

Report No.	15	New <input checked="" type="checkbox"/>	Substitute <input type="checkbox"/>	Amendment <input type="checkbox"/>
Submitted By:	Dr. Paul Leary, Secretary-Treasurer			
Date Submitted:	April 25, 2025	Reference Committee <input type="checkbox"/>	Direct to House <input checked="" type="checkbox"/>	
Total Financial Implication:	\$ none			
Amount One-time	\$ none	Amount On-going	\$ none	

### Report of the Secretary-Treasurer

#### 1 Reserves

2 Following is the full year 2024 investment results from our Reserve Fund account with  
3 the Vanguard Group.

Reserve Fund - The Mercer Group						
Year-End, 2024						
* Due to Rounding, some %'s may vary						
	Ticker Symbol	Market Value	% Alloc	YTD Return	3-Yr Return	5-Yr Return
<u>Bonds</u>						
SHORT-TERM INV GRADE	VFSUX	\$591,141	7%	5.06%	1.68%	1.97%
INTERMEDIATE-TERM INVESTMT GRADE	VFIDX	\$427,014	5%	3.29%	-1.09%	1.10%
LONG-TERM INVESTMT GRADE	VWETX	\$326,653	6%	-2.70%	-7.43%	-7.43%
TOTAL BOND MARKET <u>INDEX</u> FUND	VBTLX	<u>\$1,362,454</u>	<u>16%</u>	<u>1.24%</u>	<u>-2.40%</u>	<u>0.18%</u>
<b>Total Fixed Income</b>		<b>\$2,707,262</b>	<b>33%</b>	<b>1.89%</b>	<b>-1.72%</b>	<b>0.05%</b>
<u>Stocks</u>						
TOTAL STOCK MARKET <u>INDEX</u> FUND	VTSAX	\$3,486,382	42%	23.74%	7.86%	13.80%
TOTAL INTERNATIONAL STOCK <u>INDEX</u>	VTIAX	<u>\$2,091,414</u>	<u>25%</u>	<u>5.18%</u>	<u>0.67%</u>	<u>4.28%</u>
<b>Total Equity</b>		<b>\$5,577,796</b>	<b>67%</b>	<b>16.19%</b>	<b>5.01%</b>	<b>10.01%</b>
<b>Total Portfolio</b>		<b>\$8,285,058</b>	<b>100%</b>	<b>11.20%</b>	<b>2.72%</b>	<b>6.68%</b>

4 2024 was another great year for the US stock market, which rose a whopping 24%.  
5 This represents back-to-back years of nearly 25% increases in US stocks. Although  
6 bonds returned only around 2% for the year, it is important to stay diversified so that  
7 losses are moderated in bear markets, just as gains are in bull markets. In any case, a  
8 blended 11% return for the year is still considered an excellent return for most any year.

Overall, our portfolio gained 11.20% before fees, or 10.79% net of fees, for the year 2024. This amounts to a value increase of a little more than \$550,000 in 2024, and that's after our annual \$275,000 withdrawal to support the operating budget.

The first quarter of 2025 has been volatile for the US stock market with tariff and recession concerns. US stocks lost nearly 5% through the first quarter of 2025. Yet that loss was offset by comparable net gains in bonds and foreign stocks. Did someone say, diversification?

Following is the YTD performance through March 2025:

<b>Reserve Fund - The Mercer Group</b>						
<i>YTD March 31, 2025 snapshot</i>						
<i>* Due to Rounding, some %'s may vary</i>						
	<u>Ticker Symbol</u>	<u>Market Value</u>	<u>% Alloc</u>	<u>YTD Return</u>	<u>3-Yr Return</u>	<u>5-Yr Return</u>
<b><u>Bonds</u></b>						
SHORT-TERM INV GRADE	VFSUX	\$595,367	7%	2.00%	3.68%	2.69%
INTERMEDIATE-TERM INVESTMT GRADE	VFIDX	\$438,785	5%	2.76%	2.21%	1.75%
LONG-TERM INVESTMT GRADE	VWETX	\$335,613	4%	2.74%	-3.01%	-2.06%
TOTAL BOND MARKET <b><u>INDEX</u></b> FUND	VBTLX	<u>\$1,400,155</u>	<u>17%</u>	<u>2.77%</u>	<u>0.54%</u>	<u>-0.40%</u>
<b>Total Fixed Income</b>		<b>\$2,769,920</b>	<b>34%</b>	<b>2.60%</b>	<b>1.15%</b>	<b>0.34%</b>
<b><u>Stocks</u></b>						
TOTAL STOCK MARKET <b><u>INDEX</u></b> FUND	VTSAX	\$3,273,856	40%	-4.83%	8.10%	18.08%
TOTAL INTERNATIONAL STOCK <b><u>INDEX</u></b>	VTIAX	<u>\$2,182,217</u>	<u>26%</u>	<u>5.51%</u>	<u>4.65%</u>	<u>11.44%</u>
<b>Total Equity</b>		<b>\$5,456,073</b>	<b>66%</b>	<b>-0.95%</b>	<b>6.74%</b>	<b>15.46%</b>
<b>Total Portfolio</b>		<b>\$8,225,993</b>	<b>100%</b>	<b>0.12%</b>	<b>4.42%</b>	<b>9.67%</b>

\* - All Funds are Vanguard Mutual Funds

Currently the funds in our account are still the same Vanguard Mutual funds, as is the fee structure and the advisory services they provide even though the Reserve fund now is managed by Mercer Group. We have benefited from the fund fee reduction announced by Vanguard in February 2025. International stock expense ratio dropped from .12% to .09% and bond expenses dropped .01% across the fixed asset mutual funds leaving an overall expense ratio drop from 0.72% in Dec 2024 to 0.61% in March of 2025.

### **Board Investment Committee**

The investment committee consists of five (5) members. Three (3) members are included ex-officio: the Secretary-Treasurer, the Executive Director, and the Chief Financial Executive. Two additional association members are selected by the President for two-year terms based upon their past tripartite leadership in investment

management or their otherwise acknowledged expertise in such. Dr. Cuomo appointed Drs. Mitch Mindlin and Mark Weinberger to these positions. These terms are set to expire in May of 2026 for the first term. Appointive members may be eligible for two additional terms at the pleasure of the current President. These appointive position terms are staggered so that subsequently, both at-large positions are not renewed at the same time.

This Committee has had three meetings since formation – April 2024, November 2024, and March 2025. The Committee members reviewed the portfolio, their responsibilities dictated by the charter, and met with our investment advisor from the Mercer Group, formerly Vanguard. After the meetings the committee felt the portfolio allocation and mutual funds invested in were appropriate for the long-term needs of the association with one caveat. Dr. Mindlin questioned whether some funds should be set aside in a money market account should we need cash flow support later this year. Our Mercer representative felt, however, that he could easily liquidate some money from our more stable holdings if needed.

#### **2026 Budget**

The Budget Committee submitted a proposed 2026 Budget containing a cash deficit of approximately \$323,000 before any dues increase. The Committee noted that this draft was even after the recent restructuring of staff that produced payroll savings of \$300,000. The draft included a 3% salary increase for NYSDA staff which increases total compensation and taxes by \$73,000.

The Committee suggested that the Board consider increasing the budgeted Reserve Fund withdrawal to \$330,000 from the current \$275,000 level. This represents 4% of our year-end reserves balance, which is considered a reasonable ongoing asset withdrawal percentage. The Board agreed with this increase and also agreed that it was appropriate to propose an inflationary dues increase to minimize this budgeted deficit. Increasing dues by \$19, should produce another \$116,490 in revenue, thus reducing the cash deficit to approximately \$152,000.

#### **2024 Audited Financial Statements**

Our audit firm, UHY Advisors, recently met with our Board Audit Committee to review the audited financial statements for 2024. The firm once again found no problems or concerns with how the financial activity was recorded in 2024 and indicated that all was concordant with generally accepted accounting principles.

Our internal financial statements reflect a deficit for 2024 of \$850,000. The audited statements, however, reflect a deficit of \$1,125,000 since accounting standards do not consider our annual budgetary transfer of \$275,000 from reserves to be new income. That is just recorded as a below-the-line transfer in the audited statements. Delegates can find the complete results of the audit in a separate report from the Board of Trustees.

70 Please do not hesitate to contact me in advance of the House meeting if you have  
71 questions on any of this. You can reach me at [prldmd823@gmail.com](mailto:prldmd823@gmail.com) or (631) 804-  
72 9600.