

	C	D	E	F	G	H
2	Unitarian Universalist Association	FY13	FY14	FY15	FY15	FY16
3	Budget Overview	Actual	3Q14 Fcst	Budget	Inc/(Dec)	Budget
4	Current Operations				E to F	
5						
6	\$ in Thousands					
7	Income:					
8	Income for General Support					
9	Annual Program Fund	6,724	6,800	7,000	2.9%	7,100
10	Friends of the UUA	1,095	1,000	1,100	10.0%	1,100
11	Unrestricted Gifts	139	351	265	-24.5%	265
12	Bequest Income	936	500	450	-10.0%	400
13	Administrative Fees	1,868	2,042	2,124	4.0%	2,134
14	Endowment Income	2,216	2,394	3,687	54.0%	4,297
15	Other Current Fund Income	2,652	2,686	1,978	-26.4%	2,038
16	Total Income for General Support	15,629	15,773	16,604	5.3%	17,334
17						
18	Income for Designated Purposes					
19	Campaign Income	2,202	2,174	2,209	1.6%	2,216
20	UUCSR Veatch Grants	2,307	2,239	2,241	0.1%	2,240
21	Grants and Scholarships	884	924	1,038	12.3%	1,075
22	Ministerial Aid Funds	454	467	506	8.3%	529
23	Holdeen and International Trusts	1,412	1,548	1,516	-2.1%	1,509
24	Income for Other Purposes	724	880	777	-11.7%	788
25	Total Inc for Designated Purposes	7,983	8,233	8,287	0.7%	8,358
26	Total Income	23,612	24,006	24,891	3.7%	25,692
27						
28	Expenses:					
29	Board & Volunteer Leadership	613	495	522	5.5%	522
30						
31	Programs:					
32	Program and Strategy Office	248	906	991	9.4%	1,038
33	Multicultural Growth and Witness	1,406	1,266	1,214	-4.1%	1,188
34	International	1,473	1,423	1,451	2.0%	1,453
35	Congregational Life	3,673	3,070	3,076	0.2%	3,097
36	Ministries and Faith Development	4,895	4,856	4,892	0.8%	4,952
37	UU Funding Program	1,298	1,239	1,241	0.2%	1,240
38	Crisis Relief & Misc. Programs	417	398	47	-88.2%	47
39	Communications	2,676	2,817	2,702	-4.1%	2,739
40						
41	Total Programs	16,085	15,973	15,614	-2.3%	15,756
42						
43	Administration	1,525	1,716	1,501	-12.5%	1,587
44	Contingency/Salary Increase	66	22	552	2409.1%	721
45						
46	Infrastructure					
47	Stewardship and Development	2,030	2,451	2,126	-13.3%	2,486
48	Information Technology Services	1,415	1,489	1,477	-0.8%	1,463
49	Internal Services	1,833	1,860	3,850	107.0%	3,157
50	Total Infrastructure	5,278	5,800	7,452	28.5%	7,106
51						
52	Total Expenses	23,567	24,006	25,641	6.8%	25,692
53						
54	Transition Funding	-	-	750		-
55						
56	Current Section Excess/(Deficit)	45	0	0		(0)
57						

	D	E	F	G	H	I
1	Unitarian Universalist Association	FY13	FY14	FY15	FY15	FY16
2	Budget Summary	Actual	3Q14 Fcst	Budget	Inc/(Dec)	Budget
3	Current Operations Expenses				F to G	
4	<i>\$ in Thousands</i>					
5	Income:					
6	Income for UUA General Support					
7	Annual Program Fund	6,724	6,800	7,000	2.9%	7,100
8	Friends of the UUA	1,095	1,000	1,100	10.0%	1,100
9	Unrestricted Gifts	139	351	265	-24.5%	265
10	Bequest Income	936	500	450	-10.0%	400
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20	Holdeen & International Trusts	1,412	1,548	1,516	-2.1%	1,509
21	Income for Other Purposes	724	880	777	-11.7%	788
22		7,983	8,233	8,287	0.7%	8,358
23	Total Income	23,612	24,006	24,891	3.7%	25,692
24						
25	Board & Volunteer Leadership					
26	Board of Trustees	325	151	150	-0.7%	150
27	Board Committees	53	101	113	11.5%	113
28	Board Task Forces	11	9	6	-32.5%	6
29	Moderator	17	30	30	2.6%	30
30	Nominating Committee	31	21	23	12.5%	23
31	Commission on Appraisal	23	21	20	-5.4%	20
32	Ministerial Fellowship Committee	122	138	155	12.4%	155
33	Commission on Social Witness	31	25	25	1.8%	25
34	Total Board & Volunteer Leadership	613	495	522	5.5%	522
35						
36	Programs:					
37	Program Strategy Office (former Growth Strategies)	248	906	991	9.4%	1,038
38						
39	Multicultural Growth and Witness	1,406	1,266	1,214	-4.1%	1,188
40						
41	International Office	228	231	202	-12.4%	196
42	Holdeen International Partners	209	141	151	7.0%	161
43	Holdeen India Program	707	739	782	5.9%	782
44	UU-UNO	328	312	316	1.1%	315
45	Total International	1,473	1,423	1,451	2.0%	1,453
46						
47	Congregational Life					
48	Congregational Life	3,293	2,681	2,670	-0.4%	2,745
49	Office of Congregational Stewardship Services	380	389	405	4.2%	352
50	Total Congregational Life	3,673	3,070	3,076	0.2%	3,097
51						
52	Ministries and Faith Development					
53	Resource Development Director	264	170	141	-17.1%	141
54	Resource Development Office	629	642	588	-8.3%	587
55	Youth and Young Adult Ministries	466	482	500	3.8%	500
56	Director of Ministries and Faith Development	564	572	372	-34.8%	372
57	Director of RE Credentialing	89	97	99	1.1%	98
58	Director of Ministerial Credentialing	190	211	215	1.6%	214
59	Director of Transitions	344	311	313	0.8%	313
60	Office of Church Staff Finances	563	496	580	16.9%	579
61	Office of UUA Health Plan	192	201	226	12.3%	226
62	Director of Professional Development	185	169	198	17.3%	198
63	Scholarships and Ministerial Ed Grants	323	366	350	-4.4%	368
64	Continuing Education	50	83	85	1.7%	85
65	Aid Funds	521	499	573	14.9%	596
66	Panel on Theological Education	514	555	651	17.1%	675

	D	E	F	G	H	I
1	Unitarian Universalist Association	FY13	FY14	FY15	FY15	FY16
2	Budget Summary	Actual	3Q14 Fcst	Budget	Inc/(Dec)	Budget
3	Current Operations Expenses				F to G	
67	Total Ministries and Faith Development	4,895	4,856	4,892	0.8%	4,952
68						
69	UU Funding Program	1,298	1,239	1,241	0.2%	1,240
70	Crisis Relief & Misc. Programs	417	398	47	-88.2%	47
71						
72	Communications					
73	IPW Office	477	523	372	-28.8%	372
74	Periodicals Office	946	951	984	3.5%	983
75	Publications Administration	553	542	541	-0.1%	548
76	UUA Bookstore	699	802	805	0.4%	836
77	Total Communications	2,676	2,817	2,702	-4.1%	2,739
78						
79	Total Programs	16,085	15,973	15,614	-2.3%	15,756
80						
81	Administration					
82	Office of the President	535	511	531	4.1%	562
83	Office of the Executive Vice President	485	697	418	-40.0%	421
84	Contingency Expense	66	22	392	1675.9%	400
85	Salary Increase	0	0	160	#DIV/0!	321
86	Human Resources	505	508	551	8.5%	604
87	Total Administration	1,591	1,738	2,053	18.1%	2,308
88						
89	Infrastructure:					
90	Stewardship and Development					
91	Vice President, Development	183	194	61	-68.3%	71
92	APF Campaign	226	317	303	-4.4%	319
93	Friends Campaign	326	356	368	3.2%	393
94	Charitable Gift and Estate Planning	125	165	171	3.9%	179
95	Comprehensive Campaign	1,169	1,419	1,223	-13.8%	1,525
96	Total Stewardship and Development	2,030	2,451	2,126	-13.3%	2,486
97						
98	Information Technology Services					
99	Information Technology Services	1,081	1,489	1,477	-0.8%	1,463
100	ITS Web Team	333	0	0	#DIV/0!	0
101	Total Information Technology Services	1,415	1,489	1,477	-0.8%	1,463
102						
103	Internal Services:					
104	Finance					
105	Treasurer and Vice President of Finance	524	523	373	-28.6%	376
106	Financial Services	714	600	627	4.6%	626
107	Total Finance	1,238	1,123	1,001	-10.9%	1,002
108						
109	Facilities					
110	Facilities - General	60	61	950	1452.2%	948
111	25 Beacon Street	56	(25)	0	-100.0%	0
112	41 Mt Vernon Street	3	(10)	0	-100.0%	0
113	Eliot & Pickett House	469	425	25	-94.2%	0
114	24 Farnsworth Street	8	285	1,875	556.9%	1,207
115	Total Operations Services	596	737	2,849	286.6%	2,155
116						
117	Total Internal Services	1,833	1,860	3,850	107.0%	3,157
118						
119	Total Infrastructure	6,869	7,538	9,506	26.1%	9,414
120	Total Expenses	23,567	24,006	25,641	6.8%	25,692
121						
122	Transition Funding	0	0	750		0
123						
124	Current Section Excess/(Deficit)	45	0	0		(0)
125						

Variance Analysis

Overall income - up 3.7%

Annual Program Fund - up 2.9%

APF performance in FY14 has been strong in all regions except the Southern Region. The third quarter forecast is tracking towards \$6.8 million, \$50,000 higher than the second quarter. The FY 15 budget compared to the revised forecast shows a 3.0% increase. Further, the performance in the Southern Region has strengthened throughout the year. Our expectation for FY15 is that the GIFT program in the Southern Region will be improved and that the other four regions will continue to perform well. Finally, the leadership of the program has been strengthened with the addition of Rev. Vail Weller as the director of the APF program.

Friends of the UUA - up 10% (flat vs. FY13)

The 3rd quarter revised forecast for the Friends program is \$1.0 million, or \$100,000 less than budget. The FY 15 forecast of \$1.1 million includes support from the President's Council, which this year went to the Join the Move Campaign. Further, this year's program was hurt by calendar year-end giving through UUSC to support victims of the typhoon in the Philippines. Because of these factors, Friends is likely to return to or exceed the level of giving in FY 13.

Unrestricted Gifts - down \$86K

The direct appeal to congregations - this year called Join the Move, and in previous years called Association Sunday - is conservatively budgeted at \$250,000. Association Sunday consistently has exceeded \$250,000 in total giving from congregations. In FY 15 this will likely be framed as a warm-up to the comprehensive campaign.

Bequest Income - down 10%

The long-term average for unrestricted bequests is over \$600,000 per year. Bequests for FY 13 were \$936,000 and in this fiscal year have already exceeded the budget of \$450,000 seven months into the year. Bequest income in excess of the budget would be counted as current income under generally accepted accounting principles, but the cash would go into the unrestricted endowment.

Endowment Income - up 54%

This is the spending from the unrestricted portion of the endowment. The UUA's spending policy is based on the current year's spending increased by inflation, weighted 70%, and 5.5% of the average asset value for the four quarters ending December 31, weighted 30%. So while the endowment fund was up significantly in 2013, spending from existing assets increased modestly due to the weighting of the inflation factor at 1.5% for calendar year 2013. In addition, the budget assumes two significant additions to the endowment corpus: approximately \$9.7 million from the Liberal Religious Charitable Society and approximately \$9.0 million from the net proceeds of the sale of our Beacon Hill properties. Allowable spending from new funds added to the endowment is calculated at the effective spending rate from the previous year, in this case approximately 5%.

Other Current Fund Income - down 26.4%

The decline is due primarily to the closing of Pickett & Elliot House, which represented \$375,000 in the FY 14 budget, and the elimination of the \$330,000 grant from LRCS. The

elimination of the LRCS grant is more than offset by additional endowment income (see above).

Campaign Income – up 1.6%

FY 15 will mark the beginning of the silent phase of a new comprehensive campaign, which we believe will stimulate generosity from major donors. Large gifts are targeted to specific projects, including Standing on the Side of Love, the UU College for Social Justice, and the new Heritage and Vision Center. The budget for FY 15 includes \$1.975 million in new gifts that will be expended in FY 15 and \$234,000 in temporarily restricted funds that will be released for spending in FY 15. The latter represents purpose-restricted gifts that were received in this or a previous fiscal year for projects taking place next year. Note that Campaign Income included in the operating budget includes funds that will be expended during the fiscal year, not the total amounts pledged or collected.

Grants and Scholarships – up 12.3%

Revenue for grants and scholarships is primarily from endowment funds restricted to scholarships and theological education. In addition, the Administration has dedicated approximately \$100,000 of the allowable spending from the LRCS fund to theological education.

Ministerial Aid Funds – up 8.3%

This represents income from restricted endowed funds and an outside trust, plus donations to the Living Tradition Fund. The increase came about because income from an outside trust was mistakenly omitted from the FY14 budget.

Holdeen and International Trusts – down 2.1%

This represents the payout from the Holdeen Trusts, managed by Wells Fargo. The decrease represents a conservative projection of the market performance of the trust fund. Most of this income is used for international programs, such as the Holdeen India Program.

Income for Other Purposes – down 11.7%

The decrease is a result of shifting Beacon Press' \$100,000 occupancy payment to the building management business unit.

Overall Expenses – up 4.8%

Occupancy Allocation – throughout

In FY 14 and prior years, the costs of operating our physical plant have been allocated to each staff group based on the square footage occupied. In this budget these charges have been moved from the staff groups into the Facilities Department. These allocations, while useful to display the full costs of our programmatic activities, were not useful to program managers since these costs are out of their control. Our plan is to reflect fully allocated occupancy costs in the final audited financial statements for the year. There is no net effect on the budget.

Board and Volunteer Leadership – up 5.5%

The increase is driven primarily by higher lodging costs. Note that the charges for Pickett & Eliot House covered only the direct operating expenses, but not depreciation or the opportunity cost of devoting significant capital assets to this use.

Program and Strategy Office – up 9.4%

Reflects the creation of a new position to oversee communications, including the new branding effort.

Multicultural growth and witness – down 4.1%

Primarily the effect of eliminating the occupancy allocation.

International – up by 2.0%

Additional grants through the Holdeen India Program enabled by additional payout from the Holdeen Trusts.

Congregational Life – up 0.2%

Primarily the effect of eliminating the occupancy allocation.

Ministries and faith development – up 0.8%

The elimination of the occupancy allocation is offset by increases in the Office of Church Staff Finance for support staff and research materials. Reallocation of resources within the staff group budget include:

- In Transitions we shifted \$10K from "Beyond Categorical Thinking" (BCT) to help fund a training for Developmental Ministry (5 year model for working with seriously fractured/declining congregations). We were able to do this by making strategic use of a hybrid model (virtual and in person) for delivering the BCT trainings, which help prepare congregations in search to consider issues of race, sexual orientation, gender orientation, physical ability etc. in ministerial searches.
- In Youth and Young Adult Ministries we shifted some funds (about \$10K) for scholarships for GA and grants to youth groups for special projects into a project called "Next Generation Ministries" which will support young adults particularly those who are doing entrepreneurial ministry.

UU Funding Program – up by 0.2%

All of the UUFPP's expenses, including grants and administration, are entirely covered by a grant from the Veatch Fund.

Beacon Press & Crisis Relief – down by 88.2%

In FY 14 the Beacon Press occupancy allocation was carried in this section of the budget but is now eliminated.

Communications – down by 4.1%

Most of the reduction is due to the elimination of the occupancy allocation. Reallocation of resources within the staff group budget include:

- Shifting some funds to create a digital edition of *UU World* (i.e., a version of the print mag that can easily be read on a tablet).
- And while it doesn't have any budget implications for FY15 expenses, the staff group is spending a lot of time and staff effort to develop and design new sale non-book products for the Bookstore.

Administration – down 12.5%

Budget reflects the addition of part-time Human Resources Coordinator (0.57 FTE) = \$25,140, increase in medical premiums of \$115,000, and a reduction in Post-Retirement Benefit Cost from \$111,000 (FY2014) to \$66,823.

Contingency/Salary Increase

Contingency is set in the by-laws as 3% of unrestricted income. FY 14 contingency is almost entirely committed, so the percentage increase appears large. The salary increase from FY14 has been distributed into the staff group budgets.

Salary increase assumes:

- 2% cost of living salary increase in January 2015, 12 months after the previous increase.
- 2% pool for staff pay rate increases effective 1/1/2015 = \$110,000
- Pool for grade and job changes = \$25,000
- Salary in lieu of FICA for ministers hired post 3/1/2007 = \$25,000

Stewardship and Development – down by 13.3%

Reflects the reduction in transition funding for GIFT program and elimination of occupancy allocation, lower software costs, and the occupancy charge.

Information Technology Services – down 0.8%

In addition to the change in occupancy, the budget reflects:

- Increase in cost of Internet access to add a fiber link. (+\$14K)
- Increase in cost of maintenance for new phone, network, and cellular systems. (+\$32K)
- Decrease in cost of operating the cloud-based disaster recovery system. (-\$20K)
- Decrease in cost of operating the website publishing system. (-\$16K)
- Decrease in cost of operating the staff Intranet. (-\$7K)

Internal Services – up 107.0%

Most of the change is the elimination of the occupancy allocation, which in prior budgets was a reduction to facilities expense. In addition, depreciation on furniture and fixtures is included in this budget.

Transition Funding

In the transition to the new facility, we have known for some time that FY15 would require some additional funding. For the first six months of the year, the UUA will be leasing space from the Davis companies. Then, starting in January 2015, these expenses will be eliminated, and the UUA will begin receiving lease income from the tenant on the upper three floors as the owner of the building. Therefore, in the capital budget passed by the board of trustees in October 2013, \$750,000 was allocated from the proceeds of the sale of our Beacon Hill properties to cover these additional transition costs. In FY16,

when there are no longer lease payments and the UUA is the landlord of the building for the entire year, the deficit is eliminated and the operation turns cash positive.