



# Financial Advisor's Report



June 26, 2005





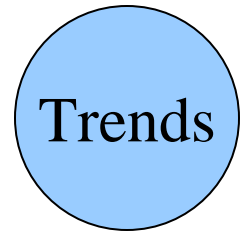
**"Those of us who serve volunteer organizations, even if we have fiscal awareness, cannot reach to the heart of finances. The treasurer usually represents management. What we need is a person who strives mightily (not always successfully) to give us an independent and critical view – the best assurance available that we are being responsible....The Financial Advisor must take that role as central."**

**Rev. Dr. Peter S. Raible 1929-2004**



- **Growth & Congregational Resources**
- **Financial Results**
- **Retrospective & Advice**

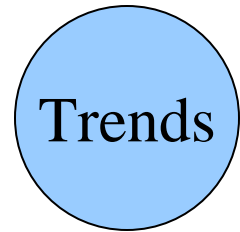




# Membership Growth Continues

- ***U.S. only***, adult membership increased by **0.3%** (from 150,265 to 150,735)
- UUA adult membership increased 0.1% (*difference is because of the Canadian disaffiliations*)

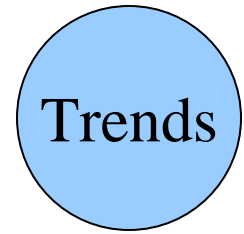




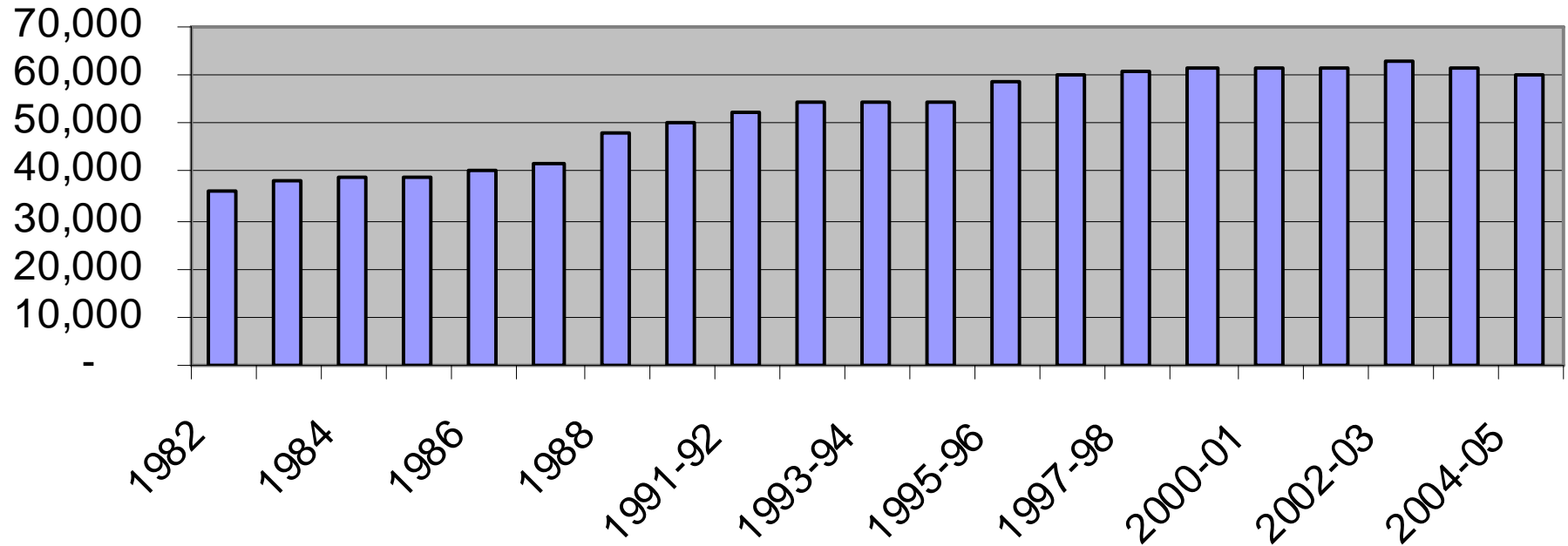
# RE Enrollments Dropping

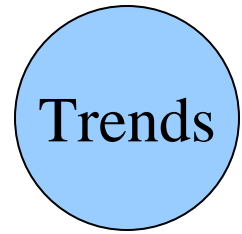
- *U.S. only*, RE enrollments **decreased by 1.7%** (from 58,907 to 55,399) (1.7% decrease last year)
- UUA RE enrollments dropped 3.1% (0.4% decrease last year)





## RE Enrollments Since 1982

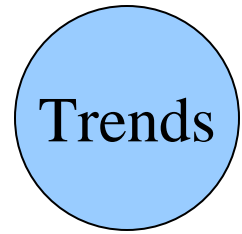




# Overall, Growth Has Stopped

- ***U.S. only***, combined membership and RE enrollments **decreased** (from 209,172 in 2003 to 206,134 in 2004)
- **UUA Membership & RE enrollments combined decreased from 219,715 in 2003 to 217,970 in 2004**

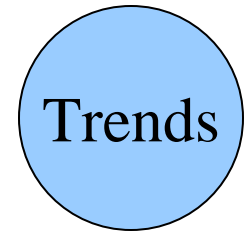




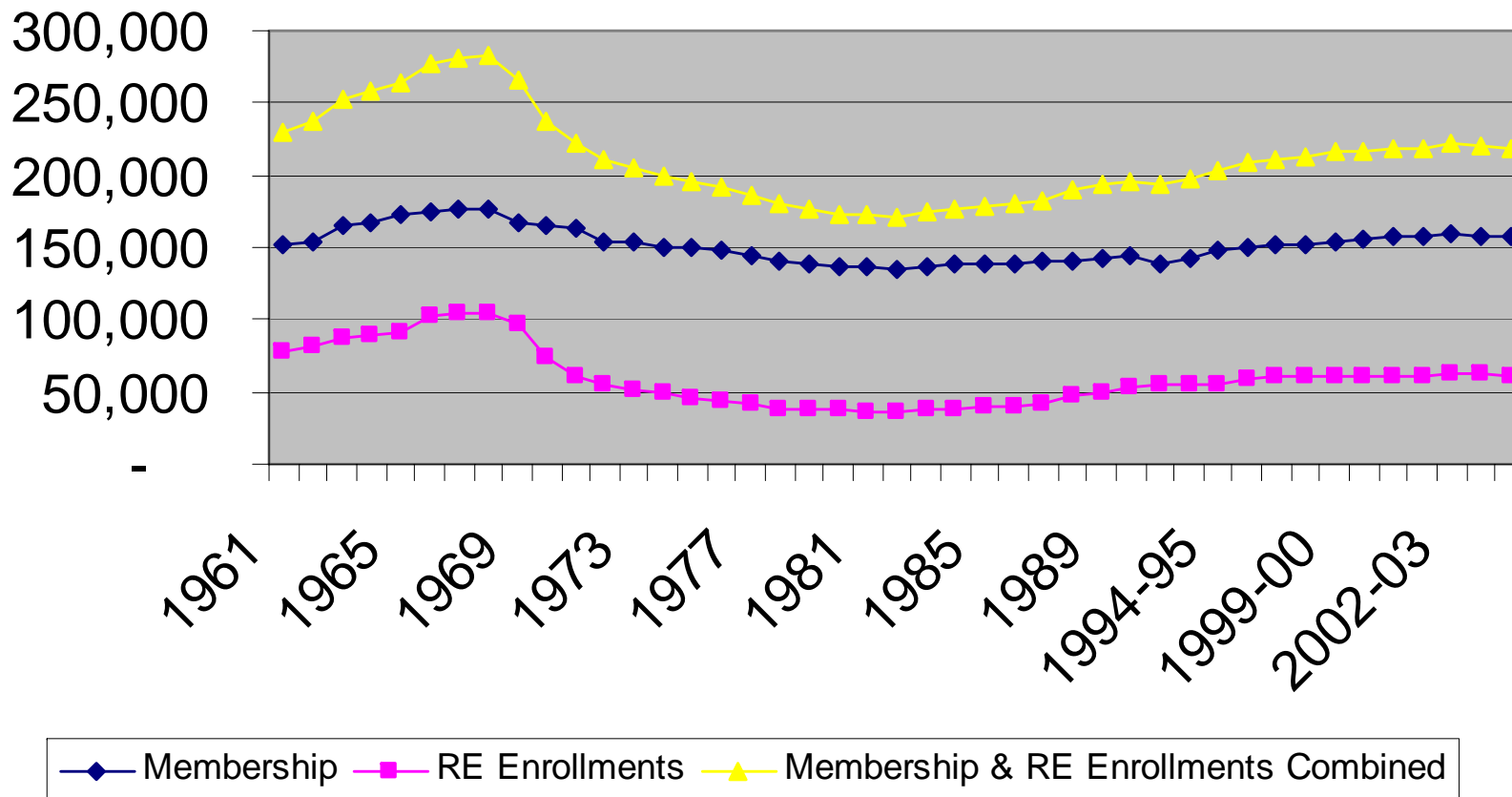
# Overall, Growth Has Stopped

- **Second year in a row**
- ***Why?***
- **Small increases in adult membership have been coupled with larger decreases in RE enrollments**



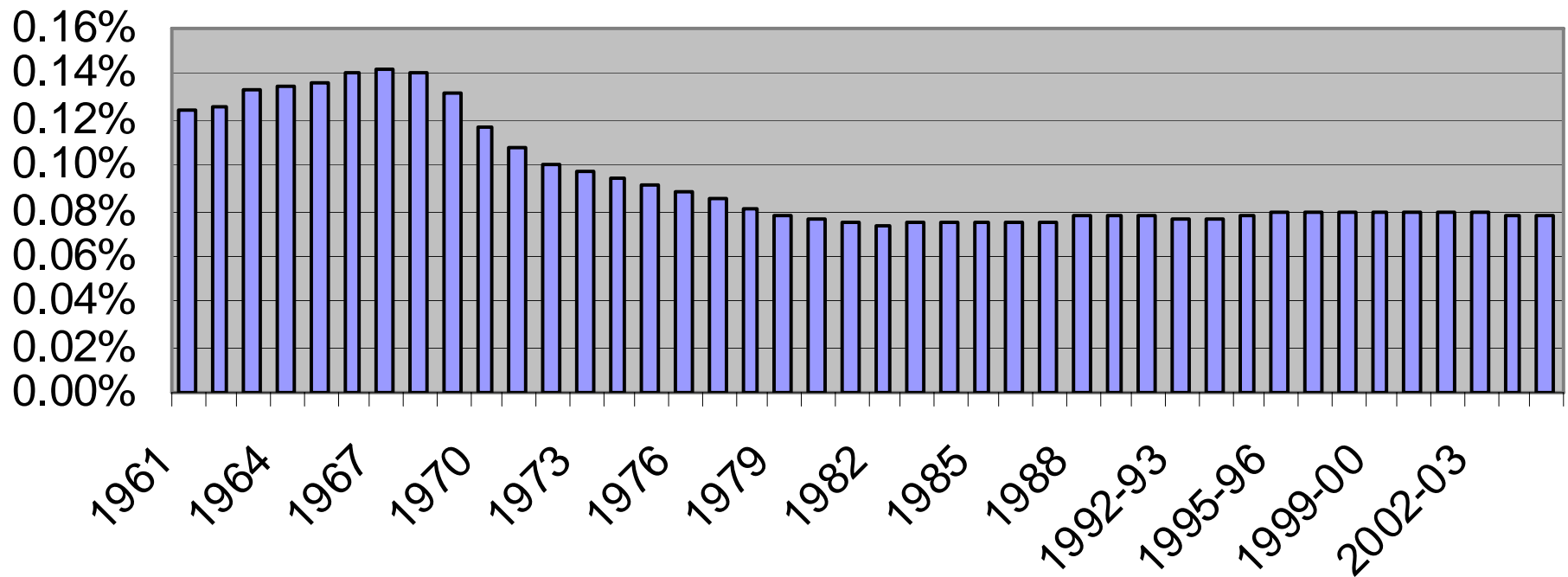


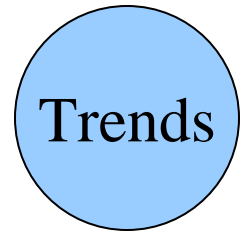
# Membership & RE Enrollments





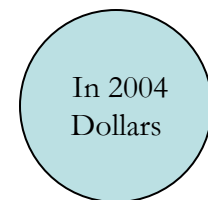
## Combined Membership & RE Enrollment as % of Population

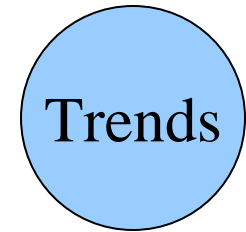




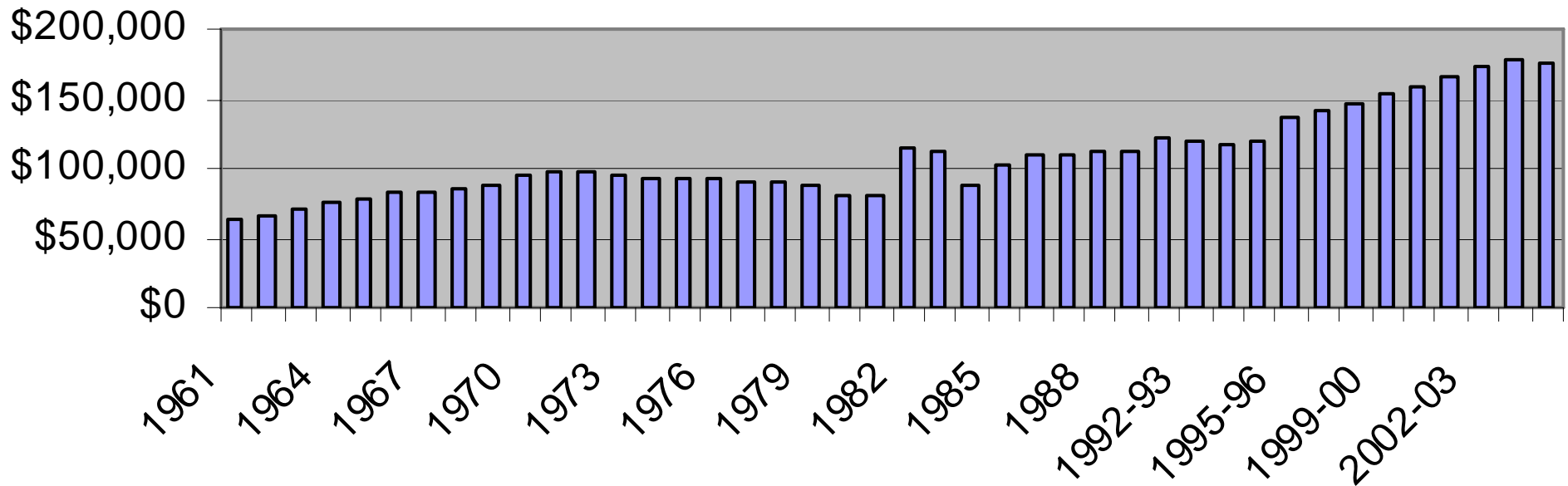
# Congregational Resources

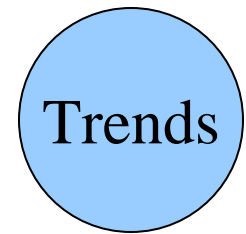
- Congregational resources were \$183.1 million in 2004:
  - **0.3% lower** than 2003 (increased before taking inflation into account)
  - **47.7% higher** than 1994
  - **105.1% higher** than 1984



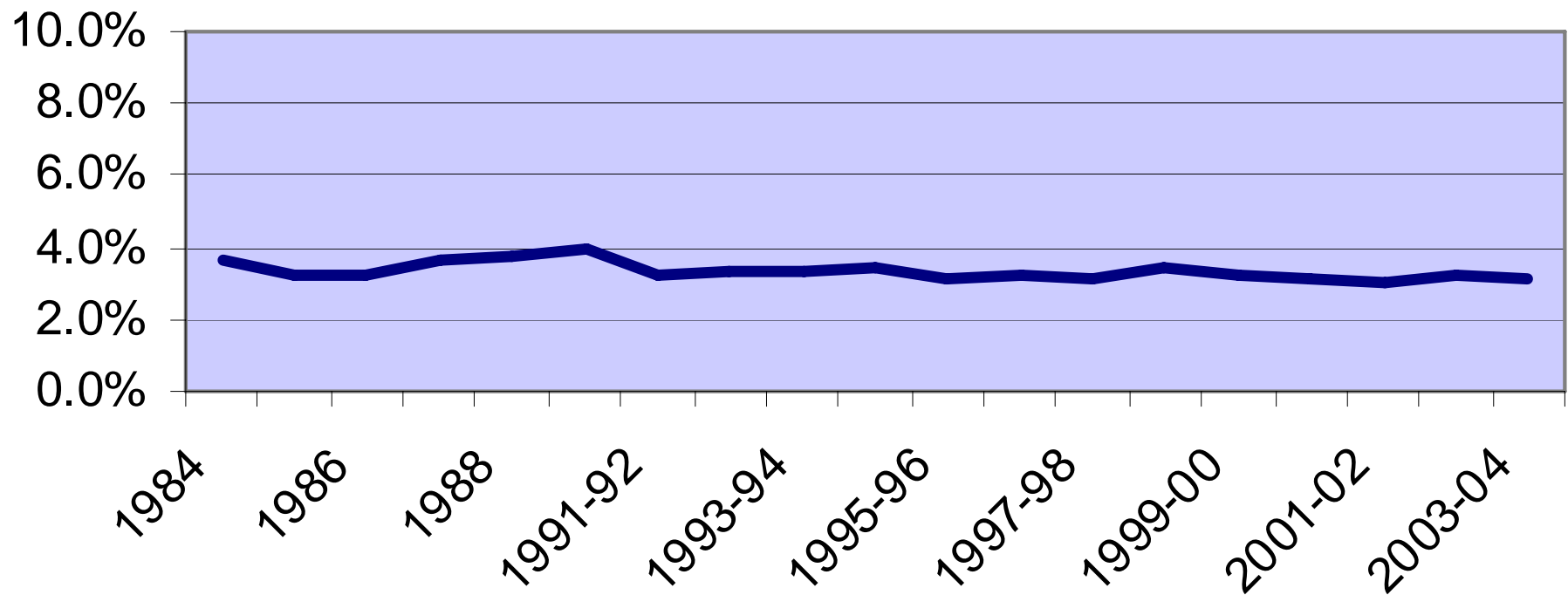


## Congregational Expenditures Per Congregation (in 2004 Dollars)





## APF as % of Congregational Expenses





# Financial Results

- **FY04 budget was balanced and FY05 is projected to be balanced**
- **Beacon Press will complete FY05 ahead of the three year plan approved in 2002**





# Investment Performance

- **17.9% in FY04 compared to 16.4% for other endowments**
- **4.2% in FY03 compared to 2.9% for other endowments**





# Audit Committee

- **First full year of operation**
- **Created a charter**
- **Appointed a new auditor (KPMG)**





# Retrospective & Advice



## Retrospective

- **Two capital campaigns**
  - Handing on the Future (\$13.5M)
  - Campaign for Unitarian Universalism (\$32M)
- **Real estate**
  - Sale of 53 Beacon St. & 8 Mt. Vernon Place
  - Acquisition of 41 Mt. Vernon St.
- **Balanced budgets**
  - Seven of eight years



## Retrospective

- **Preferred vendor for church insurance**
  - Church Mutual 
- **UU Pension Plan “bundled”**
  - Outsourced administration, management, and education
- **Strengthening financial reporting**
  - New financial system in 1999
  - New position of Manager of Financial Reporting



## Retrospective

- **Transparency**
  - Webpage in 1999
  - Comprehensive written Financial Advisor reports to GA and congregations
- **Linking Planning to Budget**
  - Effort to create narrative to explain goals and choices embedded in budget



## Retrospective

- **Endowment**

- Investment professionals on Investment Committee
- Revised endowment structure
- Providing congregations opportunity to invest

- **Audit**

- On time for the October board meeting starting in 1998



## Retrospective

- **Audit Committee**
  - Replaced our auditor with KPMG
  - New charter
  - More “financial advisors” than just one
- **Canadian Unitarian Council agreement**
  - A just financial agreement



## Retrospective

- **Focus on numbers**
  - FA reports look at metrics of success
- **Socially Responsible Investing (SRI)**
  - Refreshed and reinvigorated SRI policies and practices
  - SRI Committee
  - Shareholder activism
  - Reaching out to congregations



**Retrospective**

## **Not in Job Description**

- **Church Staff Compensation**
  - Improved funding and staffing
  - Successful district compensation consultant program
  - Linking to search process
  - Regular upgrading of guidelines
  - Fair compensation congregation program



**Retrospective**

## **Not in Job Description**

- **Taking Youth Seriously**
  - Beyond energy breaks
  - Serious engagement between youth and adults about our movement
  - Youth advisor, then youth trustee
  - Youth on other committees



## Advice

- **Focus on growth**
  - “Mission not governance”
  - “Look outward not inward”
- **Generosity not scarcity**
- **Be worthy of our youth**
- **Everything I know about money I learned in the UUA in the late 1960s:  
“Money is an instrument of our values.”**



Rev. Olympia Brown

**"Dear Friends, stand by this faith. Work for it and sacrifice for it. There is nothing in all the world so important to you as to be loyal to this faith which has placed before you the loftiest ideal, which has comforted you in sorrow, strengthened you for the noble duty and made the world beautiful for you."**



**Thank you for the  
opportunity to serve!**