

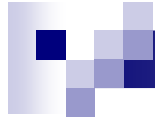


UNITARIAN  
UNIVERSALIST  
ASSOCIATION OF  
CONGREGATIONS

# **Treasurer's Report to the Board of Trustees**

April 21, 2012

Tim Brennan  
Treasurer & Chief Financial Officer



# Outline

- “Dashboard” of financial indicators
- Security screening



# FY12 Actual Results

## Current Operations (in \$000s)

<b>Through 2/29/12</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Prior Year Actual</b>
Total revenue	15,636	15,993	15,249
Total expenses	16,308	16,754	15,254
Surplus (deficit)	(672)	(761)	(5)



## **Assets, Liabilities, Current Ratio Current Operations (in \$000s)**

<b>At 2/29/12</b>	<b>Current Month</b>	<b>Prior Year Current Month</b>
Current Assets	4,580	3,590
Current Liabilities	3,858	2,960
Current Ratio	1.19 : 1	1.21 : 1



# FY12 3<sup>rd</sup> Quarter Budget Forecast

## Current Operations (in \$000s)

<b>Summary</b>	<b>FY11 Actual</b>	<b>FY12 Budget</b>	<b>3<sup>rd</sup> Qtr Forecast</b>
Total revenue	23,671	24,950	25,070
Total expenses	23,628	24,950	24,558
Surplus (deficit)	43	0	512



## **FY12 Annual Program Fund**

(in \$000s)

<b>FY</b>	<b>Through</b>	<b>Actual</b>	<b>Goal</b>	<b>% of Goal</b>	<b>vs. Prev FY</b>
FY 12	4/2/2012	5,008	7,000	71.54%	5.9%
FY 11	4/2/2011	4,729	6,610	71.55%	.60%



# UU Organizations Retirement Plan

(\$millions)	Feb 12	Feb11
Retirement Plan	210	193



# UU Organizations Retirement Plan

at 12/31/11

## Fund Performance vs. Benchmark

	1 Year	3 Years	5 Years
Total funds*	30	30	30
Bottom 25%	3	1	0
Bottom half	8	4	2

## Fund Watch Status†

*Ratings by Fiduciary Investment Advisors*

Total*	Maintain	Watch	Terminate
30	28	2	0

\* Includes 12 life cycle funds

† Two funds have been replaced





## UU Organizations Retirement Plan

- Retirement Plan Committee appointed; first meeting on March 6
- Plan document update to BOT in Oct
- One fund eliminated:

<b>Closed Fund</b>	<b>Target Fund</b>
Eaton Vance Large-Cap Value A	American Funds Washington Mutual Funds R5



# UUCEF Investment Performance

## Periods ending 2/29/12

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
Gross return	3.4%	19.8%	4.8%
Net return	2.3%	18.7%	3.8%
Benchmark*	2.4%	18.0%	3.0%

\* *Weighted average of underlying benchmarks for each asset class*

## Performance compared to like-sized endowments

### Periods ending 12/31/11

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
Percentile rank #	63	6	16

# 1 = highest 1% 100 = lowest 1%



## **UU Common Endowment Fund**

- So far in FY12, 20 new congregations invested, 3 withdrew; several in pipeline
- \$7,075,297 in new investments from congregations
- Separate entity structure for UUCEF in process



## **Socially Responsible Investing**

- Security screening vs. engagement
- Separate accounts – own individual securities; screens set by UUA
- Mutual funds/co-mingled funds – screens set by manager
- 48% of UUCEF subject to some level of screening



## **Jantzi Sustainalytics**

Sustainalytics is a leading global provider of environmental, social and governance (ESG) research and analysis, with nearly 20 years of experience in the Responsible Investment (RI) and Socially Responsible Investment (SRI) markets.



# **Socially Responsible Investment Policy**

- Favor/avoid
  - Environment: emissions, disclosure
  - Social: human rights, labor standards
  - Governance: accountability, transparency
- Absolute screens: tobacco, weapons, Sudan

# Ratings of 1000 US Companies

*None below 10% of sector*

Company	TOTAL SCORE	% Rank	Bottom 10%	E Score	S Score	G Score
3M Co.	74.5	94.7%		76.3	69.1	79.0
A123 Systems, Inc.	54.0	33.3%		47.6	47.9	73.0
Aaron's, Inc.	47.9	32.0%		36.2	48.3	63.8
Abbott Laboratories	72.0	91.1%		73.7	70.7	72.5
Abercrombie & Fitch Co.	54.7	61.7%		40.6	58.2	69.0
Accenture plc	67.3	93.5%		77.7	57.8	72.1
ACE Limited	50.1	50.0%		48.6	55.5	45.9
Acme Packet Inc.	49.7	9.3%	x	39.3	43.3	75.2



# Controversies (1-5 least to most serious)

**Excluded: Companies rated 5, 4 in bottom 50%**

- Environment
  - Operations
  - Contractors & Supply Chain
  - Products & Services
- Social
  - Employees
  - Contractors & Supply Chain
  - Customers
  - Society & Community
- Governance
  - Business Ethics
  - Corporate Governance
  - Public Policy





## Companies Excluded from Portfolio

1. Absolute screens: tobacco, weapons, Sudan
2. Bottom 10% in sector
3. #5 controversies, #4 controversies in bottom 50% of sector



# Impact of screening

IMPACT OF VARIOUS SCREENING OPTIONS	<i>Companies Screened Out:</i>		
	No. of Companies	Market Cap	% Market Cap
Russell 1000	153	\$ 2,370	18.7%



## **UUA Separate Account Managers**

- Sands: negative screen
- Pier: negative screen
- Rhumblin: index approach; favor/avoid



## Top Priorities

- New legal entity for UUCEF
- EBT and retirement plan documents update
- Real estate