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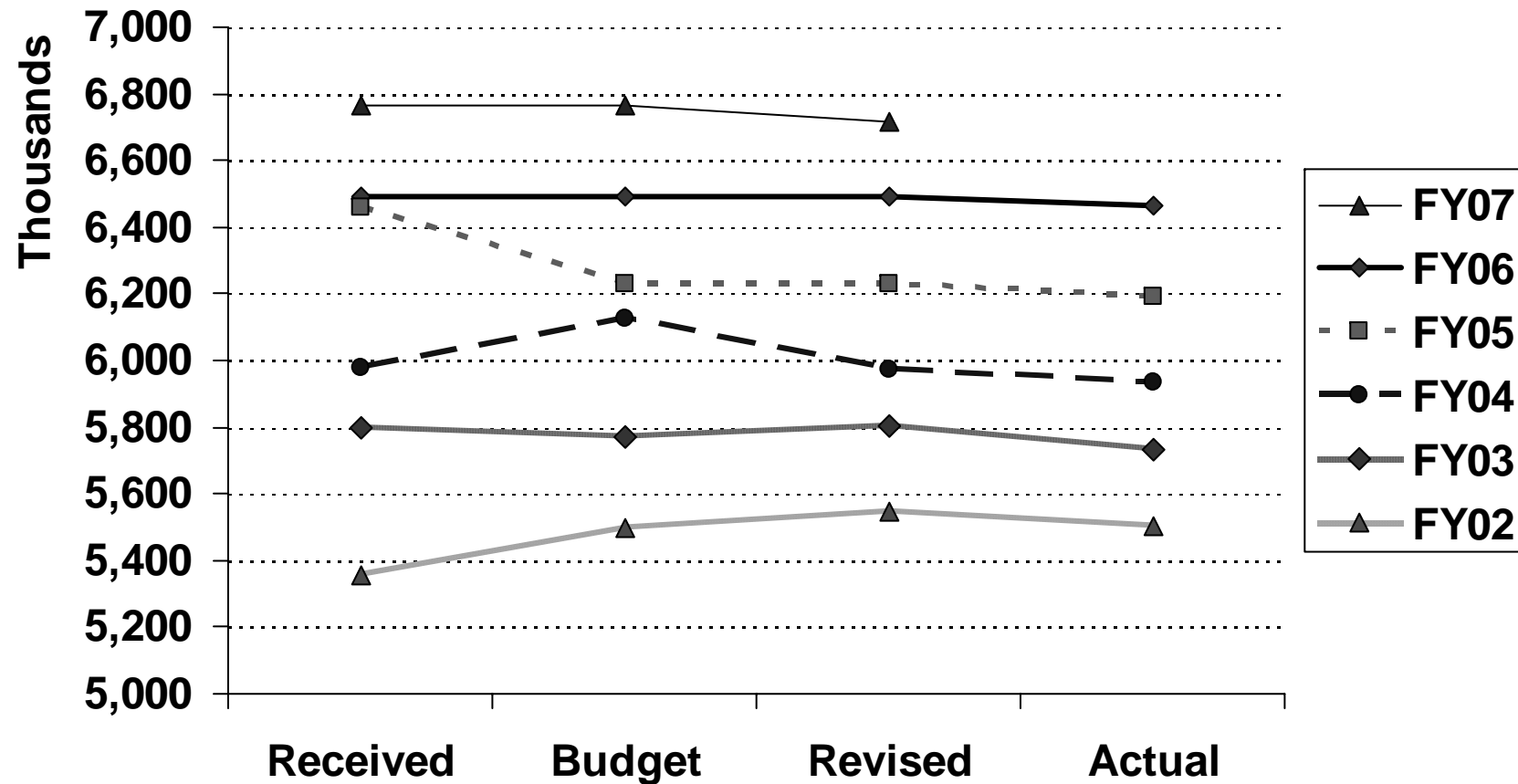
# Financial Advisor's Presentation to UUA Board of Trustees

## Dan Brody

October 2006



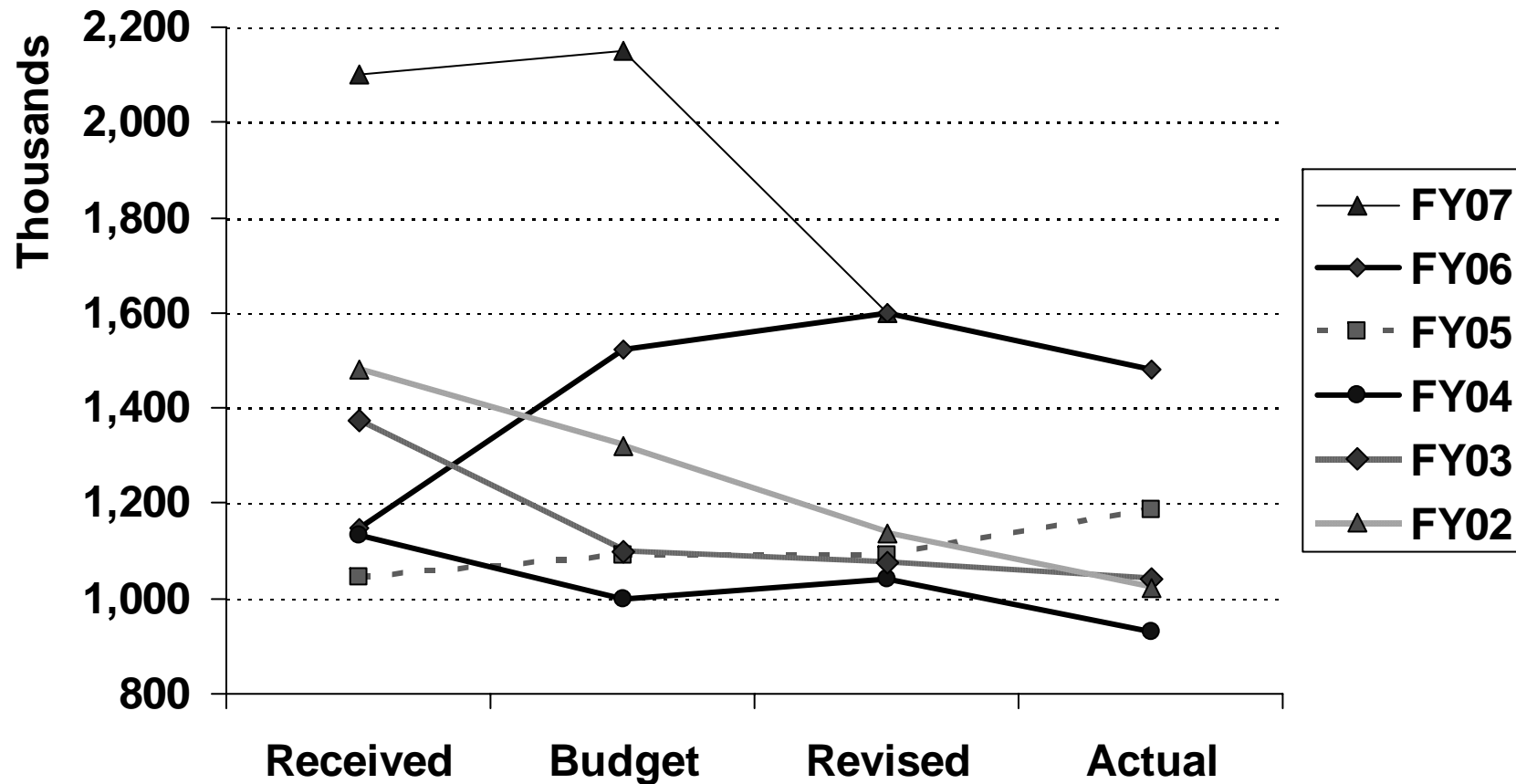
# APF Income Estimates



# Friends of the UUA

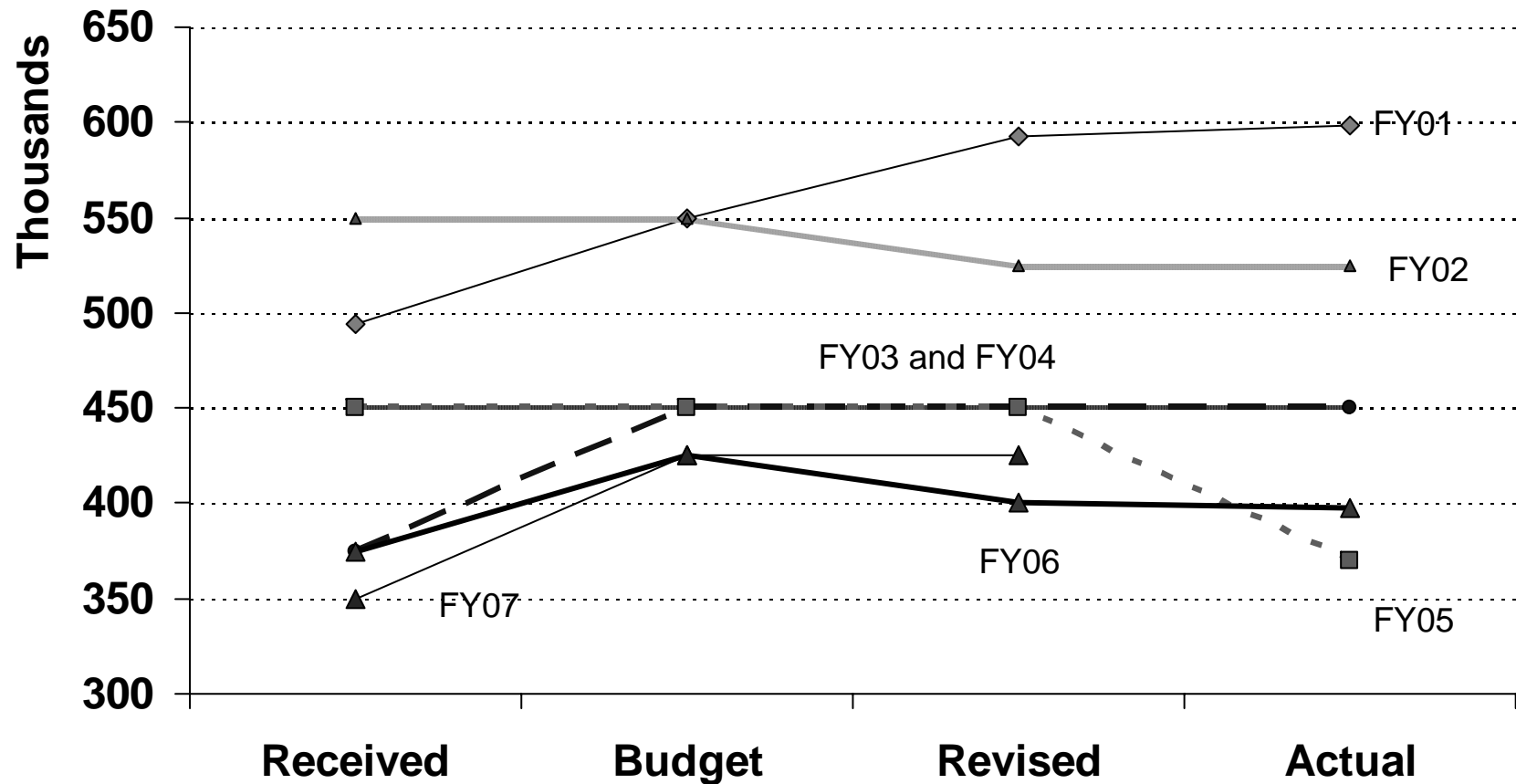


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# Unrestricted Bequest Income

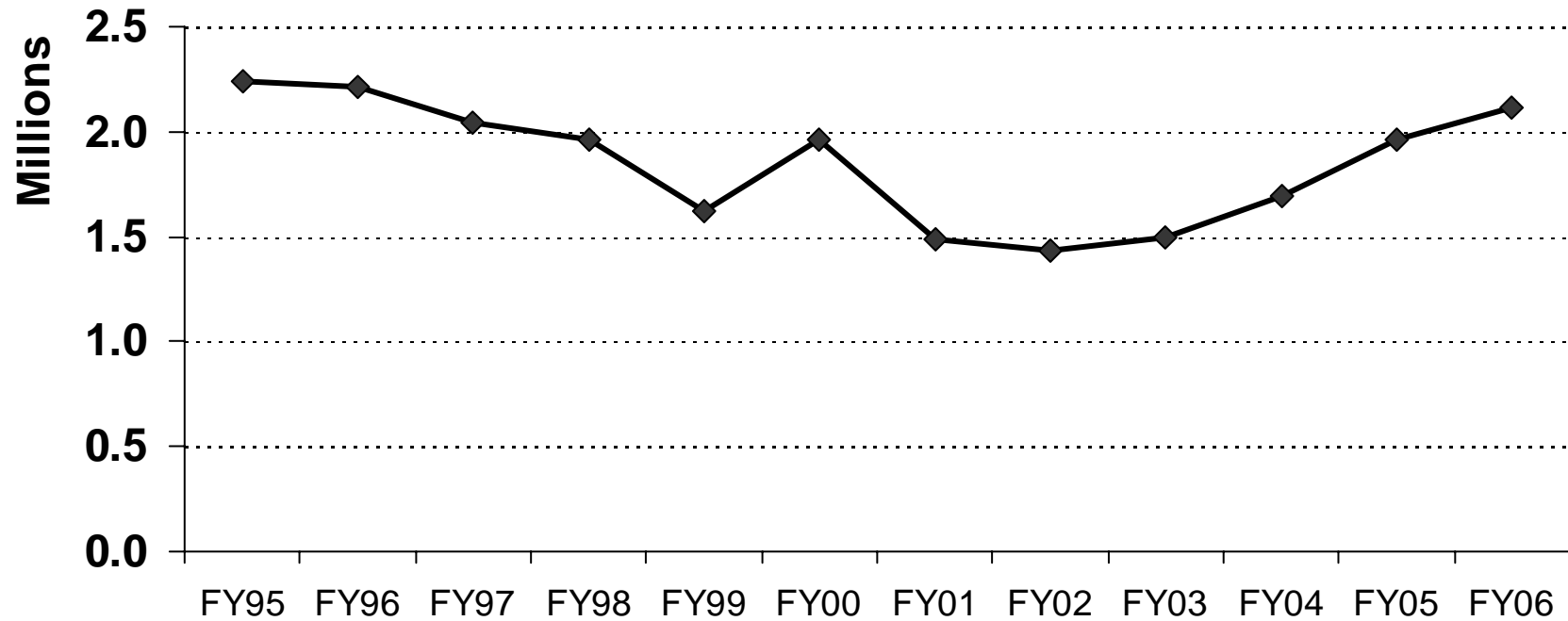


# Beacon Press



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## Net Assets ("Stabilization Fund") Balance at Year End



# Health Insurance Plan Goals



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- ✓ Reach initial enrollment target
- Solvency in year one
- Solvency in future years

# Health Plan Decisions



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- End of open enrollment period
- Appointment of trustees for health plan trust
- Benefit appeal process



# SRI: Current Status

<b>Asset Class</b>	<b>Target</b>	<b>SRI Status</b>
US Large Cap	25%	UUA “do not buy” list applied in 2006; UUA “favored” criteria applied to 20% of class
US Small Cap	10%	UUA “do not buy” list applied in 2006
International	15%	Not currently screened
US Bonds	20%	Not currently screened; 80% government bonds
US High Yield Bonds	5%	Not currently screened
Foreign Bonds	5%	SRI not applicable; almost all government bonds
Non-Correlated	20%	Not currently screened
Total	100%	

# CPLC: Green Buildings



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- Pilot program to encourage LEED certification for building renovation or construction  
(Leadership in Energy and Environmental Design)
- Up to six grants of \$5,000 to \$10,000
- Supports 2006 GA Statement of Conscience on Global Warming/Climate Change



# Future Agenda Items

- ✓ Health insurance plan
- ✓ GIF administrative fee
- ✓ Socially responsible investing
- ✓ Beacon Press
- Bequest income
- LRCS
- Financial reporting and chart of accounts
- Cost of future capital campaigns
- Endowment policies
- Role of audit committee
  - Conflict of interest policies
  - Compliance with state planned giving rules
- Internal rent allocations
- Asset management
  - Debt management
  - Cash management
  - Short-term investments in GIF
  - Facilities renewal
- ... and more

# Unrestricted Bequest Income



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- Risk of budgetary reliance on unpredictable source of income
  - Fluctuations distort budget results
- Options:
  - All bequest income to GIF
  - Portion to operations, portion to GIF
  - Place in reserve for future expenditure

# Liberal Religious Charitable Society (LRCS)



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- Need for distribution of annual Holdeen trust income **from UUA to LRCS**
- Continuing relationship of LRCS and UUA

# Financial Reporting: Current



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UUA Budget Summary Current Operations	FY03 Results	FY04 Results	FY05 Budget 10/1/7/05	FY06 Budget 1/23/2005	FY07 Budget Received 4/17/2005
<b>INCOME</b>					
<b>Income for General Support</b>					
Fundraising - APF Churches & Fellowships	5,731,096	5,804,119	6,092,214	6,493,307	6,766,026
Fundraising - APF \$1 for Growth Fund		129,956	136,378	0	0
Fundraising - Friends of the UUA	1,041,693	929,533	1,092,000	1,521,600	2,100,000
Freedom to Marry Fund		66,538			
Unrestricted Gifts and Bequests	450,000	450,000	450,000	425,000	350,000
Subtotal	7,222,789	7,380,146	7,770,592	8,439,907	9,216,026
Administration Fees	777,991	754,716	843,182	855,004	876,638
General Investment Fund Income	2,426,303	2,103,101	2,013,922	2,039,038	2,194,896
Other Current Fund Income	2,742,255	2,560,660	2,703,414	2,816,475	2,787,475
<b>Total Income for General Support</b>	<b>13,169,338</b>	<b>12,798,623</b>	<b>13,331,110</b>	<b>14,150,424</b>	<b>15,072,035</b>
<b>Income for Designated Purposes</b>					
Handing on the Future Income	620,596	426,794	306,460	229,000	204,000
Campaign for Unitarian Universalism	660,167	901,033	925,324	898,200	731,500
UUCSR Veach Grants	1,920,629	2,118,594	2,098,254	2,008,920	1,825,000
Grants and Scholarships	966,225	848,095	824,807	804,172	861,449
Ministerial Aid Funds	430,483	506,371	517,735	530,000	480,000
Holdeen and International Trusts and Grants	1,523,653	1,330,442	1,344,718	1,365,020	1,408,379
Income for Other Purposes	1,343,629	1,102,594	1,154,762	1,115,685	1,081,721
<b>Total Income for Designated Purposes</b>	<b>7,465,382</b>	<b>7,233,923</b>	<b>7,172,060</b>	<b>6,950,997</b>	<b>6,592,049</b>
General Assembly - net	0	0	0	0	0
<b>Total Income</b>	<b>20,634,720</b>	<b>20,032,547</b>	<b>20,503,170</b>	<b>21,101,420</b>	<b>21,664,084</b>
<b>EXPENDITURES</b>					
<b>Board &amp; Volunteer Leadership</b>					
Board of Trustees	169,768	180,944	188,201	190,000	190,000
Board Task Forces	148,302	91,687	110,607	110,000	116,000
Moderator	22,025	10,484	20,000	20,000	20,000
Nominating Committee	19,556	18,476	19,000	20,000	20,000
Commission on Appraisal	36,632	25,458	30,000	25,000	25,000
Ministerial Fellowship Committee	202,095	185,430	172,500	169,000	179,000
APF Continental Committee	31,925	29,571	33,020	34,400	35,400
U U Funding Program	1,020,340	1,045,456	1,108,254	1,108,920	1,000,000
<b>Total Board &amp; Volunteer Leadership</b>	<b>1,650,643</b>	<b>1,587,506</b>	<b>1,681,582</b>	<b>1,677,320</b>	<b>1,585,400</b>
<b>Program</b>					
<b>Advocacy and Witness</b>					
Information and Public Witness	182,178	191,246	222,430	225,422	213,920
Advocacy Programs	544,291	499,204	602,683	526,757	547,215
International Office	290,287	209,319	200,234	202,680	204,997
Holdeen Designation Trusts	540,000	456,038	446,987	464,175	484,443
Holdeen India Program	804,979	709,403	699,314	698,878	735,177
<b>Total Advocacy and Witness</b>	<b>2,361,735</b>	<b>2,065,210</b>	<b>2,171,648</b>	<b>2,117,912</b>	<b>2,185,752</b>
<b>Congregational Services</b>					
Director's Office	415,326	341,656	367,167	460,569	487,232
Lay Leadership Development	138,796	183,157			
New Congregation and Growth Resources	497,906	330,134	271,362	186,931	83,406
Congregational Justice Making Resources	240,646	265,999	166,513	83,200	98,200
Young Adult and Campus Ministry Director	457,579	400,282	374,911	373,215	377,714
Congregational Fundraising Services	411,358	364,718	430,233	415,675	424,114
Services to Large Congregations	177,809	469,684	321,119	303,119	333,575
<b>Total Congregational Services</b>	<b>2,339,420</b>	<b>2,355,630</b>	<b>1,931,304</b>	<b>1,822,710</b>	<b>1,804,241</b>



# Financial Reporting: An Example

## Operating Results

IN THOUSANDS OF DOLLARS

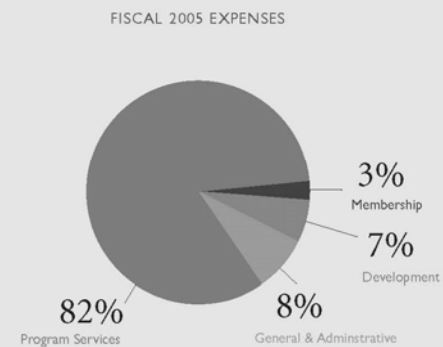
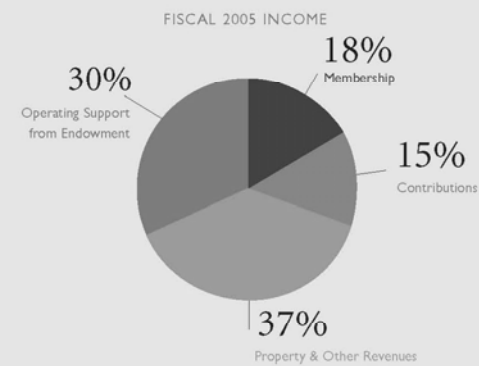
	FY 2005	FY 2004	CHANGE	
<b>Income</b>				
Property & Other Revenues	\$ 5,227	\$ 4,879	\$ 348	7%
Operating Support from Endowment	4,307	4,416	(109)	(2%)
Membership	2,521	2,423	98	4%
Contributions	2,078	1,961	117	6%
<b>TOTAL INCOME</b>	<b>\$ 14,133</b>	<b>\$ 13,679</b>	<b>\$ 454</b>	<b>3%</b>
<b>Expenses</b>				
<b>PROGRAM SERVICES:</b>				
Field Operations	8,926	8,710	216	2%
Land Conservation	983	1,143	(160)	(14%)
Resource Stewardship	1,153	950	203	21%
Education	419	228	191	84%
<b>TOTAL PROGRAM SERVICES</b>	<b>11,481</b>	<b>11,031</b>	<b>450</b>	<b>4%</b>
<b>SUPPORTING SERVICES:</b>				
General & Administrative	1,080	1,041	39	4%
Development	955	936	19	2%
Membership	411	406	5	1%
<b>TOTAL SUPPORTING SERVICES</b>	<b>2,446</b>	<b>2,383</b>	<b>63</b>	<b>3%</b>
<b>TOTAL EXPENSES</b>	<b>13,927</b>	<b>13,414</b>	<b>513</b>	<b>4%</b>
<b>NET SURPLUS FROM OPERATIONS</b>	<b>\$ 206</b>	<b>\$ 265</b>	<b>\$ (59)</b>	<b>(22%)</b>

## Utilization of Net Surplus from Operations

IN THOUSANDS OF DOLLARS

	FY 2005	FY 2004
Capital Projects	\$ 200	\$ 201
Other Strategic Initiatives	6	64
<b>TOTAL UTILIZATION OF NET SURPLUS FROM OPERATIONS</b>	<b>\$ 206</b>	<b>\$ 265</b>

## April 1, 2004 through March 31, 2005





# Financial Reporting: Goals

- Clear summary data
- Narrative descriptions of budgets and results
- Multi-year comparisons and trend reports
- Reporting by program and by type of activity
- Easy reconciliation with audited financial reports
- Comprehensive reporting of campaign income and expenses
- Clear and consistent use of individual budget line items
- No extraordinary efforts to avoid reporting a large surplus or a deficit

# Cost of Future Capital Campaigns



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- Options:
  - Continue additional endowment draw
  - Administrative fee on campaign gifts
  - Administrative fee on all restricted income
  - Use other current income



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# Endowment Policies

- Expected endowment return and payout  
8.5% return = 5% payout + 3.5% growth
- How to protect current spending from fluctuations in endowment value

# Role of Audit Committee



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- Conflict of interest policies
- Compliance with state registration rules concerning planned giving
- Other risk management issues

# Internal Rent Allocations



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- Charge each office for its share of UUA facilities expense
- Similar to benefits cost allocation
- Shows full cost of each program
- Impact on Beacon Press targets

# Asset Management



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- Debt management
- Cash management
- Short-term investments in GIF
- Facilities renewal and maintenance