

Financial Advisor's Report

to the

General Assembly

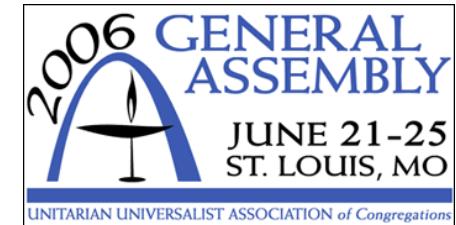
Unitarian Universalist Association of Congregations

St. Louis
June 24, 2006

Dan Brody

dbrody@uua.org

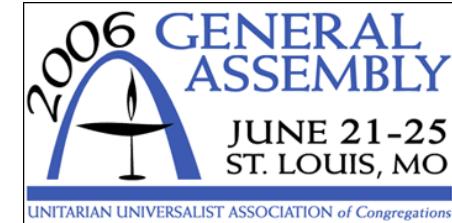
Financial Advisor



“The Financial Advisor is a volunteer elected by the General Assembly to serve as your best assurance that the UUA is behaving in a fiscally responsible manner. The Financial Advisor provides the President, Board of Trustees, and General Assembly with an independent and expert evaluation of financial issues and the fiscal health of the UUA. The Financial Advisor also recommends changes that will improve the quality of fiscal planning and management of the UUA.”

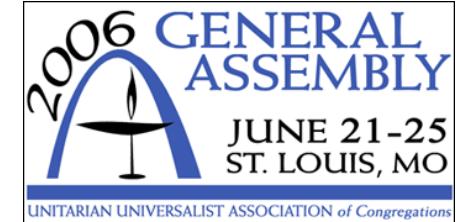
-- Larry Ladd, UUA Financial Advisor (1997-2005)

FY05 Financial Results



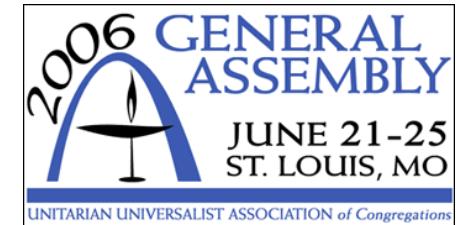
- “Current Section” surplus of \$8,700
 - Excludes Beacon Press, CPLC, GIF
- Unrestricted net assets up \$1.1 million
 - Excludes restricted endowment
- Total net assets up \$3.2 million

Independent Audit



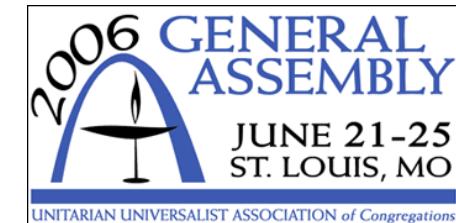
- First audit by KPMG
- “Clean” audit report
- Management letter provides suggestions for improvements, and administration’s timetable for implementation

Beacon Press

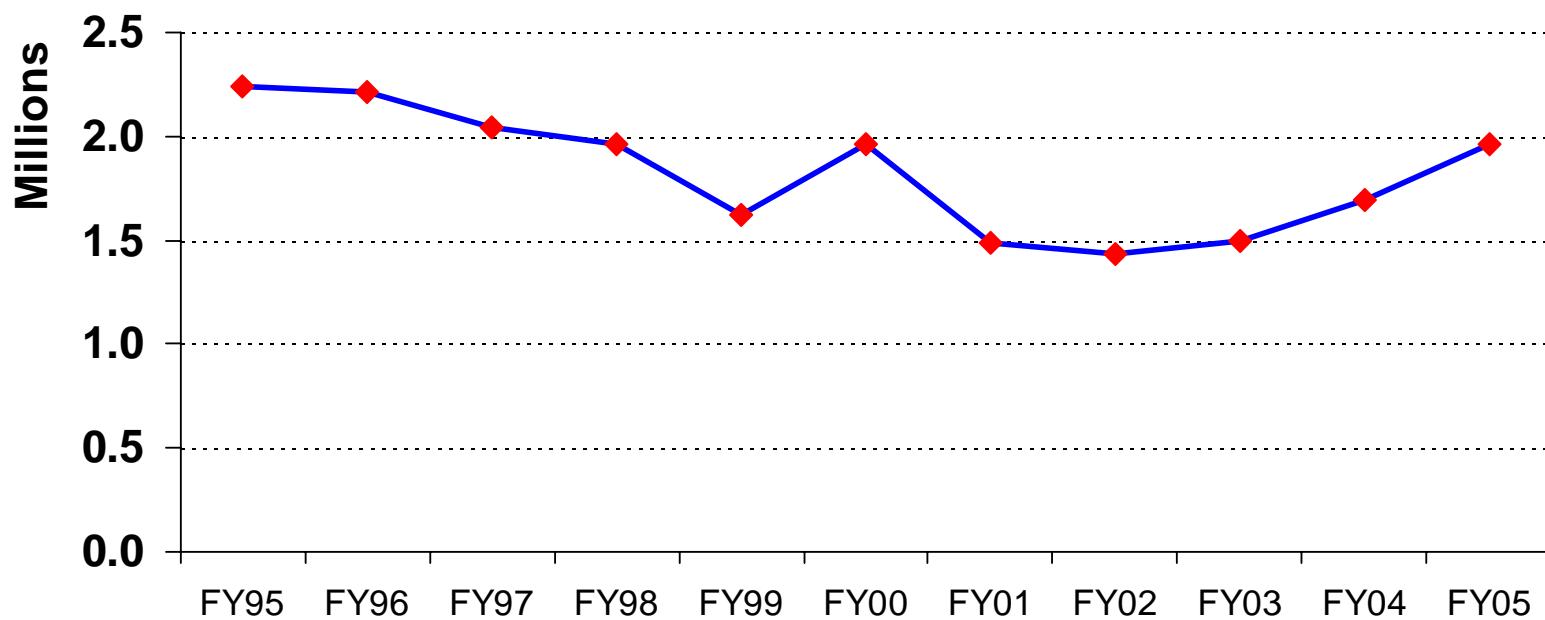


- FY05 operating surplus of \$270,000
- Surplus anticipated for FY06, for fourth consecutive year
- Net assets reached \$2 million

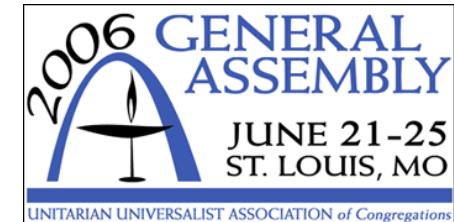
Beacon Press Net Assets



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

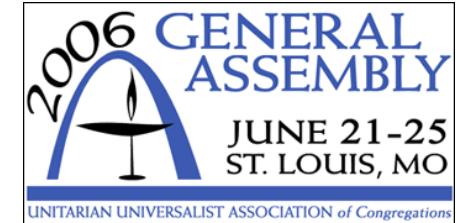


Investment of UUA Assets



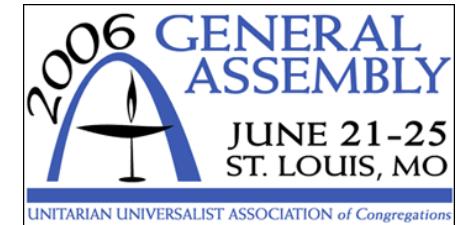
- General Investment Fund (GIF) totaled \$117 M
- \$23 M owned by congregations, districts, and affiliates
- FY05 net return after expenses was 7.9%
- Return exceeded that of 2/3rds of comparable endowment funds
- Board of Trustees cut GIF “administrative fee” in half beginning July 2006

Investment Policy



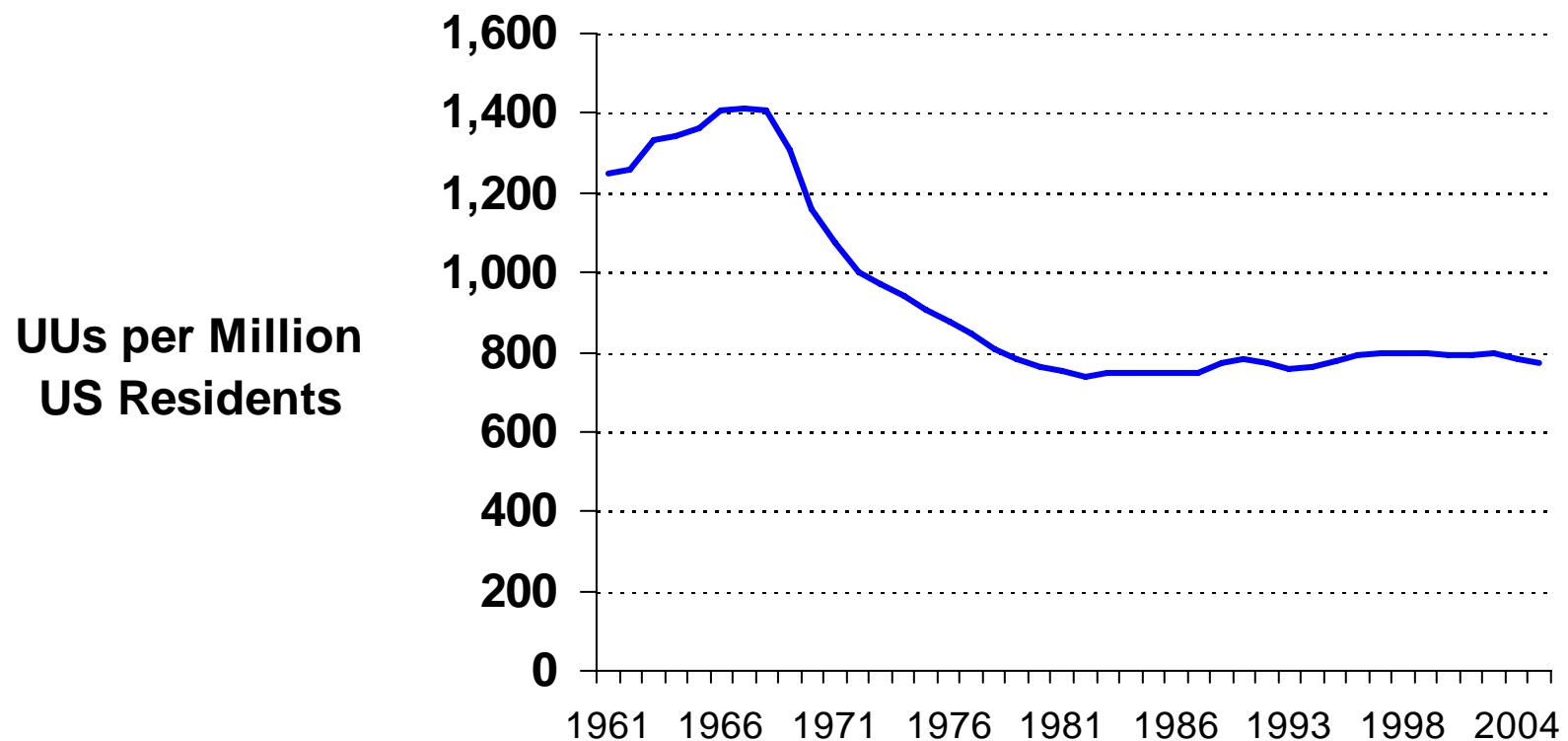
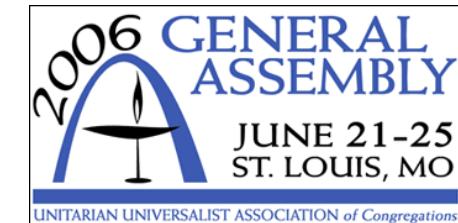
- GIF is directed by volunteer Investment Committee made up of professionals
- Highly diversified portfolio intended to achieve goals of safety, high return, and UU-specific social screening
- Congregations and other UU organizations should consider GIF for their endowments

Socially Responsible Investing

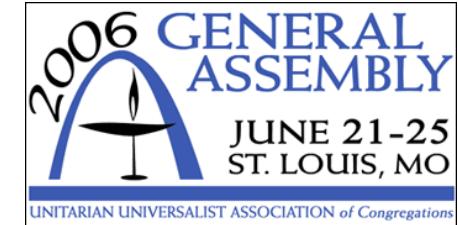


- Improved cooperation between Investment Committee and Committee on SRI
- Shareholder activism and proxy voting
- Refined policy on community investments

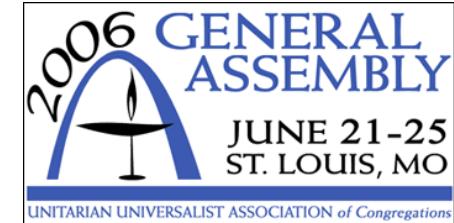
UU “Market Share” Stable



UU “Market Share” by State



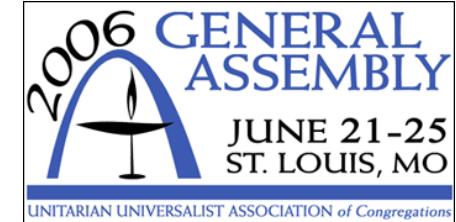
The Need for a Health Plan



I'm moving to Illinois soon, and will have to apply for health insurance. I am already feeling anxious. What sort of health insurance will I be able to find as a 62 year old? How much will it cost me? Having a nationwide plan is of great importance to me and to many other ministers my age.

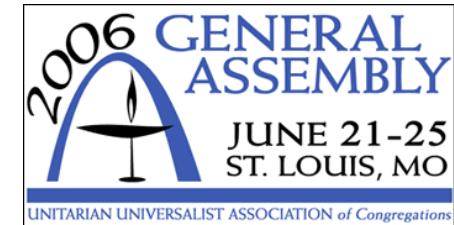
--letter from a UU minister

What Could Go Wrong?



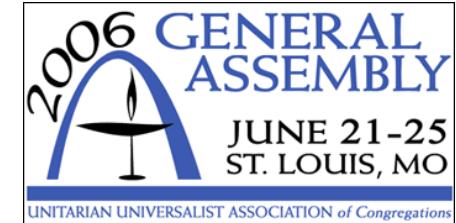
- This year: not enough participants sign up
- Next year: claims exceed plan revenue
- The future: soaring health care costs

Risk Mitigation



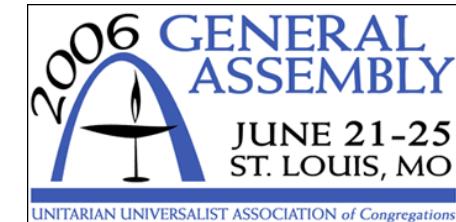
- Expert advice and assistance
- High enrollment threshold
- “Stop loss” insurance
- 15% rate cushion

UUA Health Plan Trust



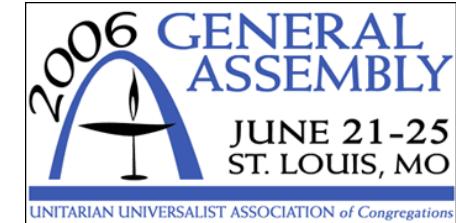
- Independent trust governs plan
- All premiums will be used only for the plan
- Not intended to evade liability for losses

What Could Go Right?



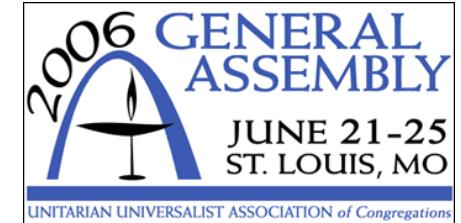
- 1000 or more people, many now uninsured, obtain health coverage
- Congregations can more easily attract new ministers and staff
- Ministers can move to a new job without fearing loss of health insurance
- Success in sharing the burden of providing health care strengthens the UUA and the UU movement

Financial Volunteers



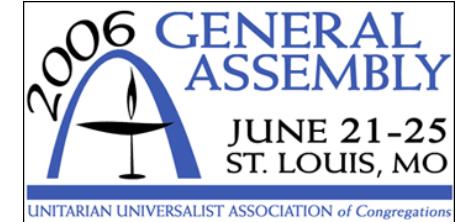
- Investment Committee
- Comm. on Socially Responsible Investing
- Congregational Properties & Loan Comm.
- Compensation, Benefits & Pension Comm.
- Audit Committee

Compensation Consultants



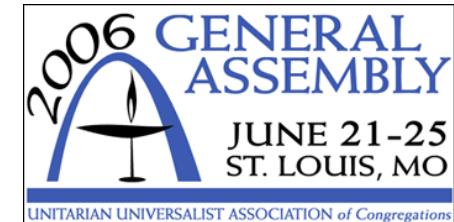
- Tenth anniversary of service
- Consultants visit congregations at no cost
- Fair compensation is a social justice issue and a good management practice

Audit Committee Bylaws Vote



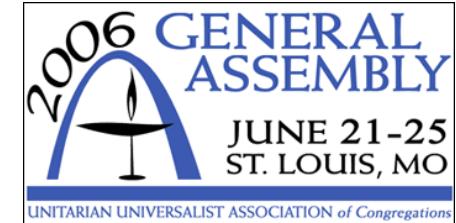
- Audit Committee created in 2003 by UUA Board of Trustees
- Expert, volunteer oversight of annual audit and advice on wide range of risk management issues
- General Assembly votes tomorrow to permanently establish Audit Committee

Transition at 25 Beacon



- Farewell and thanks to our outgoing Treasurer, Jerry Gabert
- Welcome to our new Treasurer, Tim Brennan

Thank You



- I am grateful for the confidence you showed in me by electing me Financial Advisor
- Thank you for giving me this opportunity to serve