



June 30

ANNUAL  
REPORT

2016

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This report documents the activities, accomplishments, and financial status of the Delta Delta Property Association of Sigma Nu Fraternity, Inc., for the fiscal year ending this date.

**2015 – 2016 ANNUAL REPORT  
DELTA DELTA PROPERTY ASSOCIATION**

June 30, 2016

INTRODUCTION

This annual report was prepared and is submitted by the President of the Delta Delta Property Association of Sigma Nu Fraternity (“the Association”) as required by Article VI of the Association’s Bylaws. The period of this report is from July 1, 2015, through June 30, 2016, unless otherwise stated.

FOREWORD

This report focuses on the activities in which the Association’s officers and directors have been engaged. Activities of the Alumni Chapter are not included. It is not intended to be a report of all of the Collegiate Chapter’s activities – only those that have directly involved or impacted the Association. In reporting these activities, some negative aspects are included. However, the Collegiate Chapter has had many accomplishments in all aspects of chapter operations of which it can be justifiably proud. For example, see page 36 of the spring 2016 issue of *The Delta of Sigma Nu*. Hopefully, the Collegiate Chapter will be reporting these accomplishments via newsletters, its web site and at our annual meeting.

ACTIVITIES/ACTIONS

Meetings with the Collegiate Chapter

Representatives of the Association, Alumni Chapter, and Alumni Advisory Board (AAB) met with the leadership of the Collegiate Chapter at a “kick-off” meeting on August 30, 2015. The fall budget was reviewed and plans for the fall semester were finalized.

The annual meeting of the Chapter’s alumni organizations was held October 10, 2015. In addition to normal discussion topics and alumni officer elections, the meeting included a status report on the capital campaign donations and capital improvement plans. I prepared and distributed a meeting report.

On December 5, 2015, alumni met with the chapter leadership to: meet the newly elected officers and chairmen; address any chapter questions and concerns (none were raised); discuss tentative property improvement plans; conduct preliminary planning for the annual Planning and Budgeting Meeting; and introduce and discuss the new common area lease agreement between the Collegiate Chapter and the Association.

Officers and Directors of the Association and Alumni Chapter held the annual Planning and Budgeting Meeting with the Collegiate Chapter on January 23, 2016, at which time the Association’s draft budget for the next fiscal year was presented and discussed; the spring budget was revised; and the Collegiate Chapter’s preliminary budget for the following academic year was developed.

[Post-Period Update: I met with an architect at the HMS to discuss and obtain design estimates for two options: (1) demolition of the HMS with relocation of the fire escape;

(2) conversion to a covered patio. The architect will consult with a structural engineer and prepare design estimates for both options.]

### Capital Campaign

As summarized in last year's annual report, three brothers were still making payments with a balance of \$4,625. A series of pledge reminders were sent to these brothers this year resulting in zero additional donations. Therefore, collection efforts ceased and the capital campaign was closed.

A campaign summary follows.

	<u>Number</u>	<u>Amount</u>	<u>Written Off</u>
Pledges:	173	\$298,623	
Fully Paid:	118	\$224,973	
Partially Paid:	25	16,615 of 38,500	\$12,020
No Payments:	30		\$35,150
Total Donated:		\$241,588	
Total Written Off:			\$57,170
% Donated:		80.9%	
Total Written-Off		\$57,170	
% Written-Off:		19.1%	

### Capital Improvements

During the summer, damage repairs resulting from the February 2015 sprinkler pipe burst were completed. These repairs included repair of a section of water damaged ceiling in the basement, the replacement of the flooring on the entire first floor with vinyl plank, replacement of two area carpets in the chapter/living room, and replacement of ceiling heat for the foyer, library and basement with either electric baseboard or wall mounted heaters. These repairs were funded by an insurance settlement less a \$2500 deductible.

On August 27, 2015, I sent an assessment of the physical condition of the House Mother's Suite (HMS) to all alumni for which we had either an e-mail or snail mail address. In addition to an assessment, I included comments on renovation alternatives (including plans previously approved by the Association's Board of Directors (BOD)), possible sources of funds for these alternatives, and my recommendations for moving forward. Seventeen alums responded and opinions varied. Most agreed with demolishing the HMS now and replacing it with a patio when funds are available. The BOD has not made a decision. I plan to discuss the project with an architect and several

contractors, obtain rough costs estimates, and present a recommendation to the Board this fiscal year with action targeted for the summer of 2017.

In January, the BOD approved the expenditure of approximately \$10,000 for the installation of a whole house WiFi system which has significantly improved internet access.

I received preliminary estimates from two contractors to renovate the two main bathrooms including improved shower stalls, a larger capacity air handling system to reduce moisture/mildew, new sinks, counters, urinals & mirrors. The total estimated cost for both is \$120,000. The BOD has not approved this project but I hope to receive BOD approval this year and perform the work in the summer of 2017.

A new mortgage loan will be required to fund the HMS and bathroom projects.

The Property Association's Board of Directors recently approved plans to replace nine windows in the living room, dining room and kitchen bathroom. Due to age and continuing maintenance and repair issues, the Board also approved a recommendation from the university's Office of Physical Plant to replace the steam heated hot water system with a natural gas system. The total cost for both projects is approximately \$32,000 and will be funded from donations to the capital campaign. Both projects are slated for this summer. Many thanks to all who contributed thereby making projects like these possible without the need for additional borrowing.

[Post-Period Update: The hot water system has been installed and is fully operational. A final inspection by the state Bureau of Labor and Industry is required. The window project was completed in July.]

In mid-May, Brother Sidwell and I met with the university's arborist and two of its landscape architects. The meeting was held at the request of OPP to discuss new plantings that would be beneficial to both us & the university after the steam line project concludes. The university will put together a proposal and then meet with us to discuss. I don't know how much this could cost us but based on prior experience, we'll get a very good deal.

[Post-Period Update: The lawn has been completely re-seeded and new trees have been planted. The brick walkway was completely replaced with an identical design under the supervision of a mason of our choice. The wood post and chain fence along the north sidewalk has been replaced with black metal post & chain similar to other university walkway fences.]

#### Interactions with the University, Town and Other Fraternities

Brother Sidwell continues to serve as our principal point of contact with the Office of Fraternity and Sorority Life (OFSL). He also covers the Advisor Meetings when our advisors have conflicts.

For the 20<sup>th</sup> year, Brother Sidwell served on the Board of Directors of the Nittany Cooperative, formerly the Fraternity Purchasing Association.

Brother Sidwell also serves as Vice President of the Lion Fraternity Alumni Association (LFAA). As discussed at length in the reports for the past three years, this group has been very active in responding to proposed changes to the Borough's Building Safety and Property Management Code. In 2016, the borough reopened discussion with various interest groups on desired changes. Brothers Sidwell, Shincovich and I attended and provided input at these stakeholders meetings and preparatory meetings of the LFAA. Brother Shincovich attended related meetings of the borough council. If the ordinance is passed in its present form, our kitchen would be inspected by the health department every year, periodic inspections of our exterior fire escape would be required, and outside use of upholstered furnishings would be prohibited. Council action on these changes is not expected until the fall.

The LFAA has also been very engaged with the university's Fraternity and Sorority Greek Life Task Force. Brother Ed Sidwell and I met with the task force on March 16 at a breakfast focus group meeting of fraternity and sorority advisors sponsored by the university. We sat at tables of eight and discussion was limited to those at each table. Two task force members sat at each table. Daniel Shaha, Interim Director of the Office of Fraternity and Sorority Life (OFSL), and a Task Force rep from the Highlands neighborhood sat with us. The Task Force members led the discussion by asking questions of the advisors and took notes. Topics discussed included: why we became advisors; difficulty with obtaining/keeping advisors; the role of each advisor; the role the university should play in overseeing fraternities and sororities; the role of the university in promoting greek life; the role of the Interfraternity Council (IFC) (we had only fraternity advisors at our table); poor/inconsistent oversight by the IFC; spring-only rush and its impacts on house occupancy; impacts of move-outs after the fall semester due to graduations, study-abroad, student teaching and internships; impacts of large numbers of out-of-house brothers; cleanliness and care of the chapter houses; impacts of the Borough's Nuisance Property Ordinance; funding for the OFSL by fraternities and sororities; limiting the number and length of social events; control of underage drinking; responsibility of sororities which attend socials/mixers; and the role or lack thereof of the national fraternity offices. I provided my comments to the Task Force in a letter dated March 17. The Task Force has provided its recommendations to Vice President Damon Sims. However, the content of these recommendations has not been released.

#### Other Activities

- Brother Jim Wyland conducted several unannounced monitorings of social events held at the Chapter House. No significant deviations from our Risk Reduction Policy and Guidelines Implementation Plan were identified during his visits.
- I led Phase I LEAD Seminars for the fall and spring candidate classes on Risk Reduction.
- Brother Sidwell and I provided briefings to each candidate class on the composition of, and support provided by, the Delta Delta alumni organizations, hazing, house residency, and care for the property
- I provided significant input to the Chapter's mandatory Pursuit of Excellence Program self-assessment for 2016 in the areas of Chapter Operations and Alumni Development.
- As the chapter's financial and risk reduction manager, I provided a separate and independent assessment of these areas.

On April 6, 2016, Brother Sidwell received a telephone call from a staff member of the university's Office of Physical Plant (OPP) informing him that the university planned to install a new steam line across our property beginning on May 9. Brother Sidwell was informed that the university had been planning this work for some time but OPP had been advised not to inform us earlier. Brother Sidwell immediately informed me and I confirmed the information by e-mail.

In February 1987, the Association entered into an agreement with the university granting the university a permanent right-of-way (ROW) under our property for the use of an underground utility system. The agreement included a temporary license to enter the property and install the system for a period of 10 weeks. After that period, the temporary license expired and the university's "interest" in the surface of our property ended. The ROW Agreement states, "All maintenance, repair, and operation of the underground utility system, except that which is an emergency, which requires entry upon the surface of the premises, shall be performed only upon the express permission of the Association upon terms to be prescribed by the Association."

Immediately upon learning of the university's new plans, I contacted David Gray, Senior Vice President, Business and Finance – Treasurer, and advised him of the ROW Agreement requirements. Within an hour, he referred me to the Assistant Vice President for Physical Plant, Steve Maruszewski. He was on travel but called me the next day. I informed him that it was the Association's position that a new temporary license was required before any work on our property could begin. Mr Maruszewski tried to invoke the "emergency" provision of the ROW Agreement but backed off when he learned that we knew the university had been planning this work for some time.

On April 7, 2016, Brother Sidwell and I met with an attorney who agreed to write a letter to the university expressing our principal concerns with the project. The letter was sent on April 12.

I drafted a new temporary license and worked closely with OPP over the next few weeks to finalize it. The new license was signed by both parties on May 5. The university was granted access to the property beginning on May 9 for a period of eight weeks. The license requires the university to restore the property to the same or better conditions and includes reconstruction specifications for the brick sidewalk (we obtained these from the mason who originally installed the sidewalk), replacement of the horseshoe pit; restoration of the post and chain fence on the north boundary of our property; restoration of all shrubbery and grass; removal and replacement of the maple tree if damage occurs to its root system; and protection of the shrubs that line the front patio.

Work began as scheduled on Monday, May 9.

[Post-Period Update: Work was completed prior to Arts Fest without any issues.]

### Maintenance and Repairs

Association funds were used for the following activities related to the Chapter House:

- Code inspection-related repairs;
- Security and fire protection system repairs;
- Replacement of the main water supply shut-off valve;

- Rerouting of several downspouts to avoid icing in the parking lot;
- Masonry repair of the brick stairs outside the kitchen
- Partial masonry repair of the rear patio wall;
- Power washing and painting of the front door, circular window, eave and surrounding trim;
- Purchase of 10 new, prison-tested, vinyl chairs;
- Repair of basement foundation leaks;
- Supplies used during the Active – Alumni Work Day on April 9
- Weekly walk-through inspections;
- Variety of door and door jamb repairs;
- Repair of the steam heated hot water system;
- Repair/cleaning/replacement of bathroom exhaust fans;
- Repair/replacement of selected light fixtures;
- Repaired igniters on the kitchen stove;
- Repaired baseboard heat unit in chapter/living room;
- Replaced kitchen heating unit;
- Cleaned the kitchen AC unit;
- Installed a light in the sprinkler manifold closet;
- Performed annual backflow inspection;
- Installed lockable covers over all thermostats;
- Repairs to entry door locks and opening mechanisms; and
- Numerous miscellaneous repairs including a variety of electrical, heating, drywall, structural, and plumbing repairs.

In addition to the above repairs, security deposits were debited this fiscal year in the amount of \$11,750 due to damages, lost keys and fines, broken down as follows:

Lost Key Fees:	\$ 700
Fines:	4,400
Damages:	6,650

This amount compares to \$11,866 debited in the previous fiscal year.

#### Summer Residents and Summer Parking

As discussed in last year’s annual report, summer residency has been suspended.

Parking spaces were rented in the summer of 2015 to unaffiliated individuals with the Association managing the rental process and retaining all of the income. However, only \$225 was raised, netting only about \$100 after advertising costs.

For the summer 2016, we used an on-line service ([www.parkingbeeapp.com](http://www.parkingbeeapp.com)) to rent spaces. The cost is \$75 and the service retains 15%. We rented 15 parking spaces with a net income of about \$829.

#### Significant Changes to the Housing Contract

For the fiscal year beginning July 1, 2016, we’ll have three contracts. The first is a legally binding common area lease agreement between the Association and the Collegiate Chapter. This agreement will replace the Management and Operating Agreement which has been largely ignored by the Chapter. Key features are the inclusion of the Chapter

House Residency Policy and an associated “empty bed fee” if the policy is not followed. Also included is a series of violations and associated monetary fines. Fines will be paid in the form of additional rent. Categories of violations include laws/ordinances; safety/security; cleanliness/property damage; nuisance; and risk/liability. Second, and for the first time, we are requiring out-of-house (OOH) brothers to sign a contract and pay a security deposit. The requirements of the OOH contract are similar to the common area requirements of the residents’ contract. One of our brothers inquired with the General Fraternity concerning the Association’s right to require an OOH contract and security deposit. The General Fraternity supported the Association’s position.

The third contract is our residents’ contract which has been revised to include a lease modification fee of \$1,500 for non-December graduates who leave the house after the fall semester. There are several reasons for this change. First, our contract is for the full academic year – it is not semester by semester. Second, we set our budget, and consequently the house bills, in the spring for the next academic year based on projected occupancy. In the past, we have unilaterally canceled the spring semester charges for residents who move out unexpectedly after the fall semester (due to emergent study-abroad courses, student teaching and internship). This practice has resulted in unexpected losses of income. The lease modification fee is intended to help defray the costs of such move-outs and prevent spring semester increases for the remaining brothers. This lease condition is far more lenient than you’d find in apartment leases. December grads are not subject to the fee because we generally know the members who are graduating in December and we budget for those losses. We also want to encourage seniors to live in the Chapter House as long as possible thereby providing much needed senior leadership and experience.

[Post-Period Update: As of mid-August, all projected fall residents had signed their housing contracts and 10 of 22 out-of-house (OOH) contracts remained unsigned. The EC was contacted twice to expedite the process. The chapter is required to pay \$200/semester in additional rent for each unsigned OOH contract.]

### Chapter House Cleanliness and Care for Property

Unfortunately, significant concerns remain in this area. Recurring problems are trash in the bedroom hallways, food trash left on the dining room tables and floor after meals, drink splatter on the dining room walls, cigarette butts on the ground immediately adjacent to butt receptacles, food deliberately thrown on the kitchen walls, food trash left in the chapter/living room, dislodged and damaged window screens left on the ground around the house, broken glass at various inside locations and disgustingly filthy guest bathrooms.

Our property services contractor performs a walk-through inspection of the common areas every Tuesday at 2:30 PM. He prepares a running Google doc inspection report and posts pictures of every common area room and hallway. Although the chapter is well-aware of these recurring inspections, which the house manager is invited to accompany, the members either don’t care or don’t have the foresight to clean before these inspections. Both of these possibilities are extremely troubling. Significant fines have resulted from these inspections.

In November, a resident brother broke into the locked cook’s cabinet. Although the individual was known, the chapter required only an apology and reimbursement for

repairs but did not enforce the fine mandated by the housing contract. The Association had to intervene, using the threat of eviction to establish and enforce meaningful disciplinary actions.

On the evening of January 13, 12 brothers and their guests (reported to between 5 & 7) held an unauthorized party in the dining room. I visited the house the next morning to meet with a contractor and found the dining room to be completely trashed. I took pictures and forwarded these along with my concerns to the General Fraternity. Each brother was fined \$25 and assigned party clean-up duties for four weeks. The General Fraternity conducted an investigation that concluded on February 10. I was concerned with both the findings and the content of the investigation report. After extensive e-mail exchanges and discussions with our BOD and with Executive Director Brad Beacham and his staff, Brother Beacham and I agreed to write a joint letter to the chapter. This letter is included with this report as Attachment 3.

During my walk through on May 5, the cook informed me that most of the china plates and bowls, essentially all of the flatware, and some of his pots, pans, cooking and storage supplies had slowly vanished. Significant replacements will be needed before the fall semester. Costs will be deducted from security deposits.

During my post-semester walk-through and inspection of May 10, I determined that two bedrooms had been entered and damaged after the resident's left. A fine has been assessed and paid for one of these. The second incident has been closed at the request of the resident. Because the master key was used to gain access to one bedroom and could have been used to access the other, I've prepared new master key custody requirements.

I remain receptive to the following additional actions if the care for, and respect of, our property does not improve:

- Have an officer/director of the General Fraternity meet with the Chapter;

[Post-Period Update: Fred Dobry, Director of Risk Reduction for the General Fraternity, met with the chapter's executive committee and then with the entire chapter on September 11, 2016.]

- Ask the General Fraternity to conduct a membership review;
- Go dry;
- Hire a resident assistant, at the Chapter's expense, to monitor activities in the common areas;
- Install security cameras, at the Chapter's expense, to monitor activities in the common areas (other than the bathrooms, of course); and/or
- Hire a security service/individual, at the Chapter's expense, to periodically (e.g., daily, weekly, random frequency to include selected social functions, etc.) tour the common areas and monitor activities.

All but the first action would require prior approval by the Association's BOD.

The Association has offered to work with the Chapter to develop and implement a consistent and enforceable program to improve the care for our property and to hold brothers accountable for their actions. Because the Chapter has not accepted this offer

and in response to the events of January 13, 2016, a cleanliness program is now mandated as described in the joint letter dated April 18, 2016.

[Post-Period Update: I prepared a cleanliness program following the criteria stated in the April 18 letter and forwarded the program to chapter officers in July 2016 for review and comment. No comments were received so the program has been established without change.]

#### Risk Reduction/Management

We plan to continue unannounced monitoring of social events to help ensure continued compliance and report any suspected and actual violations directly to the General Fraternity for resolution.

As reported in the attached letter, the General Fraternity found two violations had occurred at the unauthorized party held on January 13. The affect, if any, of these violations on our liability insurance premiums is unknown at the time of this report.

[Post-Period Update: These violations had no impact on our premiums.]

#### Property Management Changes

Beginning July 1, 2015, the Association contracted with the Nittany Cooperative, Inc. to provide property services. These services include weekly walk-through inspections of the common areas with on-line reports (including pictures) of findings, on-line capability for the Association to assign responsibilities for maintenance and clean-up actions, move-in and move-out inspections of the bedrooms, security deposit tracking, room key management, and electronic on-line signing of housing contracts (with status reports). These services have greatly reduced the volunteer efforts that Brother Sidwell and I have provided for many years. However, the inspector's cleanliness standards have been much lower than mine – a situation we will resolve (in my favor) during the summer months.

#### Bursar Billing

We've had problems each semester with bursar billing this year. All originated with poor work by the treasurer. Errors and failures to follow-up on late payments with spring bursar billing led to approximately \$7,900 in accounts receivable as of April 25<sup>th</sup>. I spent nearly four hours correcting the spreadsheet for fall 2016

#### COMPLIANCE WITH BOROUGH AND CODE REQUIREMENTS

Three code inspections of the chapter house were conducted this fiscal year with only minor violations that were quickly corrected.

The property was cited with two noise violations this fiscal year due to playing music too loud. The first violation occurred on November 15, 2015. The chapter was fined \$250 + court costs. The violation occurred during the day. Police responded to a complaint. Speakers were set in a front window pointing towards Burrowes Road. The police arrived, discussed the situation with the Commander and a citation was issued.

The second violation occurred on April 17, 2016, at 1:30 AM. Again, police responded to a complaint. Brothers were on the patio. Music was loud 100 ft away. The police spoke the Commander and a citation was issued. This violation was adjudicated on April 28. The chapter pled guilty and paid a fine and court costs totaling \$442.50.

Under the Borough's Nuisance Property Ordinance, violations such as these are assigned points (two in the case of noise violations). When a property's point total reaches 10, the Borough can revoke the property owner's rental permit at the close of the rental period, thereby requiring the property to cease rental operations for a period of one year. Alternately, the Borough can enter into a consent agreement with the property owner requiring certain conditions be met for continued operation. There are several fraternities currently operating under consent agreements.

Points remain on the books for a period of 12 months following the infraction. Therefore, the four points assigned to our property will remain until November 15, 2016. Assuming no further violations occur, the point total will drop to two until April 17, 2017.

The Chapter is required, under our Management & Operating Agreement, to "Promptly inform the Association of any violations of the law or university regulations or initiation of legal proceedings resulting from Chapter activities." The Chapter did not do so for either of these violations. We learned of the violations by examining the on-line database:

<http://www.statecollegepa.us/DocumentCenter/Home/View/242>

Both commanders were fined \$200 each for not reporting these violations to the Association.

## PLANS FOR 2016 – 2017

### Meetings & Events

For the upcoming academic year, the Association's planned activities include: a kick-off meeting with the Collegiate Chapter on Sunday, August 28; the annual Homecoming meeting on October 8 (beginning at 7:00 PM); and a budgeting and planning meeting in late January. Additional meetings and/or telephone conferences will be scheduled as needed.

The Association will host a buffet-style dinner following the Blue/White game on April 22, 2017.

The Association sponsored an alumni reunion dinner on Saturday of the reunion weekend (June 4<sup>th</sup>) and plans a cook-out lunch on Saturday of the Central Pennsylvania Festival of the Arts (Arts Fest) weekend (July 16). We had planned such a dinner for 2015 along with a cookout during Arts Fest but scheduled repairs resulting from the sprinkler pipe break required cancellation.

[Post-Period Update: The Arts Fest cookout was held as scheduled. Six alumni plus their guests attended.]

Brother Sidwell will continue to serve as our interface with the Centre Region Code Administration and serve on the LFAA and Brother Shincovich will continue his interface with the Borough and the Highlands Neighborhood.

### Maintenance & Repairs

Planned non-routine repair and maintenance activities include:

- Completion of hot water system conversion to natural gas;
- Replacement of dining room and living room windows
- Final masonry repairs of the rear patio wall;
- Inspection of the roof, gutters and eaves;
- Painting of selected exterior trim;
- Installation of wood trim (corner mold) to protect dining room & foyer walls;
- Installation of under-counter baseboard in the kitchen;
- Installation of a drain line for the kitchen drink dispenser;
- Mortar repairs for selected brick work;
- Purchase and installation of a new lockable alumni cabinet for the pantry/commissary;
- Repair/replacement of selected interior ceiling light fixtures;
- Installation of a dead bolt lock for the door leading to the basement utility, laundry and storage rooms;
- Replacement of wood siding on the basement door overhang with vinyl; and
- Repairs to door trim, jambs and locks for several bedrooms.

## FINANCIAL STATUS

### Budget Execution

Attachment 1 includes budget execution results for 2015 – 2016 and the budget for the 2016 – 2017 fiscal year, which was approved by the Board of Directors in late May 2016. The expenses in this budget will need to be revised to include the costs for the new hot water system and windows that were approved but not paid this year.

1. Rent charged to the Collegiate Chapter was as budgeted.
2. Insurance Settlement is the amount received from the insurance carrier for damages caused by the broken sprinkler pipe. The bulk of the insurance settlement was received last fiscal year. The balance of \$8,705 was paid after work had been completed and final repair invoices were submitted to the carrier.
3. Capital improvements for this fiscal year are discussed above. Note that the invoices for both the hot water system and window replacement projects were not received this fiscal year as planned and will be paid in the 16 – 17 fiscal year.
4. Affinity costs are associated with processing pledge reminders and donations. These costs were less than budgeted because collections efforts were reduced to only those alumni who had demonstrated a commitment to fulfill their pledges. Having received no donations this fiscal year after two rounds of pledge reminders, all collection efforts were terminated and remaining balances were written off.

5. Liability insurance costs were less than budgeted because the budget overestimated the results of recruitment. Therefore, membership was slightly overestimated.
6. Casualty insurance was within reasonable budget variances.
7. Total costs for Maintenance/Repairs/Furnishing expenses were approximately \$5,000 under budget. Note that \$22,474 of these costs will be capitalized as house improvements.
8. Miscellaneous expenses included copies, office supplies, lunches for meetings with chapter leadership, expenses for meetings, conference calls, and postage.

NOTE: Net operating cash flow is the difference between income received from normal operations and expenses from normal operations. Therefore, net operating cash flow excludes donations to the capital campaign and the cost of extraordinary capital improvements individually approved by the BOD. A comparison of budgeted net operating cash flow to actual provides an overall measure of operating budget execution.

9. The negative net cash flow (\$9,367) is the cumulative result of the variances discussed above. This result compared very favorably with the budget.

### Balance Sheet

The year-end balance sheet is provided as Attachment 2.

Our "Current Assets" (less Security Deposits and Accounts Payable) have decreased since last year by \$9,367 due to the negative cash flow discussed above.

The Association has loaned funds to the Alumni Chapter to cover shortfalls in donations to the Annual Fund. The first loan occurred in 2006 for \$1000. Loans for 10 - 11 totaled \$4,700 with a total debt of \$5,700 at the end of that year. A loan of \$1,350 was required in December 2012 raising the total loan amount to \$7,050. No loan payments have been made.

"Deferred House Mothers Suite" (HMS) account represents the funds that had been raised by Brother Leyburn, ΔΔ 597, and ear-marked for the HMS renovation.

The "National Penn Loans" show the remaining principal of the two loans with a total principal reduction of \$10,460 this fiscal year. The smaller of the two loans will be paid in full in February 2017.

### ACKNOWLEDGEMENTS

Brother Ed Sidwell has consistently supported all aspects of our operation, only some of which are described above. Brother Jim Wyland, ΔΔ1273, has served as Chairman of the AAB. Brother Jim Shincovich, ΔΔ860, a member of the Association's Board of Directors, assists Brother Sidwell in LFAA activities. I'd also like to thank Brothers Ernie Russom, ΔΔ1014, and Doug Kosydar, ΔΔ1249, (both Directors of the Association) on whom I routinely rely for advice and counsel.

A special thank-you is extended to Jon Stavinski, ΔΔ1382, for his \$2000 donation in support of the hot water heating system project. His donation allowed an upgrade to a top-of-the-line model.

I thank all the officers, directors, and advisors for their support throughout the year.

As always, I would appreciate any feedback on how we can improve the Association's operations.

Respectfully Submitted,

*Robert A. Nelson*

Robert A. (Nellie) Nelson, '72, ΔΔ916  
Captain, US Navy (Retired)  
President  
Delta Delta Property Association  
of Sigma Nu Fraternity

Attachments:

1. Budget & Budget Execution
2. Balance Sheet
3. Joint Letter Dated April 18, 2016