



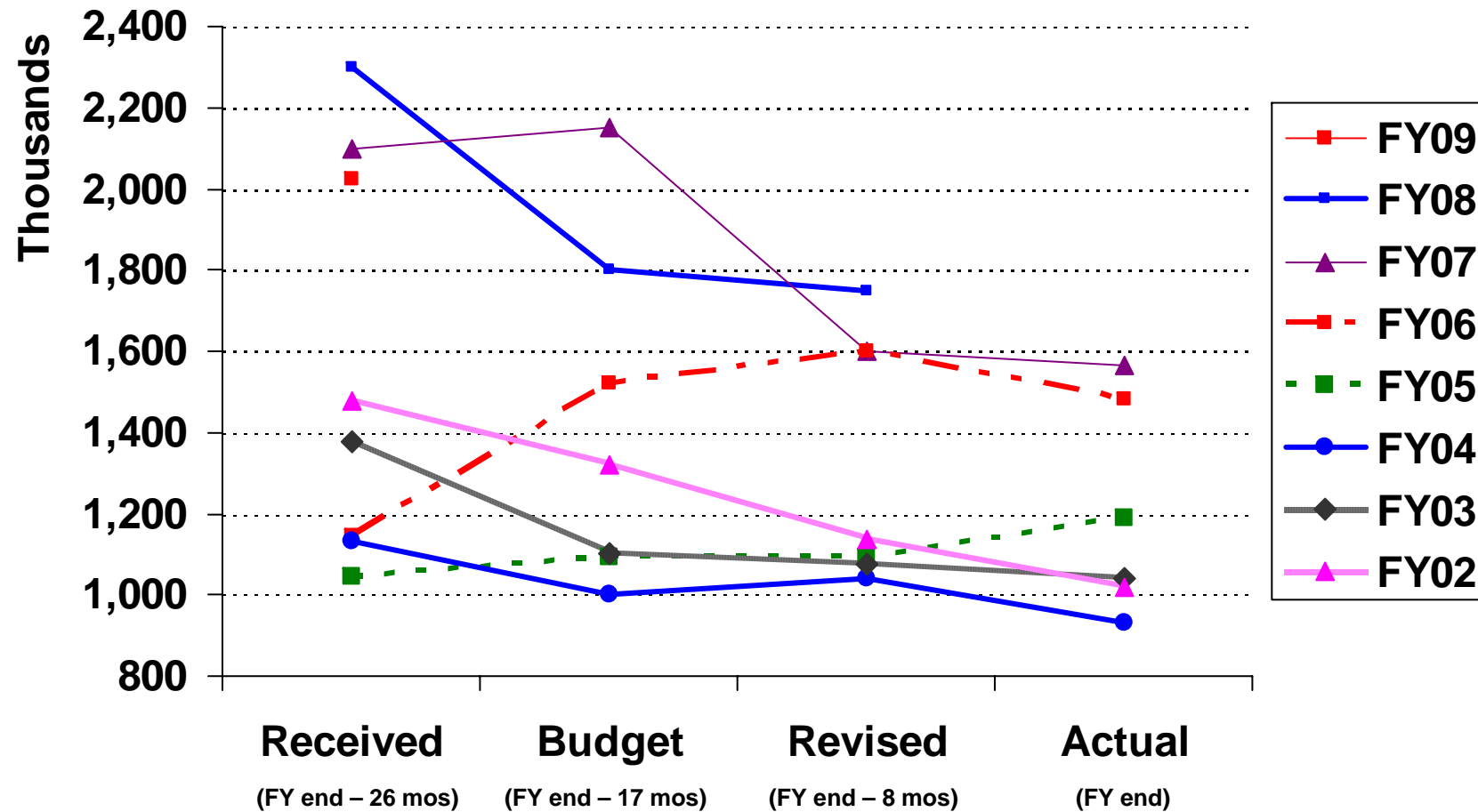
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# Financial Advisor's Presentation to UUA Board of Trustees

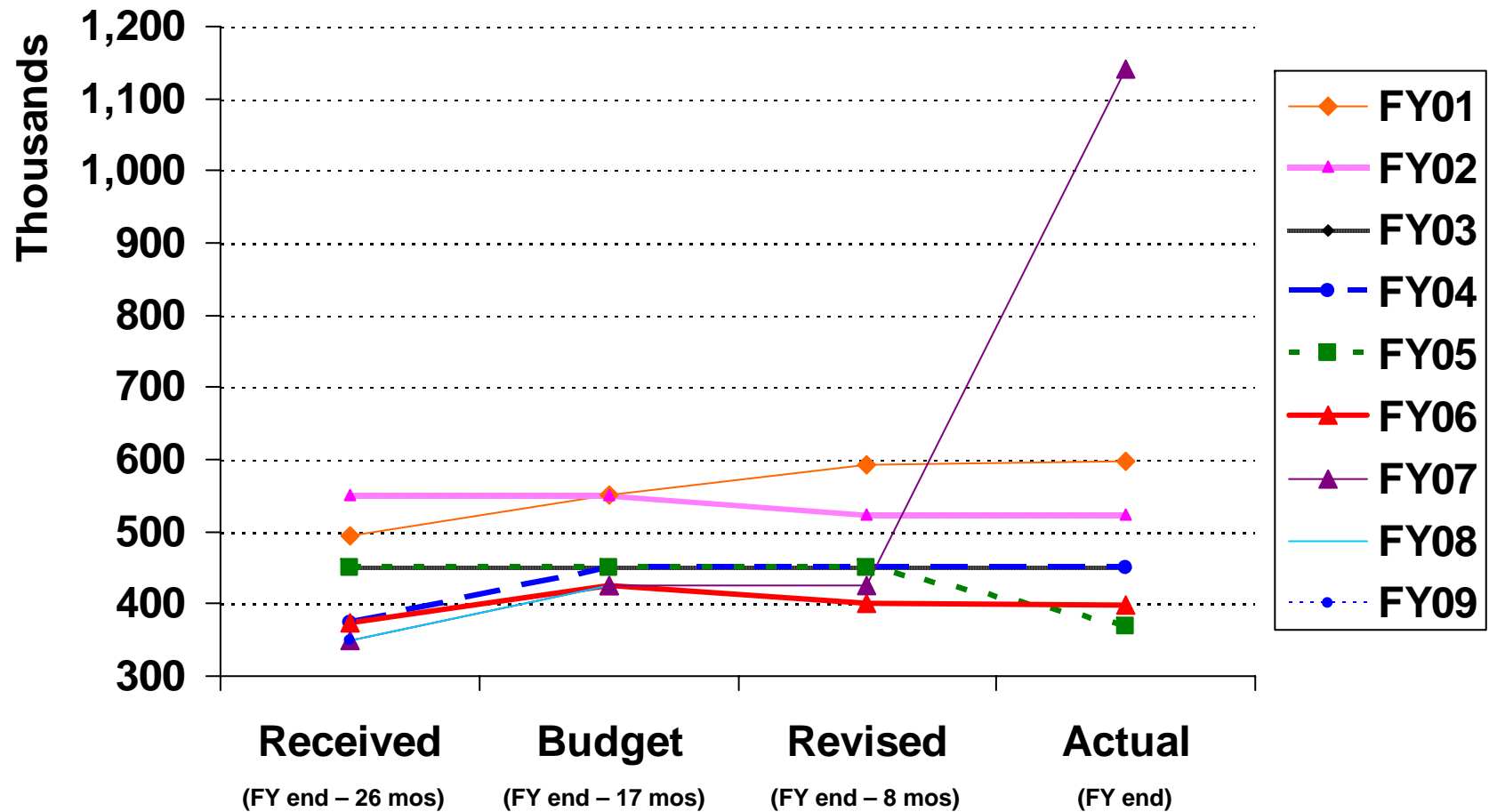
## Dan Brody

October 2007

# Friends of the UUA



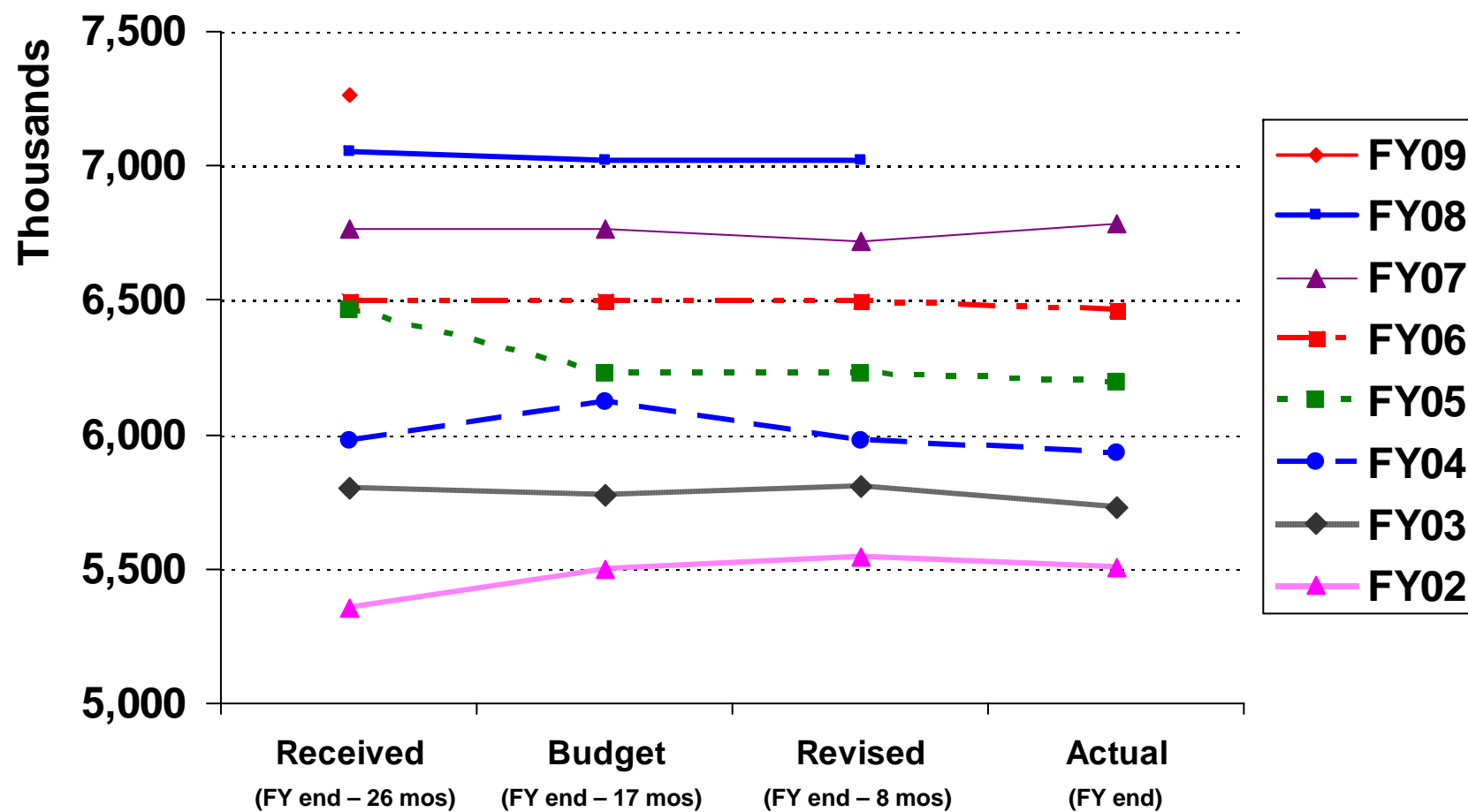
# Unrestricted Bequest Income





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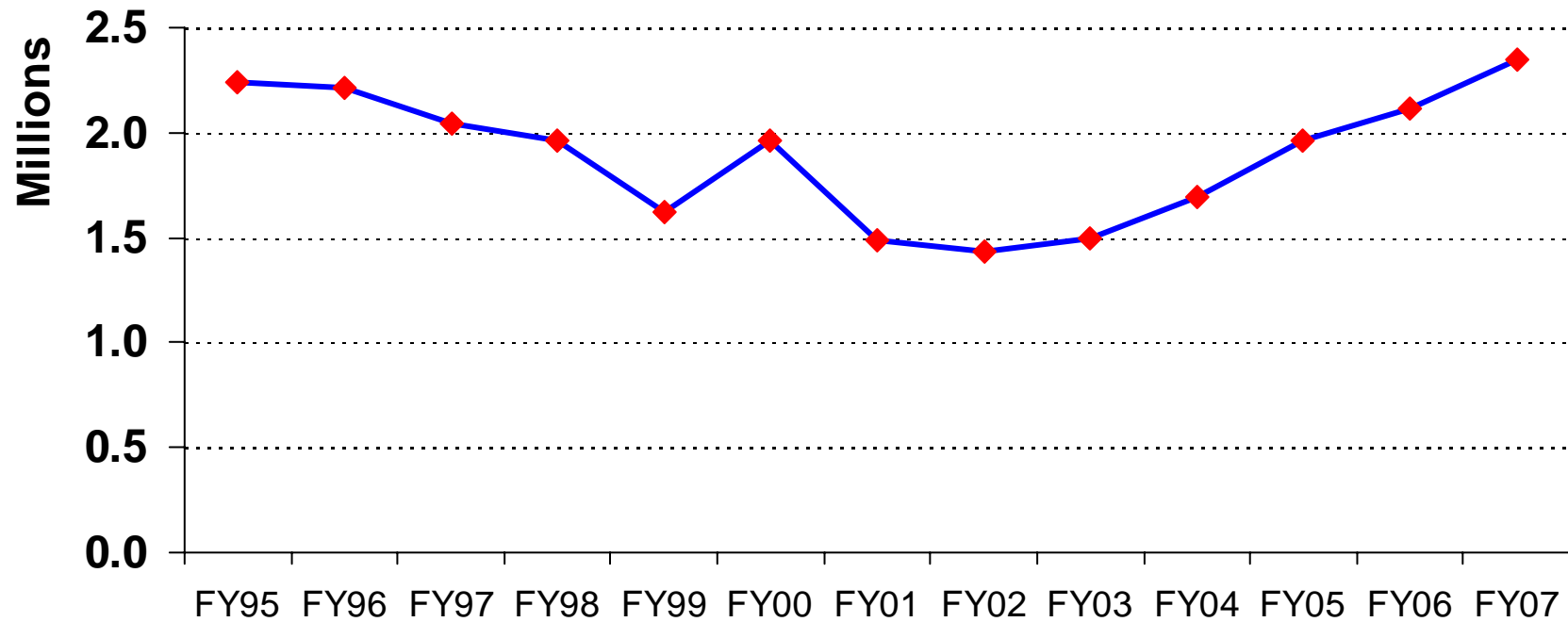
# Annual Program Fund



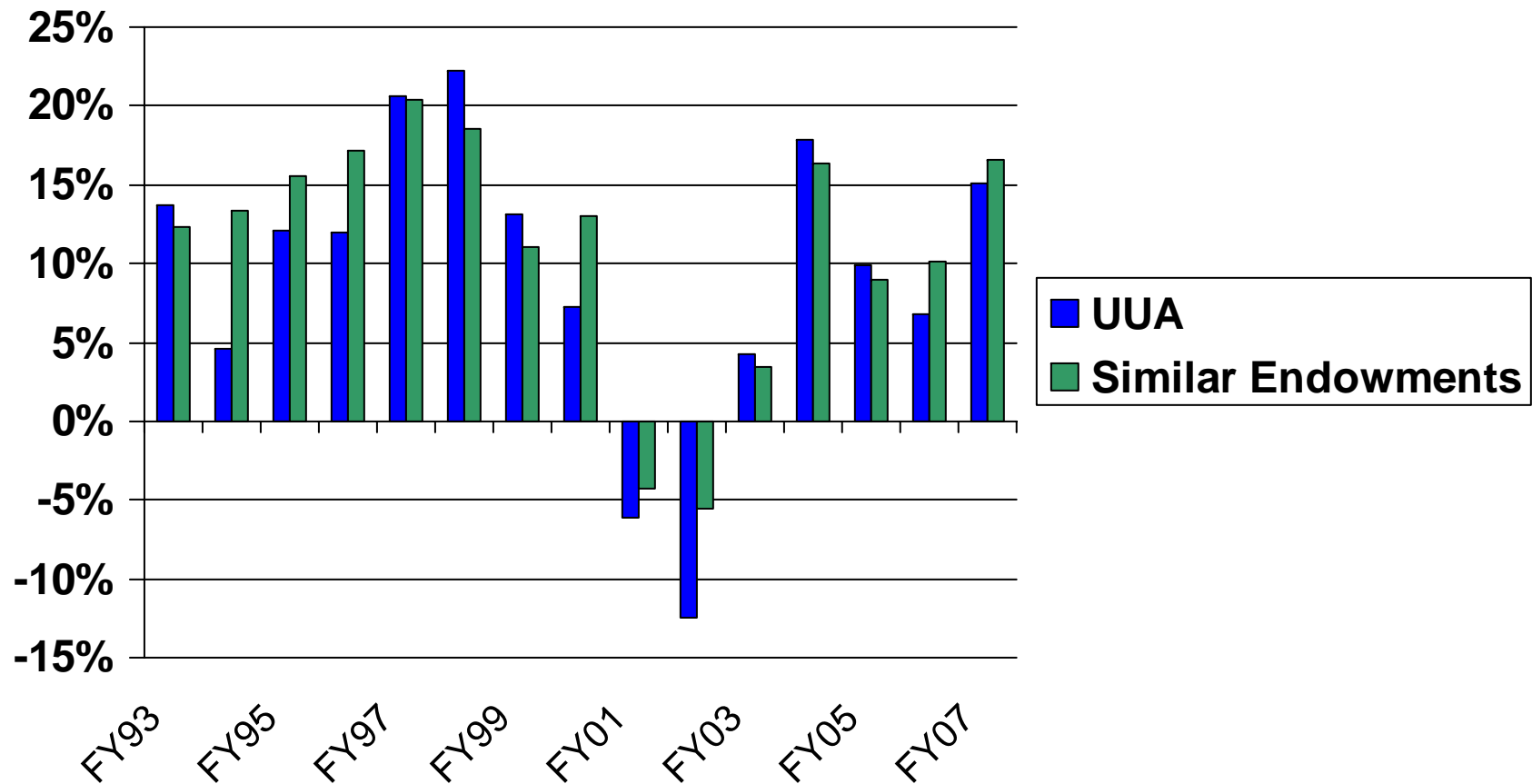
# Beacon Press



## Net Assets ("Stabilization Fund") Balance at Year End



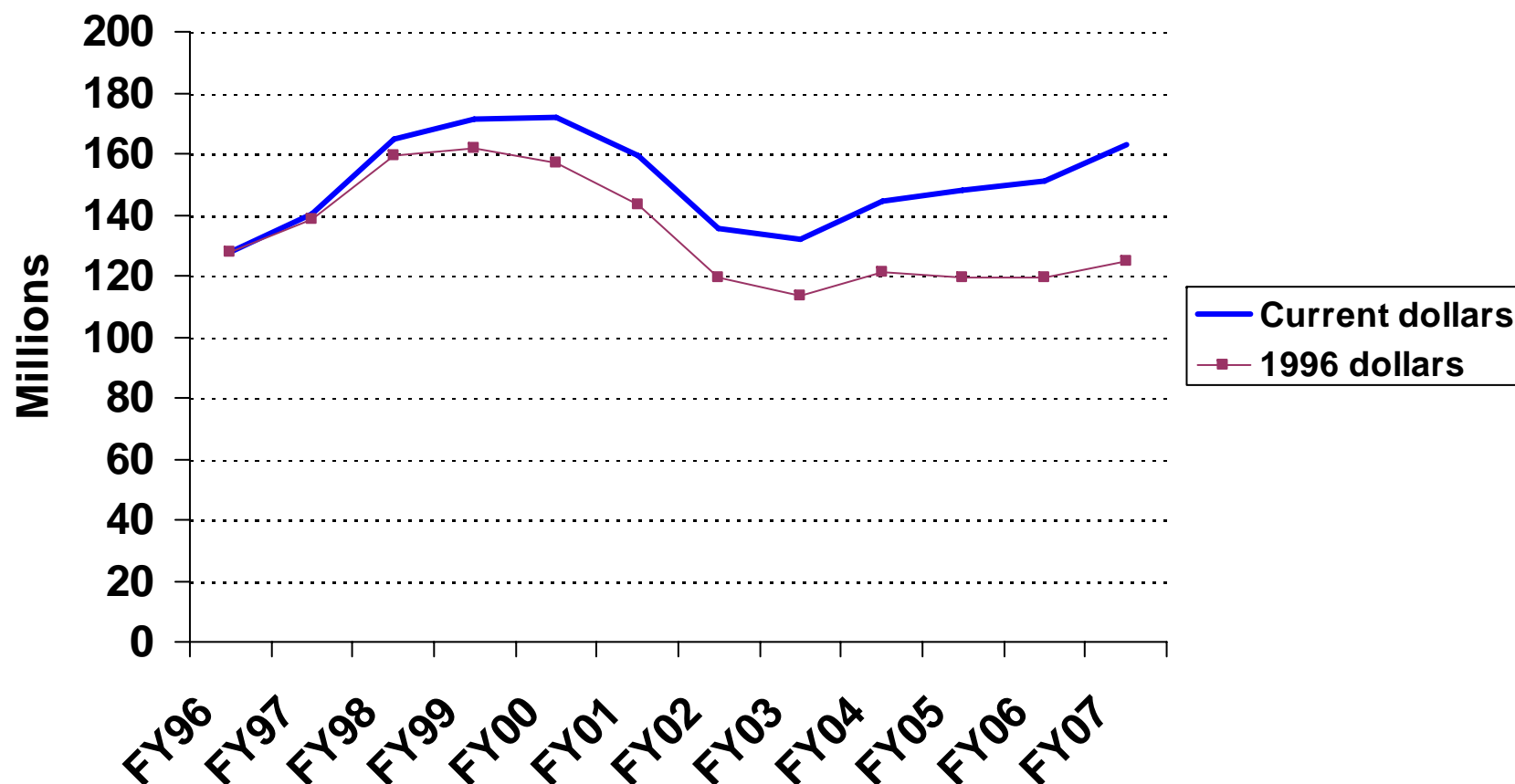
# Endowment Performance





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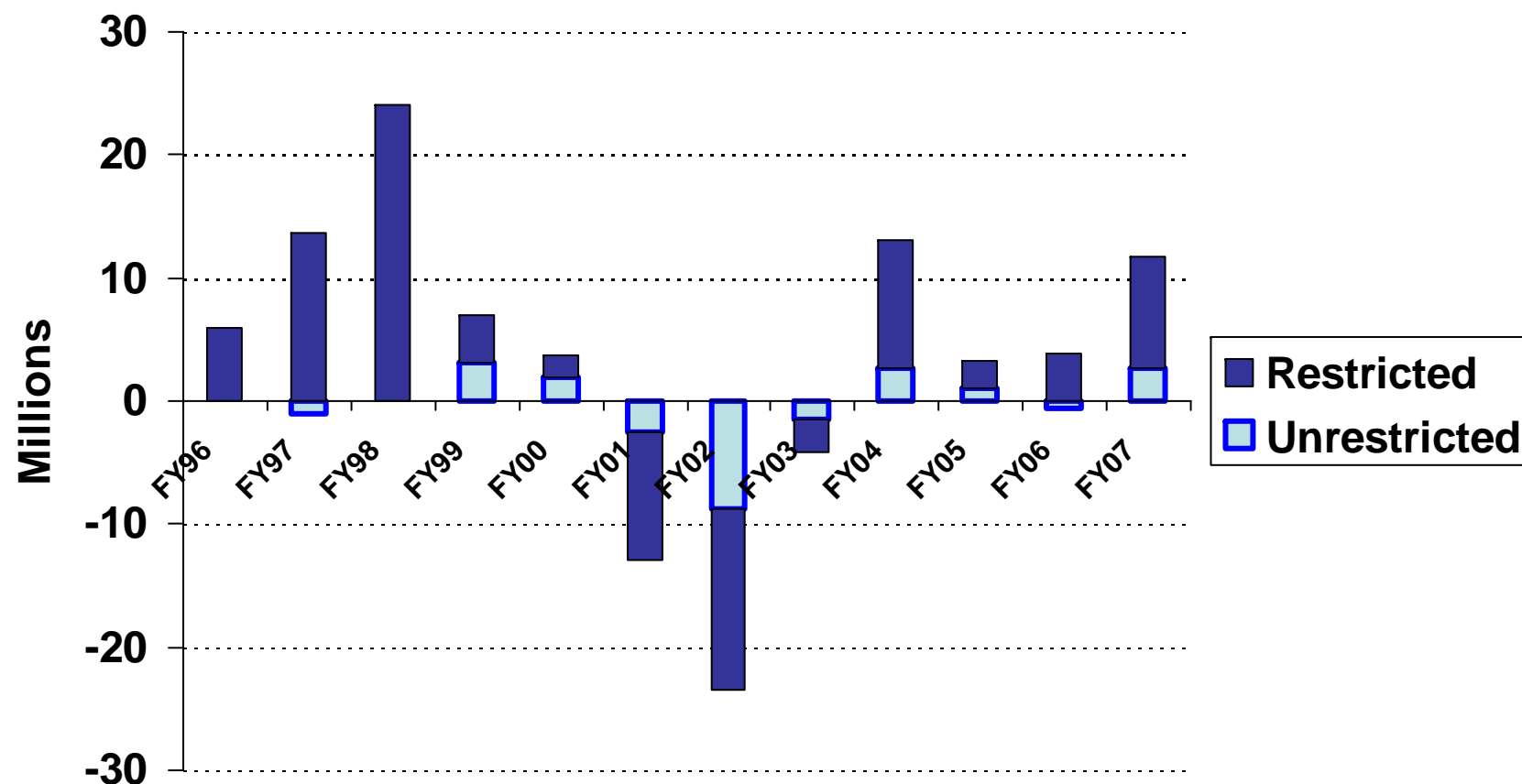
# UUA Total Net Assets





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# Change in Net Assets







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## Health Plan Update

- Better-than-expected performance to date
- Projected surplus close to \$700,000
- 4% premium increase for 2008
  - Compared to 10-12% rise in health care costs
- Expanded eligibility
  - 750 hours; intern ministers
- Improved benefits
  - Vision exam, adult immunizations, more outpatient mental health visits



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## Audit Committee

- New committee chair Darwin Smith to report to Board in January
- “Clean” audit from KPMG
- Management letter and UUA progress report demonstrate administrative improvements
- Committee will work on conflict of interest/whistleblower policy



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# Investment Policy

- Marketing plan for UU Common Endowment Fund (formerly GIF)
- Proposed redraft of Investment Policy
- Should policy continue to have complete ban on tobacco and weapons companies?
- Roles of Investment Committee and Committee on Socially Responsible Investing

# Current Policy Language



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“The UUA will not invest in tobacco products, in companies that produce nuclear weapons, nor in the top 50 major weapons manufacturers or those companies where weapons represent over 5% of revenue.”

# Impact of Absolute Ban



- Most managers we select will agree to remove certain sectors (e.g., tobacco, weapons) from our portfolio
- For some asset classes, “commingled” funds are our only option
- Absolute ban prevents our investment in non-screened commingled funds, and in certain other managers



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## Future Agenda Items

- Health insurance plan
- Socially responsible investing
- Bequest income
- LRCS
- Financial reporting and chart of accounts
- Paying for future capital campaigns
- Endowment spending policy
- Role of audit committee
  - Conflict of interest policies
  - Compliance with state planned giving rules
- Internal rent allocations
- Asset management
  - Debt management
  - Cash management
  - Short-term investments in UUCEF
  - Facilities renewal
- ... and more



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## Use of Commingled Funds

- Even without any absolute bans, favor/avoid criteria cannot be implemented with commingled funds
- Guidelines to clarify which asset classes can be invested in commingled funds
  - Are separate portfolios possible?
  - Are screening criteria relevant?
  - Are SRI funds a prudent option?