

Annual Meeting Report

Date: May 13, 2019

Name of Person Submitting the Report: Jim Fuller

Report Contents: Endowment Committee Annual Report

The 2018-2019 Endowment committee included Jim Fuller (chair), Dennis Higdon, and Julie Williams.

The BUUF 2018-2019 fiscal year was a year of transition for the endowment funds. The fiscal year started with the funds distributed across 5 accounts held in two different institutions: Fifth Third Bank and UU Common Endowment Fund. The total assets are kept in two categories:

1. Restricted funds. By definition these funds cannot be spent. 40% of the income from Restricted funds are allocated as donations to other endeavors—social justice groups—chosen by the BUUF congregation at the Annual Meeting.
2. General funds. 100% of the income for the general fund is to be used for normal operational expenses. The principle is to be kept intact except for special projects funded at the congregation's request and unanimous vote of approval by the three members of the Endowment Committee.

The two institutions, Fifth Third and UUCEF had different investment goals and different definitions of income. This created conflict: Fifth Third wanted to produce dividends. UUCEF wanted to produce asset growth. Fifth Third ignored ethics. With our funds invested there, BUUF was subsidizing Wells Fargo in its predatory lending practice (\$23,000 of our money was invested with them.)

UUCEF strives for assets that grow in value over the long term. They do not issue dividends. They do not have maturation dates. They have an ethical/social investment policy. They do not invest in fossil fuels, predatory banking practice, or carcinogenic chemicals.

All funds were transferred from Fifth Third to UUCEF in November and December of 2018.

This transfer solved the conflict of investing counter to our UU principles. However, the definition of 'income' in the endowment policy and the definition of 'income' in UUCEF are not synonymous.

Going forward, Endowment committee is committed to establishing a steady, reliable, predictable, income from the General fund that will ensure retention of the core of our investments adjusted for inflation. We will create a transparent formula for withdrawals, allowing for adjustments during extreme market fluctuations.

Attached: Current UUCEF Balance Sheet