

**To: Chairman Kasio Mida**  
**Regents, College of Micronesia-FSM**  
**Dr. Joseph Daisy, President**

**Fm: Floyd K. Takeuchi, Friends of the College of Micronesia-FSM**

**Re: Update/2014**

**February 15, 2015**

Dear Chairman Mida,

It is my pleasure as President of the Friends of the College of Micronesia-FSM, Inc. to provide you with this update on the foundation's activities in 2014.

The board of directors met in Lanikai, Hawaii in January 2014 for their organizational meeting. As I reported at this time last year, the Friends established its banking facilities and investment adviser in 2013. Our goal in 2014 was to develop processes.

The Friends goals were two-fold in 2014:

- Develop immediate support for the College of Micronesia-FSM with existing financial resources.
- Establish on-going processes.

The on-going processes are in place. I have received strong support from Board Secretary Michael Rota for both administrative and travel needs.

The Board voted to focus on the Japan market in 2014, and hired former Japan Ambassador to the Federated States of Micronesia, the Hon. Shoji Sato, as a special adviser to the Friends of the College of Micronesia-FSM. I traveled to Tokyo, Japan in January 2014 to meet with Ambassador Sato to discuss the scope of his services to the Friends.

I have attached Ambassador Sato's report to the Friends Board. As you can read in his report, we had a successful 2014 with major relationships developed for COM-FSM in Japan. These relationships, established through the guidance of Ambassador Sato, hold the potential for growth in the coming years.

As I reported last year, we chose a conservative, long-term focused investment strategy with our manager, First Hawaiian Bank Wealth Management Group. Our results for 2014 reflect a market that was impacted by more modest growth than was expected early in the year.

We have two funds under management – one for unrestricted use, and one for restricted use, based on donor interest. Our unrestricted fund is the largest, and was opened in January 2014 with an initial deposit of \$430,000. Our restricted fund was opened in January 2014 with an initial deposit of \$100,000.

We ended 2014 as follows:

- Unrestricted fund balance as of 12/31/2014: \$426,847.84 with estimated annual income of \$8,785.87.
- Restricted fund balance as of 12/31/2014: \$99,444.99 with estimated annual income of \$2,045.62.

The Board of Directors of the Friends of the College of Micronesia-FSM, Inc. is scheduled to meet in Hawaii on March 7, 2015 for its annual meeting. It is my expectation that at our upcoming meeting, we will:

- Review Ambassador Sato's consultancy and decide whether to continue it in 2015;
- Focus on fund-raising for the Endowment managed by the Friends.
- Develop further support for the College's academic and program initiatives.

Regarding the second point, I would like to suggest that the Board of Regents begin to give serious consideration to consolidating the majority of its financial assets under management a single endowment. Of the two endowments, the Friends is the only one with the potential to develop expanded fundraising programs in markets outside of the FSM. Having most assets under single management would also give the Friends expanded opportunities to support the College.

May I suggest that the Board give consideration to keeping a reserve fund under management by the current national endowment, but transfer most of its current FSM endowment assets the endowment managed by the Friends of the College of Micronesia-FSM, Inc.? We would be happy to discuss this further with the Board of Regents at its convenience.

Thank you for the opportunity to serve the College of Micronesia-FSM.

Sincerely,

Floyd K. Takeuchi  
President