



Financial Advisor's Report



June 26, 2004



"Those of us who serve volunteer organizations, even if we have fiscal awareness, cannot reach to the heart of finances. The treasurer usually represents management. What we need is a person who strives mightily (not always successfully) to give us an independent and critical view – the best assurance available that we are being responsible....The Financial Advisor must take that role as central."

Rev. Dr. Peter S. Raible 1929-2004



- Growth & Congregational Resources
- Financial Results
- New Standards of Financial Accountability and Responsibility



Adult Membership Growth Continues

- **Adult membership increased by 0.7% (from 152,060 to 153,165)**

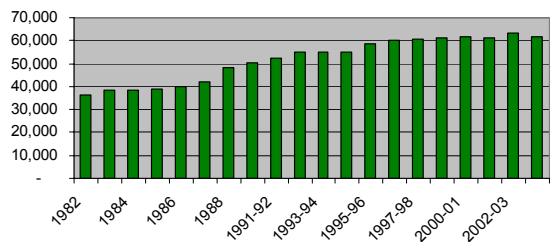


RE Enrollments Dropping

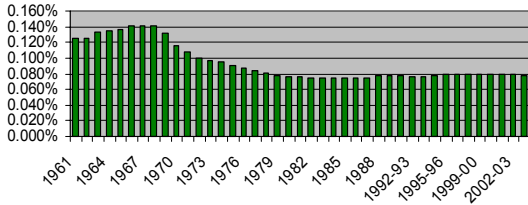
- **RE enrollments decreased by 1.7% (from 60,733 to 59,700).**



RE Enrollments Have Levelled Off



Combined Membership & RE Enrollment as % of Population



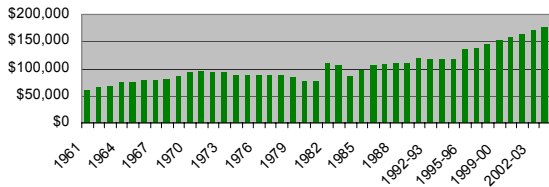
Congregational Resources

Congregational resources are up to \$182.6 million in 2003

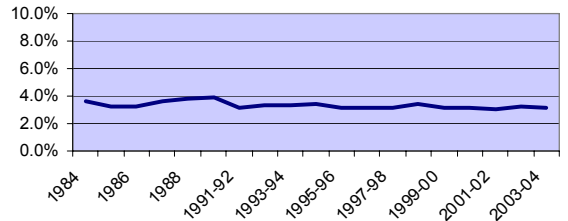
- 1.6% higher than 2002
- 50.2% higher than 1993
- 114.1% higher than 1983

In 2003 Dollars

Congregational Resources per Congregation in 2003\$



APF as % of Congregational Expenses



Financial Results

- FY03 budget was balanced and FY04 is projected to be balanced
- Beacon Press is ahead of plan for the second year in a row (and we are in the second year of the three year plan)



Campaign for Unitarian Universalism

- Stick around for the President's Report!

Endowment Report

(General Investment Fund or "GIF")

Lucia Santini-Field



Asset Allocation Strategy

The Key Determinant of
Long-term Performance, Risk and
Return



Asset Allocation

- **Equity** **60%**
 - Large Cap Growth 15%
 - Large Cap Value 15%
 - Small-Mid Cap Growth 7.5%
 - Small-Mid Cap Value 7.5%
 - International 15%
- **Fixed Income** **40%**
 - Core Domestic Govt. Corporate 28%
 - High Yield 7%
 - International 5%

Performance Results

	UUA Endowment (GIF)	Median Endowments	Policy Index
Calendar '03	24.3%	23.0%	20.6%*
1 st Quarter '04	4.0%	3.3%	3.1%
Year to Date '04	2.4%	NA	1.0%
7 Years Ended 3/31/04	7.4%	8.0%	NA

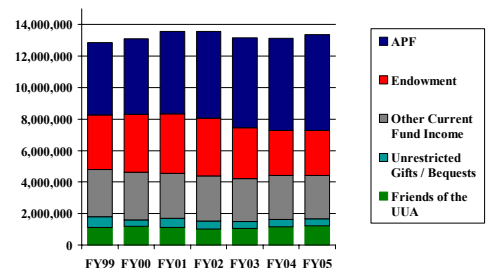
*Blended Index

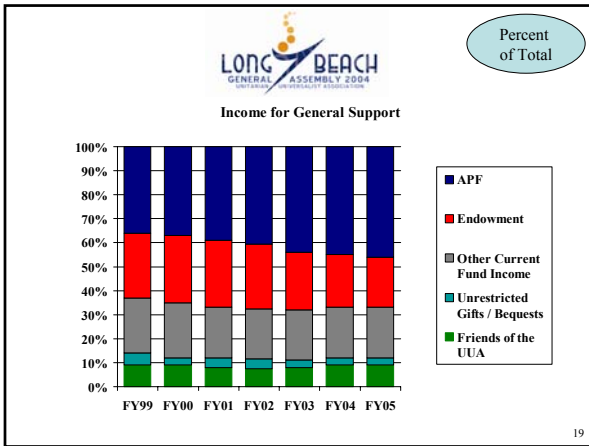
Sources of Support for the Budget

- **In the FY05 budget, our total income for "general support" is increasing for the first time since FY02**
- **Endowment income has been shrinking because of the market downturn**
- **BUT, congregational giving has consistently increased each year**

Dollars

Income for General Support





19

Workshop
Monday 10:15 pm
Conv. Ctr. 301

Standards for Financial Accountability and Responsibility

- Sarbanes-Oxley Act of 2002
- State attorneys general are proposing legislation
- The UUA is responding positively to these developments

20

Workshop
Monday 10:15 pm
Conv. Ctr. 301

Sarbanes-Oxley

- Audit Committee to hire and receive report of auditor
- Financial expert on Audit Committee
- Whistleblower policy
- Assessment of internal controls
- Conflict of interest policies

21

Workshop
Monday 10:15 pm
Conv. Ctr. 301

Audit Committee

- Held its first meeting on April 7; two more scheduled (for August 25 & October 12)
- Three responsibilities:
 - annual audit & oversight of external auditors
 - assessing internal controls
 - assessing business risks

22

Workshop on New Accountabilities for Financial Stewardship

Sponsored by the Audit Committee

- Monday 10:45 am to 11:30am
- Convention Center 301

23

The Ledger

- FY03 and FY04 budgets balanced
- Beacon Press is well ahead of plan
- Audit Committee has begun its work
- Investment performance is strong
- Beacon Press remains a risk
- We need to understand why RE enrollments are dropping
- We can and should grow faster than we are!

24

New Financial Advisor in 2005

Know-How

- Understand standards of good stewardship (financial management & accounting)
- Political sensitivity and skills

25

New Financial Advisor in 2005

Qualities

- Passionate commitment to our community of faith
- Sees money as an instrument of faith
- Doesn't let passion and faith obscure fiscal reality

26

**Thank you for the
opportunity to serve!**

27