

Finance Committee Chair Report to the 1998 UUA General Assembly

Rochester, New York

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UUA Finance Committee Chair

Note: This speech was read during the viewing of the overhead projection of UUA financial information presented in chart form. The charts are currently unavailable for use on the website.

Slide 1, "UUA of Congregations, 1998 General Assembly"

Slide 2, "UUA Board of Trustees Finance Comm. Report"

Good Morning! I want to take a few minutes to tell you about the Finance Committee, then present to you the proposed budget for fiscal year 1999.

Slide 3, "The Role of the Finance Committee"

The role of the Finance Committee is:

- to interact with the administration in the development of budgets,
- to make financial recommendations relating to the Development Department and Beacon Press,
- to inform and make appropriate recommendations to the Board about the budget and other financial matters, and
- to inform the General Assembly about the budget process and pertinent financial matters.

Additional work of the Finance Committee includes budgetary oversight, interaction with auditors, conducting a budget hearing at General Assembly, and this annual report to the General Assembly as well as making financial recommendations to the Board on all financial matters.

Slide 4, "Finance Committee members"

The Finance Committee is composed of ten members. The chair and four other members are appointed by the Board of Trustees. Board members appointed to the committee are myself as Chair, Ginnie Courter, Robert Senghas, Wayne Arnason and Patti Lawrence. Other members of the committee include your Moderator, Denny Davidoff; your Financial Advisor, Larry Ladd; the Treasurer and Chief Finance Officer, Jerry Gabert; each by virtue of their office and with vote. President John Buehrens is a member of the Finance Committee by virtue of his office but without vote. Kay Montgomery, Executive Vice President, and Bob Snow, Vice President of Development, are present at all meetings.

Although the above list indicates a strong presence of administrative personnel at Finance Committee meetings, it is important for you to understand that the Finance Committee is not an

arm of the administration. We are independent of the administration and function in our role of advice and oversight. It is also important for you to understand that we do not attempt to micro-manage the finances of the Association.

A primary goal of the Finance Committee is to find a better way to help both the UUA Board and the General Assembly understand the complex financial operations of the Association in light of the ever-changing Financial Accounting Standards. We think we are making progress.

Let's take a look at the approved income and expense budgets for fiscal year 1999. The graphics you will see on the screen are also included in the back of the Annual Treasurer's Report for your reference at a later date.

(Slide 5, "FY99 Income—\$16,405,464)

Looking at the FY99 Income Chart, you will notice we anticipate a total income of \$16,405,464. To better understand both the sources and uses of our income, I have divided the income into two sections. On the left you will see that \$12,195,000 or 74% of our income is for general support of the Association; and, on the right, \$4,210,464 or 26% is for designated purposes.

(Slide 6, "Income for Designated Purposes—\$4,210,464)

Beginning at upper right center and proceeding clockwise around the pie chart, please note that designated income totals \$4,210,464 and includes the following:

- Handing on the Future—\$ 423,500
- UUSCR-Veatch Grants—\$1,029,930
- Scholarships and Education Grants—\$ 831,444
- Ministerial Aid Funds—\$ 275,000
- Holdeen and International Trusts—\$1,156,607
- Other Purposes—\$493,983

(Slide 7, "Income for General Support—\$12,195,000)

In 1999, we anticipate General Support income in the amount of \$12,195,000. Beginning in the upper right corner, note that

- you the member congregations will contribute approximately \$4,472,000.
- Friends of the UUA will contribute approximately \$1,160,747.
- Gifts and Bequests should bring in \$432,891.
- Administrative Fees will be \$843,290.
- General Investment Income \$2,730,750.
- Income from other related sources \$2,555,750.

Let's look now at how our money is spent.

(Slide 8, "Total Expenditures"—\$16,405,464)

Our total expenditures next year are expected to be \$16,405,464. Beginning at the lower left moving clockwise around the chart you will note our major expense categories are:

- Depreciation expense—\$379,896
- Development—\$1,101,167
- Board and Volunteer Leadership—\$489,629
- Administration—\$1,437,733

Administration expenses include the offices of the President, Executive Vice President, and Human Resources, as well as legal, audit, and contingencies. It is really important that you understand there is far more to administration than just the salaries and expenses of these officers and their staff. Administration includes oversight of our international and interfaith work, oversight of the \$30 million Holdeen India Fund, and management of the Holdeen India Program. It includes oversight of an investment committee that manages a \$100 million investment portfolio, and it includes supervision of \$60 million in pension and benefits funds.

Now, continuing around the chart.

- Finance—\$725,068
- Facilities—\$1,333,030

Facilities include the Physical Plant and operations staff of 25 and 53 Beacon Street, as well as Pickett & Eliot and Skinner Houses and the newly acquired Mt. Vernon Street building.

- Holdeen India and International Operations—\$1,053,386
- Information Services—\$452,180
- Congregational Services—\$9,433,375

Please note that total services to you, the member congregations constitute 57% of our budget.

If you will recall in the last slide, I noted contributions to the APF from member congregations amounts to \$4,452,000. Our cost in providing services to you is almost twice what you pay for such services. To a large extent, we are living off the generosity of Friends of the UUA, Shelter Rock Church, and income from endowments provided by Shelter Rock and individuals who came before us. We are truly blessed.

The next slide will give you a breakdown of the cost for services you receive.

(Slide 9, "Detail of Congregational Services—\$9,433,375)

The Services to you, clockwise from the upper right corner, are as follows:

- Communications—\$2,283,371
- District Grants—\$364,407
- C D & E (Congregational District & Extension services)—\$3,063,303
- Religious Education—\$727,642

- Faith in Action—\$979,828
- Ministry—\$2,014,825

As you look at the chart, you will note the largest single cost of services is for Congregational District & Extension services.

You have just seen an overview of our proposed budget for Fiscal Year 1999. This afternoon at a Finance Committee Budget Hearing there will be an opportunity for you to ask in-depth questions regarding the proposed budgets for 1999. If you wish to make suggestions or changes to the budgets, we will explain to you how such changes can be made. I look forward to your questions and comments at the budget hearing.