



## MEMORANDUM

---

**TO:** Finance Committee

**FROM:** Tim Brennan

**RE:** UUA Budget Forecast 2<sup>nd</sup> Quarter FY 14

**CC:** Board of Trustees, Peter Morales, Harlan Limpert, Terasa Cooley

**DATE:** January 19, 2014

---

### Summary

This memorandum describes the key differences between the first and second quarter forecasts for Fiscal Year 2014. The biggest change is the lease expense for 24 Farnsworth Street, which began in September. Recall that the FY14 budget was prepared on a pro forma basis ignoring the effect of the transition to a new headquarters. A separate analysis was submitted with the proposed budget showing the effect of the lease, borrowing, and increased endowment earnings that projected an additional \$442,000 in expenses to be funded from capital. Because the closing on the sale of the Beacon Hill Properties is occurring several months later than was anticipated, the net transition expenses are now forecast to be closer to \$800,000.

### Notes on Variances from 1<sup>st</sup> to 2<sup>nd</sup> Quarter FY 14 Forecast

#### Overall Income – up by 2.8%

##### Annual Program Fund – no change from 1<sup>st</sup> quarter

In the first quarter forecast, we anticipated that APF would end the year 2.2% below budget. Due to strong results thus far, we believe that APF will meet or exceed the first quarter forecast. This is despite somewhat lower response in the Southeast Region.

##### Friends of the UUA – down by 8.3%

The response to the Friends appeals has been tracking lower than last year, particularly during the usually strong October to December quarter. We believe this is due, at least in part, to the appeal for relief funds for the Philippines, which brought in nearly \$1 million (all through UUSC). We now forecast a shortfall of \$100,000.

##### Unrestricted Gifts – up by 40%

Reflects revenue from the “Join the Move” campaign. Response has been strong and we anticipate additional revenue from this effort, offsetting the shortfall from Friends.

##### Endowment Income – up by 28.6%

This reflects the additional endowment draw to fund Farnsworth lease payments and other transition costs. This excess draw will be replenished from the construction loan and the net proceeds from the sale of the UUA’s Beacon Hill properties.

**Income for other purposes – up 3.3%**

Increase is from the Office of Church Staff Finance fees to cover the expenses of the branding initiative.

**Overall Expenses – up by 2.8%**

**Congregational Life – up by 2.8%**

Additional compensation and related benefit expense.

**Crisis Relief and Misc. Programs – up by 8.8%**

Increase is due to telephone allocation and event expenses.

**Administration – down by 8.3%**

Reflects the reduction of contingency by \$216K. Approximately \$60K remains. Other Administration expenses remain on budget.

**Stewardship and Development – up by 4.8%**

Due primarily to the expenses of ceremonies and events marking the departure from Beacon Hill and the dedication of the new building. These expenses will be offset in part by revenues from registration fees for the events. These expenses have been anticipated in the moving expenses line of the Farnsworth budget.

**Internal Services – up by 33.3%**

Reflects the payment of the Farnsworth lease. Other expenses are on budget.

**Current Section Excess (Deficit) – \$0K**

Overall, we are projecting a breakeven year.