



Financial Advisor's Report to the UUA Board of Trustees



Larry Ladd



The opening
history lesson



Thomas Starr King

1824-1864





The opening
history lesson

Thomas Starr King

- **Both a Universalist and a Unitarian minister**

“The one thinks God is too good to damn them forever, the other thinks they are too good to be damned forever.”

[U's and U's are
“too near of kin to be married.”



The opening
history lesson

Thomas Starr King

- **a PK**
- **Before ministry, he was a bookkeeper at the Charlestown Navy Yard while studying independently and at Harvard**
- **Mentored by Hosea Ballou 2nd, Theodore Parker, and Henry Whitney Bellows**
- **Minister in Charlestown (Universalist) 1846-48, Hollis Street Church (Unitarian) 1848-1860, and 1st Unitarian San Francisco 1860-64**



The opening
history lesson

Thomas Starr King

- Played a major role in keeping California in the Union during the Civil War



U.S. Capital





The opening
history lesson

Thomas Starr King

- **Only U or U or UU minister with both two statues and two mountains!**





Thomas Starr King

“I would insist as strongly as any one on the right and duty of ministers to act as reformers, to speak in Anti-Slavery meetings, and temperance and peace meetings, if they have the power of popular address. Let them act as Reformers in the proper sphere for such social action. And in the pulpit let them attack the central throne of sin in the private heart....If I can make [a man] loathe sin, and love right and goodness only, am I not leading him to hate slavery and drunkenness, which are only special forms of sin?”



Thomas Starr King

From his deathbed, these words to his congregation:

“Tell them that it is my earnest desire that they pay the remaining debt on the church. Let the church, free of debt, be my monument. I want no better. Tell them those were my last words and say goodbye to all of them for me.”



Thomas Starr King

“Wherever we find many races brought together, here God has his greatest work to do--there is room for the noblest work of Christianity ... The Almighty has a great mission for this nation-- here the Church is to proclaim the equality of the races. Wherever the oppressed are congregated, there Christ is present--and not on the side of power”





Topics

- **Financial Results**
- **Generosity**
- **"Corporate" Accountability**
- **The Ledger**



Financial Results



FY2003 Budget

- **FY2003 budget projected to be balanced by year end**
- **Beacon Press is projected to be on budget (*which is a \$186K deficit*) by year end**



Investment Performance

- **For the first quarter (ending 9-30-02)**
- **Total return of (9.9)%**
- **That's a loss of \$9.4 million**
- **Compared to (10.0)% for other endowments**

from
October
02 report:



Reassessing

- **Investment Committee is reassessing everything.**
- **New investment consultant.**
- **Likely to reassert control of asset allocation.**
- **Likely to replace many individual managers.**



Generosity



Progress on Capital Campaign

- **Capital campaign has raised \$27.7M (in pledges* and planned gifts) toward \$32M goal.**

***includes \$9M in verbal pledges**

- ***Lower than the \$28.3M reported in October: several donors who made verbal pledges have lowered the amounts of their pledges***



Annual Giving

- **APF is right on budget**
- **Friends giving is below budget (\$30k)**



Unitarian Universalist Association
Youth & Young Adult
Ministry Sunday 2002



- **\$606,000!**
- **Total for youth/young adult program purposes: \$932,600 (more coming in!)**



Donor Advised Fund

- **New mechanism (and increasingly popular) for donors to set aside funds for charitable purposes**
- **Donor makes gifts to fund, gets a tax deduction, and later designates funds for specific purposes**
- **New advisory panel to select vendor to manage the “DAF”s**



Investing Assets to Cover Capital Campaign Costs

- **Handing on the Future (HOTF) cost of \$637K to be temporarily funded by unrestricted bequests over budget**
- **Receipts are slow to come in; this “advances” the cash to cover the expenses**



Investing Assets to Cover Capital Campaign Costs

- **Campaign for Unitarian Universalism (CFUU) costs will be 12% of receipts rather than the originally planned 10%**
- **Had expected receipts to be \$8M over goal (thus covering extra 2%); won't happen.**
- **Difference from unrestricted endowment**



In both cases:

- **We are investing capital assets to produce more capital assets**



"Corporate" Accountability



Independent Audit for FY02

- **Received audit at the October meeting**
- **It was a "clean" opinion from auditor**
- **No management letter at that time**
- **Finance Committee has received and reviewed the management letter, asking appropriate questions.**



Audit Committee?

- **Finance Committee is asking: should the UUA have an Audit Committee?**
- **Now, Finance Committee functions as Audit Committee**



Audit Committee:

- **Focused task: financial reporting, internal controls, and compliance**
- **More independent**
- **Could have financial experts**
- **Another form of accountability to congregations**



Audit Committee:

- *On the other hand:*
- **Would require staff support**
- **Would require a budget**
- **Qualified members must be found**

So stay tuned!



The Ledger

- **The FY03 budget is projected to be balanced**
- **APF giving remains strong**
- **We are discussing ways to improve our "corporate" accountability**
- **The endowment is shrinking**



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