

# Alpha Chi Sigma Fraternity

Professional in the Chemical Sciences

Office of the  
GRAND RECORDER



John N. Stipp  
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## Report of the Grand Recorder in Response to the 57<sup>th</sup> Biennial Conclave, Motion 34 July 12, 2025

*“We have met the enemy, and they are us”  
-Walt Kelly (paraphrased from original by Master Commodore Oliver Hazard Perry)*

At the 57<sup>th</sup> Biennial Conclave, the Grand Chapter passed Motion 34 directing the Supreme Council to investigate socially responsible investment options for the Reserve Fund. That Supreme Council assigned that task to the Grand Recorder, and the following is my report on that topic.

### **57<sup>th</sup> Biennial Conclave Motion 34**

Made by: Samantha McKenna, SEDC

Seconded: Mic Le, PR

Be it resolved that the Supreme Council shall work with our financial advisors to investigate socially responsible investment options for Reserve Funds and report findings at the Summer 2025 Supreme Council Meeting.

First Reading: 7/17/2024

Consideration: 7/17/2024

Action: Voice – Passed by Unanimous Voice Vote

### **Background**

Morgan-Stanley offers a variety of Socially Responsible investment options for its' clients. Those are broken down into a variety of areas of focus / areas of concern.

Who defines what is and is not socially responsible? Much of that is defined by the general public, politicians, social media outlets, politically motivated news media, influencers, etc., and their personal viewpoints as to what is considered “good” and “bad”. The general public is not well educated in science, and have negative views on many areas of our chosen profession and science. A fear of “chemicals” is common amongst the public, and corporations have leveraged that fear for marketing purposes to increase sales. Politicians and influencers have leveraged that fear to gain support and followers. Many of the areas where our members work are not popular with the general public, or are targets for anti-chemistry views. Fields like oil and gas, polymer science (plastics), chemicals, mining, consumer packaged goods, sugary beverages, electronics, automotive, pharmaceuticals, paints, chemicals in general, etc. all have many outspoken members of the public decrying how “bad” these industries are without science based facts.

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As an organization, it would be a very bad position for a Fraternity based on promoting the chemical science profession to be unwilling to invest its' Reserve Fund in areas where our members (who donated said funds in the Reserve Fund) work and practice their chosen profession and science.

With that in mind, that restricts some of the Impact Themes where we should focus our investments if we move down that path. That is not to say that there are no opportunities for socially responsible investments that align with a Professional Fraternity in the Chemical Sciences.

It was said years ago that organizations such as the ACS focus on Chemistry, whereas Alpha Chi Sigma focuses on Chemists. This perspective provides a good background as to how the Fraternity can explore socially responsible investment options that are beneficial to what our members support, and do not penalize industries where our members work from having access to investments from the Fraternity's Reserve Fund.

Alpha Chi Sigma is an organization that limits its' membership to those who desire to make some field of the Chemical Sciences their life's work. That is the only membership requirement. The Fraternity does not discriminate on any other means. We have no membership restrictions with regards to race, color, religion, gender, sexual orientation, gender identity, national origin, age, disability, genetic information, marital status, pregnancy, amnesty, status as a veteran, or any other characteristic.

Building on those ideals, there are Socially Responsible Investment Impact Themes from Morgan Stanley that align with the Fraternity's values and its' dedication to the advancement of the Chemical Sciences. Those are as follows:

## Gender Lens

The Gender Lens Impact Investment Theme from Morgan Stanley promotes gender equality in corporate leadership and empowering women and girls

### Impact Objectives

- Gender Diversity in Leadership
- Gender Diversity in Workforce
- Closing the Gender Pay Gap
- Parental Leave
- Preventing Sexual Harassment

Alpha Chi Sigma began initiating women in 1971, and was one of the first Professional Fraternities to do so. With this long history of promoting gender equality, this impact theme would be expected to align well with the vast majority of our members and donors viewpoints.

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## Inclusive Workplace Theme

The Inclusive Workplace Investment Theme from Morgan Stanley is geared towards promoting fair and safe work environments for all employees

### Impact Objectives

- Diversity in Leadership
- Human Rights Record
- Employee Treatment
- Ethical Practices

As a Professional Fraternity helping our members develop interpersonal and leadership skills for the workforce, we would expect that Alpha Chi Sigma's members going into the workplace should be treated well and in an ethical manner.

## Impact on Returns with Selected Investment Themes

Although it is impossible to predict, restricting investment diversity can be expected to have a negative impact on our return rate. Additional complexity to investment policies can also necessitate added oversight from Morgan Stanley. As such, incorporating additional restrictions on the account could likely cause an increase in the management fees should additional money managers be needed.

The Fraternity's annual rate of return on the Reserve Fund (net of fees), as of this writing, has averaged 5.54% since January 2012. Using this rate of return, applying that rate to the Reserve Fund balance as of March 31, 2025 (\$814,637), and assuming an average annual contribution to the Reserve Fund of \$9,000 (from donors designating their donation to the Reserve Fund) yields the following predictions:

*\*Calculations were made with the aforementioned parameters using calculator.net.*

Reserve Fund Prediction Over Time – 5.54% Return / \$9,000 Annual Contribution / No Withdrawals

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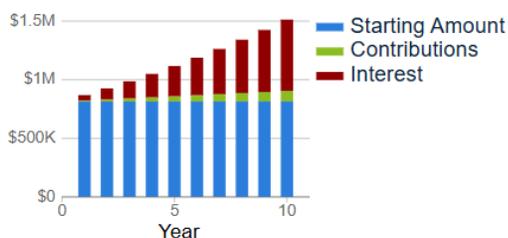


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## Accumulation Schedule

Annual Schedule [Monthly Schedule](#)

Year	Deposit	Interest	Ending balance
1	\$823,637.00	\$45,130.89	\$868,767.89
2	\$9,000.00	\$48,129.74	\$925,897.63
3	\$9,000.00	\$51,294.73	\$986,192.36
4	\$9,000.00	\$54,635.06	\$1,049,827.42
5	\$9,000.00	\$58,160.44	\$1,116,987.86
6	\$9,000.00	\$61,881.13	\$1,187,868.98
7	\$9,000.00	\$65,807.94	\$1,262,676.92
8	\$9,000.00	\$69,952.30	\$1,341,629.23
9	\$9,000.00	\$74,326.26	\$1,424,955.48
10	\$9,000.00	\$78,942.53	\$1,512,898.02



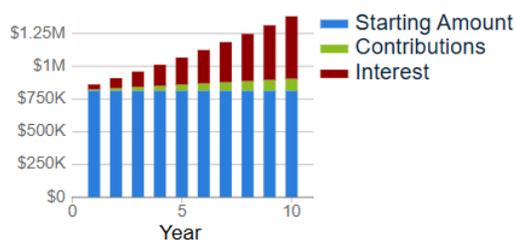
The reduction in Rate of Return cannot be predicted; however, if we assume a drop in the Rate of Return from reduced performance / increased investment fees totaling 1.0% (annual rate of return of 4.54%), that has the following impact to the Reserve Fund:

Reserve Fund Prediction Over Time – 4.54% Return / \$9,000 Annual Contribution / No Withdrawals

## Accumulation Schedule

Annual Schedule [Monthly Schedule](#)

Year	Deposit	Interest	Ending balance
1	\$823,637.00	\$36,984.52	\$860,621.52
2	\$9,000.00	\$39,072.22	\$908,693.74
3	\$9,000.00	\$41,254.70	\$958,948.43
4	\$9,000.00	\$43,536.26	\$1,011,484.69
5	\$9,000.00	\$45,921.40	\$1,066,406.10
6	\$9,000.00	\$48,414.84	\$1,123,820.93
7	\$9,000.00	\$51,021.47	\$1,183,842.40
8	\$9,000.00	\$53,746.45	\$1,246,588.85
9	\$9,000.00	\$56,595.13	\$1,312,183.98
10	\$9,000.00	\$59,573.15	\$1,380,757.14



A marked reduction in the Reserve Fund balance over time is evident from reduced returns.

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Both of the above scenarios do not allow for withdrawals from the Reserve Fund for emergencies or for operating expenses, which is an unrealistic assumption at this time.

These calculations are not given as an attempt to put a cost on Socially Responsible investing; however, there is likely going to be some negative impact on the Fraternity's returns if we start putting additional restrictions on the Reserve Fund, or complicating our investment policy such that it requires additional investment advisors to manage.

## **Grand Chapter Financial Summary**

The Grand Chapter is incorporated as a 501c3 not-for-profit corporation. As a non-profit corporation, the purpose of the Fraternity is not to maximize returns for stockholders or the business owners. However, if the Fraternity runs out of money, similar to a for-profit corporation, it will cease to exist.

The Fraternity essentially has two income streams, one from collegiate fees (~80% of annual income) and the other from Professional Contributions (~20% of annual income). Our goal in setting the budget for the Grand Chapter has been to keep costs low to minimize the Pledge and Lifetime Membership Fees to attract new members without creating an undue financial burden for them. As such, we struggle to break even or be profitable every year. We have managed to do so in recent years primarily by Erin's efforts to limit expenses and to find areas where we can reduce costs. Our ability to cut costs over time continues to decrease as there are fewer opportunities for cost savings available. We likely do not have any areas left where we can cut significant expenses to improve our balance sheet.

Supreme Councils have historically struggled to pass a budget that does not have more expenses than income due to our philosophy of keeping fees low for new members. A listing of recent budgets and their predicted profit / loss are shown below, along with the actual numbers from each year:

<b>Year</b>	<b>Budgeted (General Fund)</b>	<b>Actual (General Fund)</b>
2015	\$43,508 Loss	\$35,322 Loss
2016	\$11,171 Loss	\$30,615 Loss
2017	\$83 Profit	\$99,286 Loss
2018	\$75,499 Loss	\$77 Profit
2019	\$76,050 Profit	\$6,386 Profit
2020	\$53,949 Loss	\$80,169 Loss
2021	\$37,542 Loss	\$36,985 Profit
2022	\$76,703 Loss	\$818 Profit
2023	\$10,226 Profit	\$14,587 Profit
2024	\$28,616 Loss	\$59,388 Loss
2025	\$38,315 Loss	TBD

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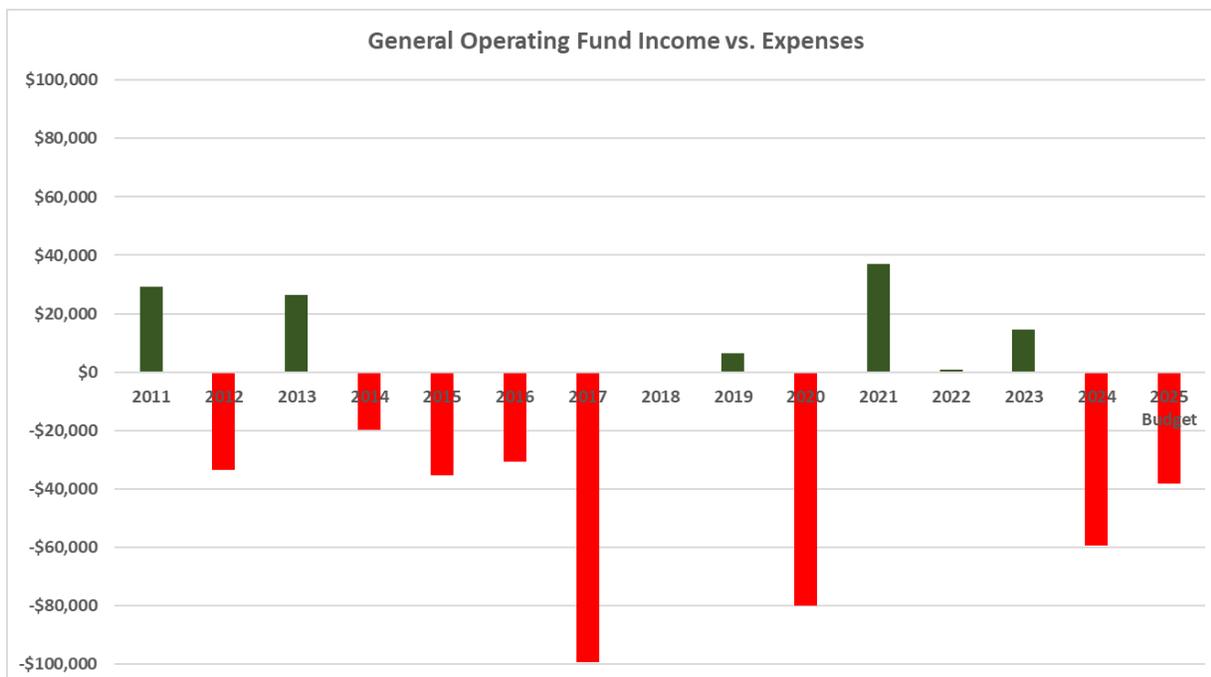
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The actual profit and loss per year can be seen in the chart below which is the same chart provided in the Grand Recorder Annual and Biennial reports:



When expenses are higher than income, the resulting shortfall must come from the Reserve Fund. Anything that limits the Fraternity's rate of return on investments on the Reserve Fund is going to reduce the Fraternity's long term financial health. Withdrawals from the Reserve Fund for the past ten years are shown below:

## Reserve Fund Withdrawals

2015 = \$0  
2016 = \$50,000  
2017 = \$90,000  
2018 = \$100,000  
2019 = \$143,000  
2020 = \$100,000  
2021 = \$0  
2022 = \$0  
2023 = \$0  
2024 = \$0  
2025 = To be determined

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I have tried to not withdraw funds from the Reserve Fund for operating expenses so that those investments can continue to grow. That being said, I would expect that we will need to withdraw from the Reserve Fund later in 2025 or 2026 with our current income and planned expenses.

If we, as an organization, are going to make a conscious choice to reduce the rates of return on our investments, then it will be necessary to make some difficult decisions in regards to balancing our budgets. Those choices could include increasing Pledge Fees, increasing Lifetime Membership Fees, increasing the recommended minimum annual Professional Contribution, making Conclaves virtual events, restricting meeting travel for SC meetings, cutting back on the *Hexagon*, etc.

## **Conclusions**

I believe that there are Socially Responsible investments that could align with the Fraternity's values and not alienate our members. However, I do not believe that the Fraternity is in any sort of financial position to take actions that would limit our investment returns at this time. The risk to the Fraternity's long term financial health is too great at this time.

Yours in the Double Bond,

A handwritten signature in black ink, appearing to be 'J. Stipp'.

John N. Stipp, *Epsilon 1989, OA*  
Grand Recorder