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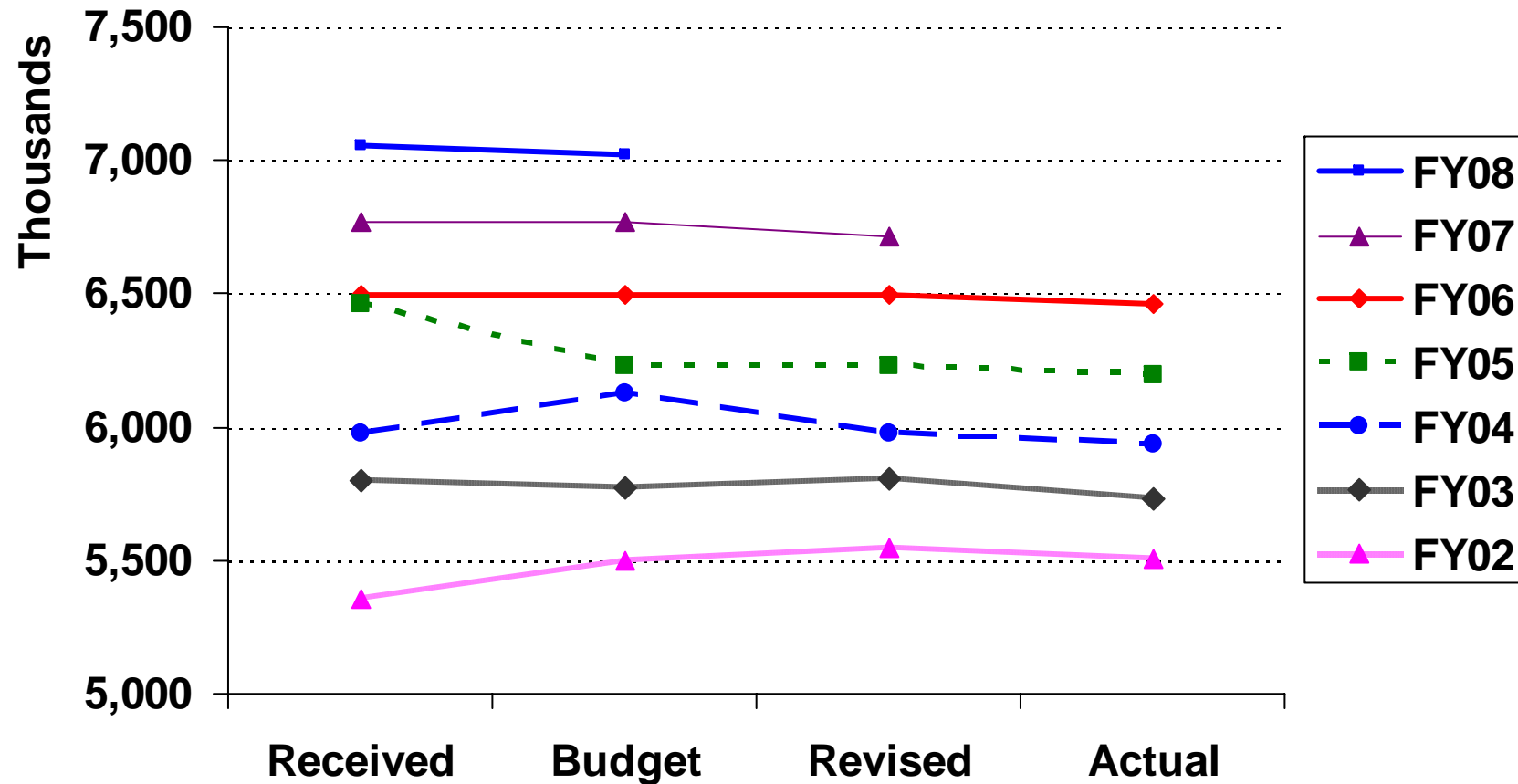
# Financial Advisor's Presentation to UUA Board of Trustees

## Dan Brody

January 2007

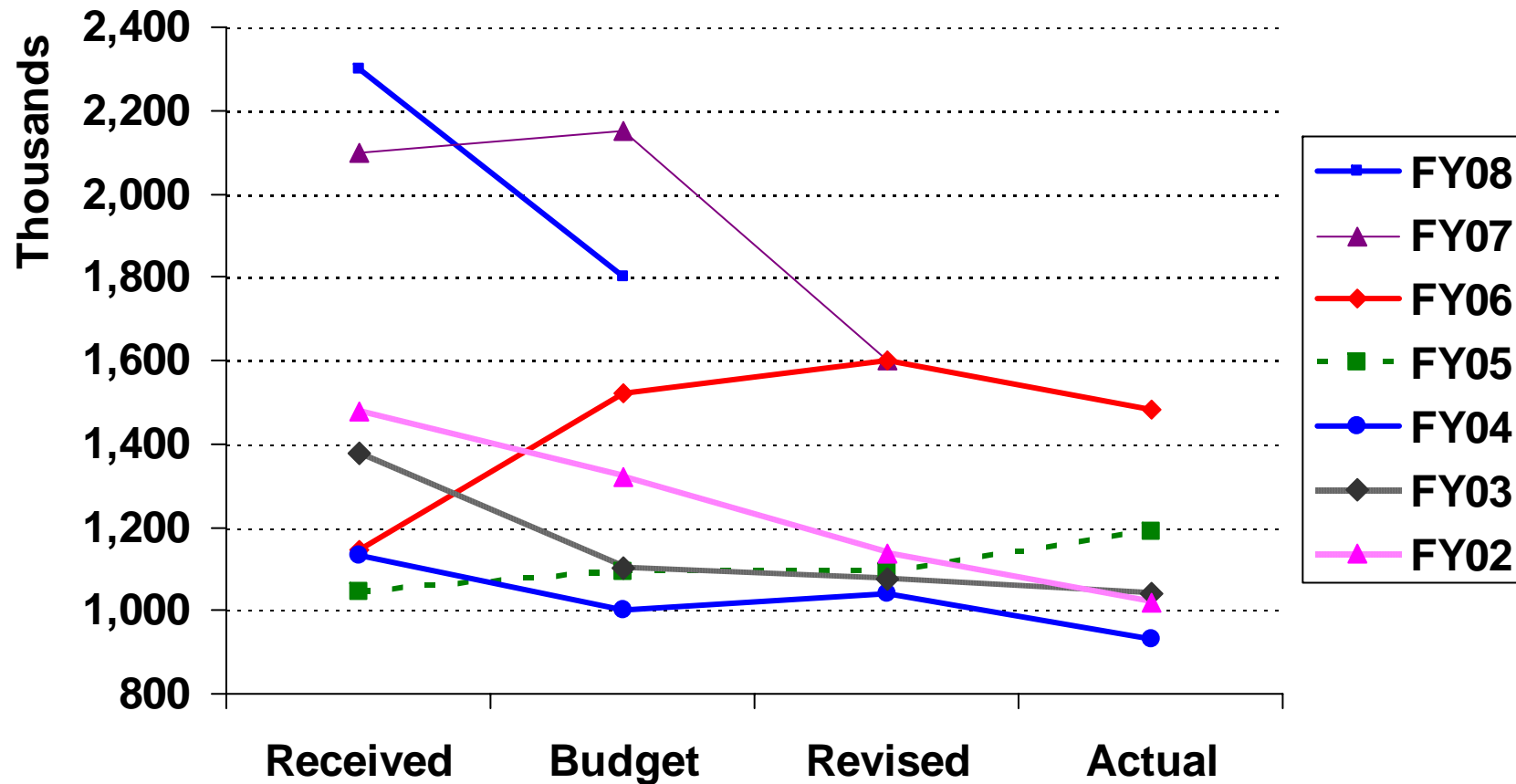


# APF Income Estimates





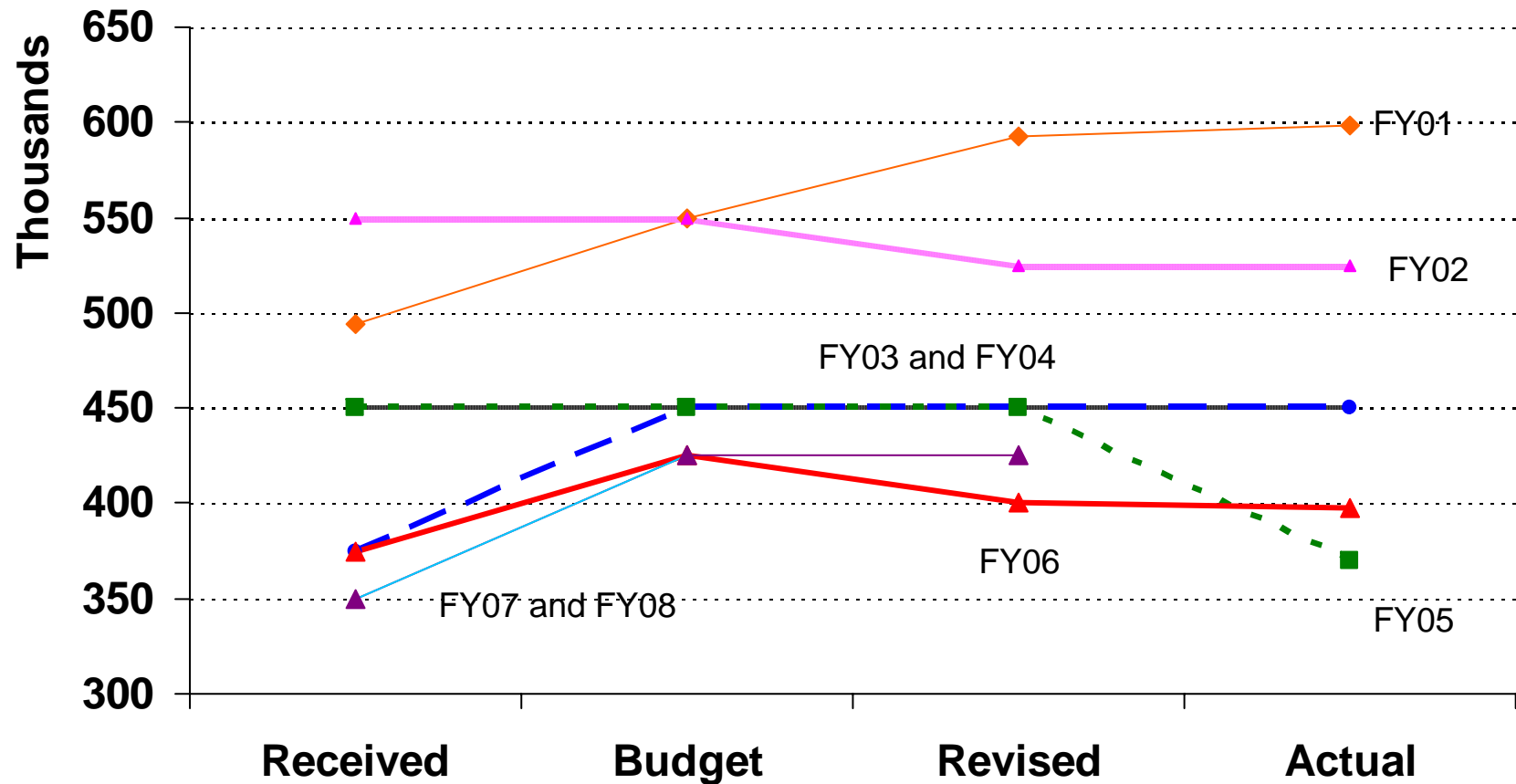
# Friends of the UUA

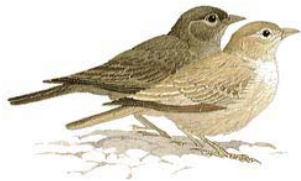


# Unrestricted Bequest Income

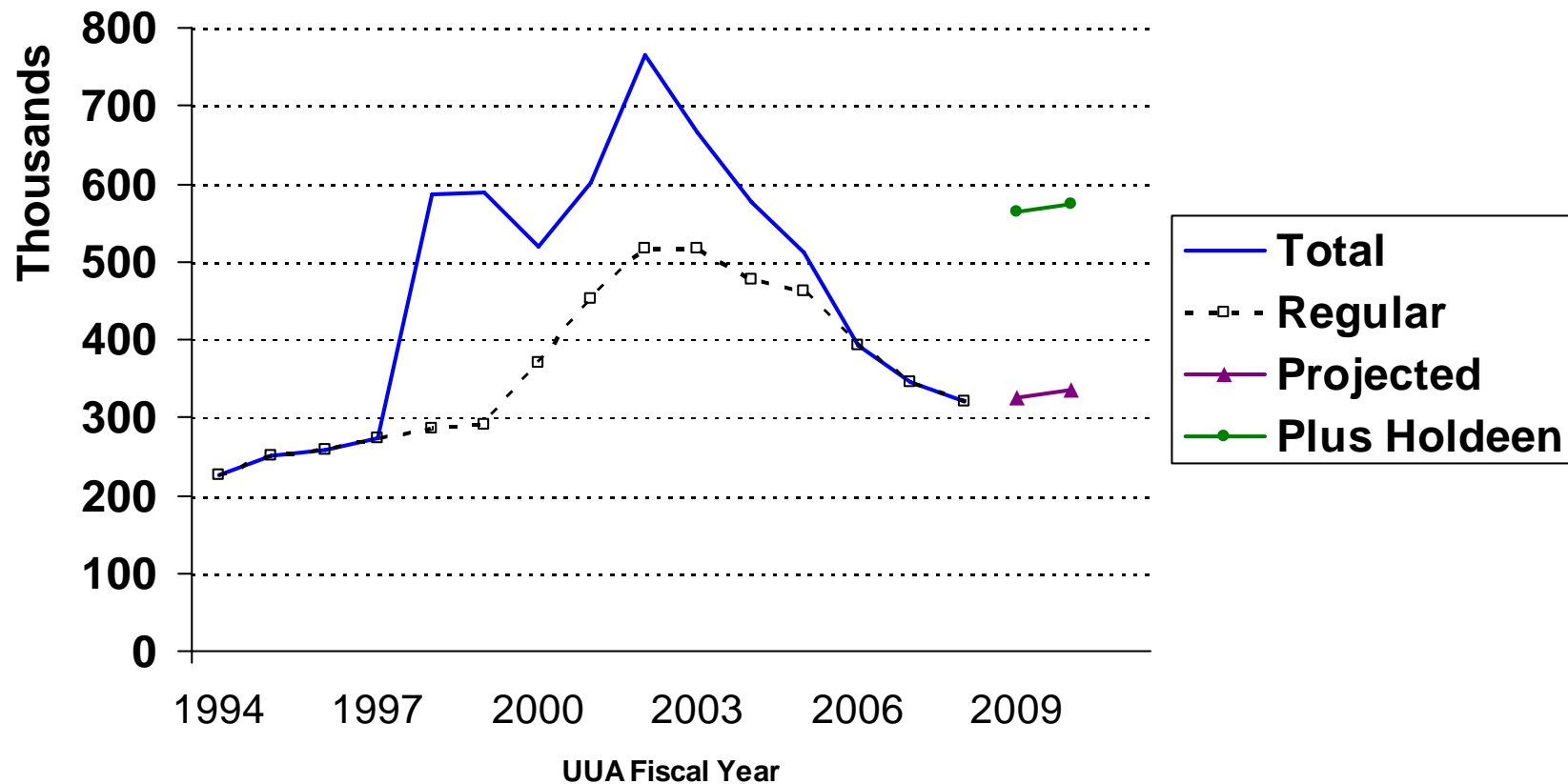


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# LRCS Grants to UUA



# Health Insurance Plan Goals



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- ✓ Reach initial enrollment target
- Solvency in year one
- Solvency in future years



# Future Agenda Items

- Health insurance plan
- Socially responsible investing
- Bequest income
- LRCS
- Financial reporting and chart of accounts
- **Paying for future capital campaigns**
- Endowment policies
- 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 GIF
  - Facilities renewal
- **... and more**

# Capital Campaign Financing



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- Previous campaigns
  - Borrow against unrestricted assets
  - Repay by charging fee as cash is received
- Current campaign
  - Spend up to 2% of market value of endowment funds each year

# Capital Campaign Finance Options



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- Continue additional endowment draw
- “Administrative fee” on campaign gifts
- “Administrative fee” on all restricted income
- Use unrestricted bequest income
- Use other current income

# Long-Term Impact of 2% Draw



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- GIF's total return objective is 8.5%
- Inflation reduces real value of endowment
- 7% endowment spending rate risks loss of real value of principal
- If overall spending rate is reduced, 2% for campaign costs would leave smaller share of payout for endowment's purpose

# An Alternative Approach



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- Use unrestricted bequest income
- Administrative fee on restricted income
  - Applied to all types, not just campaign gifts
  - Likely in range of 5% to 10%
- Administrative fee on endowment funds
  - Likely in range of 0.5% to 1% of market value