Woodbridge (5) <i>In memory of John T. Lockton</i> Anne and Barry Zug <i>In memory of Ronald Jacks</i>
Supporters (\$25 - \$99)	James B. Auden (H) Eugene W. Bader (2) <i>In memory of Joseph J. Wojdula</i> Andrew Banasiewicz (H) Laurie J. Champion (H) Lisa Ciancio (H) Harold Copus (H) James Dantzler (H) Howard M. Edelstein (3) Michael Gaona (2) Ronald and Joanne Gandolfi* <i>In memory of Joseph J. Wojdula</i> Margo Hickman* <i>In memory of Joseph J. Wojdula</i>	Michael Liebowitz (H) Janice Ochenkowski (2) <i>In memory of Joseph J. Wojdula</i> Penn, Schoen and Berland Association (2) Todd Pierce (H) John G. Pinner (6) RIMS Orange County Chapter <i>On behalf of David Nunley</i> RIMS Upstate New York Chapter (H) <i>In honor of John Phelps</i> Angela Sabatino <i>In memory of Ronald Jacks and Mary Rose (Perillo) Ross</i> Steve Saporito (H)	John and Karen Scheid* <i>In memory of Joseph J. Wojdula</i> Marcus G. Schneider* <i>In memory of Joseph J. Wojdula</i> Florian and Diane Szmurlo* <i>In memory of Joseph J. Wojdula</i> Ron and Kelly Winans <i>In memory of Ronald Clyde Balderrama, Arnold Beebe, Frank Lee Blanton, Yolanda Crossland, Jefferson Oscar Eaton, William Paul Geisler, Edward Hedges, Ronald E. Heffner, Ronald Jacks, Leo R. Johnston, Mary Anne Pasley Kenneville, Janet Miller, Ray Niece, Hazel Ruth Pollard, Harold P. Snyder, Harold West, Wanda May Whipkey and Marie Zimmerman</i>

Key

(#) Numbers listed next to each contributor are the amount of years as a Spencer Educational Foundation supporter

* First time contributor

(H) = Honorarium

(SS) = Spencer Scholar

Spencer Educational Foundation

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Independent Auditors' Report

Board of Directors

Spencer Educational Foundation, Inc.

New York, NY

We have audited the accompanying statements of financial position of **Spencer Educational Foundation, Inc.** (the Foundation) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Spencer Educational Foundation, Inc.** at December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

February 19, 2008

Spencer Educational Foundation, Inc.

Statements of Financial Position

<i>December 31,</i>	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ 190,852	\$ 72,840
Contributions receivable, current portion	256,750	128,642
Prepaid expenses	-	14,172
Total current assets	447,602	215,654
Noncurrent assets		
Property and equipment	-	209
Investments	4,094,660	4,183,467
Contributions receivable, net of current portion	242,156	104,666
Total noncurrent assets	4,336,816	4,288,342
Total assets	\$ 4,784,418	\$ 4,503,996
Liabilities and Net Assets		
Current liability		
Accounts payable and accrued expenses	\$ 11,857	\$ 32,066
Commitments and contingencies		
Net assets		
Unrestricted	3,231,588	3,348,014
Undesignated		
Board designated		
Anita Beneditti Fund	57,391	67,391
Temporarily restricted	1,231,082	804,025
Permanently restricted	252,500	252,500
Total net assets	4,772,561	4,471,930
Total liabilities and net assets	\$ 4,784,418	\$ 4,503,996

See accompanying summary of accounting policies and notes to financial statements.

Spencer Educational Foundation, Inc.

Statements of Activities

Years ended December 31,	2007				2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support								
Contributions - RIMS Fund	\$ -	\$ 296,534	\$ -	\$ 296,534	\$ -	\$ -	\$ -	\$ -
Investment return	240,990	-	-	240,990	447,508	-	-	447,508
Contributions - general	182,259	-	-	182,259	168,656	-	-	168,656
Contributions Striving for Excellence Campaign	100,629	-	-	100,629	35,881	-	-	35,881
Contributions - Dallas/Ft. Worth Chapter Fund	-	97,562	-	97,562	-	-	-	-
Contributions - XL Ian Heap Memorial Scholarship Fund	-	97,431	-	97,431	-	-	-	-
Fundraising events	71,500	-	-	71,500	56,809	-	-	56,809
Contributions - Thomas M. Regan Memorial Scholarship Fund	-	312	-	312	-	2,097	-	2,097
Contributions - John T. Lockton Memorial Scholarship Fund	-	168	-	168	-	2,310	-	2,310
Contributions - September 11th Memorial Scholarship Fund	-	50	-	50	-	-	-	-
Contributions - Atlanta Chapter RIMS Scholarship Fund	-	-	-	-	-	-	100,000	100,000
Contributions - William J. Clagnaz ACE USA Scholarship Fund	-	-	-	-	-	-	100,000	100,000
Miscellaneous income	-	-	-	-	20,000	-	-	20,000
Net assets released from restrictions: Satisfaction of program restrictions	65,000	(65,000)	-	-	57,500	(57,500)	-	-
Total revenue, gains, and other support	660,378	427,057	-	1,087,435	786,354	(53,093)	200,000	933,261
Expenses								
Program services								
Scholarship and other programs	404,536	-	-	404,536	490,464	-	-	490,464
Student involvement program	140,090	-	-	140,090	128,100	-	-	128,100
Total program services	544,626	-	-	544,626	618,564	-	-	618,564
Supporting services								
Management and general	97,227	-	-	97,227	80,817	-	-	80,817
Fundraising	144,951	-	-	144,951	176,590	-	-	176,590
Total supporting services	242,178	-	-	242,178	257,407	-	-	257,407
Total expenses	786,804	-	-	786,804	875,971	-	-	875,971
Change in net assets	(126,426)	427,057	-	300,631	(89,617)	(53,093)	200,000	57,290
Net assets, beginning of year	3,415,405	804,025	252,500	4,471,930	3,413,401	948,739	52,500	4,414,640
Reclassification of net assets	-	-	-	-	91,621	(91,621)	-	-
Net assets, end of year	\$ 3,288,979	\$ 1,231,082	\$ 252,500	\$ 4,772,561	\$ 3,415,405	\$ 804,025	\$ 252,500	\$ 4,471,930

See accompanying summary of accounting policies and notes to financial statements.

Spencer Educational Foundation, Inc.

Statements of Cash Flows

<i>Years ended December 31,</i>	2007	2006
Cash flows from operating activities		
Change in net assets	\$ 300,631	\$ 57,290
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Accretion of discount on contributions receivable	(2,125)	(4,738)
Bad debts	-	11,000
Depreciation expense	209	1,254
Net unrealized and realized losses (gains) on investments	7,418	(276,007)
Donated stock	(26,019)	
Permanently restricted contributions		(200,000)
Decrease (increase) in assets		
Contributions receivable	(263,473)	(31,150)
Prepaid expenses	14,172	3,641
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(20,209)	22,290
Grants payable	-	(40,000)
Net cash provided by (used in) operating activities	10,604	(456,420)
Cash flows from investing activities		
Purchases of investments	(646,796)	(4,181,479)
Proceeds from sales of investments	754,204	4,460,882
Net cash provided by investing activities	107,408	279,403
Cash flows from financing activities		
Permanently restricted contributions	-	200,000
Net cash provided by financing activities	-	200,000
Increase in cash and cash equivalents	118,012	22,983
Cash and cash equivalents, beginning of year	72,840	49,857
Cash and cash equivalents, end of year	\$ 190,852	\$ 72,840
Supplemental disclosures of cash flows information:		
Non-cash investing activity:		
Receipt of donated stock	\$ 26,019	\$ -

See accompanying summary of accounting policies and notes to financial statements.

Summary of Accounting Policies

Organization Purpose

The Spencer Educational Foundation (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 the Atlanta Chapter of RIMS, 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 to stimulate, promote and encourage promising students in the risk management discipline in fulfilling their educational goals, primarily by providing scholarship awards and educational grants.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Short term instruments with maturities of three months or less are considered to be cash and cash equivalents for the purposes of these financial statements, except money market funds held for long-term investment in the Foundation's investment portfolio.

Contributions Receivable

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 the present value of estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received. Accretion of the discount is included in contributions revenue. Management considers all promises to give to be fully collectible, therefore no allowance for doubtful accounts has been established.

Property and Equipment

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

Investments

Investments are carried at readily determinable fair value with realized and unrealized gains and losses included in the statements of activities.

Grants Payable

The Foundation recognizes a liability for grants payable at the time they have an obligation to transfer the promised assets in the future, generally when a specific grant is approved or the recipient is notified.

Summary of Accounting Policies

Unrestricted Net Assets

Unrestricted net assets are used to fund the general operations of the Foundation.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts that are subject to donor restrictions. The Foundation is permitted to use up or expend the donated assets in accordance with the donor's restriction.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a purpose restriction is accomplished or stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donors do not specify usage of funds in a specific time period, they are not considered to be time restricted.

If the restriction is met in the same period in which the revenue is recognized, the revenue is recognized as unrestricted support.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets whose use is limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. The restrictions stipulate that resources be maintained permanently but permit the Foundation to expend the income generated in accordance with the provisions of the agreement. Income earned on permanently restricted net assets that is expended in the same period in which it is earned is classified as unrestricted by the Foundation.

Functional Allocation of Expenses

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

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, contributions receivable, and investments. The Foundation places its cash and cash equivalents and investments with creditworthy financial institutions. The Foundation maintains its cash balance in an account which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. The Foundation has not experienced any losses in the account. The Foundation believes it is not exposed to any significant credit risk on its cash and cash equivalents. Credit risk with respect to 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, 2007, the Foundation has no significant concentration of credit risk.

Reclassifications

Certain amounts from the 2006 financial statements have been reclassified to conform with the 2007 financial statement presentation.

1. Tax Status

The Foundation has been granted exemption by the Internal Revenue Service (IRS) from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the IRS has determined that the Foundation is not a private foundation.

2. Contributions Receivable

Contributions receivable consist of the following unconditional promises to give as of:

<i>December 31,</i>	2007	2006
Unconditional promises to give before unamortized discount	\$ 511,500	\$ 234,850
Less: unamortized discount	(12,594)	(1,542)
Net unconditional promises to give	498,906	233,308
Less: current portion	(256,750)	(128,642)
Noncurrent portion	\$ 242,156	\$ 104,666
Amounts due in:		
Less than one year	\$ 256,750	
One to five years	254,750	
	\$ 511,500	

The discount is calculated using a risk free rate of 3.59% in 2007 and 5.03% in 2006.

3. Property and Equipment

Property and equipment consists of the following at:

<i>December 31,</i>	2007	2006
Computer software	\$ 5,015	\$ 5,015
Less: accumulated depreciation	(5,015)	(4,806)
	\$ -	\$ 209

Depreciation expense for the years ended December 31, 2007 and 2006 was \$209 and \$1,254, respectively.

Spencer Educational Foundation, Inc.

Notes of Financial Statements

4. Investments

<i>December 31,</i>	2007	2006
Stock funds	\$ 2,483,798	\$ 2,749,996
Bond funds	1,610,862	1,433,468
Money market funds	-	3
	\$ 4,094,660	\$ 4,183,467

Investment return consists of the following:

<i>Years ended December 31,</i>	2007	2006
Dividend and interest income	\$ 258,717	\$ 181,616
Net realized and unrealized (losses) gains on investments	(7,418)	276,007
Less: investment advisory fees	(10,309)	(10,115)
	\$ 240,990	\$ 447,508

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at:

<i>December 31,</i>	2007	2006
John T. Lockton Memorial Scholarship Fund	\$ 399,650	\$ 441,982
RIMS Fund	296,534	-
Ellen Thrower Scholarship Fund	99,840	104,840
Dallas/Ft. Worth Chapter Fund	97,562	-
XL Ian Heap Memorial Scholarship Fund	97,431	-
Thomas M. Regan Memorial Scholarship Fund	89,385	94,073
September 11th Memorial Scholarship Fund	88,180	93,130
RSA Douglas Barlow Scholarship Fund	62,500	70,000
	\$ 1,231,082	\$ 804,025

In 2004, the Foundation created the John T. Lockton Memorial Scholarship Fund. Scholarships are awarded to undergraduates in their sophomore or junior year majoring in risk management or business administration, with a GPA of 3.2 or higher. The Foundation began awarding scholarships in 2005.

In December 2007, RIMS pledged \$300,000 to support the operations of the Foundation. The goals include expanding the Foundation's most popular programs, including the scholarships and internships. Some of the funds will also go towards the development of an Enterprise Risk Management (ERM) tool for providing education through RIMS.

In 2004, the Foundation held the 25th Anniversary Dinner. Proceeds from the dinner were used for the creation of the Ellen Thrower Scholarship Fund. Scholarships are awarded to St. John's University students. The Foundation began awarding scholarships in 2005.

In January 2007, the Dallas/Ft. Worth Chapter of RIMS pledged \$100,000 towards the creation of a scholarship fund. A \$5,000 scholarship will be awarded annually to an undergraduate risk management student residing in the state of Texas. The Foundation will begin awarding scholarships from 2008.

In May 2007, XL Capital Ltd., pledged \$100,000 for the creation of the XL Ian Heap Memorial Scholarship Fund. A \$5,000 scholarship is awarded annually to an undergraduate student pursuing a degree in risk management or insurance. The Foundation will begin awarding scholarships from 2008.

The New York Chapter of RIMS pledged \$100,000 in 2005 towards the creation of the Thomas M. Regan Memorial Scholarship. A \$5,000 scholarship is awarded annually to an undergraduate risk management student residing in the tri-state area (Connecticut, New Jersey or New York). The Foundation began awarding scholarships in 2006.

The September 11th Memorial Scholarship Fund was set up immediately after September 11, 2001. Scholarships are awarded to deserving risk management and insurance students. The Foundation began awarding scholarships in 2004.

In 2001, Royal Sun & Alliance contributed \$100,000 to the Foundation to create the RSA/Douglas Barlow Scholarship Fund. A \$7,500 scholarship is awarded annually to the highest ranked full-time, undergraduate student as determined by the Education Committee of the Foundation. The Foundation began awarding scholarships in 2003.

In 1991, the Foundation received \$52,500 from several contributors in memory of Joseph G. Holwerda. These contributions are subject to restrictions which require that the principal be invested and maintained in perpetuity and the income earned on such investments be used for the sole purpose of awarding scholarships in memory of Joseph G. Holwerda. The Foundation awarded scholarships in the amount of \$5,000 and \$6,000 for the years ended December 31, 2007 and 2006, respectively.

In 2006, the Atlanta Chapter of RIMS pledged \$100,000 to the Foundation over a three-year period ending no later than December 31, 2009. Scholarships will be awarded to Georgia residents pursuing an undergraduate degree in risk management or insurance. There were no scholarships awarded in 2007 and 2006.

The ACE INA Foundation pledged \$25,000 annually over a four-year period beginning in 2006 and ending in 2009. The \$100,000 will be applied towards the creation of the William J. Clagnaz ACE USA Memorial Scholarship. Scholarships will be awarded to risk management students who are from one of the five boroughs of New York and are a permanent resident of New York. The first scholarship of \$5,000 was awarded in 2007.

6. Permanently Restricted Net Assets

7. Program and Supporting Service Descriptions

The following program and supporting services are included in the accompanying financial statements.

Scholarship 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 notes 5 and 6. The Risk Manager in Residence is awarded to working risk managers so they can lecture for two days on college and university campuses in the United States and Canada.

Student Involvement Program

The Student Internship Program matches students with risk management companies for a meaningful internship experience that provides students with maximum exposure to risk management issues. The Anita Benedetti Student Involvement Program awards a grant that enables selected risk management students to attend the RIMS Annual Conference and Exhibition. The Indiana State Grant funds a risk management workshop for local high school teachers, and the Katie School Grant was awarded to Illinois University to enable high school students to attend summer workshops educating them about career opportunities in risk management and insurance.

Management and General

This includes professional fees, Board of Directors functions, and support costs necessary to manage the financial responsibilities of the Foundation.

Fundraising

Included are professional fees, printing and mailing, and marketing costs associated with the fundraising activities of the Foundation.

8. Related Party Transactions

The Foundation is affiliated with the Risk and Insurance Management Society, Inc. (RIMS). RIMS does not exert control over the operations of the Foundation; however, significant funds are raised through the membership of RIMS. The Foundation received contributions of \$254,504 and \$250,265, respectively, for the years ended December 31, 2007 and 2006, from several RIMS chapters. Included in contributions receivable at December 31, 2007, and 2006, are \$98,000 and \$80,000, respectively, due from several RIMS chapters.

During 2007, the Foundation received a pledge from RIMS for \$300,000 to support the operations of the Foundation. As of December 31, 2007, the amount included in contributions receivable was \$200,000.

The Foundation also received an in-kind contribution of \$15,800 and \$15,200 for the years ended December 31, 2007 and 2006, respectively, from RIMS to cover the use of headquarters facilities.

The Foundation paid RIMS a fee of \$120,752 and \$115,000 for the years ended December 31, 2007 and 2006, respectively for program assistance, fundraising, and administrative services provided. There were immaterial balances due to RIMS at December 31, 2007 and 2006 respectively.

Independent Auditors' Report on Supplemental Information



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Board of Directors

Spencer Educational Foundation, Inc.

New York, NY

Our audits of the basic financial statements included in the preceding section of this report were performed for the purpose of forming an opinion on those statements taken as a whole. The supplemental information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

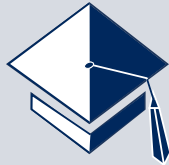
BDO Seidman, LLP

February 19, 2008

Spencer Educational Foundation, Inc.

Schedules of Functional Expenses

Years ended December 31,	2007				2006			
	Program Services	General and Administration	Fundraising	Total	Program Services	General and Administration	Fundraising	Total
Scholarships/Grants	\$ 476,350	\$ -	\$ -	\$ 476,350	\$ 553,464	\$ -	\$ -	\$ 553,464
Administrative RIMS fees	68,276	47,793	20,483	136,552	65,100	45,570	19,530	130,200
Professional fundraising	-	-	86,063	86,063	-	-	71,686	71,686
Postage and shipping	-	123	29,644	29,767	-	3,382	44,836	48,218
Conferences and meetings	-	15,146	-	15,146	-	8,362	-	8,362
Accounting	-	13,033	-	13,033	-	4,720	-	4,720
Printing	-	11,672	-	11,672	-	753	-	753
Marketing	-	-	8,761	8,761	-	-	40,538	40,538
Supplies	-	4,826	-	4,826	-	2,697	-	2,697
Equipment rental	-	2,285	-	2,285	-	2,238	-	2,238
Miscellaneous	-	1,034	-	1,034	-	512	-	512
Travel	-	576	-	576	-	-	-	-
Bank fees	-	363	-	363	-	293	-	293
Depreciation	-	209	-	209	-	1,254	-	1,254
Telephone	-	167	-	167	-	36	-	36
Bad debt expense	-	-	-	-	-	11,000	-	11,000
Total	\$ 544,626	\$ 97,227	\$ 144,951	\$ 786,804	\$ 618,564	\$ 80,817	\$ 176,590	\$ 875,971



SPENCER EDUCATIONAL FOUNDATION, INC.

Educating Risk Professionals for Today and Tomorrow

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