

	C	D	E	F	G	H
2	Unitarian Universalist Association	FY21	FY22	FY23	Percent	FY24
3	Budget Overview	Results	2Q22 Fcst	Budget	Inc/(Def)	Budget
4	Current Operations					
5						
6	\$ in Thousands					
7	Income:					
8	Income for General Support					
9	Annual Program Fund	8,070	7,926	8,125	2.5%	8,204
10	Unrestricted Gifts	1,291	1,150	1,400	21.8%	1,428
11	Leadership Annual Giving	231	275	500	81.8%	510
12	Bequest Income	1,060	700	750	7.1%	765
13	Administrative Fees	2,283	2,653	2,823	6.4%	2,979
14	Investment Income	2,419	2,368	2,571	8.6%	2,832
15	Publications Income	641	866	864	-0.3%	884
16	Net Lease Income	1,236	1,064	1,111	4.4%	1,102
17	Other Current Fund Income	584	706	751	6.3%	792
18	Total Income for General Support	17,815	17,709	18,895	6.7%	19,496
19						
20	Income for Designated Purposes					
21	Campaign Income	899	1,092	1,192	9.2%	1,216
22	UUCSR Veatch Grants	2,579	2,387	2,466	3.3%	2,527
23	Grants and Scholarships	807	853	921	8.1%	944
24	Ministerial Aid Funds	516	441	469	6.4%	480
25	Holden and International Trusts	1,380	1,917	2,073	8.1%	2,124
26	Income for Other Purposes	2,561	1,467	2,057	40.2%	2,078
27	Total Inc for Designated Purposes	8,743	8,157	9,179	12.5%	9,369
28	Total Income	26,558	25,865	28,074	8.5%	28,865
29						
30	Expenses:					
31	Board & Volunteer Leadership	107	303	369	21.8%	375
32						
33	Programs:					
34	Organizing Strategy	1,005	854	1,310	53.3%	1,226
35	International Programs	2,072	2,003	2,144	7.0%	2,115
36	Congregational Life	4,317	4,795	5,251	9.5%	5,338
37	Ministries and Faith Development	4,952	5,663	6,480	14.4%	6,601
38	UU Funding Program	1,521	1,412	1,491	5.6%	1,505
39	Crisis Relief & Misc. Programs	255	114	143	26.0%	144
40	Communications	1,188	1,299	1,558	19.9%	1,581
41	Publications	1,110	1,255	1,287	2.5%	1,319
42						
43	Total Programs	16,420	17,396	19,663	13.0%	19,829
44						
45	Administration	1,955	2,025	2,126	5.0%	2,160
46	Contingency/Salary Increase	0	390	739	89.5%	757
47						
48	Infrastructure					
49	Stewardship and Development	2,027	2,440	2,541	4.1%	2,582
50	Information Technology Services	1,581	1,679	1,718	2.4%	1,727
51	Internal Services	2,887	3,569	3,481	-2.5%	3,685
52	Total Infrastructure	6,495	7,688	7,739	0.7%	7,994
53						
54	Total Expenses	24,976	27,802	30,636	10.2%	31,115
55						
56	Depreciation Spending	0	547	620		620
57	Depreciation Spending Laptops	0	57	40		40
58	Church Staff Finances Reserve	0	123	125		125
59	Beacon Press Occupancy Cost	0	565	300		150
60	PPP Loan Usage	0	375	575		575
62	COIC Implementation Funds	0	270	507		274
64	Received Prior Year Surplus	0	0	395		395
65						
66	Current Section Excess/(Deficit)	1,581	0	0		(71)
67						

	D	E	F	G	H	I
1	Unitarian Universalist Association	FY21	FY22	FY23	Percent	FY24
2	Forecast Summary	Results	2Q22 Fcst	Budget	Inc/(Def)	Budget
3	Current Operations Expenses					
4						
5	<i>\$ in Thousands</i>					
6	Income:					
7	Income for UUA General Support					
8	Annual Program Fund	8,070	7,926	8,125	2.5%	8,204
9	Unrestricted Gifts	1,291	1,150	1,400	21.8%	1,428
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15	Net Lease Income	1,235	1,064	1,111	4.4%	1,102
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17		17,814	17,708	18,895	6.7%	19,496
18	Income for Designated Purposes					
19	Campaign Income	899	1,092	1,192	9.2%	1,216
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21	Grants and Scholarships	807	853	921	8.1%	944
22	Ministerial Aid Funds	516	441	469	6.4%	480
23	Holdeen & International Trusts	1,380	1,917	2,073	8.1%	2,124
24	Income for Other Purposes	2,561	1,467	2,057	40.2%	2,075
25		8,743	8,157	9,179	12.5%	9,366
26	Total Income	26,557	25,865	28,073	8.5%	28,862
27						
28	Board & Volunteer Leadership					
29	Board of Trustees	50	127	136	7.1%	138
30	Board Committees	21	78	88	12.8%	90
31	Moderator	2	20	20	0.0%	20
32	Nominating Committee	1	13	13	0.0%	13
33	Commission on Appraisal	1	22	17	-22.8%	17
34	Ministerial Fellowship Committee	29	28	75	168.1%	76
35	Commission on Social Witness	2	15	20	32.9%	21
36	Total Board & Volunteer Leadership	107	303	369	21.8%	375
37						
38	Programs:					
39	Organizing Strategy	1,005	854	1,310	53.3%	1,226
40						
41	International Office	215	241	249	3.3%	253
42	Holdeen International Partners	131	154	154	0.0%	155
43	Holdeen India Program	1,501	1,414	1,473	4.2%	1,487
44	UU-UNO	225	195	267	37.1%	220
45	Total International	2,072	2,003	2,144	7.0%	2,115
46						
47	Congregational Life					
48	Congregational Life	1,535	1,819	2,138	17.5%	2,170
49	Southern Region	627	684	739	8.0%	752
50	New England Region	836	852	901	5.8%	919
51	CL-Combined Staff Costs	275	264	272	3.1%	277
52	Central East Region	1,012	1,148	1,172	2.1%	1,192
53	Office of Congregational Stewardship Services	33	28	28	0.0%	28
54	Total Congregational Life	4,317	4,795	5,251	9.5%	5,338
55						
56	Ministries and Faith Development					
57	Resource Development Office	581	634	726	14.5%	825
58	Youth and Young Adult Ministries	512	705	1,020	44.7%	973
59	Director of Ministries and Faith Development	657	622	653	5.0%	664
60	Multicultural Programs	53	305	407	33.4%	414
61	Director of Ministerial Credentialing	162	134	140	4.3%	142
62	Director of Transitions	346	365	395	8.3%	402
63	Office of Church Staff Finances	679	911	994	9.1%	1,011
64	Office of UUA Health Plan	262	256	214	-16.4%	218
65	Director of Professional Development	203	205	209	2.0%	212
66	Worship Arts	88	112	208	85.1%	212
67	Scholarships and Ministerial Ed Grants	299	307	334	8.9%	336
68	Continuing Education	37	104	105	1.3%	106
69	Aid Funds	589	505	537	6.3%	541
70	Panel on Theological Education	485	498	539	8.1%	543

	D	E	F	G	H	I
	Unitarian Universalist Association	FY21	FY22	FY23	Percent	FY24
	Forecast Summary	Results	2Q22 Fcst	Budget	Inc/(Def)	Budget
	Current Operations Expenses					
71	Total Ministries and Faith Development	4,952	5,663	6,480	14.4%	6,601
72						
73	UU Funding Program	1,521	1,412	1,491	5.6%	1,505
74	Crisis Relief & Misc. Programs	255	114	143	26.0%	144
75						
76	Communications					
77	IPW Office	414	551	725	31.7%	739
78	Periodicals Office	774	749	832	11.2%	842
79	Total Communications	1,188	1,299	1,558	19.9%	1,581
80						
81	Publications					
82	Publications Administration	515	554	579	4.6%	595
83	UUA Bookstore	594	702	707	0.8%	725
84	Total Publications	1,110	1,255	1,287	2.5%	1,319
85						
86	Total Programs	16,420	17,396	19,663	13.0%	19,829
87						
88	Administration					
89	Office of the President	452	492	515	4.8%	525
90	Office of the Executive Vice President	1,026	1,071	1,131	5.7%	1,148
91	Contingency Expense	0	242	431	100.0%	442
92	Salary Increase	0	148	308	108.1%	315
93	Human Resources	477	463	479	3.5%	487
94	Total Administration	1,955	2,415	2,865	18.6%	2,917
95						
96	Infrastructure:					
97	Stewardship and Development					
98	Vice President, Development	794	730	793	8.6%	808
99	APF Campaign	349	545	570	4.6%	581
100	StewDev Events	0	96	96	0.0%	96
101	Friends Campaign	352	389	399	2.6%	403
102	Charitable Gift and Estate Planning	86	203	209	3.1%	213
103	Comprehensive Campaign	447	477	473	-0.8%	480
104	Total Stewardship and Development	2,027	2,440	2,541	4.1%	2,582
105						
106	Information Technology Services	1,581	1,679	1,718	2.4%	1,727
107						
108	Internal Services:					
109	Finance					
110	Treasurer and Vice President of Finance	506	456	418	-8.4%	425
111	Financial Services	798	809	831	2.6%	846
112	Total Finance	1,305	1,266	1,249	-1.4%	1,270
113						
114	Facilities					
115	24 Farnworth Street	1,582	2,303	2,232	-3.1%	2,360
116	Total Operations Services	1,582	2,303	2,232	-3.1%	2,360
117						
118	Total Internal Services	2,887	3,568	3,481	-2.5%	3,685
119						
120	Total Infrastructure	6,495	7,687	7,739	0.7%	7,994
121	Total Expenses	24,976	27,802	30,636	10.2%	31,112
122						
123	Depreciation Spending	0	547	620		620
124	Depreciation Spending Laptops	0	57	40		40
125	Church Staff Finances Reserve	0	123	125		125
126	Beacon Press Occupancy Cost	0	565	300		150
127	PPP Loan Usage	0	375	575		575
129	COIC Implementation Funds	0	270	507		274
131	Received Prior Year Surplus	0	0	395		395
132						
133	Current Section Excess/(Deficit)	1,581	(0)	0		(71)
134						

Budget Fiscal Year 2023 – Flux Analysis

The following is an analysis of the changes from the FY22 Q2 forecast to the FY23 budget. Changes of 10% or more and \$100k or more are described.

Overall income – up 8.5% / \$2.209 million

Annual Program Fund – up 2.5% / \$199k

Our performance on APF during FY22 has been a pleasant surprise. The current forecast for FY22 represents an increase of \$661k (9.1%) versus the FY22 budget. However, based on our pre-pandemic APF forecast, and assuming year-over-year growth of 2%, even the FY22 APF forecast falls short of the pre-pandemic trajectory. We are forecasting APF growth of 2.5% for FY23, based both on the positive results for this year and feedback from congregations. However, this increase still leaves us short of the pre-pandemic path. As in FY22, this shortfall will be offset by a planned draw on our PPP loan proceeds currently held in reserve. The amount of the PPP draw related to APF, roughly \$342k, is included in the below the line adjustment to the budget.

Unrestricted gifts – up 21.8% / \$250k

This item on the budget reflects our Friends of the UUA program. Our Stewardship and Development team believe there is significant capacity to increase fundraising via this channel. It's also worth noting that the budgeted amount of \$1.4 million is only about 8.4% above our FY21 results, implying that the FY22 forecast is showing some near-term weakness.

Leadership Annual Giving – up 81.8% / \$225k

During our budget planning for FY23, the Stewardship and Development team suggested that our major gift fundraising would likely see a shift away from restricted, campaign fundraising to the unrestricted channel. Our Leadership Annual Giving consists of unrestricted gifts of \$10,000 and greater, and we expect it to increase to \$500k in FY23. There is a corresponding decrease in current year campaign fundraising, discussed later in this document.

Administrative Fees – up 6.4% / \$170k

The largest portion of this increase comes from release of restricted funds from earlier fundraising campaigns, specifically UU the Vote reserves. These reserves arose from the timing mismatch between of UUA's fundraising efforts and the date of the 2020 election. In FY22, comparatively few charges have been made to the UUtV project, and we anticipate that to ramp up significantly in FY23. The release of these restricted funds generates an Administrative Fee. Other smaller increases are forecast for the UUA's Group Insurance Plan and Pension administrative fees, and the UUCEF administrative fee. The latter two increases are largely the effect of increased balances in the UU Retirement Plan and UUCEF, owing to strong investment performance over the past year.

Investment Income – up 8.6% / \$203k

Income from UUA's unrestricted endowment is forecast to increase 8.6% in FY23. The endowment distribution is 70% based on the prior year's endowment distribution, adjusted for inflation, and 30% based on the rolling 4-quarter market value of the endowment. For the FY23 calculations, we

are using an inflation rate of 7% and an average endowment value higher by a little over 20% from calendar year 2020 to calendar year 2021.

Campaign Income – up 9.2% / \$100k

This increase is principally related to the release of accumulated funds in the UU the Vote project. As of the time of our budget discussions, we had about \$550k in net spendable income for our UU the Vote campaign. While some of this will be spent in the remainder of FY22, the large majority of this funding will be used in FY23 for our next UUV cycle, and it is recorded as income as it is used for eligible expenses. Overall, our budgeted campaign income is up \$100k from the FY22 forecast, yet we anticipate this large release of restricted funds. This is only possible because our new restricted fundraising for FY23 is projected to decrease by roughly \$250k versus the current year as that income instead flows to the unrestricted, Leadership Annual Giving category.

Holdeen and International Trusts – up 8.1% / \$156k

We anticipate a fairly sizable increase in outside grants to support our international work in FY23. These funds are passed through as grants to our partners, less any administrative fees that the UUA assesses on the outside grants. Meanwhile, we are projecting increases of around 11% on the income we receive on the Holdeen Trusts. The Holdeen income is primarily a function of the average market value of the Holdeen Trusts during calendar year 2021, and we saw this value grow over 17% YOY. In the recent past, we have experienced great volatility in Holdeen income, which makes long-term planning difficult for the International Office. However, we have built some reserves on our balance sheet and have asked Wells Fargo, the trustee of the Holdeen Trusts, to distribute less than the maximum legal amount for 2022. Both of these factors should reduce volatility in the income stream in future years.

Income for Other Purposes – up 40.2% / \$590k.

Compared to the FY22 forecast, we are including a larger base occupancy transfer from Beacon Press (\$350k vs \$150k). We also project increased fundraising for the Disaster Relief Fund as well as incorporating the allowable deficit for the Disaster Relief Fund that the Board approved ahead of our FY21 close. Lastly, a new \$112k figure has been incorporated for Congregational Life's consulting fee income for work of the Hope For Us conflict team.

Overall Expenses – up 10.2% / \$2.834 million

Board and Volunteer Leadership – up \$66k / 21.8%

The two largest additions to this part of the budget are an increase of \$35,000 in travel for the Ministerial Fellowship Committee to fund a retreat with volunteers and UUA staff during FY23, and an additional \$10k in funding (an increase from \$20k to \$30k) to support the work of the Article 2 Study Commission.

Organizing Strategy – up 53.3% / \$456k

We have added \$350k of new money to the FY23 budget in support of UU the Vote 2022. This total includes funds for temporary salaries & benefits, grants to state action networks and other frontline partners, and software expenses, among other items. The overall salaries and benefits line for this

staff group is higher yet, due to a full year of our climate justice organizer and our congregational justice organizer.

International Programs – up 7.0% / \$141k

This increase tracks the increase in outside grants and Holdeen Trust distributions discussed earlier. The income increases are almost entirely offset by increased grantmaking available from the Holdeen India program, plus an increase in UUA administrative fees.

Congregational Life – up 9.5% / \$456k

Congregational Life will add new positions for the Conflict Engagement Team co-director and for a new lay ministry associate. Both of these positions are to be offset with COIC implementation funding. We have also added significant funds for the Hope for Us Conflict Engagement Team coaches and for grants to congregations for conflict team work. We do anticipate an increase in consulting income as part of this work, which will offset the effect on the bottom line.

Ministries and Faith Development – up 14.4% / \$817k

MFD had a significant number of new money requests approved as part of this budget, most of which will be offset by use of COIC implementation funds. Included in this amount are a new child faith development associate and a music resource project manager. We have also included funds for work on the Mosaic Curricula, updating the Our Whole Lives visuals, and support of the YUUP program. One other new position was included in the budget that will be funded outside of COIC, and that is the LGBTQ and Gender Justice Program manager position.

Communications – up 19.9% / \$259k

The largest contributor to the increased budget versus FY22 is from having full-year salaries in for a number of new hires, including the executive editor of UU World, the associate editor/outreach associate, our public relations director and our justice communications associate. Outside of salaries and benefits, the remainder of the Communications budget is actually down versus FY22, aided by a reduction in consultant costs as we have added new full-time staff.

Administration – up 5.0% / \$101k

This category includes the offices of the President and EVP, plus our Human Resources staff group. The increase here is almost entirely related to the FY23 budget including full-year costs for the Staff Relations and Learning Director position and the Director of Equity, Inclusion and Change.

Contingency/Salary Increase

Contingency is set in the by-laws as 3% of unrestricted income and amounts to \$431k.

The salary increase for FY23 of \$308k includes an assumed 1% cost of living adjustment effective 7-1-22, a further 2% increase effective 1-1-23, and a smaller amount dedicated to grade and job changes.

Depreciation Spending

A more comprehensive review of our FY23 and beyond capital budget will be shared at the May meeting. For the purposes of this budget, we have held constant from FY22 the figure of \$620k as a below the line adjustment. The operating budget does include significant depreciation expense in the Information Technology Services and Internal Services lines of the budget. However, depreciation expense is a non-cash expense, and this \$620k below the line adjustment corrects for the non-cash nature of these expenses. Such an approach must be accompanied by a comprehensive look at upcoming capital expense projects to make sure that the cash outlays involved for capital expenses are in line with UUA's funding capabilities.

We also have included an additional \$40k in depreciation expense used in the operating budget related to the administration's decision to begin expensing the purchase of laptops and other hardware peripherals. The current UUA policy calls for items under \$2,500 to be expensed rather than set up as fixed assets, but our practice has been to aggregate such purchases and capitalize the hardware. This has led to problems such as fixed asset write offs on disposed equipment and difficulties in selling hardware to departing employees due to the high residual net book value. Expensing all laptop purchases will cause extra expense in the short term as we make depreciation entries and expense all new purchases, but this effect will dwindle over the next three years and after that the accounting cost to the UUA will be the same. In the near term, we propose an additional \$40k in depreciation spending included in the operating budget to address this extra expense.

Church Staff Finances Reserve

The Office of Church Staff Finances, which oversees the benefit programs for congregations and the UUA, has accumulated a significant cash reserve over the years. These funds are unrestricted but have been held aside for special projects. In FY23 the reserve will be tapped for continued support of the UUA operating budget at a level equal to the transfer made in FY22. Because these funds were received in past years, the cash expended is not technically income in FY23, and is therefore shown on a separate line below the expense section. Since this time last year, we have moved the OCSF reserves from bank CDs, where they were earning a nominal rate of interest, to the UUCEF. The OCSF funds in the endowment are not included in the principal when we calculate our endowment distribution.

Beacon Occupancy Cost Transfer

The new agreement between UUA and Beacon Press has changed the way that Beacon's occupancy cost transfers are reflected in the UUA operating budget. A base occupancy cost value equal to 50% of Beacon's total occupancy costs is included in the UUA budget in the Income for Other Purposes line. This base value for FY23 is \$350k. However, depending on Beacon's results, an amount up to the full occupancy cost for Beacon, roughly \$700k, could potentially be transferred to UUA for use in our operating budget. In other words, \$350k is included as fixed income for the UUA, with variable income of up to \$350k available depending on Beacon's results. The way the agreement works—largely because the UUA needs a higher degree of certainty around these figures—is that Beacon's FY22 results will affect the amount of occupancy cost to be transferred to UUA for use in our FY23 operating budget. Based on the most recent Beacon Press forecast for FY22, which estimates income for the year of around \$950k for the purposes of the agreement, we could

anticipate a further \$300k in occupancy cost contributions. This has been included as a below the line adjustment.

Notes on Fiscal Year 2024 “Out-year” Budget

The purpose of creating a budget for the year following the upcoming budget year is to see where current income and spending trends are pointing. We have recently reviewed a much longer forecast with the Values and Resources group to see how the UUA operating budget will fare after we more fully deplete some of the limited use funds (COIC Implementation, PPP, etc.). We know that the Association will have relatively high expenses in FY24 too, as the COIC work continues. As the one-time projects become part of the typical flow of work for the UUA, the one-time expenses will start to decrease in FY25.

The document reviewed with Values and Resources projected a \$71k deficit assuming a number of below-the-line adjustments related to PPP use, FY21 surplus use, and COIC implementation funds. That same \$71k deficit is presented on the FY24 budget forecast. However, the exact figures input for various staff group expenses were not rigorously determined. Most of the specific adjustments from FY23 to FY24 are in areas like endowment income, APF and other unrestricted fundraising, and salary and benefit costs. The UUA Administration stands prepared to make adjustments in its operating plan to address any shortfall when the budget for FY24 is prepared.