



Financial Advisor's Report to the UUA Board of Trustees



Larry Ladd





The opening
history lesson



Phineas T. Barnum 1810-1891

Perhaps the most famous
Unitarian, Universalist or
Unitarian Universalist



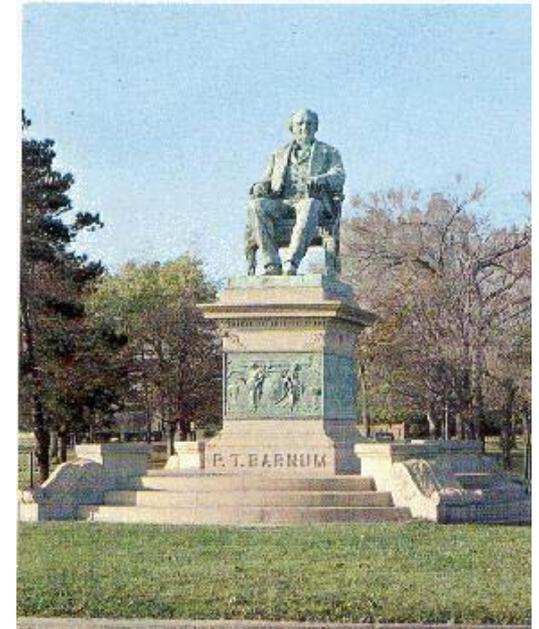
Phineas T. Barnum

- As a young man, spoke at Universalist gatherings and served as clerk of the Universalist Church of Danbury CT
- In the early 1840s attended the Fourth Universalist Society in New York and made contribution toward construction of its current building
- In 1848 moved to Bridgeport CT and became active participant and contributor to the Universalist society, including supporting Olympia Brown's ministry



Phineas T. Barnum

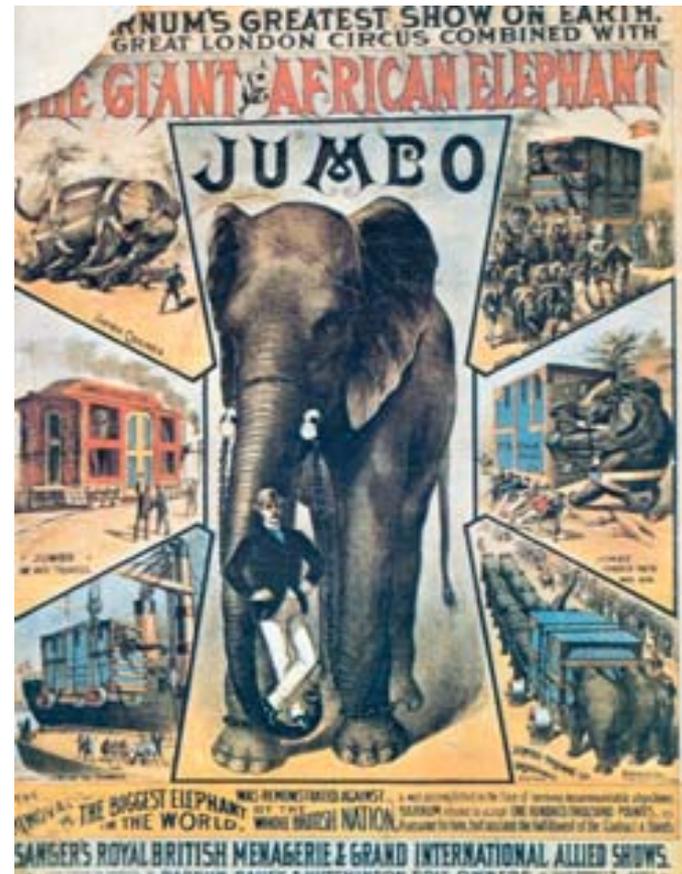
- Good friend and supporter of Quillen Shinn
- In his will, left \$15,000 for the Bridgeport church, \$5,000 to the Connecticut Universalist Convention, and to many other Universalist institutions
- Made donations to Tufts, St. Lawrence, and Lombard

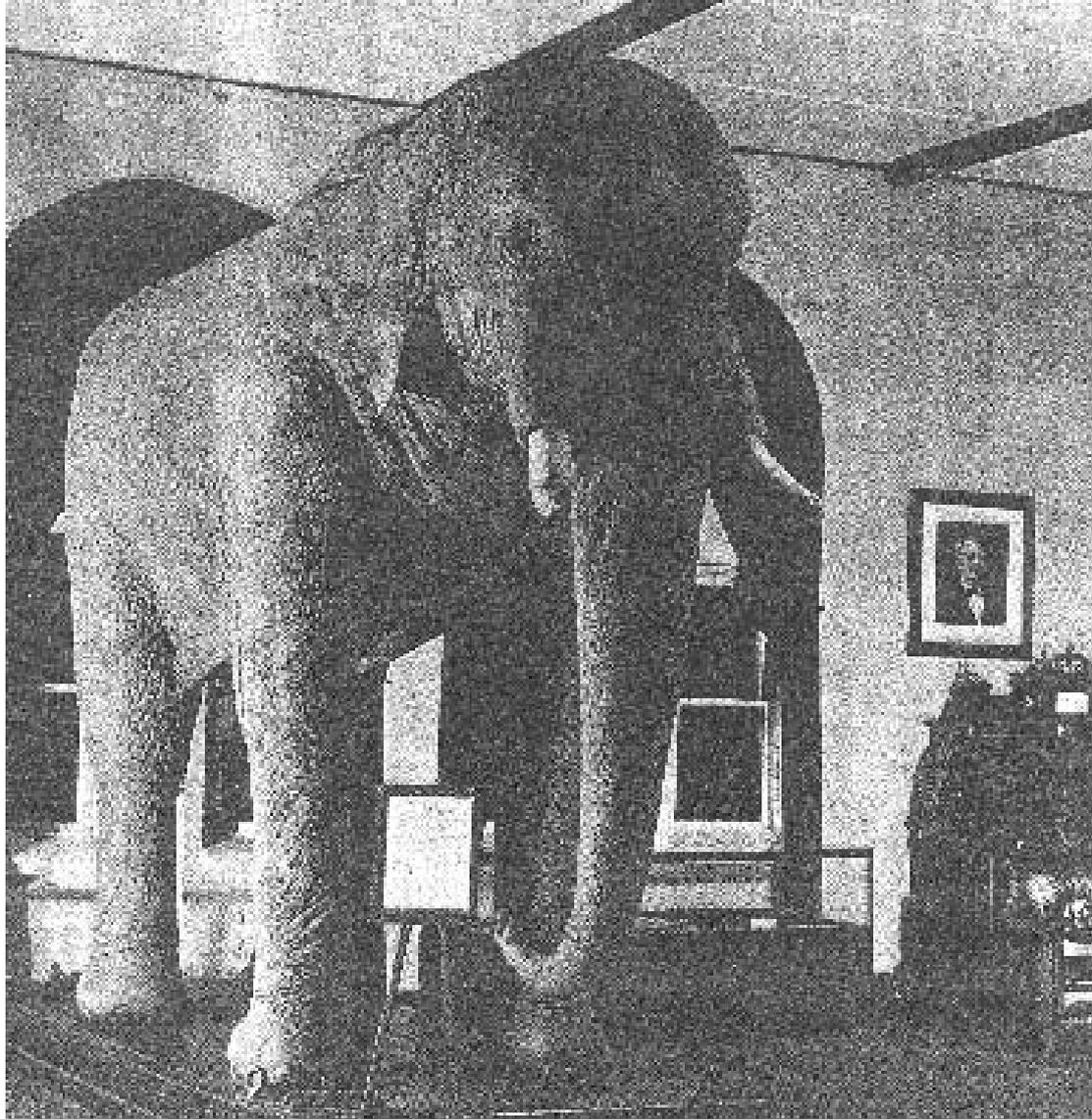




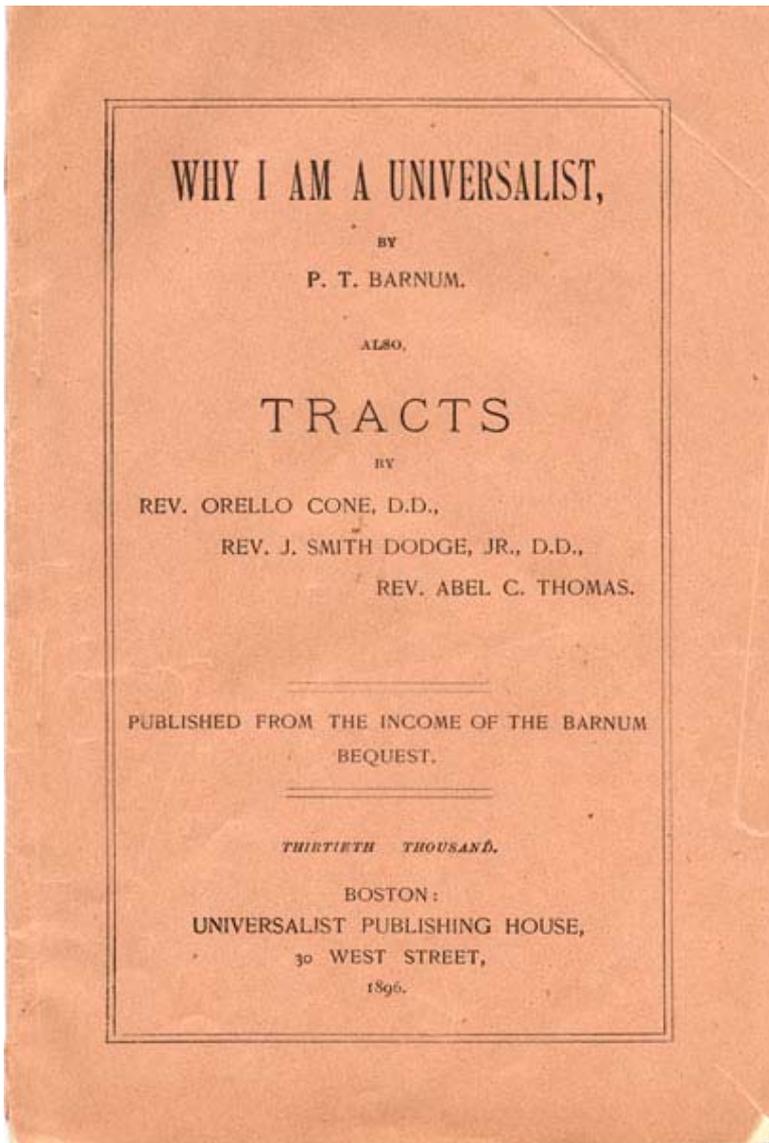
Tufts College

- Trustee for many decades without ever attending a meeting
- Donated over \$80,000
- Gave the skin of Jumbo





January 17, 2004



- Published shortly before his death
- Sold 100,000 copies in its first three years



WHY I AM A UNIVERSALIST.

BY HON. PHINEAS T. BARNUM.

"Not a few are prejudiced against the Universalists because they have seen only a distortion or caricature of their belief. Many attacks taken to be against us have really been against only a willful or ignorant parody of us."



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"Conduct is three-fourths of life. This present life is the great pressing concern. A very large portion of the Old Testament dwells on righteousness and its earthly temporal rewards or sin with its temporal punishments. The New Testament is a great appeal to men to build character, seek eternal life, and "now is the accepted time." A solemn reserve is thrown over the future life; the great emphasis is on the present time."



Topics

- **Audit for FY2003**
- **Financial Results for FY2004 (So Far)**
- **The Ledger**





Independent Audit for FY03

- **At the October meeting we received the financial statements (and a clean opinion) but no management letter**
- **The Finance Committee has received the letter and it has minor points except.....**





Sarbanes-Oxley

- The Massachusetts Attorney General will be filing legislation that applies the fundamentals of the Sarbanes-Oxley Act to not-for-profit organizations incorporated in Massachusetts (that includes the UUA!)



Sarbanes-Oxley

"The main goal of the proposed legislation is to provide clearer standards with respect to financial oversight of and by charities' boards and directors."

**Attorney General's Summary of
Proposed Legislation**

Past
scandals in
not-for-profit
sector



**Foundation
for New Era
Philanthropy**



**Arizona
Baptist
Foundation**

**CEO of United Way convicted
of misuse of funds (1992)**

**Nonprofits defrauded of more than \$135
million on phony investment scheme (1997)**

**18 of 19 trustees removed for handling
of various conflicts of interest and for
overcompensating president (1997)**

**Declares bankruptcy after 13,000 investors
defrauded (1999). Andersen settles for
\$217 million.**



- Administrators charged with **embezzlement** at Riverside Community College (CA) (*June 16, 2003*)
- President of Lewis & Clark College resigns amid controversy over **loan to now bankrupt energy company** (*June 18, 2003*)
- Ford Foundation keeps board chair who reached **fraud** settlement with SEC for \$8M over role as Xerox CEO (*July 8, 2003*)
- D.C. United Way Board's actions at issue over \$1.6M in **improper payments** to CEO (*September 4, 2003*)
- CFO of University of Florida Foundation arrested and charged with **embezzling** \$700K (*September 19, 2003*)



- **Boston Globe reports trustees of some private foundations are **diverting assets**, intended for charitable causes, to pay themselves." (October 9, 2003)**
- **Police investigating **theft** of \$192K from Cal. State U. Fresno Foundation over 2 year period (October 22, 2003)**
- **Texas Southern U. settles lawsuit for \$350K with **whistleblower** who alleged **employee theft** (October 24, 2003).**
- **Boston University paid \$30M in 2001-02 to companies and non-profit groups in which BU trustees were involved as executives or board members (October 31, 2003)**



Sarbanes-Oxley

- **Audit Committee (we have established one) to hire and receive report of auditor**
- **CEO & CFO must certify financial reports and internal controls**
- **Whistleblower policy**
- **Assessment of internal controls**
- **Conflict of interest policies**



Financial Results for FY04

(So Far)

- **FY04 projected to be balanced**
- **Beacon Press is ahead of plan for the second year in a row**
- **Endowment investment performance continues to be very positive**





Investment Results for First Quarter FY04

- **3.7% Return**
- *Return was 4.2% for all of FY03*
- **Policy Index for First Quarter FY04: 3.6%**
- **S&P 500 for First Quarter FY04: 2.6%**



The Ledger

- **FY04 budget projected to be balanced**
- **Investment performance is strong**
- **Beacon Press remains a risk**
- **We need to prepare for more Sarbanes-Oxley changes**



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"I base my hope on the Word of God speaking in the best heart and conscience of the race -the Word heard in the best poems and songs, the best prayers and hopes of humanity."