

Since the end of December 2022 Endowment Treasurer's report is also the end of the year it will contain will extra information.

First I have attached the Excel spreadsheet called the Endowment 2022 -13 Quarter Average. This spreadsheet contains the calculation used to determine the maximum we can grant from the endowment in fiscal year 2023-24. It uses what we call the Harvard method (also sometime know as a smoothing method). The spreadsheet takes the value of the endowment, then subtracts the value of the Osias Fund to determine the adjusted endowment value. This calculation is made for the last 13 quarters and then a weighted average is calculated.

The calculation for the adjusted value of the endowment for the last 13 quarters is \$731,232.32. The maximum we can grant from the endowment in fiscal year 2023-24 is \$43,873.94, which is 6% of \$731,232.32. The Harvard Method recommends not granting more than 4% in any year which would be \$29,249.29.

Next I have attached the Excel spreadsheet called Endowment Grants to UUFBR Capital Campaign. This spreadsheet shows the endowment grants to the UUFBR Capital Campaign in fiscal year 2021-22 (\$34,026.00) and fiscal year 2022-23 (\$20,974.00) for a total of \$55,000.00. An additional \$25,000 (to total \$80,000) must be granted in the rest of fiscal year 2022-23 and fiscal year 2023-24.

Next I have attached spreadsheet called the Endowment Fund Financial Report Year End 2022., It contains four reports. The report in the upper left hand corner shows the value of the Endowment Fund on a quarterly basis. It shows the value of the five Vanguard mutual funds and the value of the loan we have given to UUFBR. The last column shows the rate of return on each investment during 2022. For 2022 the weighted average return on all of our investments is -4.57%.

The report in the upper right hand corner shows all endowment grants we have given in 2022. In 2022, we have given four endowment grants, all to the UUFBR Capital Campaign, for a total of \$26,510.50.

The report in the lower left hand corner is basically a summary register of our Vanguard Federal Money Market we use as our checking account. This report shows summary information on a quarterly basis. The report shows the beginning balance for the quarter. Then the report shows a summary of all inflows, which consist of loan repayments from UUFBR, money from other Vanguard Funds (includes transfers of capital gains, transfer of dividends and manual transfers). Then the report shows the summary of all outflows, which is grants given during the quarter. Finally the report shows the ending balance for the quarter.

The report in the lower right hand corner shows the value on a quarterly basis. of the three funds the make the Endowment. As of 12/31/2022 the value of the three funds is

G. Cleary Unrestricted Fund (93.80%) \$706,676.82
Arlene Osias Emergency Fund (4.00%) \$ 30,135.47
Intern Minister Education Fund (2.20%) \$ 16,574.71
Grand Total For The Endowment Fund \$753,386.80

Below is a spreadsheet that shows the value of our endowment investments as of 12/31//22. The value of our Vanguard investments is \$395,580.56 (see the line SUB TOTAL). The value of Vanguard investments is 52.51% of the value of our total endowment investments of \$753,386.80 (see the line GRAND TOTAL). The value of our Vanguard investments as of 12/31/21 (the end of last year was \$458,928.88. That means the value of our Vanguard investments has decreased by \$63,348.32 since 12/31/21. In addition, between deposits and checks we have net outflows of \$26,510.50 since 12/31/21. So since 12/31/21 the actual loss on our Vanguard investments is \$36,837.82.

As of 12/31/22 the value of the loan we gave to UUFBR is \$357,806.24 (see the line UUFBR Loan). The value of the UUFBR loan is 47.49% of the value of total endowment investments of \$753,386.80 (see the line GRAND TOTAL).

INVESTMENTS - 12/31/22	VALUE	PERCENT
Federal Money Market	\$22,755.48	3.02%
Dividend Growth	\$65,311.42	8.67%
Equity Income	\$86,357.98	11.46%
Total Stock Market	\$70,812.23	9.40%
	\$150,343.4	
Wellington	5	19.96%
	\$395,580.5	
SUB TOTAL	6	52.51%
	\$357,806.2	
UUFBR Loan	4	47.49%
	\$753,386.8	100.00
GRAND TOTAL	0	%

I have started to look at three boxes that contain historical information on the Endowment. I am planning to finish my review of these boxes before I proceed to make recommendations on how to revalue the Osias fund, whether to include the value of the UUFBR loan in the calculation of the amount the Endowment can grant during a fiscal year, etc. I am finding some very interesting information.

At our 01/12/23 meeting besides discussing all the information above I would like to discuss giving another grant to the UUFBR Capital Campaign. So far we have granted a total of \$55,000 of the \$80,000 we must grant to the UUFBR Campaign based on the vote of the congregation. We have until the end of fiscal year 2023-24 to give the remaining \$25,000. I am recommending we grant an additional \$10,000 at this meeting bringing the total we have granted to the UUFBR Capital Campaign to \$65,000. I am recommending we grant the remaining \$15,000 of the \$80,000 in fiscal year 2023-24.

I am going to explain my rationale for my proposal for granting another \$10,000 this fiscal year and granting the final \$15,000 next fiscal year. So far this fiscal year we have granted \$20,974.00 to the UUFBR Capital Campaign. For fiscal year 2021-22 the maximum amount we can grant is \$42,748.09, which is 6% of the average of the 13 quarter value of the adjusted endowment (minus the Osias Fund). Per the Harvard Method the recommended granting level is 4% which would be an \$28,498.73. If we grant another \$10,000 the total we will grant to the UUFBR Capital Campaign is \$30,974.00. This would be 4.35% of the average of the 13 quarter value of the endowment minus the Osias Fund.

I feel that we should definitely try to stay near the 4% grant level at this time. Currently we are including the loan to the UUFBR congregation which is paying 1.9% not even covering the average rate of inflation which is 3%. The loan to UUFBR is approximately 50% of the adjusted value of the endowment. Including the value of the UUFBR loan in our calculation of how much we can grant every year is overstating what we can prudently draw. That is my reasoning for granting to the UUFBR Capital Campaign an additional \$10,000 this fiscal year and the remaining \$15,000 the next fiscal year.

Mitch