



Financial Advisor's Report to the UUA Board of Trustees



Larry Ladd



The opening
history lesson



Aurelia Henry Reinhardt 1877-1948



Moderator, American Unitarian
Association 1940-42



The opening
history lesson

Aurelia Henry Reinhardt

- **Ware Lecturer 1932 (the year after Jane Addams)**

“Souls in the midst of destruction,
economic and moral, need more than a
reasoned argument of religion.
They are crying out for the bread
and the water of life.”
(From her 1932 Ware Lecture)

The opening
history lesson



Aurelia Henry Reinhardt

- **Ph.D. in English from Yale**
- **President of Mills College 1916-1948**
- **Single mom with two kids (widowed in 1912)**



The opening
history lesson



Aurelia Henry Reinhardt



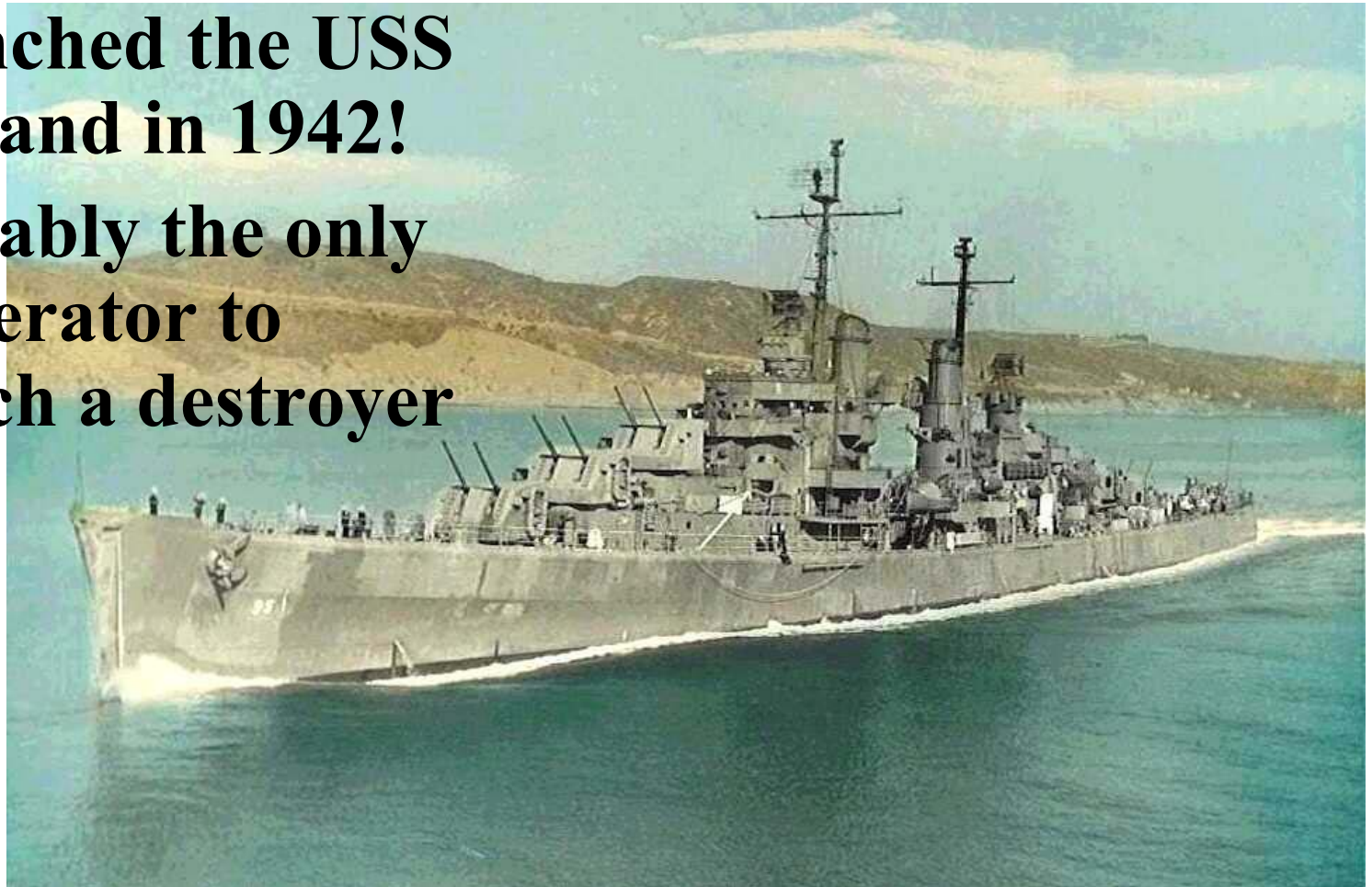
- **President, Association of University Women 1923-27**
- **Active environmentalist, on the Board of the Sierra Club**
- **Delegate to the 1936 Republican National Convention**
- **Wrote a book entitled "To Hell With Dante"**
- **Professorships named for her at Mills and SKSM**

The opening
history lesson



Aurelia Henry Reinhardt

- **Launched the USS Oakland in 1942!**
- **Probably the only Moderator to launch a destroyer**





Aurelia Henry Reinhardt

"Those who have faith in the power of religion face a lamentable condition among living men, not a theory of possible salvation here or hereafter. They face a generation whose eyes have not seen God. Floundering in mental confusion, in moral laxity, and in spiritual negation, these cannot be healed by a new scientific discovery, nor by an appropriate philosophic definition, not even permanently by an



Aurelia Henry Reinhardt

"Man must see a vision of God, that they may cease summing up their human capacity and interest in terms of material things acquired. Man needs a vision of God, because he will follow his vision, be it matter or spirit, be it deity or devil....Those who speak in the name of religion strive to see, even if through a glass darkly, the faint outline of love. The Liberal Church must bring a vision of God to man whose eyes are darkened with pain, with crime, and with tears."



Aurelia Henry Reinhardt



"The Liberal Church has always stood ready to welcome those who sought it out. It has been less ready to search for the needy in their own sad places."



Topics

- **Trends**
- **Financial Results for FY2003**
- **Audit for FY2003**
- **The Ledger**





Trends

and a word about the Canadians



Membership Growth Continues

- *Excluding Canadian disaffiliations, **adult membership increased** by 0.7% (from 152,060 to 153,165)*
- **UUA adult membership dropped 1.2%**
(the drop is because of the Canadian disaffiliations)





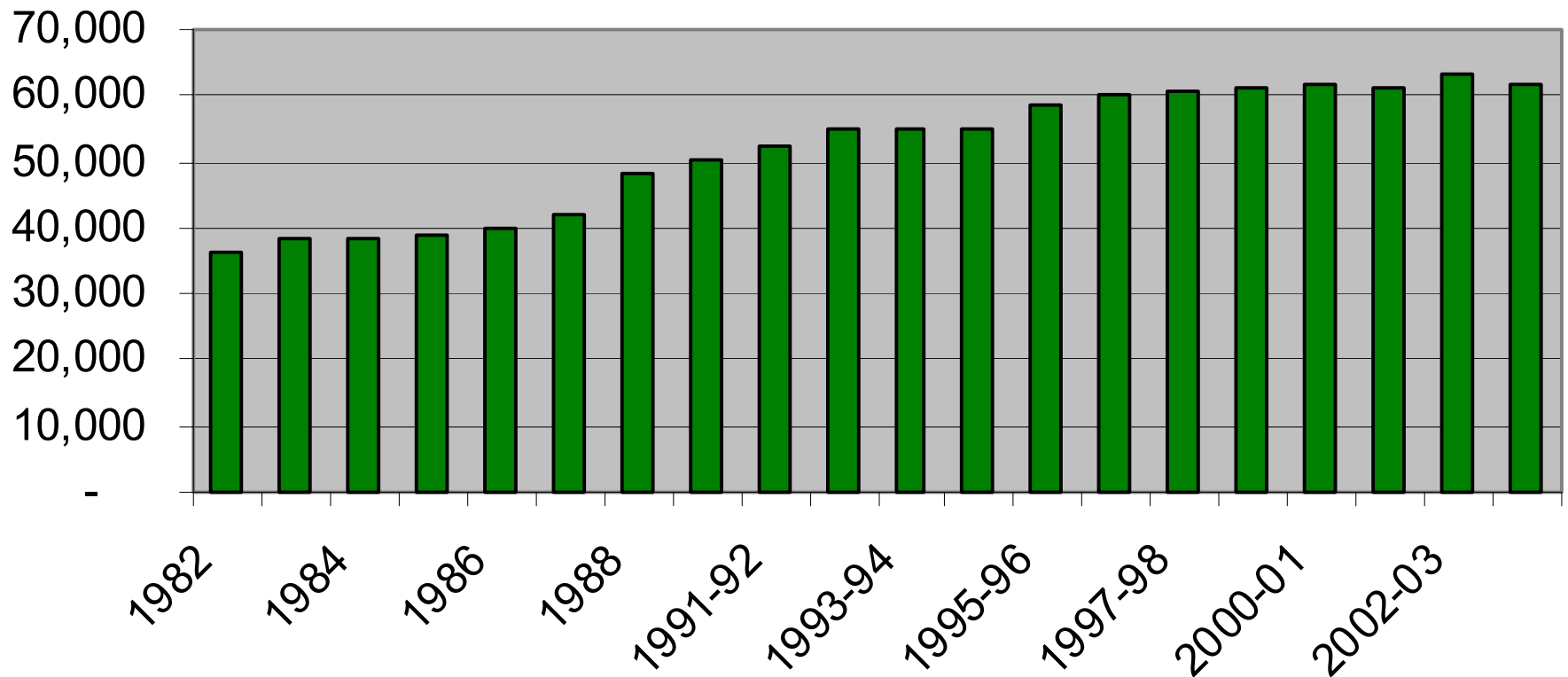
RE Enrollments Dropping

- *Excluding Canadian disaffiliations, **RE enrollments decreased** by 1.7% (from 60,733 to 59,700.*
- **UUA RE enrollments dropped 0.4%**





RE Enrollments Have Levelled Off



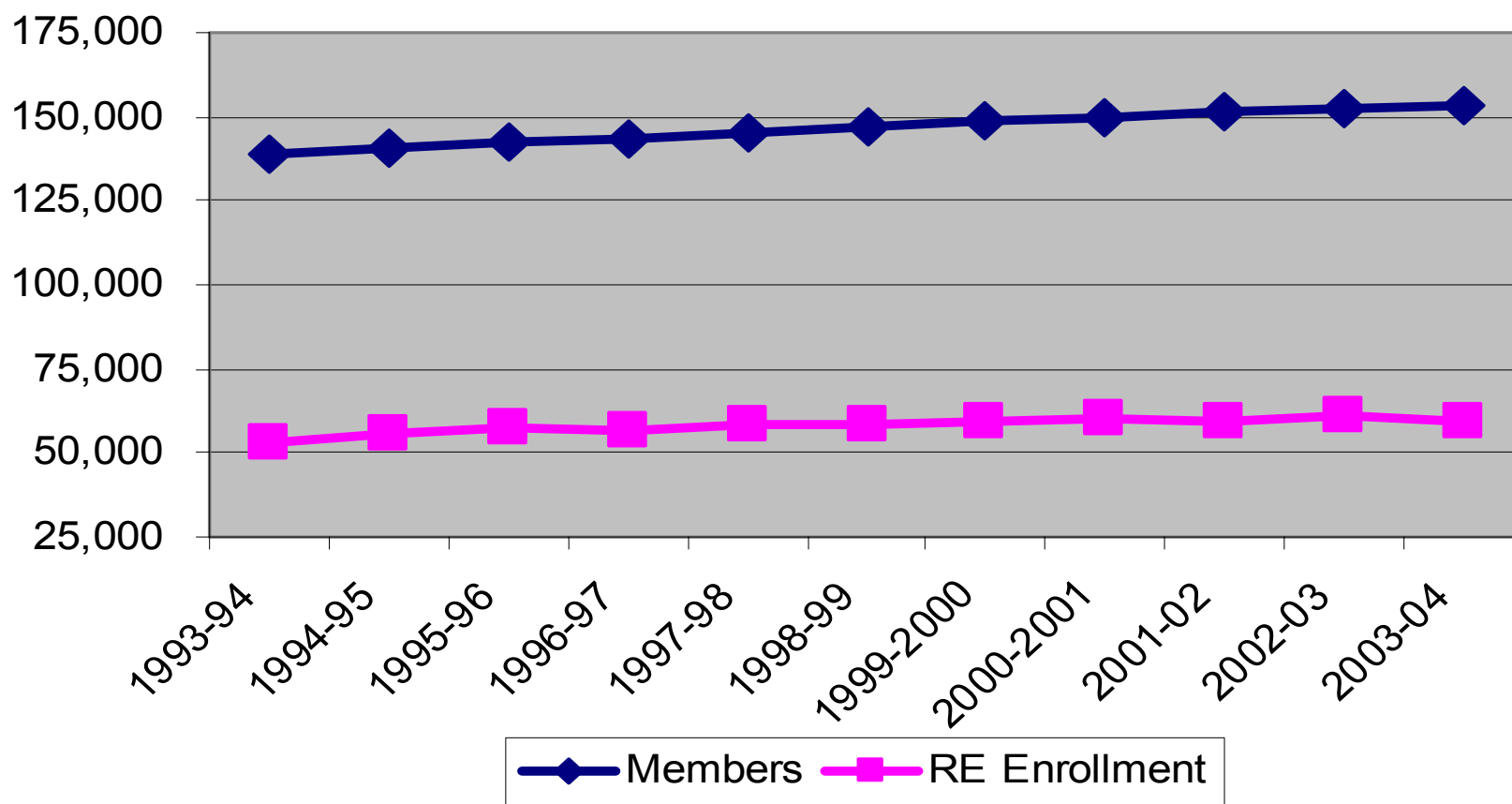


Overall U.S. Growth Flat

- *Excluding Canadian disaffiliations, combined membership and RE enrollments were flat* (from 212,783 in 2002 to 212,865 in 2003)
- UUA Membership & RE enrollments combined decreased from 221,786 in 2002 to 219,715 in 2003

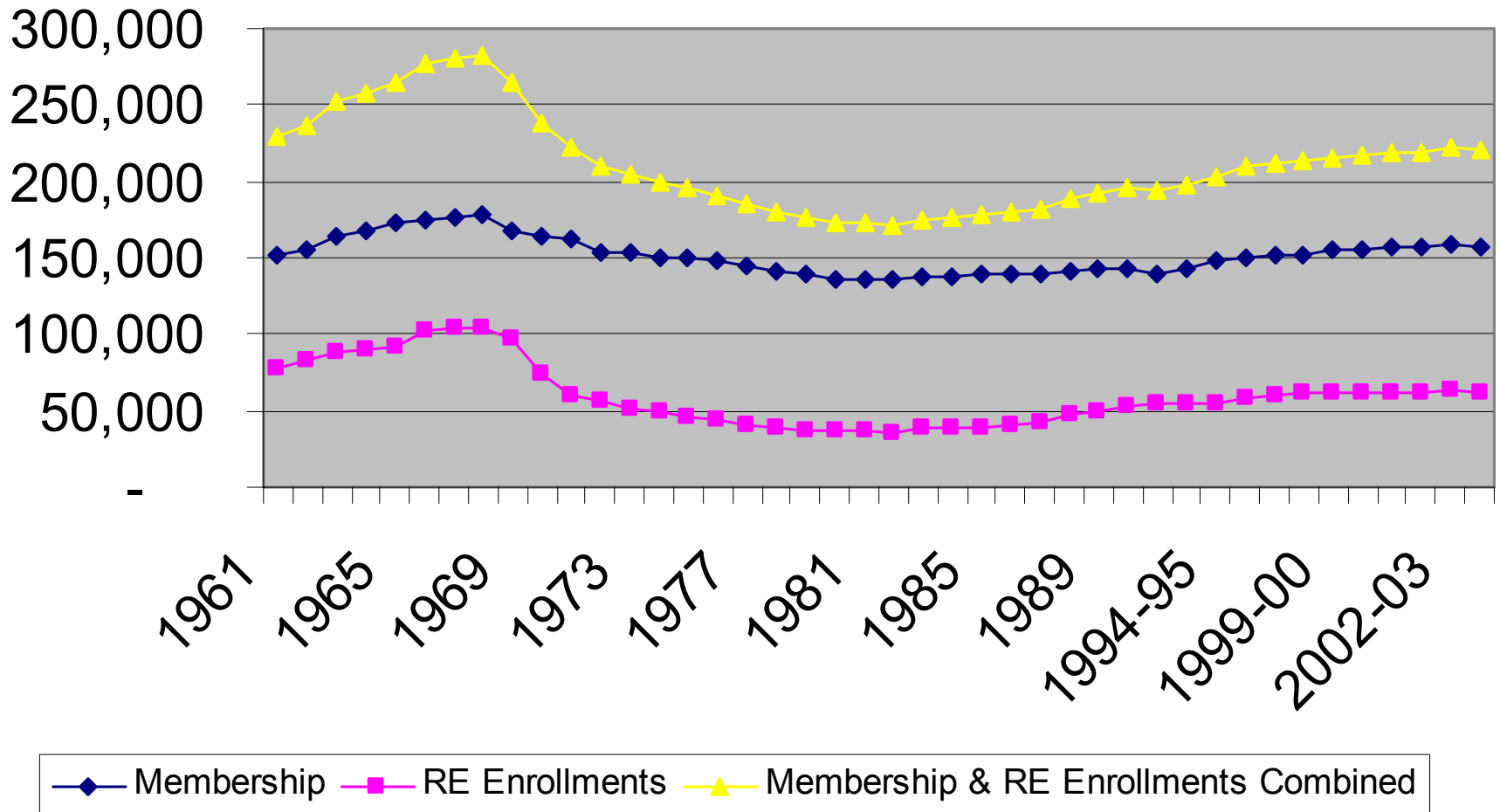


UUA Without Canadian Disaffiliations



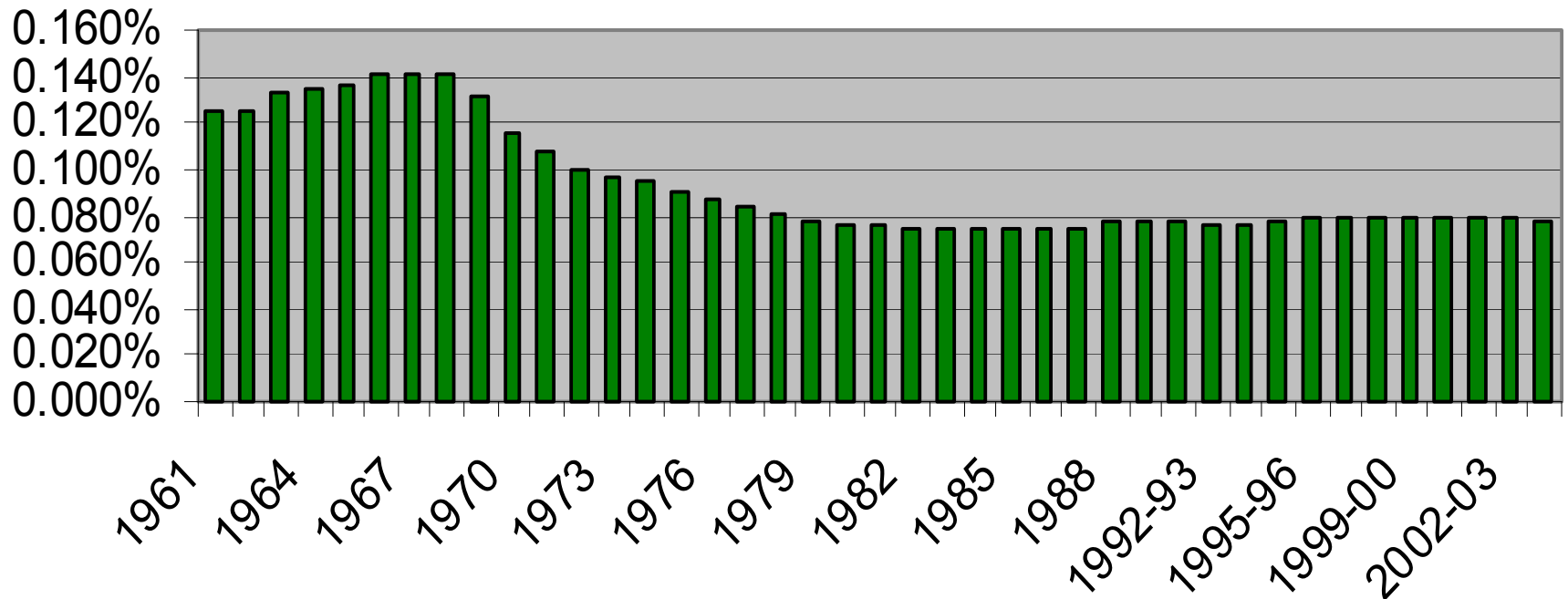


Membership & RE Enrollments





Combined Membership & RE Enrollment as % of Population





Congregational Resources

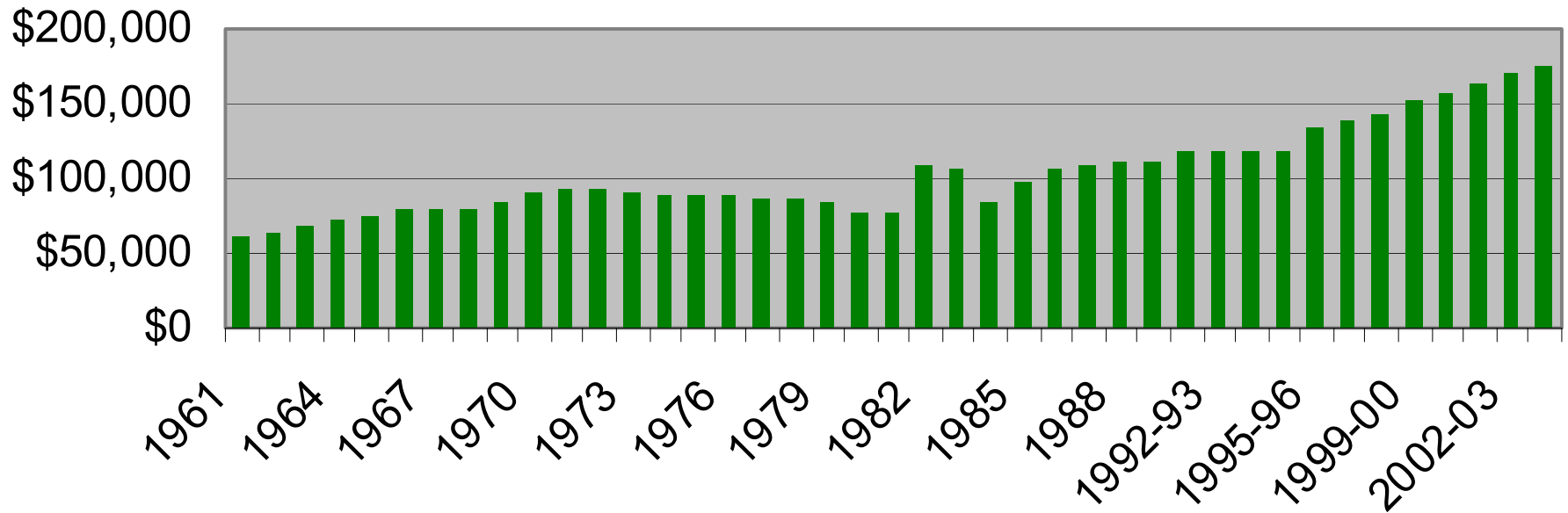
**Congregational resources are up to
\$182.6 million in 2003**

- **1.6% higher than 2002**
- **50.2% higher than 1993**
- **114.1% higher than 1983**

In 2003
Dollars

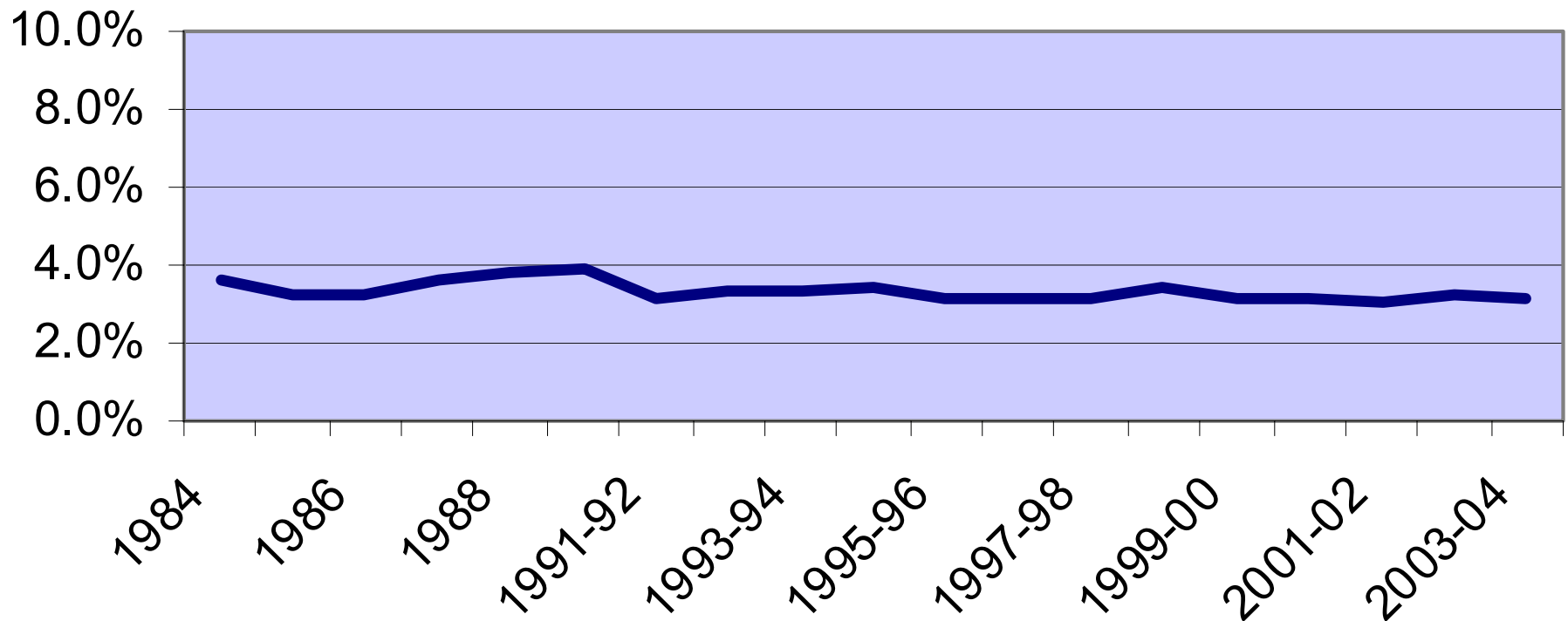


Congregational Expenses per Congregation in 2003\$





APF as % of Congregational Expenses





Progress on Capital Campaign

- **Capital campaign has raised \$23M in signed, committed gifts (pledges, cash and planned gifts) toward \$32M goal.**

***not including \$4M in verbal pledges**





Financial Results for FY03

- **FY03 was balanced**
- **Beacon Press is ahead of plan**
- **Endowment investment performance positive**





Beacon Press

Buy
Beacon
Books!

Reminder of the three year plan:

- Losses up to an average of \$200K per year
- Losses not to exceed \$300K in any one year
- Overhead costs are no longer allocated

**Beacon Press has done "better than plan"
in the first year of the plan (FY03)**



Independent Audit for FY03

- Our independent auditor is Deloitte & Touche
- Selected by the board in a competitive process and **accountable to the board** for its work
- Independent auditor's responsibility is to provide "assurance" regarding the accuracy ("in all material respects") of financial statements



Independent Audit for FY02

- **Clean opinion**
- **Administration was cooperative and prepared**
- **No management letter yet**



Endowment: **The "General Investment Fund"** **or "GIF")**



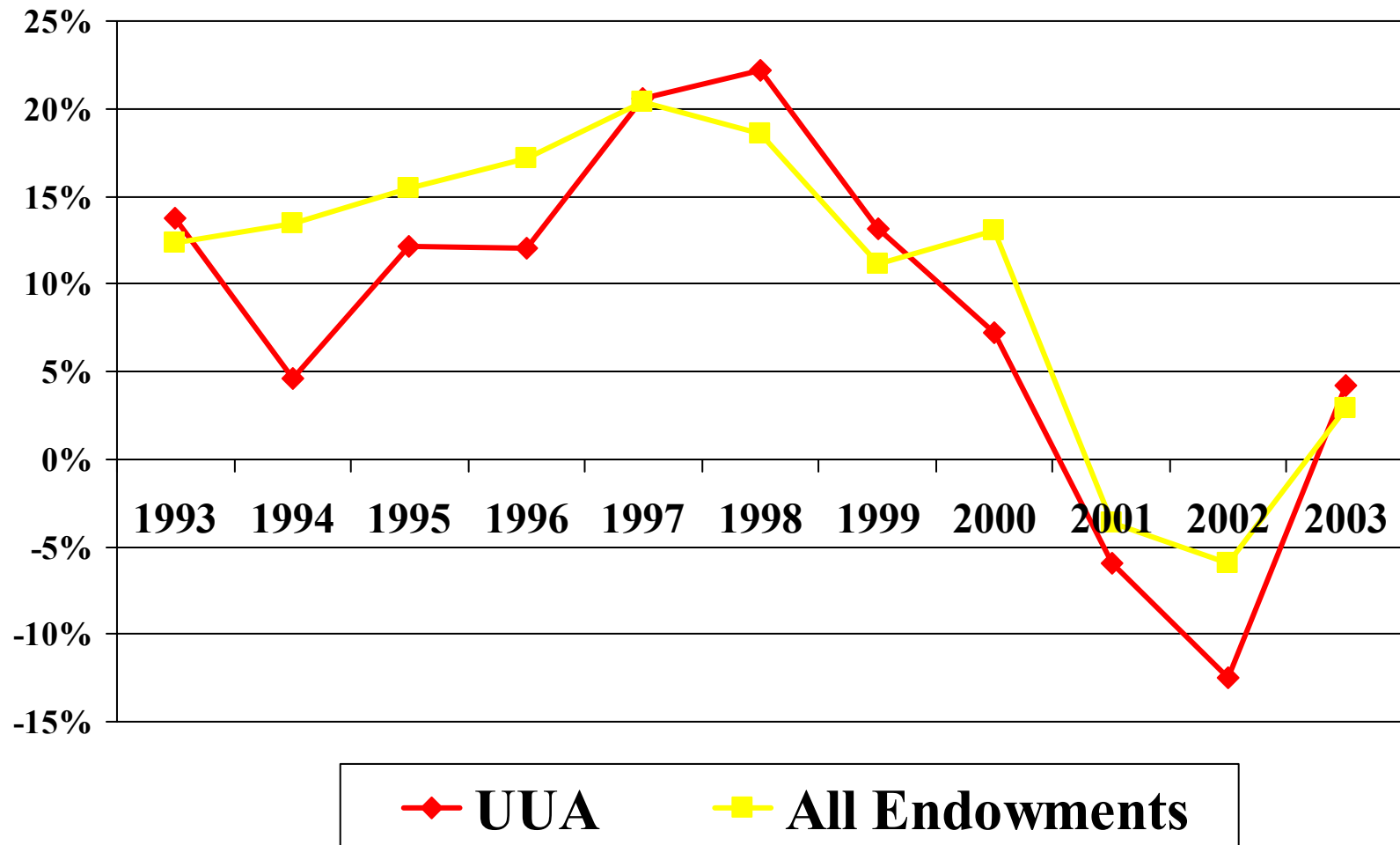


Investment Results for FY03

- **4.2% Return**
- **Other endowments (all): 2.9%**
- **Other endowments our size: 1.9%**
- **S&P 500: 0.3%**
- **Asset allocations and new managers both contributed to near-term superior relative performance**



UUA Endowment Investment Performance





GENERAL INVESTMENT FUND

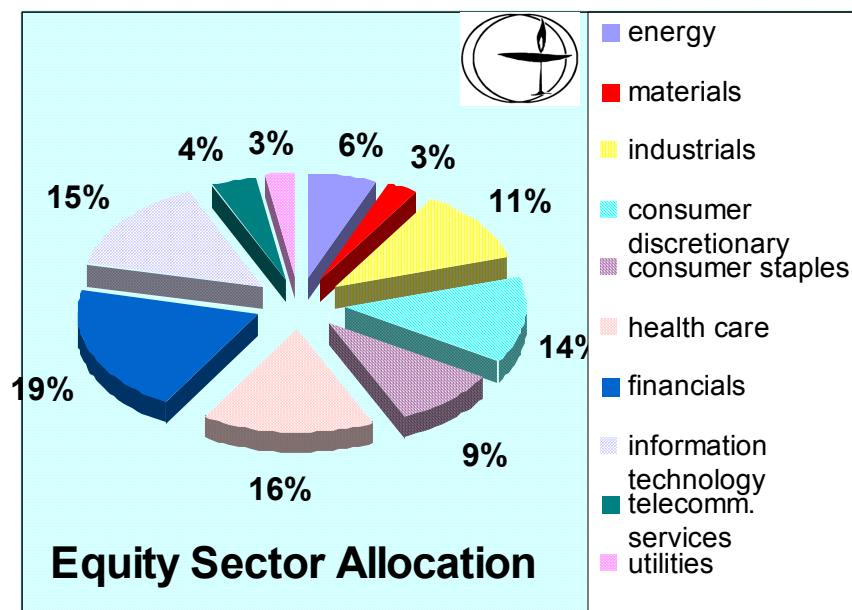
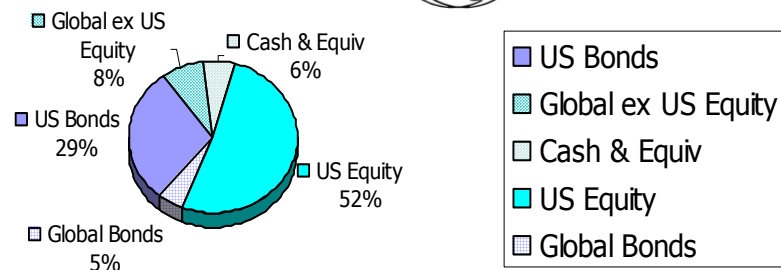
Performance
Summary
for 6/30/03
NAV 6.711

Investment	Inception Date	Assets \$ mil	Qtr to date 3/31/03- 06/30/03	CYTD 12/31/02- 06/30/03	FYTD 6/30/02- 06/30/03	Cumulative since Inception	Annualized since Inception
Returns Summary							
Total U.S. Balanced Managers	12/31/95	75	11.78	10.36	4.81	62.6	6.7
Total US Global Managers	12/31/95	12	16.15	6.12	-10.29	43.3	4.92
Total Cash Managers	12/31/95	6	0.1	0.37	0.9	-	-
Total Assets	12/31/95	93	11.5	9.7	4.3	59.7	6.4

Top 10 Equity Portfolio Holdings By Size of Holding

Security	Size\$(000)	% of Total Equity Mkt Value	Quarterly Total Return (%)
Microsoft Corp.	1,677.8	4.1	5.9
Johnson&Johnson	960.3	2.4	-10.3
Intel Corp	819.9	2.0	28.0
Bank of America	813.8	2.0	19.2
American Int'l Grp	788.6	1.9	11.7
Merck	744.9	1.8	11.2
Verizon Comm.	674.3	1.7	12.8
Cisco Systems	641.9	1.6	29.4
Proctor & Gamble	631.4	1.6	0.6
Coca Cola	628.1	1.5	15.2
Total Top 10	8,381.0	20.6	

Asset Allocation





Pension

- **UU Organizations Retirement Plan**
- **Overseen by the Committee on Compensation, Benefits & Pension**
- **Defined contribution plan**
- **\$98M in assets as of 12-30-02**
- **Approximately 2200 participants**
- **Managed by Fidelity**
- **Participants choose among various funds from Fidelity, Walden, Domini**



Other Assets

- **Holdeen Master Trusts** (\$27.9M as of 12-30-03)
 - Wachovia Bank is trustee
- **Charitable Trust Funds** (\$10.5M as of 12-31-02)
 - State Street Global Advisors Co-Trustee
- **Building Loans** (\$7.2M end of FY02)
 - Overseen by Congregational Properties & Loan Commission
- **Beacon Press Fund Balance** (\$1.4M end of FY02)



The Ledger

- **Congregational resources continue to grow**
- **FY03 budget was balanced**
- **Investment performance beat other endowments**
- **RE enrollments are have been flat for some time**
- **Beacon Press remains a risk**



Aurelia Henry Reinhardt



*Mills College
Baccalaureate 1934*

"Life is not simple; it is not the philosopher's stone, the open sesame, the Holy Grail, the sun, or even the llama's river arrow; it is the incarnating of the best ideals you can find within your whole life. The world is hers who is to incarnate within the human individual the ideals of religion; to create in the body politic, as far as can be done, the ideals of religion. May the peace of God be with you."



Aurelia's destroyer



October 18, 2003