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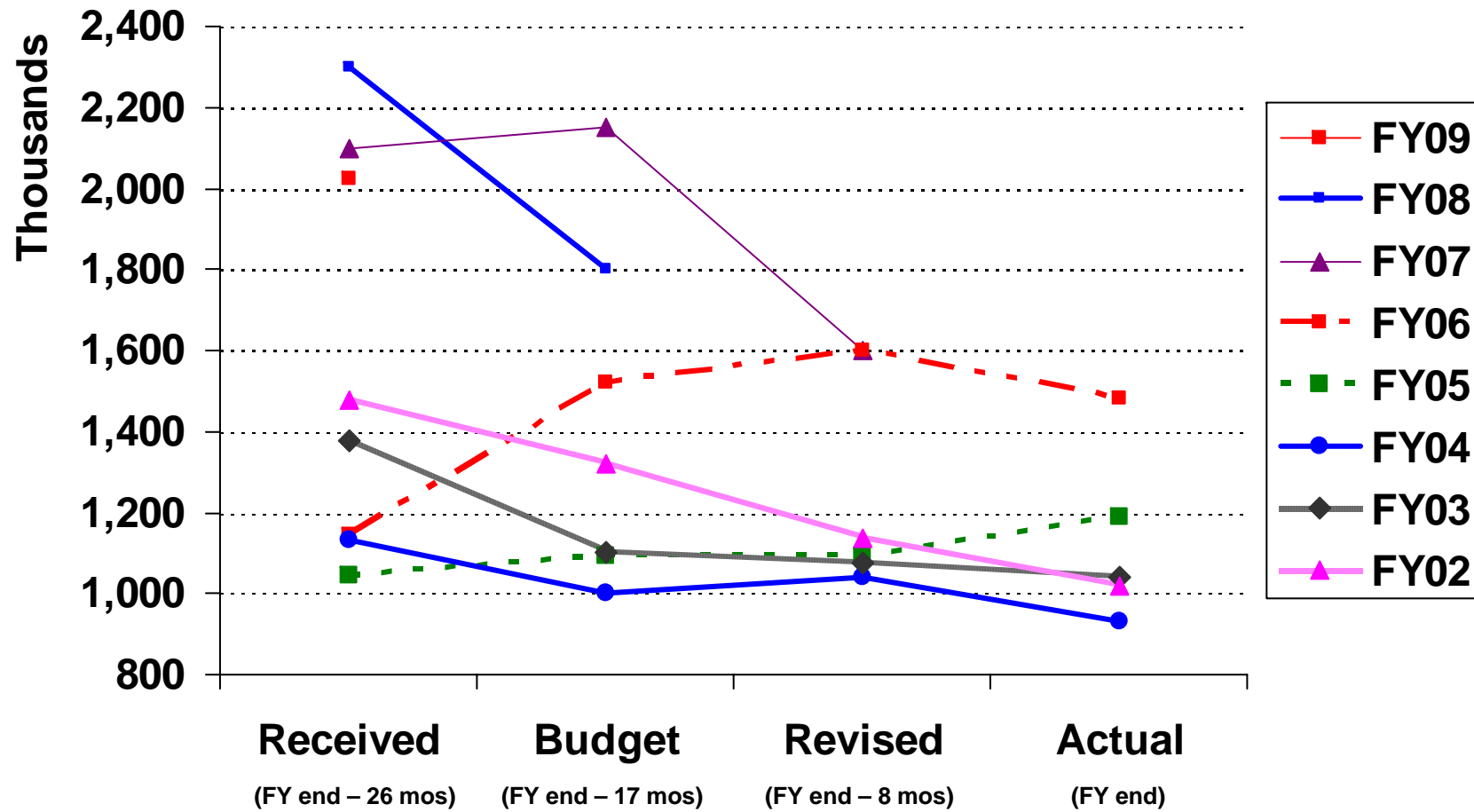
# Financial Advisor's Presentation to UUA Board of Trustees

## Dan Brody

April 2007

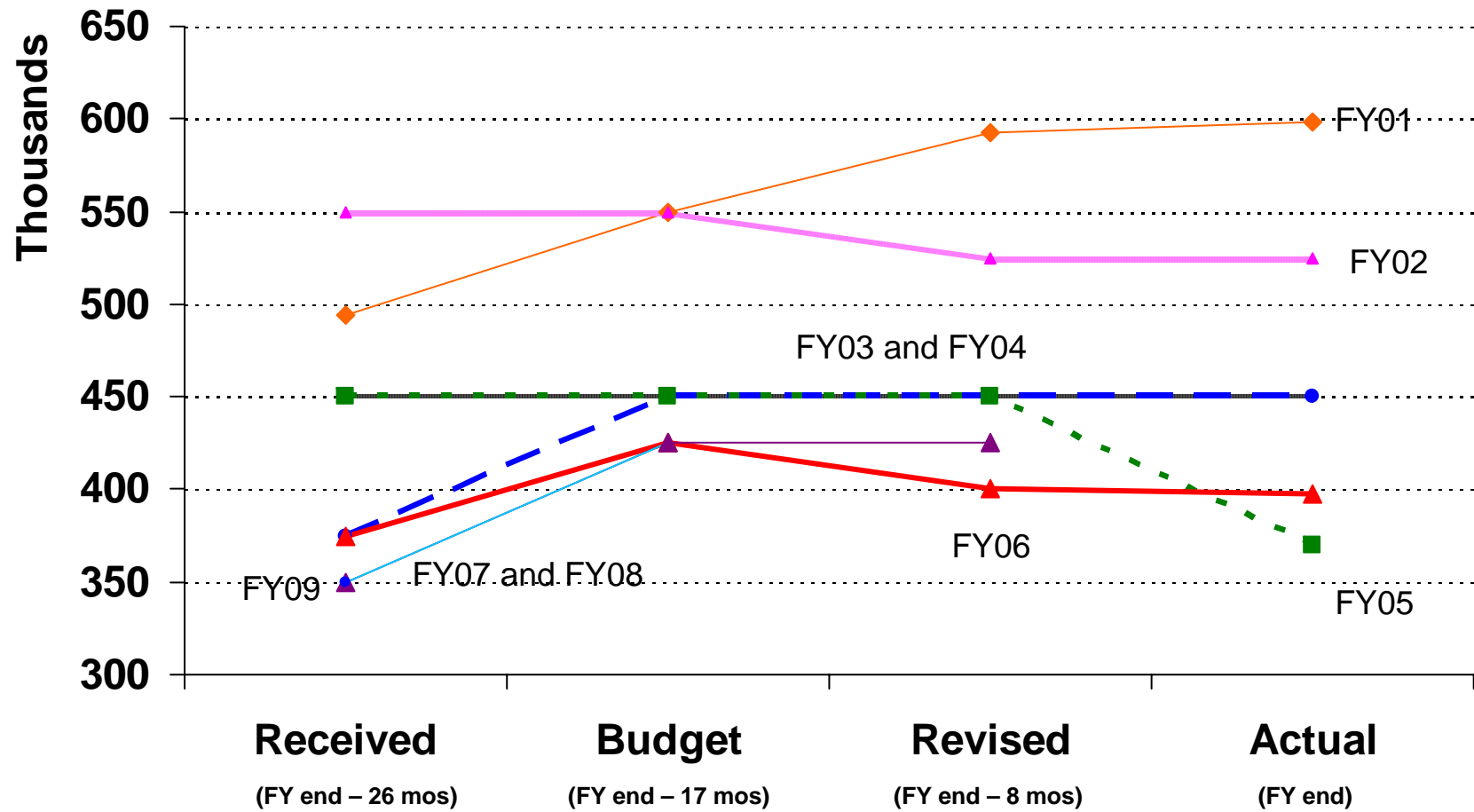


# Friends of the UUA



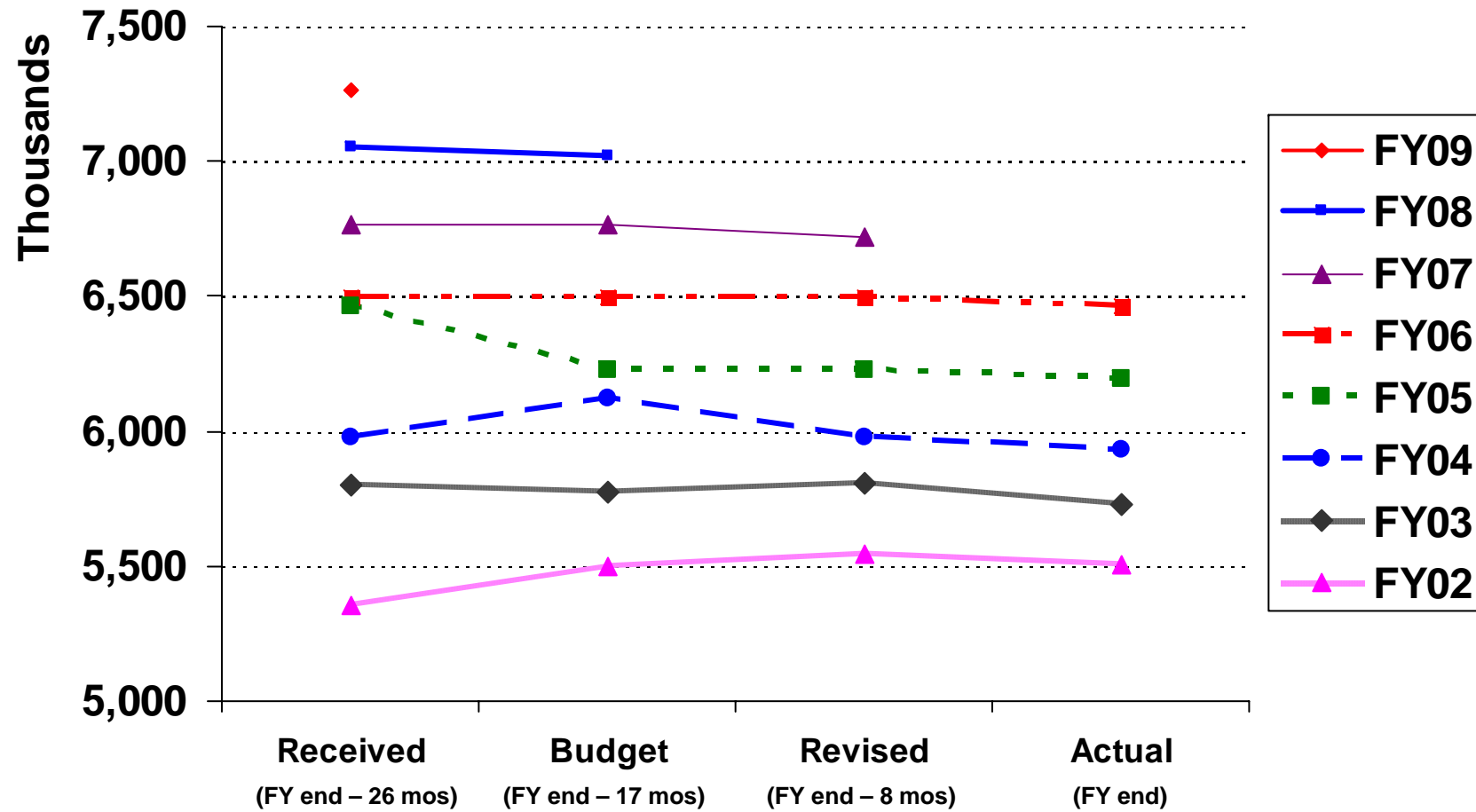


# Unrestricted Bequest Income





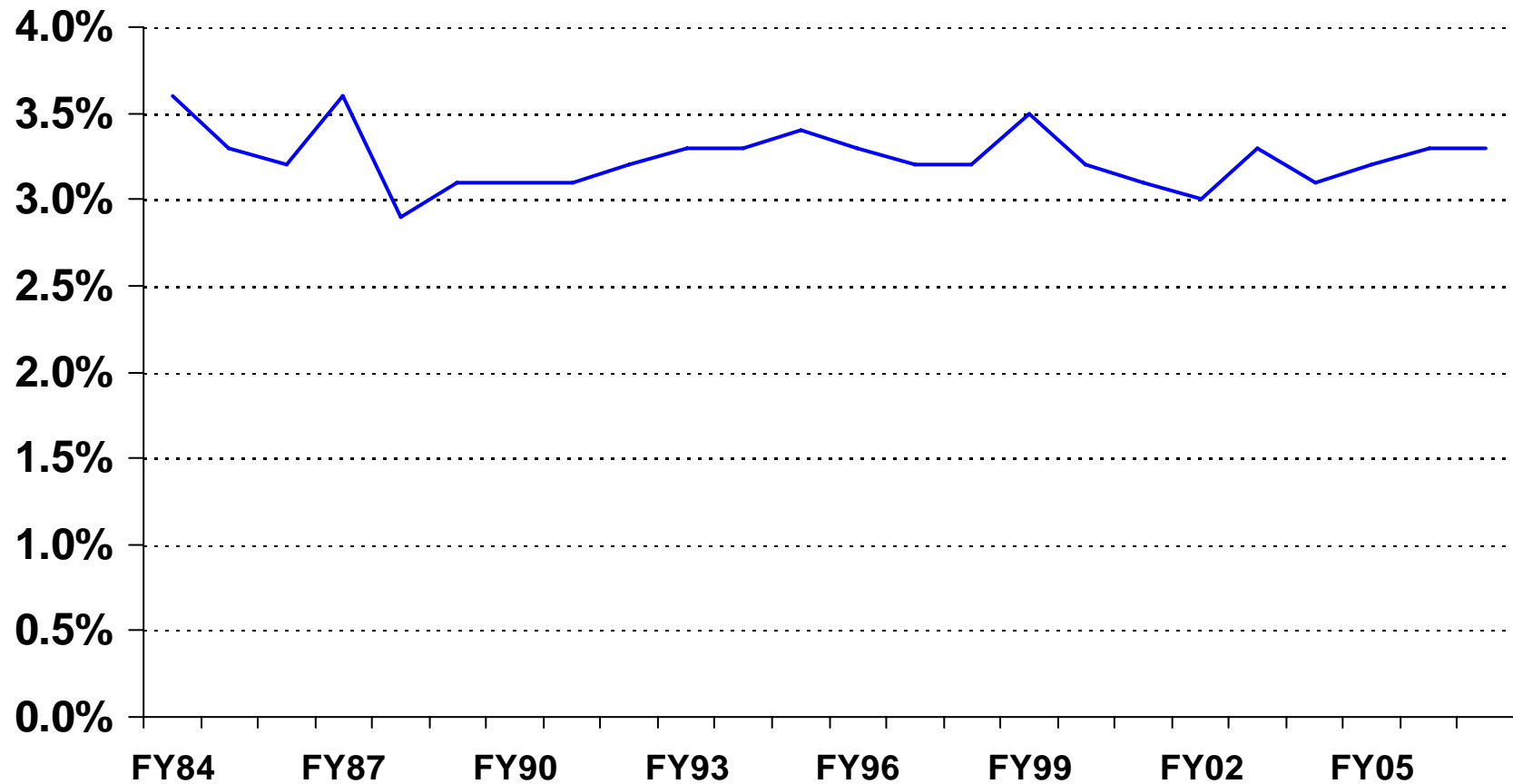
# APF Income Estimates



# APF as Percentage of Congregational Spending



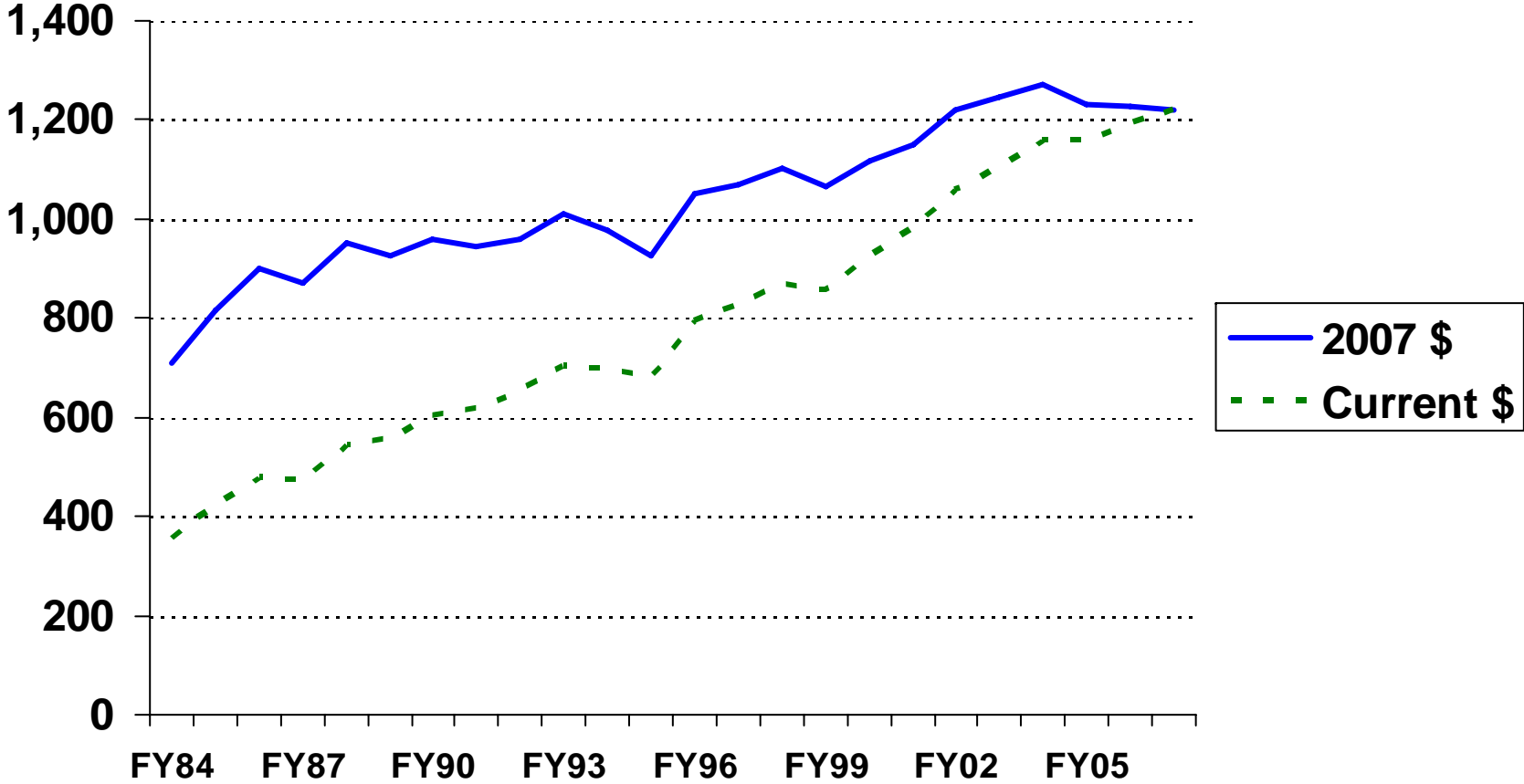
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# Congregational Spending per Member



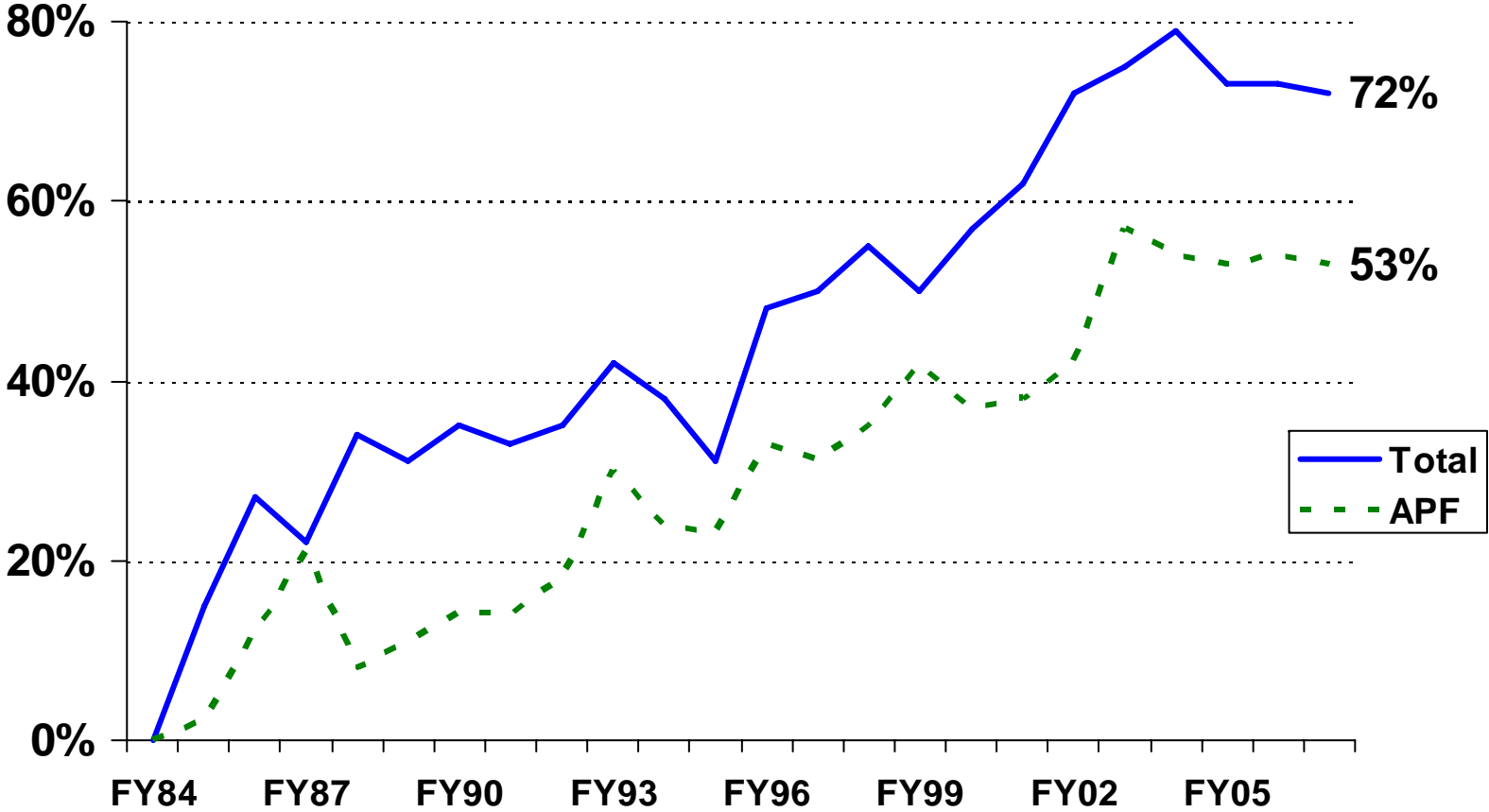
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# Growth in Real Congregational Spending per Member



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# Health Plan Decisions



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- Funding of reserve vs. keeping 2008 premiums to a minimum?
- Continued need for aggregate stop-loss?
- Expansion of benefits?
- Creation of new plan option?
  - Do all plans meet Massachusetts standards?
- Reduce impact of age on premium levels?
- Recovery of UUA indirect costs?

# Audit Committee



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- Continued engagement of KPMG
- Received progress report on changes made in response to management letter
- Recommended BOT action to clarify Audit Committee's role concerning Health Plan:
  - Recommend auditing firm
  - Provide advice during audit as requested
  - Review and comment on audit report



# 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 GIF
  - Facilities renewal
- ... and more

# Endowment Spending Policy



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- Policy goals
  - Preserve inflation-adjusted endowment value
  - Avoid fluctuations (up or down) in payout
- Expected endowment return and payout
  - 8.5% target return = 5% payout + 3.5% inflation

# Endowment Spending Policy

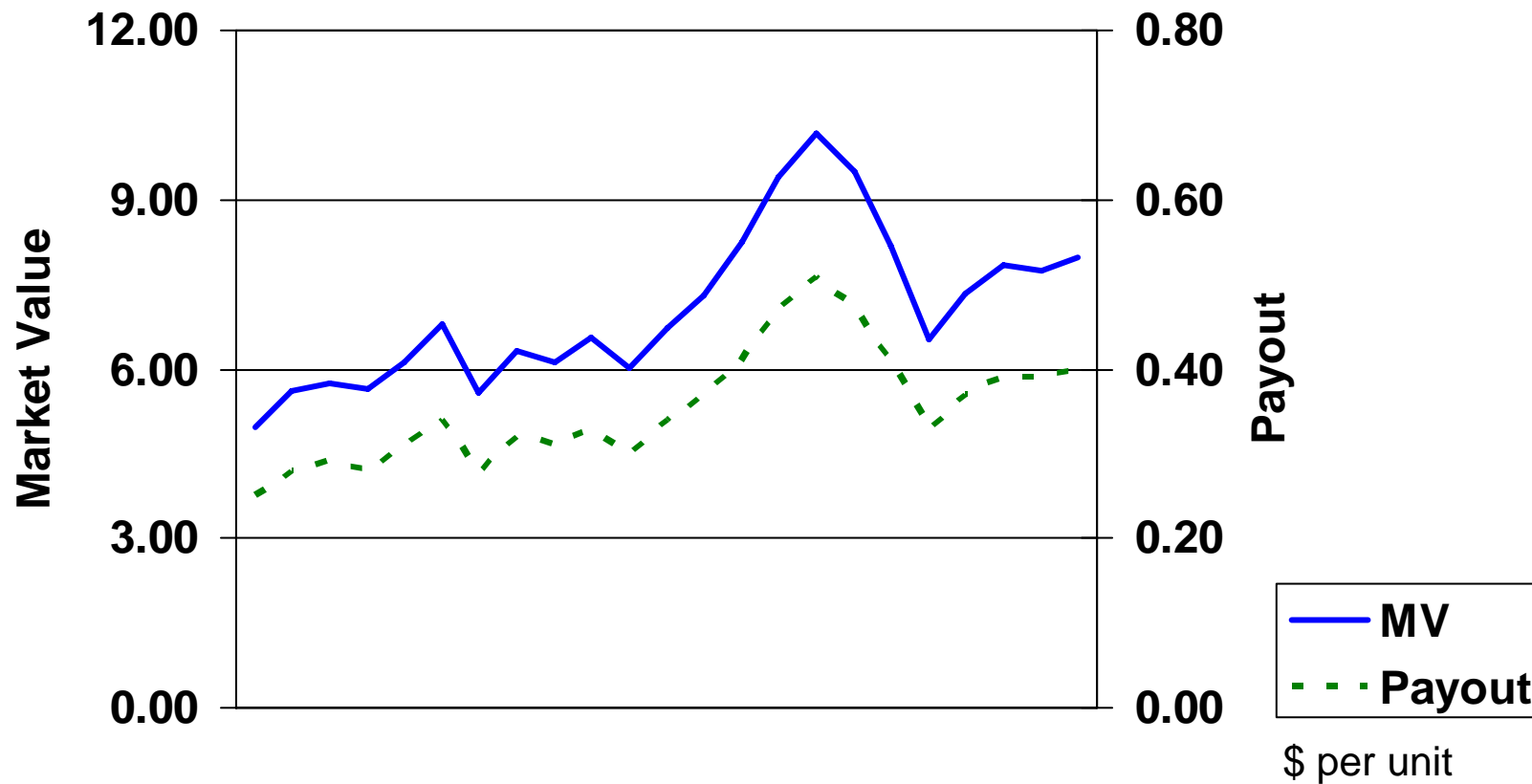


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- Payout formulas
  - Percentage of current market value
  - Percentage of multi-year average value
  - Increase payout for inflation
  - Formula that combines inflation with spending rate target

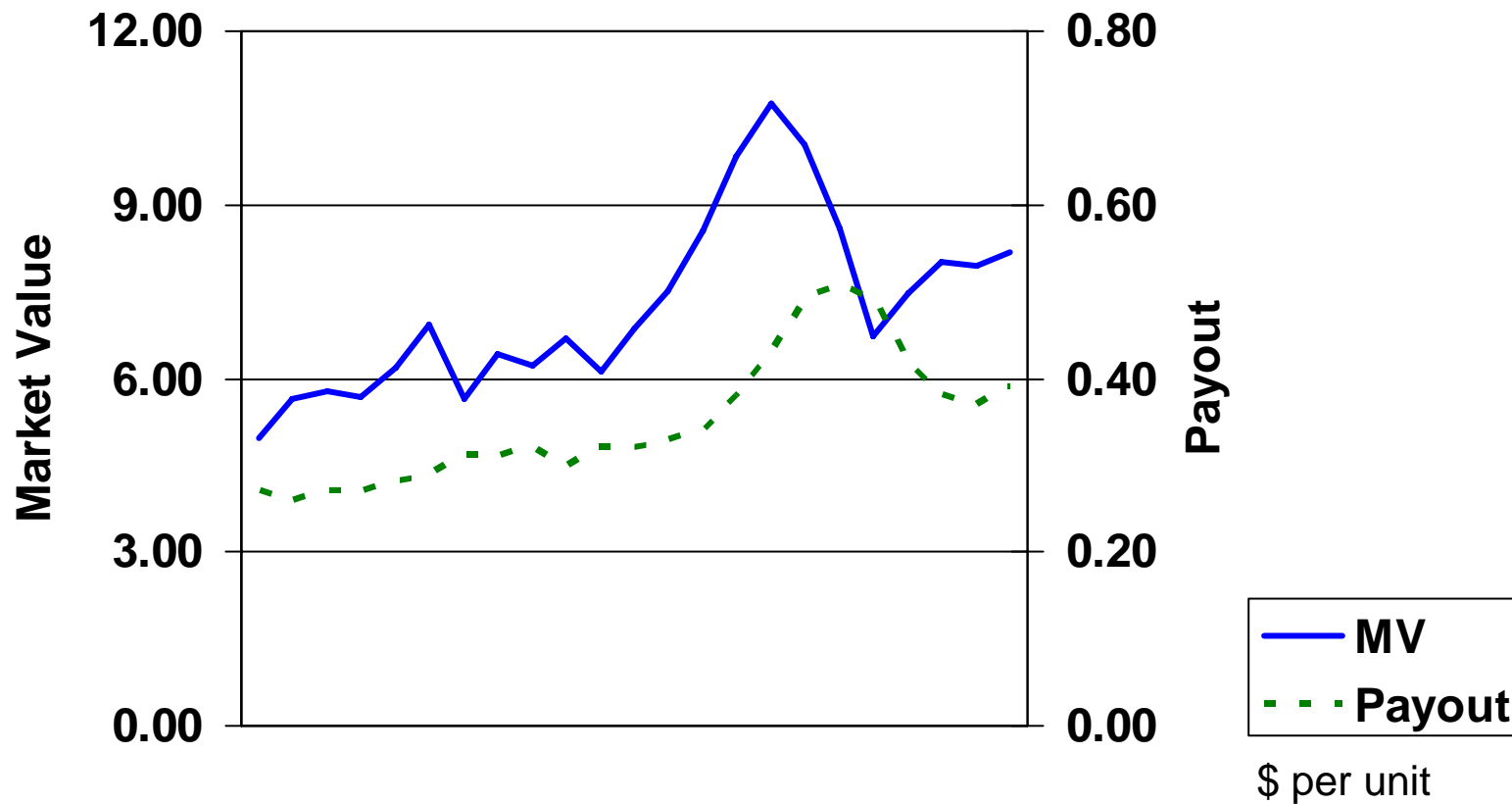


# 5% of Current Market Value



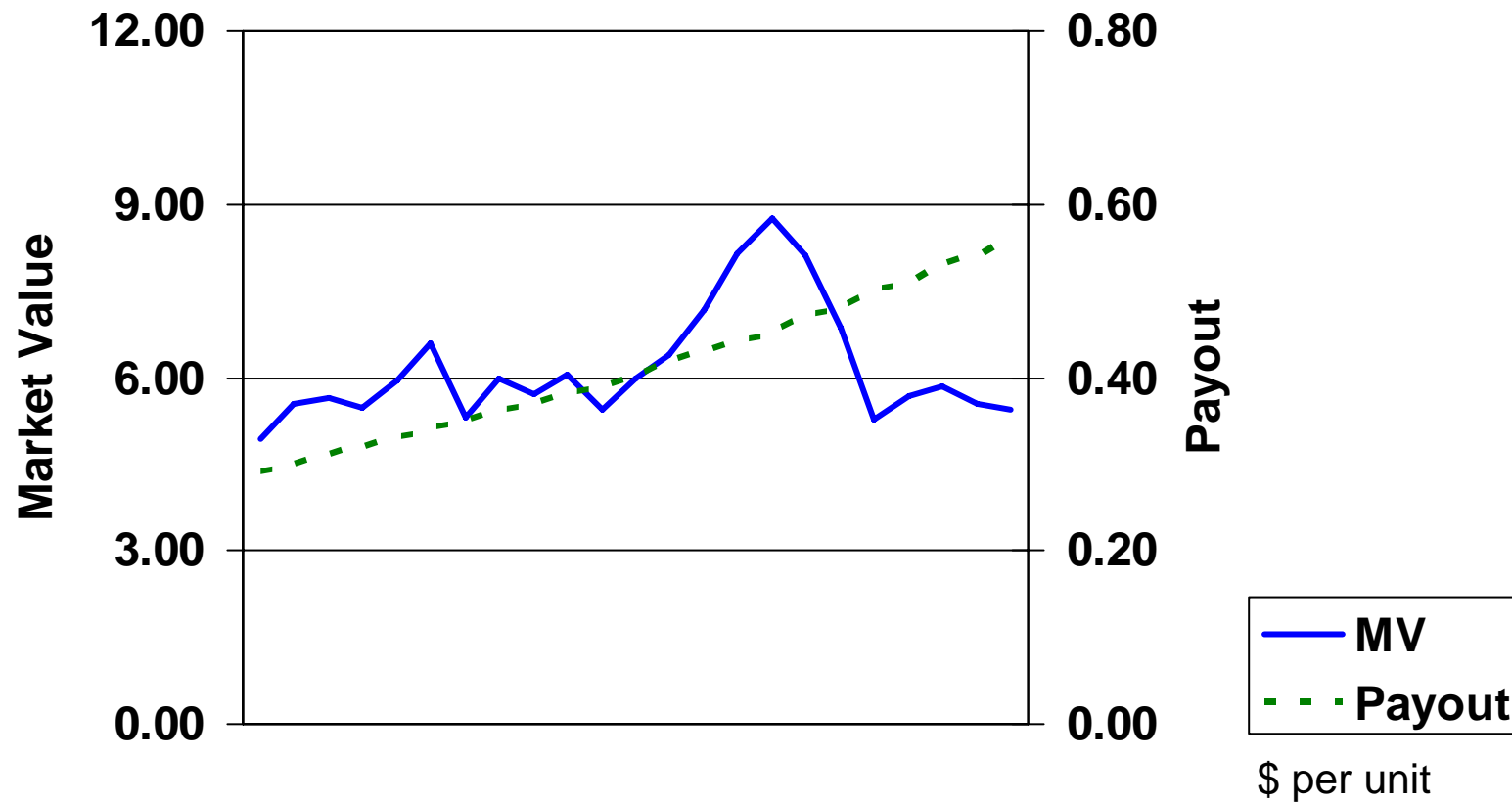


# 5% of 3-Year Average Value





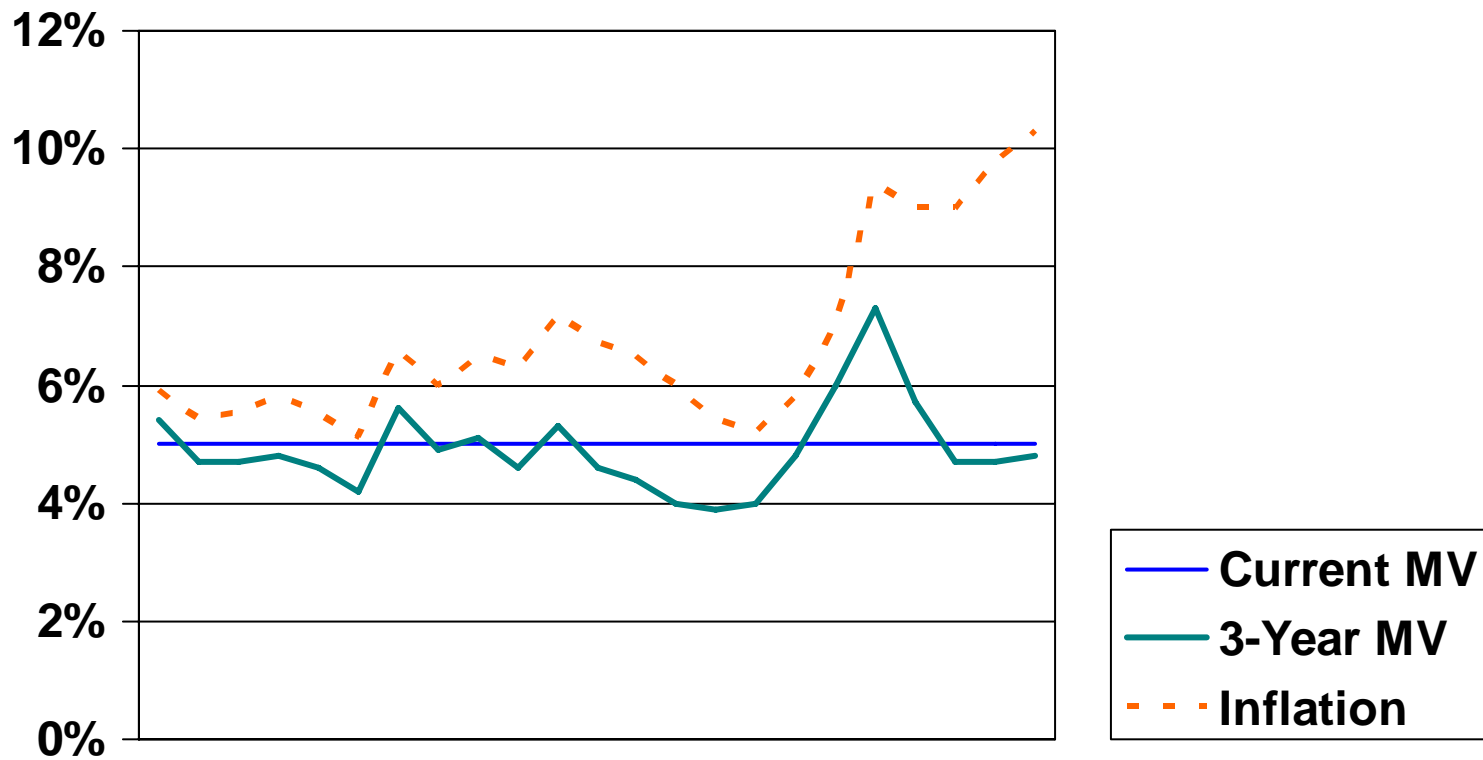
# Payout Rises with Inflation



# Payout as % of Market Value



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# Hybrid Policy

