



# Financial Advisor's Report to the UUA Board of Trustees



Larry Ladd



The opening  
history lesson



## Samuel Atkins Eliot



- Minister, Arlington Street Church (1927-35)
- **President, AUA 1900-1927 (Secretary 1898-1900)**
- Church of the Saviour, Brooklyn NY (1892-98)
- Unity Church, Denver CO (1889-92) (started congregations in Colorado Springs and Salt Lake City)
- missionary in Seattle WA

The opening  
history lesson



## Samuel Atkins Eliot



- First executive president
- Built institution (creating departments of ministry and of social justice, for instance)
- Extension work, including starting building loan program
- merged AUA and National Conference of Unitarian Churches
- Supported Transylvanian Unitarians
- Actively opposed women in the ministry
- Supported race segregated congregations
- Supported de-fellowshipping ministers who opposed WWI



"The officers of your Association, whether wisely or unwisely, assume they are more than administrators. They refuse to permit their activities to be limited to the mere running of a machine. They crave the exercise of prophetic gifts, and desire to seize the large opportunities of service which open always before our hesitating fellowship. They desire to be your officers, not by means of the petty mechanism of officialism, but by the strong, strenuous, and unwearying proclamation of truth, by endeavoring to lead their fellow-workers to the mount of vision from which man may see God and his righteousness, and become aware of the fact that they are fellow-workers with the Most High. If I may interpret the inner spirit of this organization, it represents your effort to solve the problems of the common good, to lead men out of isolated, self-centered interest into the brave, self-effacing service of the modern world." -*Samuel A. Eliot 1902*



# Topics

- Membership and RE enrollments
- Giving and resources
- Financial results for FY2001
- Fair Compensation Congregation
- Ledger



# # of UUs Continues to Increase

Membership & RE enrollments combined  
are up to 218,404 in 2001

- 0.7% higher than 2000
- 11.5% higher than 1991
- 28.3% higher than 1982 (our low point)



# # of Adults Continues to Increase

Membership is up to 156,968 in 2001

- 0.9% higher than 2000
- 9.5% higher than 1991
- 15.6% higher than 1982 (our low point)



# RE Enrollments Declined after Slowing Growth

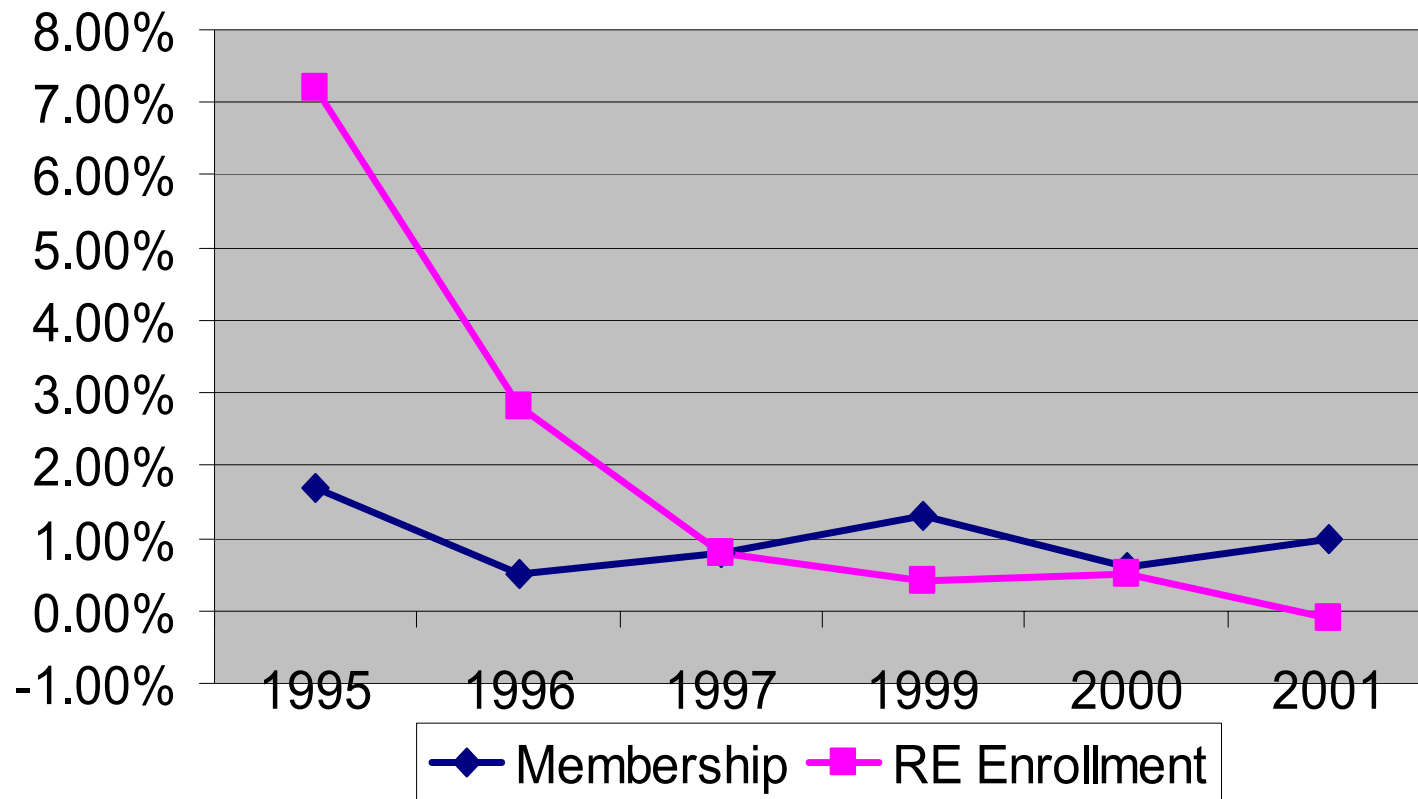
RE enrollments at 61,436 in 2001

- 0.1% lower than 2000
- 17.2% higher than 1991
- 36.0% higher than 1982 (our low point)



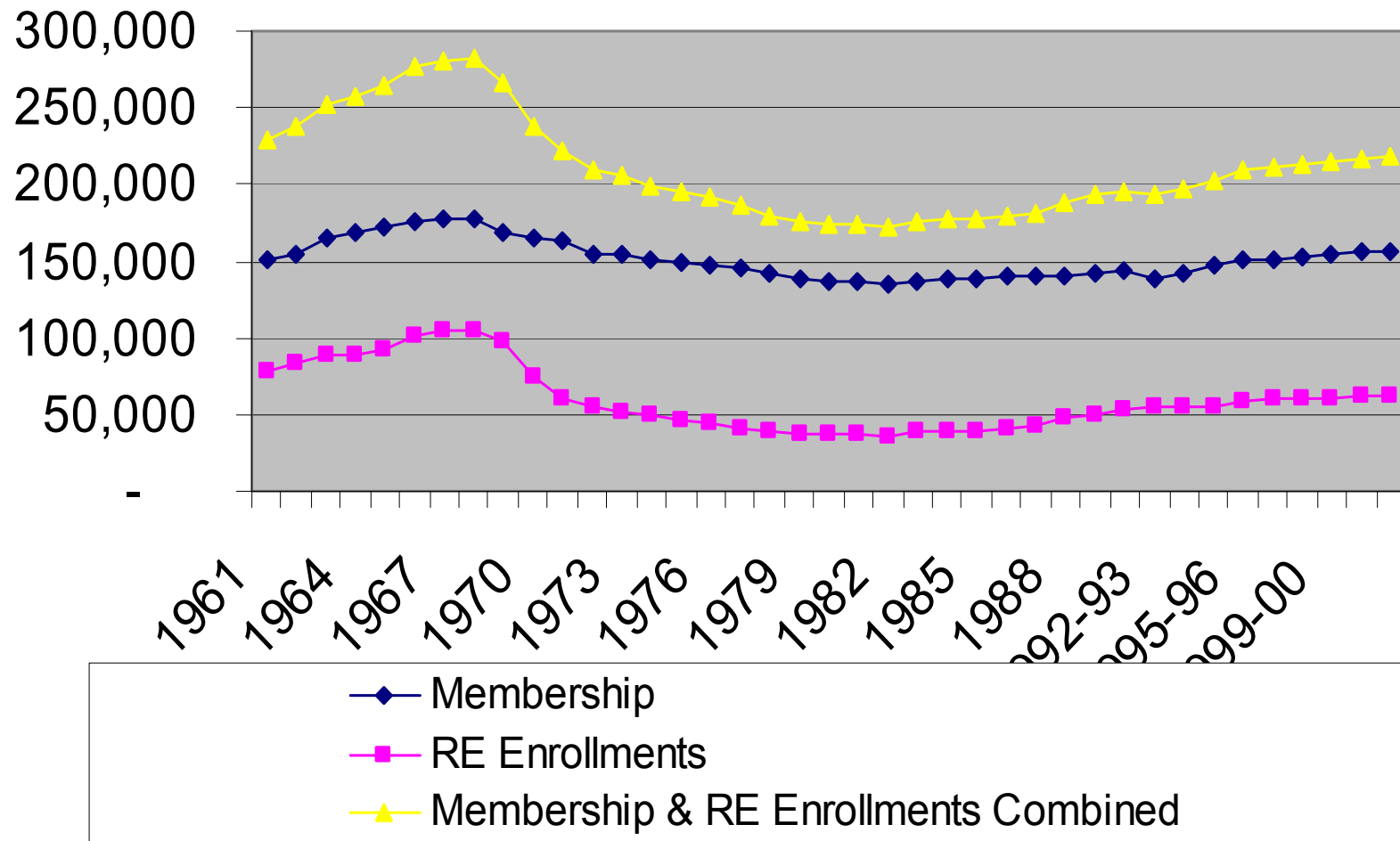


## Annual Rates of Increase in Membership & RE Enrollment Since 1995



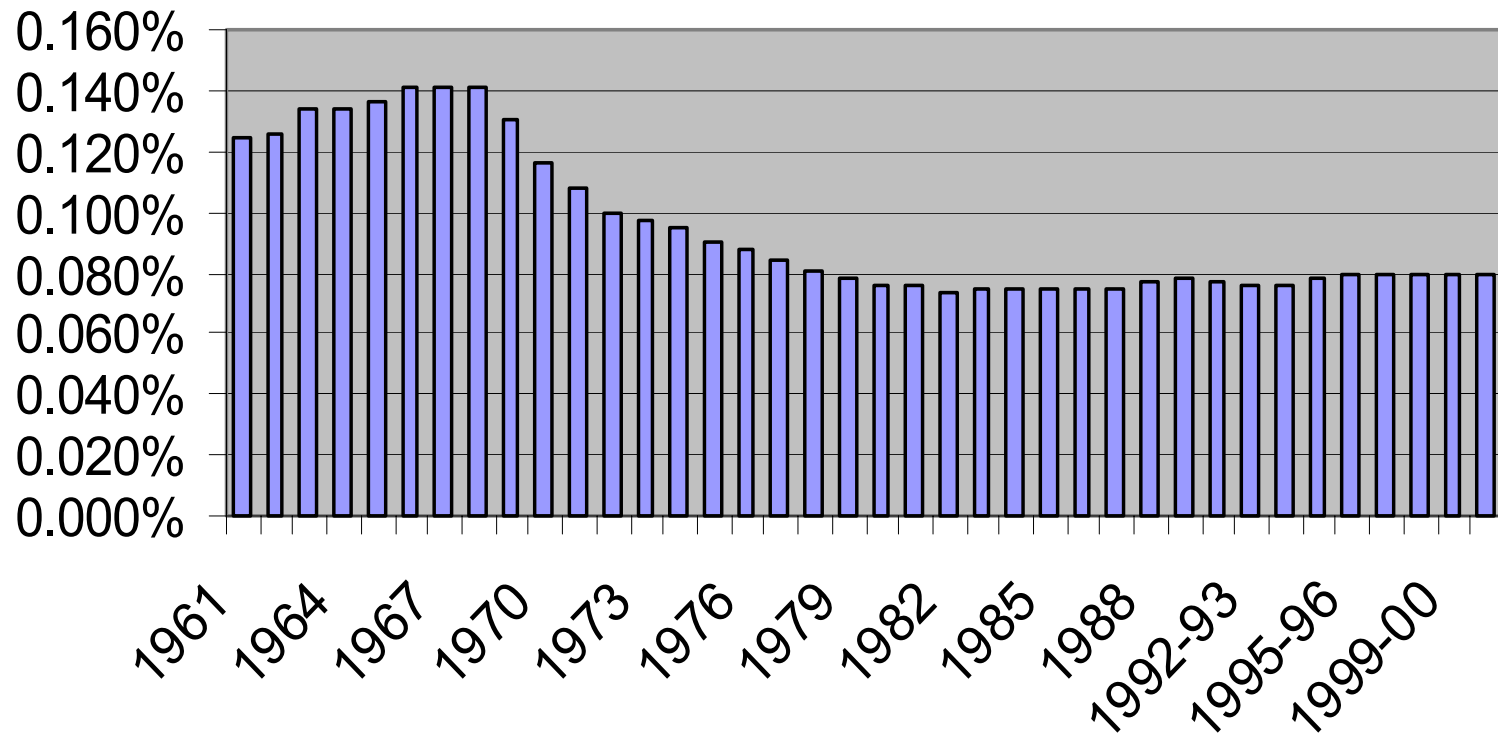


## Membership & RE Enrollments 1961-2001





## Combined Membership & RE Enrollment as % of Population thru 2000



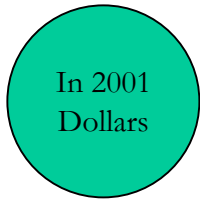


# Resources Continue to Grow

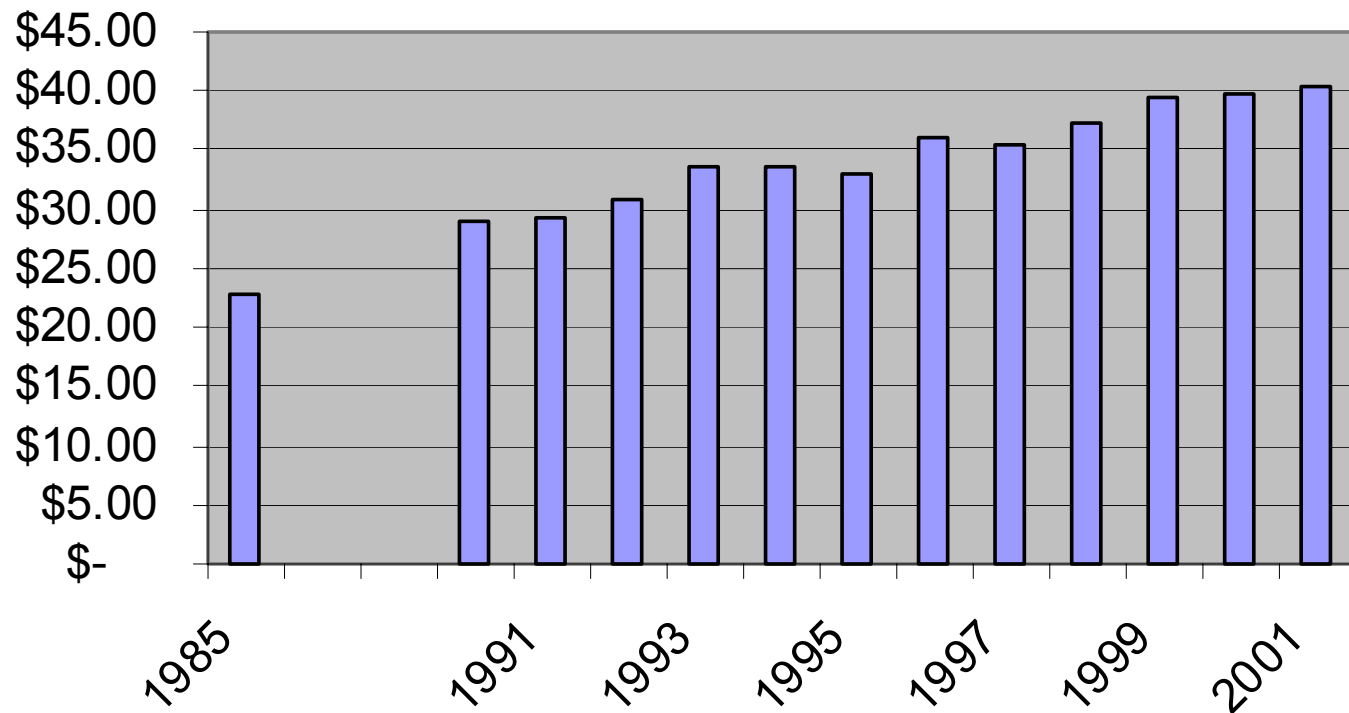
APF/Friends giving per member is up to \$40.40 in 2001

- 1.5% higher than 2000
- 37.0% higher than 1991
- 77.0% higher than 1982

In 2001  
Dollars



## APF& Friends Giving Per Member





# Resources Continue to Grow

Congregational resources are up to \$165.8 million in 2001

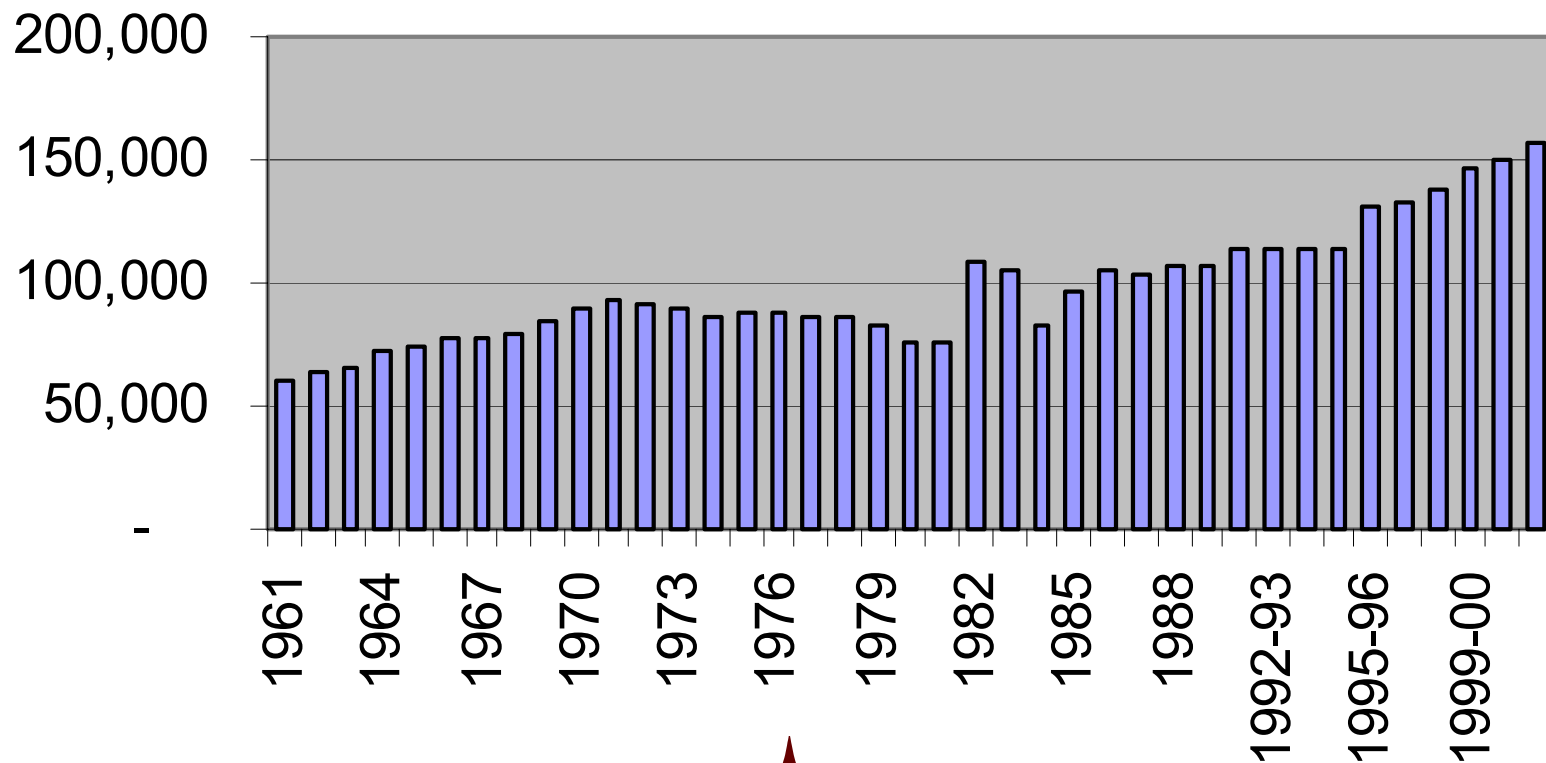
- 4.7% higher than 2000
- 40.6% higher than 1991
- 53.4% higher than 1982

In 2001  
Dollars

In 2001  
Dollars



## Congregational Resources (Expenditures per Congregation)



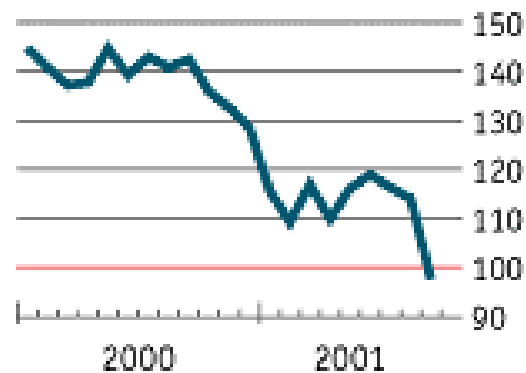


# Some reasons to be concerned:



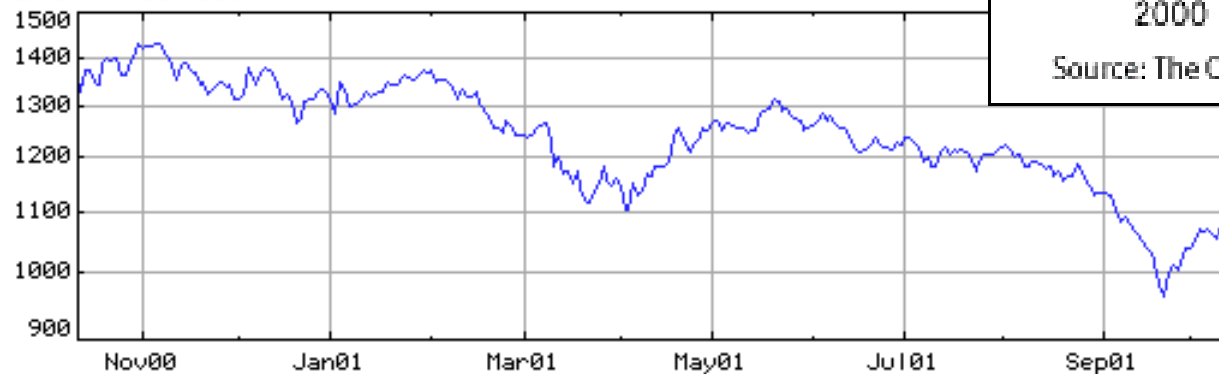
## Lacking confidence

US consumer confidence, 1985=100



Source: The Conference Board

S&P 500 INDEX (Standard & Poor's Corp)  
as of 11-Oct-2001

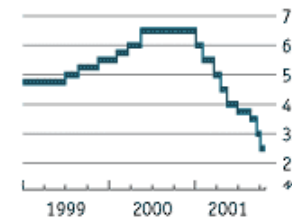


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## Step change

US fed funds target rate, %



Source: Federal Reserve





# Financial Results for FY2001

Bad news:

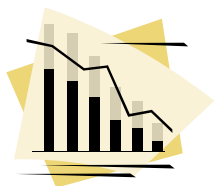
- Current operating expenditures were \$361,000 more than income
- Beacon Press loss of \$363,000
- Endowment return was a negative 6%



# Financial Results for FY2001

Good news:

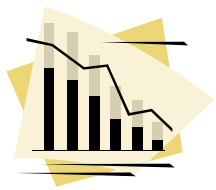
- APF income exceeded the goal by \$150,000
- Capital campaign has raised \$21 million toward \$32 million goal
- Proceeds of sale of 8 Mount Vernon Street allowed a reduction of debt by \$1.2 million (to \$3.4 million) and the funding of the costs of the capital campaign



# Current Operations Deficit

Item	Helped/(Hurt) Compared to <u>Budget</u>
• APF income	\$150,000
• Friends income	(\$150,000)
• Under-estimation of fringe benefit accruals	(\$162,000)
• Staff separation payments	(\$100,000)
• Endowment fee income	(\$51,000)
• Bookstore net	(\$63,000)
• Periodicals net	(\$57,000)
• Cost of CUC process	(\$76,000)

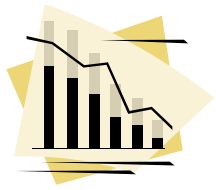
**Then: Bequest income came in below projection by \$450,000)**



# Current Operations Deficit

Steps taken to improve fiscal stability:

- More attentiveness to expenditure commitments
- More conservative approach to income management
- Booking bequest income will be more rigorous and we have an 8 year plan for eliminating reliance on such income
- Fringe benefit accruals will be fixed at the beginning of the year

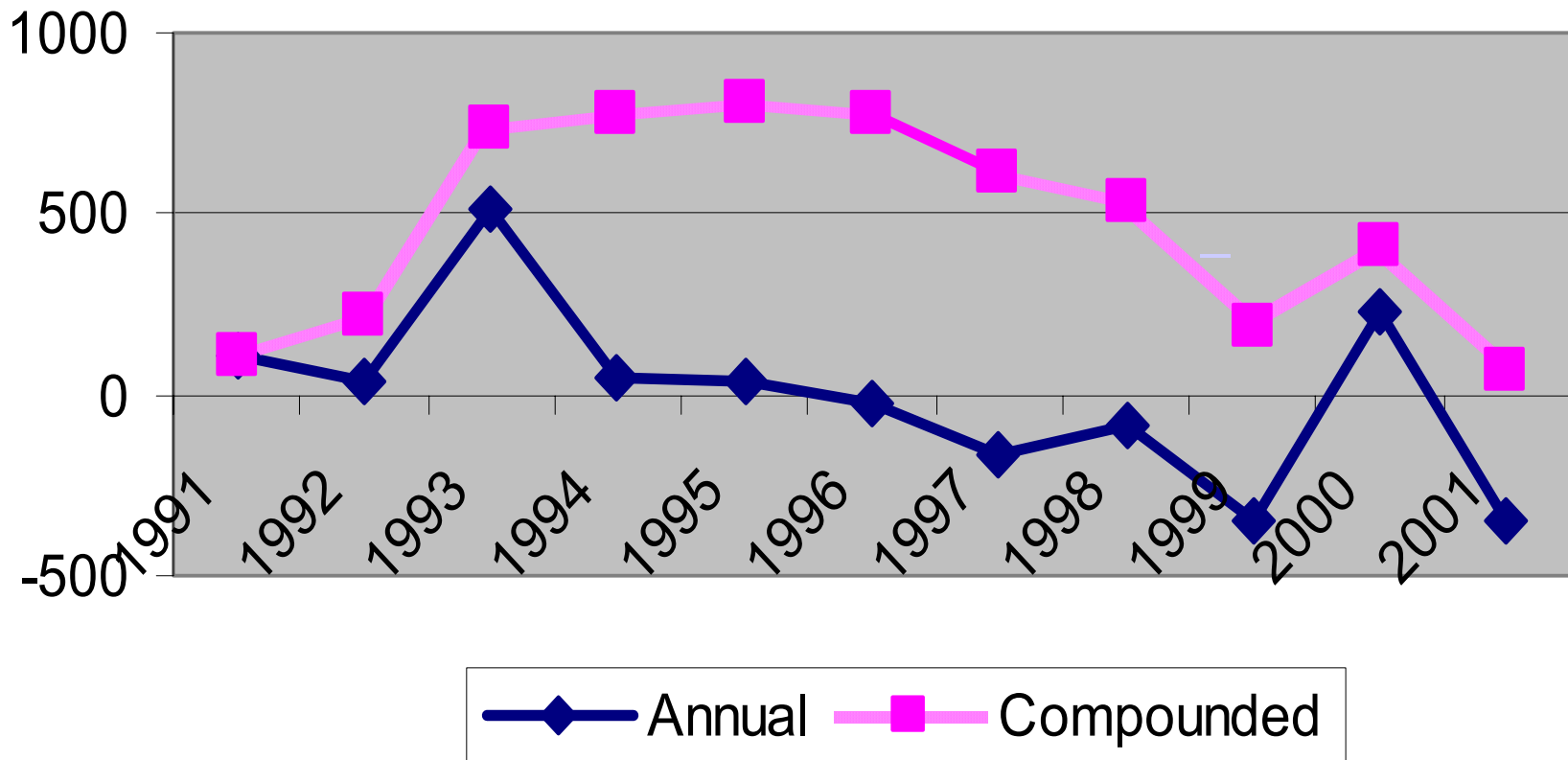


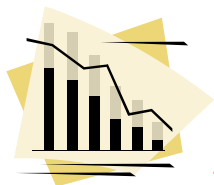
# Beacon Press Loss

- \$363,000 actual loss (compared to \$141,000 loss budgeted and \$190 to 240,000 loss predicted in January)
- Sales 20% less than budget
- Budgeted loss of \$350,000 in FY2002



## Annual & Cumulative Operating Results





# Endowment Returns Negative

- UUA investment performance (6.0%)
- S&P 500 (14.8%)

Double digit  
returns in seven  
of the past  
ten years

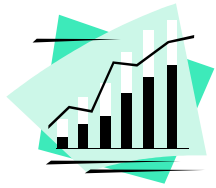
- Our portfolio emphasizes large cap with a tilt toward **growth** stocks, which is why we have done so well in the past several years
- Right now, **value** managers are doing well (up 13.3%) and **growth** managers not so well (down 23.9%)



# Net Assets

Net Assets				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Current	56,842,824	58,740,311	60,142,067	59,616,575
Beacon Press	1,963,955	1,618,397	1,963,911	1,486,849
CPLC	7,208,309	7,267,922	7,303,334	7,281,208
Endowment	<u>98,496,663</u>	<u>103,882,985</u>	<u>105,794,047</u>	<u>94,376,905</u>
Total	164,511,750	171,509,615	175,203,358	162,761,537





# Capital Campaign Progress

- \$21 million toward \$32 million goal
- \$16 million in cash & planned gifts; \$5 million in verbal commitments



# UU Generosity Abounds!

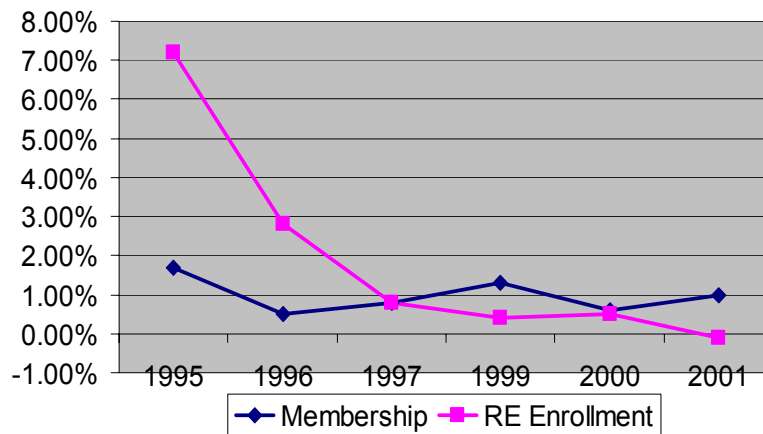
- APF/Friends giving per member continues to increase (*honor societies increased to 783 from 758*)
- Congregational resources continue to increase
- APF exceeded goal in FY01
- Capital campaign is two thirds toward goal



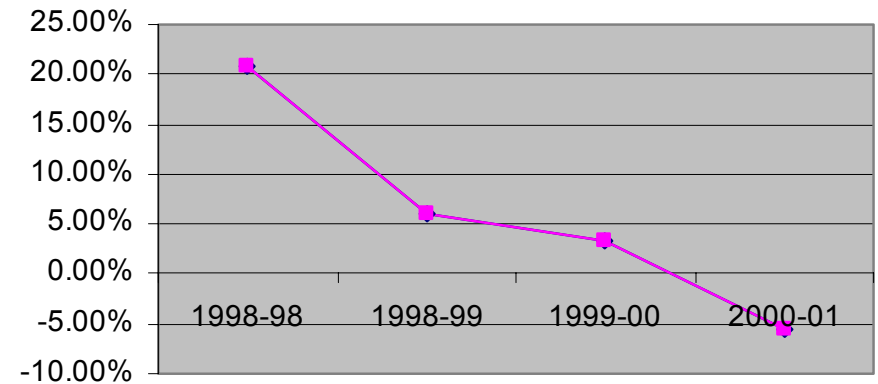


# Two Concerns

**Annual Rates of Increase in Membership & RE Enrollment Since 1995**



**Annual Rate of Increase - Friends**



Decline in rate of increase of RE enrollments and Friends giving



# Church Staff Compensation

- GA establishes fair compensation as a goal in 1995, with guidelines
- Compensation consultant program established in 1996
- Surveys in 1997 and 2000 indicated significant progress

<http://www.uua.org/ministry/ocsf/>



# Church Staff Compensation

- In 1997, 40% of congregations reported paying at the minimum recommended salary level for ministers, educators, music directors, or business administrators
- In 2000, over **66%** were at the minimum, and many had expanded fringe benefits paid by the congregation

<http://www.uua.org/ministry/ocsf/>



# Fair Compensation Congregation

- Fair Compensation Congregation, Practicing  
*("has attained the basic salary recommendations and benefits guidelines suggested for a group of their size and location")* OR
- Fair Compensation Congregation, Committed  
*("has developed a plan for attaining the salary and benefit recommendations within a five year period")*

<http://www.uua.org/ministry/ocsf/>



# Fair Compensation Congregation

- Self-Assessment Worksheet sent to all ministers in August and presidents in September *(to be returned by December 31 to the district comp consultants or to Ron Green at rongreen@aol.com)*
- Fair Compensation Congregations will be recognized at the 2002 General Assembly

<http://www.uua.org/ministry/ocsf/>



# Ledger

- Adult membership continues to grow
- Giving to UUA continues to increase
- Congregational resources continue to increase
- The capital campaign is two thirds toward the goal
- Church staff compensation improving
- Taking steps to improve budget oversight/management
- RE enrollment increases are shrinking
- The UUA "market share" is flat
- The year end result for unrestricted current operations was a deficit
- Beacon Press needs attention

