

# Endowment Fund and Education Investments

## Preliminary Annual Report

### April 2024

*This report is prepared by the Endowment Committee each year and is provided to the Portland League entire membership. Please note that this is a “Preliminary” report since the final year-end results will not be available until early July 2024. However, this information may be of interest at the All-Member Meeting in mid-May. We hope the performances for the various financial investments reported here will not greatly change by the end of June.*

**Members:** Philip Thor, Chair, Anne Davidson, Treasurer, Susan Gilbert, Sully Taylor, Carol Cushman, and Adrienne Aiona, ex-officio, Portland League Treasurer.

**Position Description:** Report quarterly to the Portland League Board regarding activities concerning Regular Fund investments and the collection of investments specifically designated to support Civic Education and/or Voter Service activities. These latter “education funds” include the Sara Frewing Fund, the Ethel Noble bequest, and the Darleane Lemley bequest. The committee is also charged with reporting annually to the membership.

The Endowment Committee meets quarterly to monitor investment performances, adjust portfolio holdings or make new investments, and determine Regular Fund Budget contributions (from the Endowment fund portfolio only). Within the past few years, the Committee has adopted an interest to invest in socially responsible funds, otherwise known as ESG (Environmental, Social and Governance) funds., as evidenced by the more recent investments.

**History of the Endowment Fund:** The Portland League of Women Voters Endowment Fund was established in 1987 upon receipt of a gift from the estate of Mary Damskow in the amount of \$90,605.62. Additional gifts followed from other League members:

- Jane Rasmussen \$1,000 in February 1989,
- Elizabeth Ducey \$1,000 in December 1991,
- Pearl Gervurtz \$1,000 in February 1992,
- Joanna Vanderwall \$9,253.47 in May 1993,
- Marian Copeland \$2,000 in December 1994, and
- Darleane Lemley \$1,000 in October 2010.

Portland League Bylaws stipulate that the Endowment Fund total value should never fall below the original amount of the gifts, which is \$105,859. The Endowment Fund guidelines have been amended and ratified at Portland League conventions/member meetings in 1994, 1995, 1997, 2014, 2022, and 2023. Contributions to the Endowment Fund are non-tax-deductible. This fund supports the 501(c)(4) expenses and activities of the Portland League.

All Endowment Fund investments are actively managed by the committee through a custodial account located with Charles Schwab. This account was established in 2018 and all the mutual funds owned then were transferred. Having this account improves recordkeeping, simplifies selling and purchasing of investments, and provides enhanced financial research into potential new

investments. Partial sales to meet the quarterly budget contributions and the subsequent cash withdrawals to the League checking accounts is easily accomplished through this account.

**History of the Education Investment Funds:** The first of the three fund/bequests within the Education Investment Funds category was established to promote voter service projects in honor of Sara Frewing, Portland League President 1991-1993. This collection of investments is known as the Sara Frewing Fund and its original gift totaled \$10,000. The monies are invested into Vanguard Total Bond Market Index Fund and Vanguard FTSE Social Index, Admiral Shares. Over the years, many additional gifts were made by members in continuing recognition of Sara Frewing. Some gifts are provided by members on an annual basis. The monies are collected in the Leagues Education checking account and if not used in the current year or needed for the foreseeable future, then these monies can be transferred for investment.

The second Education Investment account was created from a bequest by Ethel Noble, also to promote voter education activities. The initial amount was \$27,477, received in October 2013. In that same month, an investment of \$23,000 was made into the Vanguard Wellington Mutual Fund. The remaining money was put into a money market fund.

A third Education Investment account came as a bequest from the estate of Darleane Lemley in January 2020, valued at \$64,000. The Endowment Committee moved the entire amount into the Education Fund money market at Charles Schwab in June 2020 and used the money to purchase four mutual funds (one Bond fund and three Equity-type funds). Two of the funds were purchased prior to Fiscal Year 2019-2020, and the other two funds were purchased during Fiscal Year 2020-2021.

During Fiscal Year 2019-2020, a second Charles Schwab custodial account was established for Portland League Education activities, and all investments and funds were transferred into this new account. These monies may only be used for civic education and voter service activities, the 501(c)(3) part of the Portland League organization.

As mentioned previously, some portion of the League donations and some part of any grants received which are designated for Voter service activities are available to be invested into the Sara Frewing Fund. Unlike the Sara Frewing Fund, the original donated amounts associated with the Noble and Lemley bequests remain unaltered and do not accrue additional donations. All donations to support civic education and voter service activities are tax-deductible. The Endowment Committee chooses which investments to make and monitors the performance for these investments. The Portland League Board decides on when and how much to withdraw from these investments to support the appropriate activities.

**Review of the year's activities:** The committee met quarterly and reported to the board quarterly. Through the custodial accounts with Charles Schwab, the committee was able to easily explore continued investing in socially responsible funds and to adjust portfolio holdings. The withdrawal of the quarterly budget contributions and tracking of investment performance continues to be greatly simplified and improved by having the Schwab accounts.

Prior to the start of the fiscal year 2023-2024, the committee agreed on a contribution of \$8,760 to the Portland League Regular Fund budget, which equaled \$2,190 per quarter. However, due to

sufficient availability of monies and a moderation in expenditures, no budget withdrawal was requested in any of the 4 quarters for the current fiscal year (July 2023-June 2024).

In January 2024, the Endowment Committee determined the Regular Fund budget contribution for the upcoming fiscal year 2024-2025. The amount of \$9,200 (or \$2,300 per quarter) will be available during the next fiscal year. This number was given to the budget committee for budget development. It is a slight increase from prior years because the averages of the previous 13 quarters increased slightly. The percentage applied to the 13-quarter average remained the same as the previous year at 4.25%. The Portland League Guidelines governing the Endowment Fund state that the distribution rate is “set by the Endowment Committee in accordance with prudent and current best practices and Oregon Revised Statutes 128.318 and 128.322 or the current Oregon statutes regulating endowment funds.” The committee reviewed the Oregon Community Fund (OCF) website for what they were using as a current endowment distribution rate. The OCF current rate has dropped to 4.00%, but the Endowment Committee did not feel the need to move to this lower percent rate, largely so that a higher contribution would be allowed.

The Endowment Fund total value on July 1, 2023, was \$214,958 and suffered a drop in value over the first and most of the second quarter of the fiscal year but appreciated in December and the remainder of the year through March. However, by mid-April 2024, the values for the fiscal year made a serious downturn.

The values as of April 15, 2024, stand at \$237,069. This represents a one-year gain of \$22,110 or 10.3 percent. The four equity-type investments in the fund are poised to end the year higher, with the one bond fund probably unchanged. The table below provides the details including the 52-week price ranges.

| <b>Status of Endowment Fund:</b>                        |                      |                       |                                |               | <b>Share Price Ranges and Current Prices</b> |            |                             |
|---|----------------------|-----------------------|--------------------------------|---------------|--|------------|-----------------------------|
|   |                      |                       |                                |               | <b>52-week Price Range</b>                   |            | <b>April 15, 2024 Price</b> |
| <b>Fund:</b>  | <b>June 30, 2023</b> | <b>April 15, 2024</b> | <b>Gain or Loss (\$ and %)</b> |               | <b>High</b>                                  | <b>Low</b> |                             |
| Fidelity Puritan Fund                                   | \$47,003             | \$53,399              | \$6,396                        | 13.6%         | \$25.48                                      | \$20.80    | \$24.62                     |
| TIAA-CREF Core Impact Bond Fund Retail Class            | \$26,236             | \$26,405              | \$169                          | 0.6%          | \$9.09                                       | \$8.32     | \$8.70                      |
| PAX Ellevest Global Women’s Leadership Fund             | \$30,257             | \$32,269              | \$2,012                        | 6.7%          | \$33.18                                      | \$27.07    | \$31.59                     |
| Vanguard Small Capitalization Index Fund Admiral Shares | \$52,378             | \$56,997              | \$4,618                        | 8.8%          | \$109.79                                     | \$83.97    | \$102.48                    |
| Vanguard 500 Index Fund Admiral Shares                  | \$59,084             | \$67,999              | \$8,915                        | 15.1%         | \$485.10                                     | \$374.44   | \$467.31                    |
| <b>TOTAL Endowment</b>                                  | <b>\$214,958</b>     | <b>\$237,069</b>      | <b>\$22,110</b>                | <b>10.29%</b> |  |            |                             |

The Sara Frewing Fund total on July 1, 2023, was \$70,489, about evenly divided between a bond and an equity-type investment. By April 15, 2024, the Sara Frewing Fund total value stood at \$76,081. The bond fund rose a minor amount (\$38), while the equity fund grew by \$5,554. This represents a one-year gain of \$5,592 or 7.9 percent. The total values dropped in the first quarter and for some of the second quarter before rising in the next two quarters. This pattern is repeated for all Education investments this year.

The Ethel Noble Bequest total on July 1, 2023, was \$48,413 and like other equity investments, dropped in the first and for some of the second quarter but rising in subsequent quarters. By April 15, 2024, the value had grown to \$52,700. This represents a one-year gain of \$4,288 or 8.9 percent.

The Darleane Lemley Bequest total on July 1, 2023, was \$72,137, spread among one bond fund and three equity funds. All these investments experienced the same fate as others. By April 15, 2024, the total value of the bequest was \$79,643. This represents a one-year gain of \$7,506 or 10.4 percent.

The table below provides the detail for the Education Funds.

| <b>Status of Education Funds:</b>                            |                      |                       |                                |              | <b>Share Price Ranges and Current Prices</b> |                |                           |
|--|----------------------|-----------------------|--------------------------------|--------------|--|----------------|---------------------------|
|  |                      |                       |                                |              | <b>41-week Price Range</b>                   |                | <b>May 15, 2024 Price</b> |
| <b>Fund:</b>   | <b>June 30, 2023</b> | <b>April 15, 2024</b> | <b>Gain or Loss (\$ and %)</b> |              | <b>High</b>                                  | <b>Low</b>     |                           |
| Sara Frewing – Money Market/NOW Vanguard Social Index Equity | \$35,445             | \$41,000              | \$5,554                        | 15.7%        | \$49.74                                      | \$37.42        | \$47.81                   |
| Sara Frewing – Vanguard Bond Market Index, Admiral Shares    | \$35,044             | \$35,082              | \$38                           | 0.1%         | \$9.78                                       | \$8.96         | \$9.32                    |
| <b>SUBTOTAL - Frewing</b>                                    | <b>\$70,489</b>      | <b>\$76,081</b>       | <b>\$5,592</b>                 | <b>7.9%</b>  |  |                |                           |
| <b>Noble – Vanguard Wellington</b>                           | <b>\$48,413</b>      | <b>\$52,700</b>       | <b>\$4,288</b>                 | <b>8.9%</b>  | <b>\$43.41</b>                               | <b>\$38.60</b> | <b>\$42.16</b>            |
| Lemley – Money Market  | \$10                 | \$10                  | \$0                            | 0.0%         |  |                |                           |
| Lemley – Vanguard Bond                                       | \$15,539             | \$15,130              | -\$409                         | -2.6%        | \$8.22                                       | \$6.89         | \$7.51                    |
| Lemley – Parnassus Core Equity                               | \$20,908             | \$23,750              | \$2,842                        | 13.6%        | \$60.58                                      | \$49.93        | \$57.85                   |
| Lemley – PAX ESG Beta Quality                                | \$20,029             | \$22,818              | \$2,789                        | 13.9%        | \$24.92                                      | \$20.09        | \$23.76                   |
| Lemley – Green Century                                       | \$15,651             | \$17,936              | \$2,284                        | 14.6%        | \$83.63                                      | \$62.90        | \$79.79                   |
| <b>SUBTOTAL - Lemley</b>                                     | <b>\$72,137</b>      | <b>\$79,643</b>       | <b>\$7,506</b>                 | <b>10.4%</b> |  |                |                           |
| <b>TOTAL Education Funds</b>                                 | <b>\$191,039</b>     | <b>\$208,425</b>      | <b>\$17,386</b>                | <b>9.10%</b> |  |                |                           |

Submitted by Philip W. Thor, April 17, 2024