

Treasurers Report June 2022

HES Treasurer's Report

For 16 June Executive Meeting.

From John Berdell jberdell@depaul.edu and treasurer.of.hes@gmail.com

6/7/2022

Attachments:

- 1) Proposed Budget for 2022-23 (explanatory budget memo appended below)
- 2) CharityCFO Management Report
- 3) HES Assets 6/16/22 excel sheet (summaries appended below)

(Note: annual portfolio performance included herein, last page this report).

1) The proposed budget for 2022-23 was emailed to you on or around 4/28/2022. The proposed budget forecasted a deficit of 25K. The revised budget here has the current endowment value updated but it otherwise unchanged. I had hoped that sending out the budget would elicit some email discussion of where and by how much we should reduce proposed expenditures. That did not happen.

I will make a friendly amendment to the effect that the new initiatives be reduced by 10K, from 35K to 25K. That would reduce our projected deficit to 15K. Members of the executive will presumably have different thoughts on how to proceed. Perhaps the President will initiate a quick straw vote on whether and where cut should be made so that we can expeditiously pass a budget.

On the next page, I have copied the email I sent with the budget. It indicates several spending categories that are hard to forecast and budget.

2) Attached please find the CharityCFO management report for FY 2021-22. In the future, it will report expenditures in categories that align with our budget. From page 2 of that report:

- Revenue for the fiscal year reflected \$87,400, which is composed of \$65,600 in journal revenue, \$13,700 in conference revenue, and \$8,200 in membership revenue.
- Total operating expenses during the year were \$92,700, primarily due to \$34,000 in professional services, \$17,000 in Grants & Awards, \$17,200 in Operations, and \$20,900 in payroll expenses for the year.
- After accounting for non-operating investment activity there was a net loss of \$63,200 for the year.

2) The most recent data for the Schwab investment portfolio appears at the end of this report. I rebalanced the portfolio in the last week of May but the market has already pushed the portfolio a bit away from our target percentages. I rebalance twice a year. appears at the end of this document. Our total assets are down 8.97% from last year. (\$1,118,138.97 now \$1,228,304.06 last year). The 4% contribution of the endowment to the current year's budget is calculated against an average of the past three year's investment balance to smooth fluctuations.

BUDGET MEMO sent to HESEXEC email list 4/28/2022

Dear Exec.

At our last meeting you directed me to draft an annual HES budget for your consideration. This is it.

When we meet, we should make amendments to the budget before we ratify it. It has us spending beyond our means by 25K. I am sending the budget far in advance of our meeting to facilitate thought and discussion.

With the assistance of Amy Hardy, our office manager, and in consultation with the Secretary I have indicated what our spending in many categories looks likely to be without changes to our spending behavior. It constitutes my best guess as to what we are presently committed to on the expenditure side and our expected income.

Most entries have a short comment that indicates whether how (and whether) they are based on past grant allocations and previous payments.

Two entries are difficult to specify. First the subsidy to the annual conference and second the executive members travel costs which we voted to increase but have no historical experience with.

I have not included details for the annual conference; rather I have entered a 10K subsidy from the HES for the annual conference. Some years will not require a subsidy others will require a large one. I really do not know if this is the right number. This could be a point for fruitful discussion.

Column E is the important column.

(Note: travel and lodging for speakers are included in the cost of the conference. The support we give to young scholars to attend and our various prizes are not conference costs and appear as separately just below our Early Career and New Initiative grants.)

It would be great if we could increase revenue somehow, possibly by leveraging the fact that we are audited to attract foundation funding. I suppose that in the short run we will have to focus on reducing spending.

Please think about the spending areas indicated in the budget and which ones we might constrain as we seek more revenue.

With Regard

John Berdell

Attachment: HES budget 2022-23 for exec

HES Schwab and Other Holdings Aggregated	10/20/2020	6/16/2021	6/7/2022	Target	
Cash & Money Market	\$26,321	\$9,827	\$28,412.14		
SNVXX Gov Money Market		\$21,445	\$21,454.01		
CD	\$25,708	\$25,458	\$0		
<i>Total Cash</i>	\$52,029	\$56,730	\$49,866	5%	4.76%
SWTSX Schwab Total Stock Mkt Index Fund	\$441,311	\$516,115	\$426,176.50		
<i>Total US Stocks</i>	\$441,311	\$516,115	\$426,177	40%	43.29%
SWISX Schwab International Index Fund [Non-US dev.]	\$109,792	\$114,105	\$97,012.61		
Vanguard FTSE Europe (inc in above) for 2020	in above				
VGK VANGUARD FTSE EUROPE ETF IV		\$13,720	\$11,664.90		
<i>Total Non-US Stocks</i>	\$109,792	\$127,826	\$108,678	10%	10.72%
SWAGX Schwab Total Bond Mkt Fund [US Index]	\$249,826	\$242,249	\$214,537.38		
LQD Ishares IBOXX Investment Grade Bond ETF [Corp.]	\$85,858	\$82,634	\$70,118.90		
SWRSX Schwab TIPS Index Fund [US Inflation-Indexed]	\$95,463	\$97,012	\$128,630.03		
<i>Total Bonds</i>	\$431,146	\$421,895	\$413,286	40%	35.39%
VNQ Vanguard REIT ETF (VNQ)	\$44,964	\$55,863	\$35,772.67		
Weyerhaeuser (WY) [Forestry REIT]	\$11,616	\$13,868	\$15,524.00		
<i>Total REIT</i>	\$56,580	\$69,731	\$51,297	5%	5.85%
Sum Schwab Positions	\$1,090,859	\$1,192,296	\$1,049,303	100%	100.00%
Sum Schwab Categories		\$1,192,296	\$1,049,303		
Non investment accounts below					
Chase Bank (2022) or Bank of America (pre 2022)	\$39,339	27,593.45	43,391.74		
Paypal	\$1,391	\$8,414.92	25,444.09		
Grand Total	\$1,131,589	\$1,228,304.06	\$1,118,138.97		
Change vs previous		8.55%	-8.97%		

Last 3 Months QTD Last Quarter Last Year Since Inception Custom Timeframe 06/16/2021 06/06/2022 Go Time Weighted Return Change

Portfolio Performance

All Brokerage Accounts

Report as of: 06/06/2022 Inception Date: 08/31/2015

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	SELECTED PERIOD (\$)	YEAR TO DATE (\$)	ONE YEAR (\$)	THREE YEARS (\$)	FIVE YEARS (\$)	SINCE INCEPTION (\$) 8/31/15
Beginning Value	1,192,423	1,216,636	1,186,263	941,740	812,160	0
Net Contribution	-70,012	-30,000	-70,012	-119,629	-85,629	614,371
Dividends Not Reinvested	-24,027	-4,264	-24,186	-65,682	-103,987	-133,359
Interest Not Reinvested	-600	-298	-600	-2,056	-2,938	-3,269
Net Cash In/Out	-45,385	-25,439	-45,226	-51,891	21,296	750,999
Change In Value	-73,693	-137,919	-67,533	226,606	322,186	434,346
Account Value Appreciation/Depreciation	-75,335	-137,924	-69,176	223,442	313,708	421,420
Dividends Reinvested	1,639	4	1,639	3,146	8,401	12,842
Interest Reinvested	3	1	3	19	77	84
Ending Value	1,048,717	1,048,717	1,048,717	1,048,717	1,048,717	1,048,717
Return	-6.61%	-11.44%	-6.13%	7.56%	6.78%	7.30%

Common Market Indices

	SELECTED PERIOD (%)	YEAR TO DATE (%)	ONE YEAR (%)	THREE YEARS (%)	FIVE YEARS (%)	SINCE INCEPTION (%) 8/31/15
S&P 500	-1.59	-12.95	-1.16	15.06	13.16	13.62
MSCI EAFE (TRN)	-12.00	-11.21	-11.18	5.76	4.03	5.16
Russell 2000	-17.64	-15.39	-16.40	9.26	7.63	8.92
Bloomberg U.S. Aggregate Bond	-9.49	-9.84	-9.26	-0.37	0.91	1.47
FTSE 3-Month Treasury Bill	0.14	0.12	0.14	0.64	1.09	0.88
S&P GSCI	65.01	52.67	65.44	21.44	14.06	6.42