

Investment Funds Committee Annual Report for 2024-2025

The members of the Invested Funds Committee are appointed by the Board of Trustees to provide fiduciary responsibility for and oversight of the Church's invested funds.

The largest portion of the church's invested funds is managed by the Bank of America's Wealth Management Group. We receive monthly status reports and meet with the managers of our account quarterly to assure that the decisions by the Wealth Management Group are made within the values of Unitarian-Universalism as well as insuring the investments are made in accordance with the total return principle (income plus capital gains, if any) which will allow the church to withdraw a small percentage of the funds for the current operating budget without depleting the principal.

There are actually two funds being managed by Bank of America for UUCN. The largest, referred to as the "General Fund", is a combined fund shared with the cemetery funds to increase meaningful diversification that the increased value of the combination can provide to both entities. As of March 31, 2025, 17% of the total value belongs to the cemetery.

Historically, the church occasionally received donations for specific purposes. Examples include care of our musical instruments, providing sanctuary flowers for Sunday services, and funds to assist the membership committee. For convenience, seven small, restricted-use funds have been combined in one portfolio for investment purposes but tracked and adjusted individually by Bank of America to ensure compliance with their stated purpose. As of the end of the first quarter of 2025, March 31, 2025, the total value of the combined funds was \$111,460. A value currently amounting to 4.5% of each of the seven individual funds is listed in the church operating budget, although the funds are not withdrawn unless there is a specific expense that is in-line with the purpose of the donation that created the fund.

One fund, the so-called DesChamps Fund, had been dormant for many years. It was originally designed to provide funds for members who visited the women's prison in Concord to purchase personal supplies for the prisoners when they went to Concord. Periodically, the Invested Funds Committee has looked for appropriate uses of the funds, but it was not until the past year that an appropriate use for the funds was found. There is a new non-profit in Concord set up to help women who are leaving prison to find housing, jobs, and otherwise adjusting to life after prison. The charity was vetted by the Board of Trustees, and the money that had accumulated within the DesChamps Fund (approximately \$11,300) was withdrawn to be forwarded to the Women's Reentry Initiative by the Board of Trustees once they have again assured that the "Initiative" has remained solvent since the initial vetting and is able to use our donated funds wisely. The total value of the combined restricted funds will, in subsequent quarterly reports, reflect the withdrawal of approximately \$11,300.

In addition to the restricted funds that are managed by Bank of America, the church has three small funds over which we have no management control, although withdrawals have no restrictions as to use. The Balcom Fund is managed by TD Bank, and we are required by the

IRS to withdraw 5% of the value each year. The two Boutwell Funds are pooled with all of the Unitarian-Universalist Association funds. We currently withdraw 4.5% of the value of each Boutwell fund annually.

Regarding the 4.5% we currently withdraw from the principal of the “General Fund”, the “principal” is considered to be the average value of the church’s portion of the fund over the past 28 quarters. This time frame is considered to be long enough to smooth out much of the short-term volatility which could distort the amount available for withdrawal. The goal is for our investments to grow more than any change to the Consumer Price Index (CPI) plus the amount of our annual withdrawal so that our investments will continue to grow long term without losing purchasing power. If the average value over 28 quarters starts to trend down, the committee may recommend withdrawing less than 4.5%

Annual 1st quarter Market Value of our funds from March 31, 2022 to March 31, 2025

| Fund | March 2022 | March 2023 | March 2024 | March 2025 |
|-----------------|-------------|-------------|--------------|-------------|
| Bank of America | | | | |
| General Fund* | \$4,372,043 | \$3,903,679 | \$4,201, 135 | \$4,138,553 |
| Restricted Fund | \$101,758 | \$99,412 | \$107,989 | \$111,460 |
| TD Bank | | | | |
| Balcom Trust | \$260,404 | \$228,856 | \$235,436 | \$231,122 |
| UUA | | | | |
| Boutwell Funds | \$34,647 | \$30,858 | \$33,124 | \$32,620 |

*Total value of the General Fund 17% is cemetery commingled funds.

A quick analysis of the above figures, as well as a couple preceding years, explains why we use the average values of 28 quarters, or 7 years, to calculate our withdrawal amounts. The total value of the General Fund dropped nearly \$700,000 between the end of 2019 and March 31, 2020 due to the Covid crisis. By March 2021 the market was on the way to recovery, but values dropped in 2022 and 2023 due to concerns over the war in Ukraine, rising interest rates and the fear of inflation. By March 2024 the market had moderated, but it still reflected global concerns and high interest rates. Values reached highs in late 2024, but by March 2025 values were dropping again due to economic uncertainties created by the actions of the new administration in Washington, D. C. The changes in the Restricted Fund reflect the same market factors as well as the smaller amounts of recent withdrawals because there often was no matching expense, such as sanctuary flowers and organ repairs, while services have not been conducted in our building.

ESG (Environmental, Social, and Governance) and SRI (Socially Responsible Investments) are an important part of our General Fund portfolio. As of March 31, 2025, 56.7% of our investments

are in equities, and 42.6% of the funds are invested in equities that are generally defined as ESG and SRI investments. Bank of America continues to research ESG and SRI investments for us to add to our portfolio. In addition, the portfolio includes \$144,000 in loans to the New Hampshire Community Loan Fund which helps residents of mobil home parks purchase the land on which their homes exist. (You may have observed signs at park entrances indicating that the park is a Resident Owned Community, or ROC.)

Current members of the Investment Review Committee are: Jon Lasselle, Chair; June Haskell; Harry Purkhiser; Steve Hedges.

Ex-officio members include: Allison Palm, Minister; Emma Rearick, Church Treasurer; Lindsey Hedrick, Church President, and the Treasurer of the Cemetery Committee.