

## **FIRST UNITARIAN SOCIETY FOUNDATION OF MADISON, INC.**

*Minutes of Directors' Meeting held July 12, 2022 (In-person and by Zoom)*

*Adopted: Oct. 10, 2022 with Correction*

Present: Connie Beam (President), Peter Marion (Treasurer), Kendall Harrison (Secretary), Kathy Luker (Vice President), Carol Stang, David Kuenzi, Annette Hellmer, Dean Hessler.

Also present: Kelly Asprooth-Jackson, Kelly Crocker, Paul Stang.

Connie called the meeting to order at 7:02 p.m.

### **Presentation on Socially Responsible Investing (Andrew McGeorge)**

Andrew McGeorge, Treasurer and Chief Financial Officer of the UU Common Endowment Fund (UUCEF) presented on socially responsible investing.

The UUCEF portfolio is around \$250 million. The UUA is the largest investor. There are 350+ investors. 85 percent of the investments are in ESG. The UUA Board of Trustees is the fiduciary.

The portfolio has a moderate risk tolerance. The goal is to allow congregations to take regular distributions and maintain the value of their principal after adjustment for inflation and after all expenses. The total return goal is thus 7.2%, to allow for inflation of 2.7% and a spending draw of 4.5%.

The portfolio consists of 67% equities, 17% fixed income, and 5% community investment.

65% of the investments are in pooled funds. 35% are in individual holdings.

Funds are invested with UU values at front of mind.

SRI Implementation tools used include: Screening (Positive and Negative); Manager Selection; Shareholder Activism/Engagement (climate change, lobbying disclosure, racial equity); Proxy Voting; and Community Investments.

Expenses are around 1 percent. 65/70 basis points are manager fees.

Over the last 10 years, the Fund has averaged a 6.2 percent return (including the last six months).

### **Minutes from April 18, 2022 Meeting**

**MOTION:** Carol moves to approve the minutes as presented. Dean seconds. **Motion passes.**

### **Treasurer's Report (Pete)**

Pete reported that the FY22 year was not good return-wise, but that we made improvements in operations.

Pete further reported:

- **TOTAL ASSETS** fell during the year by \$650 thousand, -16%, from a high of \$3.952 million at end-June 2021, to \$3.302 million at end-June 2022. In the fourth quarter assets fell by \$496 thousand, -14% (see balance sheets).
- **DONOR FUNDS** (Foundation equity) decreased in the quarter by \$485 thousand, -13%, and \$636 thousand, -17%, in the fiscal year, falling to \$3.218 million from \$3.854 million at end-June 2021. (see balance sheets).
- **INVESTMENT LOSSES** for the year totaled -\$550 thousand, a decline of \$1.491 million from \$941 thousand gained in fiscal 2021. The fourth quarter loss was -\$457 thousand, almost twice the loss in the third quarter (see profit and loss statements).
- **DONOR CONTRIBUTIONS** totaled \$86,255 received from five donors: \$40,000 from Chuck Stonecipher; \$1,155 from the Max and Carolyn Gaebler estate, \$10,000 from the Don Schuette estate; \$100 from Edward and Susan Brinson in memory of Thom Boycoff; \$35,000 from the Willy Haeberli Revocable Trust.
- **PROGRAM DISTRIBUTIONS TO FUS** totaled \$72,543 in the fourth quarter and totaled \$174,069 for the year, including \$82,515 from donor funds without donor restrictions and \$91,554 from donor funds with donor restrictions (see profit and loss statements). The unspent balances of the Arnie and Sam Clay fund and the Wartmann Lecture Series fund were disbursed in the fourth quarter and will be fully disbursed each year in future; FUS will manage these funds in compliance with donor restrictions and report annually to the Foundation.
- **CUSTODIAL FUND** liabilities totaled \$83,342 at year end, including \$58,364 in the Friends of the Meeting House account and \$29,978 in the inactive UU Alliance account. Total custodial fund balances fell by \$11,568 in the quarter (-12%) and \$14,141 (-15%) in the fiscal year (see balance sheets).
- **EXPENSES** for the quarter totaled \$63,975 and for the year were \$173,216, including \$174,069 for program distributions, \$13,288 for FUS administrative support, external audit, and accounting services, and -\$14,141 for custodial fund earnings (see profit and loss statements and budget report).
- **NET LOSS** totaled -\$636,419 in the year and -\$485,489 in the quarter (see profit and loss statements).
- **AVAILABLE CASH** totals \$50,003, enough to pay this quarter's projected expenses of \$48,000 and future quarterly expenditures averaging this amount.

**MOTION:** Dean moves to approve the treasurer's report. Kathy seconded. **Motion passes.**

### **Haeberli Gift**

We received notification that we will receive an unrestricted gift of \$40,000 from the Willy Haeberli Revocable Trust. Of the total, \$5,000 is for FUS and \$35,000 is for the Foundation. The first \$15,000 was received and deposited into the Foundation's money market account. Recommendation to put it in the Society Fund.

**MOTION:** Connie makes a motion to put the Haeberli gift in the Society Fund. Peter seconds. **Motion passes.**

### **Portfolio Review (David and Carol)**

David shared the portfolio spreadsheet and explained:

2022 YTD – portfolio is down 17.46 percent. Consistent with dramatic losses in markets in general.

We are close to targets in portfolio weights.

We have latitude to lower bond allocation to as low as 25 percent, and raise stock allocation to 75 percent. When markets are down, that is the time to do it.

David suggests moving to 75/25 percent mix is worth considering. Or 70/30.

**MOTION:** David moves that we shift 5 percent from bonds to stocks, and to rebalance targets on a pro rata basis accordingly. Seconded by Annette. **Motion passes.**

Connie notes that we have enough for this quarter's distributions but will need to raise money next quarter.

### **Election of FY22 Officers (Connie)**

**MOTION:** Pete moves the slate of officers (Connie as president, Kathy as vice-president, Kendall as secretary, and Dean as treasurer) be approved. Carol seconds. **Motion passes.**

**MOTION:** Connie moves to authorize Carol as our official trader. Kathy seconds. **Motion passes.**

### **Approve New Corporate Resolution (Connie)**

Connie will send the new corporate resolution to Kendall to execute.

### **FY21 and FY22 Audit (Pete and Dean)**

Connie explains we have proposal from audit firm, Wegner, to audit two fiscal years. Pete, Connie and Dean believe we need to do it, particularly with all the formatting changes we have made recently. Cost will be under \$10,000.

**MOTION:** Carol moves to hire Wegner to do two years of audits (FY 21 and 22). Peter seconds. **Motion passes.**

### **Staff Update (Kelly AJ)**

Three new hires: Xan Hendrick - program assistant, Molly Backes – communications coordinator; Kristi Sprague – social justice coordinator. We are at full staffing level.

Staff spending more time on being together and emotionally supportive for one another.

FUS changed accountants. No longer using Numbers for Non-Profits. Now FUS is using Kollath, just like the Foundation. Pete suggests maybe there could be cost-savings by combining into a single contract.

### **President's Report (Connie)**

At spring parish meeting, the congregation approved the restated charters for the Stonehauers' and Program Enhancement Funds as proposed by the Foundation and supported by the FUS Trustees. Connie will update the FUS Foundation Fund Summary document.

Also at the spring parish meeting, the congregation elected Peter Marion, Kathy Luker and Dean Hessler to three-year terms.

The Friends of the Meeting House have signed the agreement approved by the Foundation Board at its April meeting. This is the first formal agreement between the two organizations and outlines how the Foundation will manage the Friends' Fund.

UUA Alliance funds still available. Who might like to work on an issue? Reversal of *Roe* opens up opportunities for a reproductive freedom organization.

Connie offers special thanks to Peter Marion for all he has done over the years as treasurer of the Foundation. His continued service on the Foundation Board will make for a smooth transition as Dean Hessler takes over as treasurer.

Meeting ends at 9:07 p.m. Next meeting is on October 10, 2022.