

Endowment Committee Annual Report 2018

Submitted by Jim Fuller, Chair, BUUF Endowment Committee

Berrien UU Fellowship has two types of funds, restricted and unrestricted. The fund types each yield investment income that is utilized by the Fellowship. Interest income from the restricted fund is used for community outreach activity. Interest income from the unrestricted fund is used for general operations purposes.

BUUF endowment fund types are currently invested in five different accounts through two institutions: 5/3 Securities, Inc and the Unitarian Universalist Common Endowment Fund (UUCEF). Each uses a different reporting period.

5/3 Securities, Inc reports by calendar year (January – December).

UUCEF reports by the UUA fiscal year (July – June). Corresponds with BUUF

This reporting difference presents some challenges. BUUF’s endowment policy does not explicitly recognize differences in reporting. It only acknowledges endowment income as “calculated distribution”, as determined by the Common Endowment Fund. Historically BUUF endowment committee annual reports have reported calendar year investment earnings.

What exactly are investment earnings? Earnings can be thought of as “assets change in market value over the past year” plus “realized income from asset maturity” plus “dividends” minus fees charged by the managing institution.

Asset Change + Income from Asset Maturity + Dividends – Fees = Endowment Earnings

Those amounts are summarized in the following chart: Endowment Status Dec. 31, 2017

Restricted:	Institution	Asset value	12-month net income
	5/3	\$58,051.12	\$3792.51
	UUCEF	\$57,217.08	\$8468.24

40% of restricted funds income is available for COSA each year

100% of unrestricted income is available for General expense each year

Unrestricted:	5/3	\$97,158.18	\$10,360.96
(General)	UUCEF	\$26,143.67	\$3968.11
(Whitlow)	UUCEF	\$11,317.43	\$1479.40

\$22,000 of the assets are in mutual funds and earn low interest. These monies need to be reinvested asap.

Endowment committee objectives for the 2018-2019 fiscal year (July – June):

1. Simplify invested funds to more easily self-manage them and monitor earnings including amending Endowment policy to include a precise definition of earnings
2. Reduce the number of funds to improve communication to the Fellowship on the specifics of the investments
3. Examine how and where 5/3 Securities, Inc funds are actually invested to identify conflicts with BUUF 's mission of providing a welcoming and caring religious community dedicated to diversity of thought, social and environmental justice, and peace for all. (example, we are currently invested with Wells-Fargo, Goldman Sachs, and Bank of America)