



Unitarian Universalist Association of Congregations

Board of Trustees Meeting – January 20-21, 2001

Report of the Financial Advisor

<http://www.uua.org/TRUS/financial/>

On the border of the Tufts University campus is a church building housing the Zion Christian Fellowship. This building housed the Medford Hillside Universalist Church until the merger of the Unitarian Church and the two Universalist congregations into the UU Church of Medford in 1962. Scotty Meek served as its minister from 1950-52 while he was a student at the Crane Theological School at Tufts. Clarence Skinner, while on the faculty at Tufts, served as its minister for a short while until he was fired because of his opposition to the First World War. But I bring this congregation to your attention for another important brush with history that it experienced: in the 1920s.

The 1920s were the period of the Ku Klux Klan's greatest strength in our nation, a strength concentrated in the South but permeating all regions of the nation, including Medford, Massachusetts.

A few years after firing Clarence Skinner, in 1922 the Medford Hillside Universalist Church called the Rev. Dr. Charles E. Clark, a minister recently fellowshipped by the Alabama Universalist Convention. During Dr. Clark's pastorate, the paths of this small congregation and the Ku Klux Klan came together. These are words from the May 30, 1925 Universalist Leader:

"The Klu Klux Klan planted itself more firmly in Medford last night at the annual meeting of the Medford Hillside Universalist Church. After months of dissension over whether the Klan, as favored by the minister, should gain a foothold in the parish and have a voice in the affairs of the church, the meeting last night resulted in the election of a practically new slate of officers and the retirement of the group which had opposed the growing strength of the Klan...

"Frederick W. Ford, an officer of the parish for about a quarter of a century, said to-day: 'The well-organized forces of those in sympathy with the principles and practices of the Ku Klux Klan, working with those personally favorable to the pastor and those who believed that possible financial prosperity rather than a vindication of the principles for which a Universalist church should stand, won a sweeping victory....To quote the pastor's words: 'A man who is eligible for membership in the Ku Klux Klan and does not join is not a good American.'

Russell Miller's history of Universalism reports that the church succeeded, after several years, in removing Klan control.

Anti Racism Training

Many members of our “business” committees participated in an antiracism training in Boston on November 10-12. I can report to you one positive outcome already: The “Boston membership” of the Investment Committee has met once already, under the leadership of Lucia Santini-Field, to begin to identify new steps the Investment Committee can take that will bring a conscious antiracism perspective to our work.

Endowment Performance

The investment performance of the endowment for the first quarter of this fiscal year (ending September 30, the most recent data we have) indicates a total return of 0.4%, better than the S&P 500s negative 1% return and not as good as the Dow Jones Industrial Average return of 2.4%. We do not have comparable information on other endowments, which is, as you know, my most important measure.

Our performance looks pretty good against the indices if you look at the first three quarters of this calendar year (Jan. 1 through Sept. 30), where our 2.5% return compares very favorably with the negative returns of 1.4% for the S&P 500 and 6.3% for the Dow.

The calendar year 2000 was a dismal year for the equities markets, so that we are experiencing essentially flat (or possibly declining) returns on our assets after so many years of double digit growth.

Markets go up and markets go down, but on average they increase over time. This may seem a simple adage, but we need to remember it in light of recent history in which markets have only gone up. We are now entering a period where it is likely that we will “give back” a modest amount of the extraordinary gains we experienced in the past decade.

Property on Beacon Hill

As reported earlier in our meeting, the sale of 8 Mount Vernon Street is pending. The sale price is \$3.9 million, with the net proceeds to the UUA of \$3.4 million. This substantial sum is a much appreciated addition to our financial assets. You may recall that during our various discussions of Beacon Hill real estate I tried to assure us all that we were not at financial risk because of the underlying value of that real estate. We have now realized some partial proceeds from that underlying value.

Fundraising

The best financial news for our Association is the continuing success of the as-yet-unannounced Campaign for Unitarian Universalism. We have \$18.5 million in written or verbal commitments thus far. The generosity of Unitarian Universalists continues to be remarkable. And the skill and energy of this President to bring forth that generosity remains one of his many extraordinary contributions to the future of our movement.

Let me say parenthetically that I intend to use most of my report time at our April meeting to paying tribute to John's superb overall stewardship of resources during his eight years as President, and I also intend to repeat that tribute as a part of my report to the General Assembly in Cleveland.

Congregational giving this year remains very strong as well, well ahead of last year.

Giving through Friends of the UUA, however, is not going as well, with this year's receipts behind last year's receipts at this point in time.

This may be the first sign for us of a change in giving patterns as a result of the developing decline in the growth rate of the economy, and particularly the feeling of economic capacity of individuals.

Traditionally in fundraising, economic slowdowns do not affect major giving, but do effect annual giving. So, if an economic slowdown continues to develop, we may begin to see congregational capacity to give to slow down and individual capacity to slow as well.

Media Coverage of the Association's Business

You may recall that I raised concerns at our last meeting about the lack of coverage in our various media of business and governance issues. I'm pleased to report some indications of progress in that regard:

- The administration has communicated a decision to restore next year the information deleted from this year's Directory;
- The latest issue of the UU World, in reporting on our last board meeting, provided more than the usual coverage of our financial deliberations;
- The website includes quite a few simple presentations of our financial picture prepared by the APF Office. You can reach this material by clicking on "UUA Directory & Information" on the main page and then on "UUA 101."

Beacon Press

I've saved the worst news for last. Beacon Press, as expected, is running a deficit this year after a very good year last year. But the deficit is significantly worse than anticipated. We budgeted a deficit of \$141,000 for the year, but it is likely that the actual deficit will be more in a range of 190,000 to \$240,000.

Summary

On the positive side of the ledger,

- The capital campaign is making substantial progress
- We can anticipate a financially beneficial sale of the 8 Mt. Vernon street property
- The Investment Committee is beginning to intentionally use an antiracism lens in its work
- Coverage of business and governance issues by our media is becoming more extensive

On the negative side of the ledger,

- Recent endowment investment performance is weaker than we have come to expect
- Beacon Press is running a much larger deficit than anticipated
- Friends giving to the Association is weakening

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