



**Unitarian Universalist Association
Annual Treasurer's Report
June 2005
GA Fort Worth, TX**

Jerry Gabert, Treasurer and Vice President of Finance

**Unitarian Universalist Association
Annual Treasurer's Report
To the 2005 General Assembly in Fort Worth**

The UUA **Current Operations Budget Summary** contains results for the fiscal years ending June 30, 2003 and 2004, along with the budget for the current fiscal 2005 year just ending, the approved budget for the upcoming FY2006 budget year and the outlying FY2007 budget that has been received by the Board of Trustees. You will also find an Operating Budget Supplement as an aid to understanding the budget categories and Operating Budget Graphs to satisfy your visual interest.

Fidelity Investments Tax-Exempt Services Company, as the provider of trust investment, record-keeping and administration services for our **Unitarian Universalist Organizations Retirement Plan** has permitted the continued expansion of the number of congregations electing to participate in the plan to more than 626 organizations and 2266 participants. Last October, seven new investment options were added to our Plan. After careful review and consideration, and in keeping with the Plan's mission of offering a variety of quality investment options, five of the seven new funds are Socially Responsible: Ariel Appreciation Fund, Calvert New Vision Small Cap Fund, Calvert Social Index Fund, Calvert World Values Fund, International Equity, and PIMCO Total Return III. In addition to the Socially Responsible funds we also enhanced the investment menu to offer the Fidelity Treasury Inflation Protected Bond Fund and the Fidelity Small Cap Stock Fund. As you will recall, we had previously increased the number of investment options participants may select for their retirement funds to ten, including the Fidelity family of Freedom Funds, the Domini Social Equity fund and two Walden Asset Management socially responsible mutual funds. Fidelity also offers enhanced education and retirement investment planning services, timely electronic "statement on demand" reporting with more choice and increased flexibility.

A salary reduction, personal investment feature is included where the retirement plan participant's member congregation contribution has reached 10% or more. Participants may elect to borrow up to the lesser of \$50,000 or 50 percent of his/her accumulated assets for two purposes: a medical emergency or for the purchase of a primary residence. Regular monthly payments on the amount borrowed, plus interest, must be made to the participant's account.

Strategic Review of the Asset Allocation Policy of the UUA General Investment Fund (GIF) was completed by the Investment Committee within the past two years. In conjunction with the services of New England Pension Consultants (NEPC) the committee studied a wide range of asset classes that are appropriately considered for an endowment such as the General Investment Fund, with its attendant goals, objectives and constraints. The study included a number of asset classes that had not previously been represented in the asset allocation policy of the GIF. The asset allocation policy of the GIF has, for many years, targeted a 60% investment in equity securities and a 40% allocation to fixed income securities. In prior years, this overall policy had been achieved through the use of "balanced managers" each of whom managed a blend of both stocks and bonds. Rebalancing had been the responsibility of the individual manager, without knowledge of the allocation of the other managers.

The Investment Committee unanimously voted to maintain the overall asset allocation, but to revise the UUA policy to include additional fixed income and equity asset classes in the GIF. The Committee also revised the target asset class allocations to accommodate new classes, to set permissible ranges for each

asset class and to create a revised rebalancing policy driven by the position of the asset class within the range established. The Committee recognized that the implementation of such changes warranted the review, search and selection of investment advisors that are specialist managers, with expertise in a particular asset class. It was determined that the funding of new asset classes would either occur through a change in management of a component (equity or fixed income) presently managed by a balanced manager or by the elimination of one or more managers. The committee set the goal and has completed its implementation of the revisions.

Due to the cyclical nature of securities markets, the investment management business itself is cyclical. The strain of under-performing had the effect of driving change and consolidation with the investment advisor and investment managers. Such changes do not always benefit clients or their portfolios and resulted in changes in the operating structure of several investment advisers who had managed GIF assets.

The Investment Committee previously voted to liquidate the global fixed income assets managed by Lazard Asset Management, due to significant under-performance relative to the appropriate benchmark. The proceeds were combined with other core fixed income funds managed by PIMCO and known as the SIT Total Return Trust II, under the aegis of Oppenheimer Capital. The Committee also terminated the services of Beacon Asset Management for both the equity and fixed income portion of the portfolio, as well as the equity funds managed by Oppenheimer Capital and Regent Investment Advisors for both equity and fixed income management.

The Committee had been studying high yield and global bond managers and selected two specialty managers to assist with a broader diversification through the reinvestment of fixed income assets. The fixed income proceeds were invested in Seix Investment Advisors Hi-Yield Investment Strategy and the GMO (Grantham, Mayo, Van Otterloo & Co.) Global Bond Fund. Additional equity proceeds were placed in the Domini Social Funds Index.

The committee then began the analysis of alternatives for placement and strategic investment of core equity assets. In its analysis, the history, structure and strategy of the investment firms was considered and also their investment philosophy and practice, professional staff, fee structure and their ability to assist the UUA with implementation of its socially responsible investment strategy.

The **Investors Bank & Trust Company** (IBT), custodian for the General Investment Fund (GIF), has enabled more timely quarterly endowment fund reconciliation and calculation of the GIF market value thus permitting earlier distribution of the checks to be mailed. We have established the 12th business day of the quarter as our goal for reporting and releasing checks. The priority GIF service goal is to improve the clarity and quality of the quarterly statements sent to member congregations and affiliates who choose to invest with the Association.

The Association encourages member congregations, districts and affiliates to invest endowment funds along with the UUA's GIF endowment portfolio. Investing with the UUA offers the advantage of investment and administrative stability without the need for periodic retraining and with the comfort of having the Association's Investment Committee oversight. Perhaps the time is right to consider investing your Congregation's endowment funds with the Association.

The **Unitarian Universalist Association Financial Statements** for the years ended June 30, 2004 and 2003, on which Deloitte & Touche expressed an unqualified opinion, are included in the independent section of these UUA 2005 Annual Reports. We recommend them for your understanding of our overall

financial picture, and the more comprehensive knowledge that emerges from the reading of the footnotes, as well. The one page comparison of the Statements of Financial Position, on Page 2, is especially of value for the overview it provides of the financial strength of our Association. The total current assets less current liabilities, or working capital, at June 30, 2004 was \$10.7 million.

There are Supplemental Schedules of assets, liabilities and net assets on pages 16 - 18 that include business segment information for Current, Beacon Press, CPLC and the GIF. Additional GIF reporting is on pages 19 – 32 that include the investment portfolio detail.

At its January 17-18, 2004 meeting, the UUA Board of Trustees voted to establish an “umbrella giving” program permitting the UUA to act as an umbrella organization for gifts made to all UU entities.

At its October 16-17, 2004 meeting the UUA Board of Trustees approved a new policy for funding future UUA capital campaigns, voting as follows: To fund future capital campaigns by taking an additional draw up to 2% from the Associations’ accumulated appreciation from restricted endowments in an amount sufficient to cover capital fundraising expenses. This draw is in addition to the 5% draw for operating budget, not to exceed a total of 7%.

Under the terms of the Holdeen and certain other trusts, the Association has an irrevocable right to receive and to use the income earned on the trust assets for designated purposes, but the principal itself will not be spendable. In compliance with the practice recommended in the American Institute of Certified Public Accountants Not for Profit Audit and Accounting Guide, the fair value of the trust assets have been recorded as permanently restricted net assets amounting to \$39.8 million, comprised of the Holdeen and other trusts. This reporting practice affects the reporting visibility of these trust assets, but should not be construed as increasing the amounts to be received in the future or changing the designated use of the income.

The **Blackbaud Financial Edge reporting system software** has permitted the development of more useful monthly and quarterly reporting for our current operations. In addition to consistent timely monthly reports, quarterly consolidating statements by business segment are prepared for reporting to the Finance Committee, our mortgage banker and the Administration. Also, Committee chairs and each staff liaison receive quarterly financial reports that compare expenditure activity with budget and prior year levels.

Continuing progress is expected to include improved operating cash flow reporting and electronic access to the financial reporting system for information and analysis by the program and support service staff of the Association. The budgetary planning is also more reflective of our historical monthly and quarterly experience, through tracking the income as well as the program and staff group budgets for comparative purposes, with the budget reflecting seasonal variation.

The **Committee on Socially Responsible Investing** has made substantial progress in the past year. The following page includes the description of the special program event and workshops that may be of interest to you. Come and join us!

Jerry Gabert, Treasurer and Vice President of Finance



UUA General Investment Fund

Investing based on UU values for your congregation's heart, mind and pocketbook

Promise the Children Safe Homes & Caring Communities

How can we provide resources for all children to grow up knowing their inherent worth and dignity? Enterprise Housing Financial Services and the UU Affordable Housing Corporation demonstrate their work to make this vision a reality, in partnership with UUs and others who invest in community development.

Speakers: Gretchen Olson, Kristen Faust, Dorothy Emerson, Mark Knight
Date: **Friday, June 24th, 9:45 – 11am**
Room: Fort Worth Convention Center Room 110AB

Investing Responsibly With Faith

Not your father's prudent man rule! Financial and ethical standards by which Trustees and Boards are measured have radically changed over the last two decades. Issues such as diversification, benchmarking, and value congruence are all subject to different expectations versus twenty years ago. This workshop will focus on current and emerging prudent person standards.

Speakers: Craig Scholl & Jim Sherblom
Date: **Friday, June 24th, 12:30 – 1:45pm**
Room: Fort Worth Convention Center Room 202B

Align, Ye UUs, Your Assets with Your Values

Join the UUA Committee on Socially Responsible Investing to review the basic tools of investing with your values – community investing, stock investing screening, proxy voting, and shareowner activism. For: Individuals; Small to Mid-size Congregations; Large Church Endowments; UUA retirement plan participants, social justice & finance committees, ministers and staff.

Speakers: Rev. Sydney Morris & Stephanie Leighton
Date: **Sunday, June 26th, 4:45-6pm**
Room: Fort Worth Convention Center Room 203B

REPEAT: **Monday, June 27th, 3:45 – 5pm, Room 203A**

Shareholder Advocacy: Investing in Social Justice

Owning a small amount of stock in a multinational corporation enables you to demand compliance with human rights standards. Discover how to hold corporations accountable for dealing with issues like sexual orientation non-discrimination and the HIV/AIDS pandemic in Africa. Presented with the Committee on Socially Responsible Investing of the UUA..

Speakers: Jim Gunning & Stephanie Leighton
Date: **Friday, June 24th, 9:45 – 11am**
Room: Fort Worth Convention Center Room 100B

Socially Responsible Investing

Operating Budget Summary

FY 2003 and 2004 Results

FY2005 and 2006 Budget

FY2007 Budget Received

**UUA Budget Summary
Current Operations**

FY03 Results	FY04 Results	FY05 Budget 10/17/05	FY06 Budget 1/23/2005	FY07 Budget Received 4/17/2005
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(Program, continued)

District Services

District Services	1,398,375	1,442,628	1,639,056	1,717,794	1,832,735
District APF Grants	585,168	601,073	591,538	635,316	662,317
<i>Total District Services</i>	1,983,543	2,043,701	2,230,594	2,353,110	2,495,052

Identity Based Ministries

Identity Based Ministries	434,120	512,028	491,612	475,153	517,440
<i>Total Identity-Based Ministries</i>	434,120	512,028	491,612	475,153	517,440

Lifespan Faith Development

Director of Lifespan Faith Development	153,183	169,915	168,846	163,577	180,676
Curriculum Development	327,025	228,598	324,995	314,839	325,639
Youth Office	252,125	249,311	244,665	245,616	249,815
Youth Council	40,882	44,078	49,898	49,967	51,584
Youth Programs	31,994	27,252	27,500	25,000	25,000
<i>Total Lifespan Faith Development</i>	805,209	719,154	815,904	798,999	832,713

Ministry & Professional Leadership

Dir. of Ministry and Professional Credentialing	224,161	245,581	269,749	263,778	247,570
RE Credentialing	99,674	106,782	119,977	124,482	124,481
Ministerial Credentialing	157,730	159,252	160,449	155,757	155,756
Settlement	201,450	200,284	216,919	201,137	201,135
Office of Church Staff Finances	275,222	219,591	238,697	232,558	232,556
Professional Development	179,775	207,824	217,184	156,705	156,704
Scholarships and Ministerial Ed Grants	389,541	363,687	366,423	330,184	341,133
Continuing Education	61,748	44,675	57,403	70,000	70,000
Aid Funds	445,904	532,778	538,166	549,000	499,000
Panel on Theological Education	728,705	636,245	577,375	592,988	639,316
<i>Total Ministry & Prof. Development</i>	2,767,410	2,716,699	2,762,343	2,676,589	2,667,650

Publishing

Communications

Director of Communications	104,751	125,577	109,015	109,417	109,504
Periodicals	834,828	741,357	816,431	752,138	668,571
Publications Administration	398,846	421,337	443,304	448,389	450,885
UUA Bookstore	794,798	768,159	797,832	819,801	844,071
<i>Total Communications</i>	2,133,223	2,056,430	2,166,582	2,129,746	2,073,031

Beacon Press

Total Operating Income	4,909,655	4,442,259	5,108,000		
Total Operating Expenses	4,805,119	4,617,749	5,129,000		
Beacon Press (display only, not in totals)	(186,000)	(189,000)	(71,000)		

<i>Total Publishing</i>	2,133,223	2,056,430	2,166,582	2,129,746	2,073,031
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Total Program	12,824,660	12,468,852	12,569,987	12,374,219	12,575,879
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**UUA Budget Summary
Current Operations**

	FY03 Results	FY04 Results	FY05 Budget 10/17/05	FY06 Budget 1/23/2005	FY07 Budget Received 4/17/2005
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Administration

Office of the President	343,390	355,200	325,652	361,638	402,636
Office of the Executive Vice President	331,028	295,124	311,368	325,335	325,332
Contingency Expense	216,308	130,947	319,031	340,018	366,466
Human Resources	336,683	381,863	496,177	851,840	975,702
<i>Total Administration</i>	1,227,409	1,163,134	1,452,228	1,878,831	2,070,136

Infrastructure

Stewardship and Development

VP of Stewardship & Development	150,940	197,598	99,063	109,534	112,534
APF Campaign	184,762	188,464	199,373	200,399	172,843
Friends Campaign	338,192	304,631	335,251	574,908	829,107
Charitable Gift and Estate Planning	229,868	203,181	190,528	200,420	201,418
Campaign for UUism / Umbrella Giving	655,510	692,271	787,822	851,644	903,589
<i>Total Financial Development</i>	1,559,272	1,586,145	1,612,036	1,936,906	2,219,491

Information Technology Services

Data and Technical Services	871,860	937,240	945,482	957,514	976,309
Office of Electronic Communications	200,382	213,484	227,761	213,020	226,348
<i>Total Information Technology Services</i>	1,072,242	1,150,724	1,173,243	1,170,534	1,202,657

Internal Services

Finance

Treasurer and Vice President of Finance	309,113	271,336	248,989	298,400	286,148
Financial Services	450,110	432,586	479,589	476,909	478,904
Miscellaneous Funds and Scholarships	130,743	51,764	0	0	
<i>Total Finance</i>	889,966	755,686	728,578	775,309	765,052

Facilities & Operations Services

Facilities - General	823,202	811,037	770,475	772,854	740,229
25 Beacon Street	93,071	94,034	97,000	99,250	99,250
41 Mt Vernon Street	168,310	159,907	171,579	172,979	172,979
Eliot and Pickett House	238,934	251,898	244,462	243,218	243,217
<i>Total Facilities & Operations Services</i>	1,323,517	1,316,876	1,283,516	1,288,301	1,255,675

Total Internal Services **2,213,483** **2,072,562** **2,012,094** **2,063,610** **2,020,727**

Total Infrastructure **6,159,414** **4,809,430** **4,797,373** **5,171,050** **5,442,874**

Total Expenditures **20,634,720** **20,028,921** **20,503,170** **21,101,420** **21,674,288**

Expenditures Over (Under) Income **0** **3,626** **0** **0** **(10,204)**

Operating Budget Supplemental

BUDGET SUPPLEMENT

The following supplemental information is provided as an aid to help you understand the major categories of the Association's budget.

INCOME

INCOME FOR UUA GENERAL SUPPORT

Fundraising – APF Churches & Fellowships

Annual Program Fund

The Annual Program Fund (APF) provides for about 46% of the UUA's budgeted income for general support. The APF Program concentrates its efforts on raising revenue from member congregations: the suggested contribution for fiscal year 2004 was \$48 per member, and is \$50 per member for fiscal year 2005, while fiscal year 2006 is \$51 per member and fiscal year 2007 will be \$53 per member. The UUA bylaws restrict budgetary increases in APF contributions to no more than 7% over the previous year's actual income. APF income is projected to increase by 3.5% to 5% through fiscal year 2007. In 2004 and 2005 \$1 of the \$2 increase is specifically designated to fund congregational growth.

Fundraising - Friends of the UUA

The Friends of the UUA campaign is directed to individual Unitarian Universalists. Through direct mail, phone, and personal visits by staff and volunteers, the Friends campaign raises about 8-11% of the Association's annual income for general support. The projected giving from current and new Friends donations is expected to be \$1,092,000 in FY2005, \$1,521,600 in FY2006 and \$2,100,000 in FY2007.

Unrestricted Gifts and Bequests

Charitable Gifts and Estate Planning encourages individuals to include the UUA in their financial estate plans and to create charitable trusts. The budgeted income will be \$450,000 in FY2005 and will be reduced by \$25,000 in FY2006 and further reduced to \$350,000 in FY 2007.

Administration Fees

The Association charges its general investment funds, the UUA Retirement plan, and other funds an annual administrative fee equal to the approximate cost of handling the funds.

General Investment Fund (GIF) Income

Represents income on investments made with funds donated or bequeathed to the Association by individuals and organizations. The unitized "common trust" fund is valued quarterly based on a thirteen quarter rolling average of the market value of the fund. The projection for FY2005 through FY2007 is based on the assumption the market will remain at the December 31, 2004 level. The GIF includes a \$20 million endowment donated to the Association by the Unitarian Universalist Congregation at Shelter Rock (UUCSR) of Manhasset, New York. The spending rate or draw is

5%, paid quarterly. The income is expected to be down about 4% in FY2005, also down about 1% in FY2006 and will be ahead about 7% in FY2007.

Other Current Fund Income

The Other Current Fund Income is included on a gross basis, before the cost of services provided. It consists of UUA bookstore sales, our lodging house for Unitarian Universalists rental income, periodicals subscriptions and advertising income, office facilities rental income from affiliates, income received from outside trusts, investment income from community and minority banks, fundraising consultation fees related to congregational annual fund and capital campaigns and other miscellaneous income. In FY2005 the income is expected to increase overall due to periodicals advertising, Eliot & Pickett UU lodging, fees for consultation, bookstore, and other miscellaneous and a reduction in LRCS distributions. In FY2006 income is expected to decrease about 2% from reduced fees for building programs and LRCS distributions partially offset by increased periodicals advertising.

INCOME FOR UUA DESIGNATED PURPOSES

Handing on the Future Income

Income from the completed Handing on the Future capital campaign is reflected as the planned program expenditures are provided. This includes the annual earnings on ministry-related endowments (identifying and recruiting promising candidates, scholarship aid to students and continuing education grants) plus the commitments made against four 'spend down' funds for recruitment of ministerial candidates, youth and young adult ministry, public relations, and nurturing congregational growth. The overall income from the capital campaign will decrease as these funds are fully utilized.

Campaign for Unitarian Universalism

Income from the Capital Campaign for Unitarian Universalism includes the Pathways, Metropolitan Strategy, Growth Team and the marketing campaign, religious education curriculum visioning, and the implementation of the Young Adult Campus Ministry long range plan "Searching for the Future."

UUCSR Veatch Grants

Grants from the Veatch Program of the Unitarian Universalist Congregation of Shelter Rock allow the UUA program staff groups, including Congregational and District Services extension programs, Lifespan Faith Development and Lay Leadership development to support the growth of mission-based, faith-filled Unitarian Universalist congregations. Also included are the Unitarian Universalist Funding Program grants. Veatch Grants of \$900,000 in FY2005 will be dedicated to Growth, RE Credentialing, Lay Leadership, Ethics in Congregational Life, and to Identity Based Ministries (IdBM), Advocacy and Witness (A&W), Young Adult and Campus Ministry (YACM) Young Adults, and UU&Me. The Unitarian Universalist Funding Program panels continue at \$1 million available for grant making.

Educational Grants and Scholarships

Reflects income from \$9 million endowment from the Unitarian Universalist Congregation at Shelter Rock for theological education, from two-thirds of the St Lawrence Educational trust income, UUA endowed scholarship funds and the Living Tradition fund.

Ministerial Aid Funds

Represents income from Ministerial Aid endowment funds and the Living Tradition fund.

Holdeen and International Trusts

Includes income from the Holdeen Trust funds for Holdeen India Program grants, for the designation trust recipients and other international program charitable service activity.

Other Purposes

Capital Gains for Fundraising income represents accumulated gains on endowment funds that are used for funding expenses of the Capital Campaign for Unitarian Universalism. These funds will be returned to the endowment as the proceeds of the campaign are received. Other income is from a variety of sources including the Liberal Religious Charitable Society (LRCS), with program support and other subsidy income of \$100,000 in FY2004 and continuing transition program support of \$50,000 in FY2005. Funds from the from the John Cross trust are included to be used for staffing support related to gay and lesbian issues. Also, income is provided by the Council on Church Staff Finances, the UUMA and LREDA in support of administrative staffing expenses incurred by the Office of Church Staff Finances.

General Assembly

When the General Assembly earns an excess of income over expenses, this excess is added to the general income of the Association. When there is an excess of expense over income, the resulting loss is recorded as an expense and made up from the Association' unrestricted endowment funds. The financial objective of the General Assembly is to break even.

EXPENDITURES

Board and Volunteer Leadership

The Board of Trustees serves as the chief management body of the Association when the General Assembly is not in session. The budget provides for travel accommodations and meals for the Board of Trustees and all Board level and elected committees and task forces, so that they can conduct the affairs of the Association as set forth in the bylaws. Expenses for the Moderator and Financial Advisor's travel and activities are also covered.

Regional subcommittees of the Ministerial Fellowship Committee are included in the budget at their anticipated costs: \$100,300 in FY2004, \$97,500 in FY2005 and \$90,000 in FY2006 and in FY2007.

The UU Funding Program receives grants from the Veatch Program of the Unitarian Universalist Congregation of Shelter Rock and administers four lay leadership led grant making panels.

Programs

Advocacy and Witness

This staff group includes the UU Washington Center – advocacy and witness programs; the Office of Information and Public Witness, the International Office and work with the Holdeen India Program and Holdeen International Partners.

The UUA Holdeen India Program distributes trust income designated for use in India for maternity, child welfare, education and migration expenses, and other charitable services. The fund enables some of the poorest and weakest groups in India to improve their lives and change their social and economic conditions in directions of their own choosing. Particular attention is paid to the needs of low-income women. The FY2005 Holdeen India Program grants budget is \$500,000, and the grants for FY2006 are expected to be \$489,377 as a result of the decline in the market value of the Holdeen investment portfolio. The FY2007 grants budget is anticipated to be in excess of \$500,000.

Congregational Services

This staff group provides services to support the growth, health, vitality and diversity of Unitarian Universalist congregations around the continent, including: New Congregation and Growth Resources, Congregational Justice Making Resources, Young Adult Campus Ministry, Congregational Fundraising Services, Lay Leadership Development, and Services to Large Congregations. The mission of Congregational Services is to inspire and support Unitarian Universalist congregations and communities to more fully embody our Principles and to continue their transformation into vital, growing, anti-racist and anti-oppressive institutions offering witness and ministry to their communities. These offices provide training for ministers and laypeople committed to growth, support for ministries to young adults, fundraising services (annual canvass, capital campaign and more) and administration for the building loan, loan guarantee and first home grant programs. With generous support from the Veatch Program of the Unitarian Universalist Congregation at Shelter Rock, grants have been made for support of extension ministry and new congregation ministry, as well as historic urban churches.

District Services

District Services provided or managed by district staff are available to congregations under the auspices of the district in which they are located. The mission of the district staff is to foster the spiritual and institutional health of Unitarian Universalism by serving as leaders, consultants, advocates and educators in our community of congregations.

Through the APF Grants program, districts benefit directly from the success of the Annual Program Fund. The Association redistributes a portion of the total APF contributions to all 20

districts in the form of Grants. Commencing last year, the Basic Grant is 11% of the District's percentage of Fair Share attained, up to 100%, times the total amount the district contributed to the Association in the prior year. In addition to the Basic Grant, a Fair Share Congregations' Grant of \$1,000 is given when 75% or more of a district's member congregations are full Fair Share. If at least 90% of the congregations in a district are full Fair Share, the district will receive \$5,000.

Identity-Based Ministries (IdBM)

This staff group provides leadership toward our becoming an anti-racist, anti-oppressive, multicultural religious community. The plan going forward is to continue establishing the Journey Toward Wholeness collaboratively with Unitarian Universalists in congregations, districts, seminaries, all board level committees and task forces and associate and affiliate groups, through assistance to congregations in developing social justice programs, oversight and support of the UUA's anti-racism initiative.

In addition, Identity-Based Ministries provides support to all UUA staff groups to develop their anti-oppression knowledge, skills, and competencies, and consults with the Association and families of color. Finally, Identity-Based Ministries works with volunteer committees, and affiliate organizations to develop resources for congregations doing anti-racism and anti-oppression transformation work.

Lifespan Faith Development

The Lifespan Faith Development staff group offers curricula, resources, leadership training and a vision for lifespan religious education programs for member congregations.

Curriculum Development promotes life long learning with resource development; including major new initiatives in Sexuality Education (Our Whole Lives) and a comprehensive core curriculum that is currently being developed. Also provided are family ministry packets, consultations, lay religious education training and support for lay religious educators.

The Youth Office provides services in: communication, publication/resources, consultation, training, and event planning, including YRUU Youth Council and Youth Programs.

Ministry and Professional Leadership

The Ministry and Professional staff group serves the needs of congregations, ministers, and religious educators by providing counsel, leadership, and resources. It develops and delivers programs ranging from credentialing and settlement, counsel in career development, scholarships and grants, ministerial/congregational relations, church staff finances and retirement financial planning and counseling. The department administers the income from substantial endowment funds for designated purposes, the Living Tradition Fund, monies contributed at the Service of the Living Tradition and from services honoring ministry such as Installations and Ordinations. The Ministerial Fellowship Committee, a standing committee of the UUA Board of Trustees, now has six regional subcommittees on candidacy (RSCCs) to provide earlier guidance to aspiring ministers.

Publishing

The Communications staff group publishes information that enriches the lives of individual UUs, supports the work of their congregations, promotes UUA programs and articulates UU values. UU World Magazine reaches approximately 120,000 households; Skinner House, the UUA imprint, publishes books especially for Unitarian Universalists; the Publications office edits, designs, and produces many other UUA publications. The UUA Bookstore distributes books of interest to religious liberals.

Beacon Press

Beacon Press publishes general interest books that promote UU values to a broad constituency. Beacon continues to be the most highly regarded and distinguished denominationally owned publishing house in America. The quality of Beacon books and their commitment to diversity is often recognized and frequently celebrated.

Administration

This area includes expenses for the UUA President and the Executive Vice President, including legal expenses and Human Resources. A provision for contingencies is made in accordance with the Bylaws, which provide for three percent of the Association's unrestricted income to be available to meet the cost of unforeseen expenditures.

Stewardship and Development

This staff group plans and implements fund-raising strategies for the long-term growth and financial health of Unitarian Universalism. Different programs target the needs of congregations, districts, ministers and outreach programs. Funding for the capital campaign development expenses through the use of accumulated gains on unrestricted and temporarily restricted endowment funds has been authorized by the Finance Committee and the Board, with a plan for the return of these funds from the funds to be raised during the Campaign for Unitarian Universalism. The Board authorized the transfer of \$2 million from the sale of the 8 Mt Vernon Place building into the endowment to be used toward paying the accumulated gains that would otherwise be drawn to fund the campaign expenses.

Information Technology Services

This staff group manages the computer-related hardware and software support needs in the Boston area and electronic mail connections among field staff and volunteer Board and committee members. The Office of Electronic Communications is a component of this group.

Internal Services

Finance

This staff group, including the Treasurer and Vice President of Finance and Financial Services, provides administration of the financial, audit and banking relationships, plus building loan, loan guarantee and first home grant applications from congregations and related expenses. Financial services is responsible for: maintaining the Association's financial accounting systems and records;

issuing timely payments to staff, volunteers and vendors; issuing periodic financial statements on the activity of the Current Operations Section, the Congregational Properties & Loan Commission and building loan program; accounting administration and reporting for the UUA's General Investment Fund, plus Beacon Press, with consolidating quarterly financial statements and the Association's annual financial statements; and administering the financial aspects of the UU Organization's Retirement Plan.

Facilities / Operations Services

The Operations staff group provides support services and maintains the Association's physical facilities at staff office locations. This staff group also maintains the Eliot & Pickett lodging house and meeting facility for the economical housing of the UUA staff, the board, committees and Unitarian Universalists meeting and doing business in Boston.

The long planned, but delayed, provision of a handicap accessible ramped entrance into the lodging house, approved by the Massachusetts Bureau of State Office Buildings, with the support of the Beacon Hill Architectural Commission and the Civic Association, has been completed in FY2004 with a provision for two handicap accessible bedrooms on the first floor.

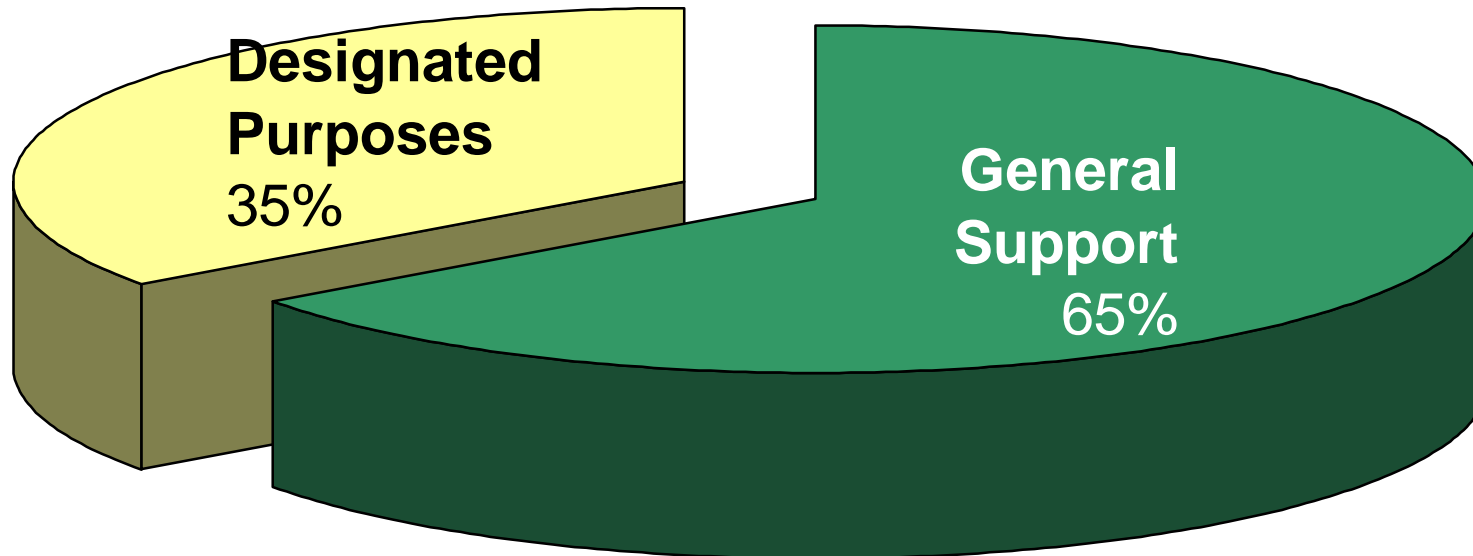
Depreciation Expense

Property and equipment are recorded at cost. Depreciation is computed on a straight-line method over the estimated useful lives of the assets. Maintenance renewals and repairs under \$500 are expensed as incurred and renovations, renewals and betterments are capitalized. The depreciation expenses have been reclassified into the Information Technology Services, 41 Mount Vernon Street and Operations staff groups.

Operating Budget Graphs

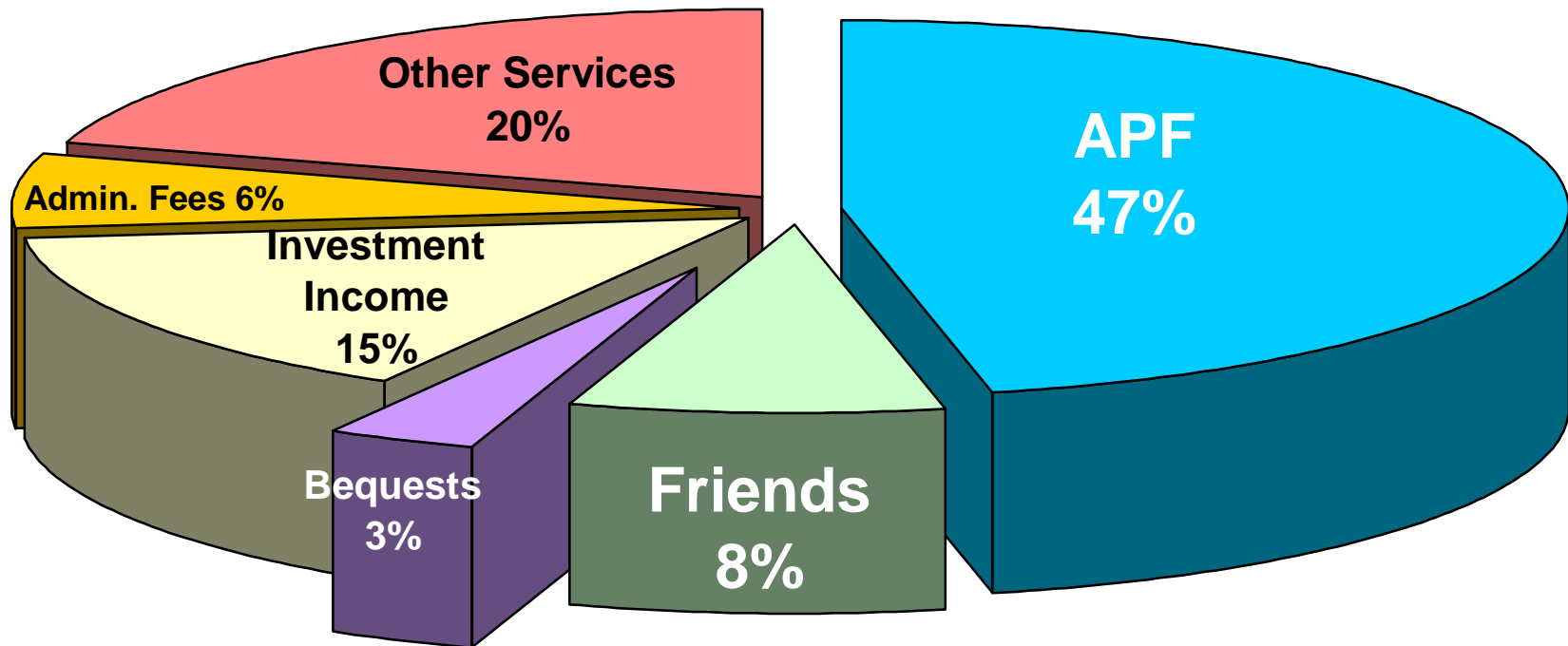
Budget FY 2005

FY05 Total Income: \$20,503,170



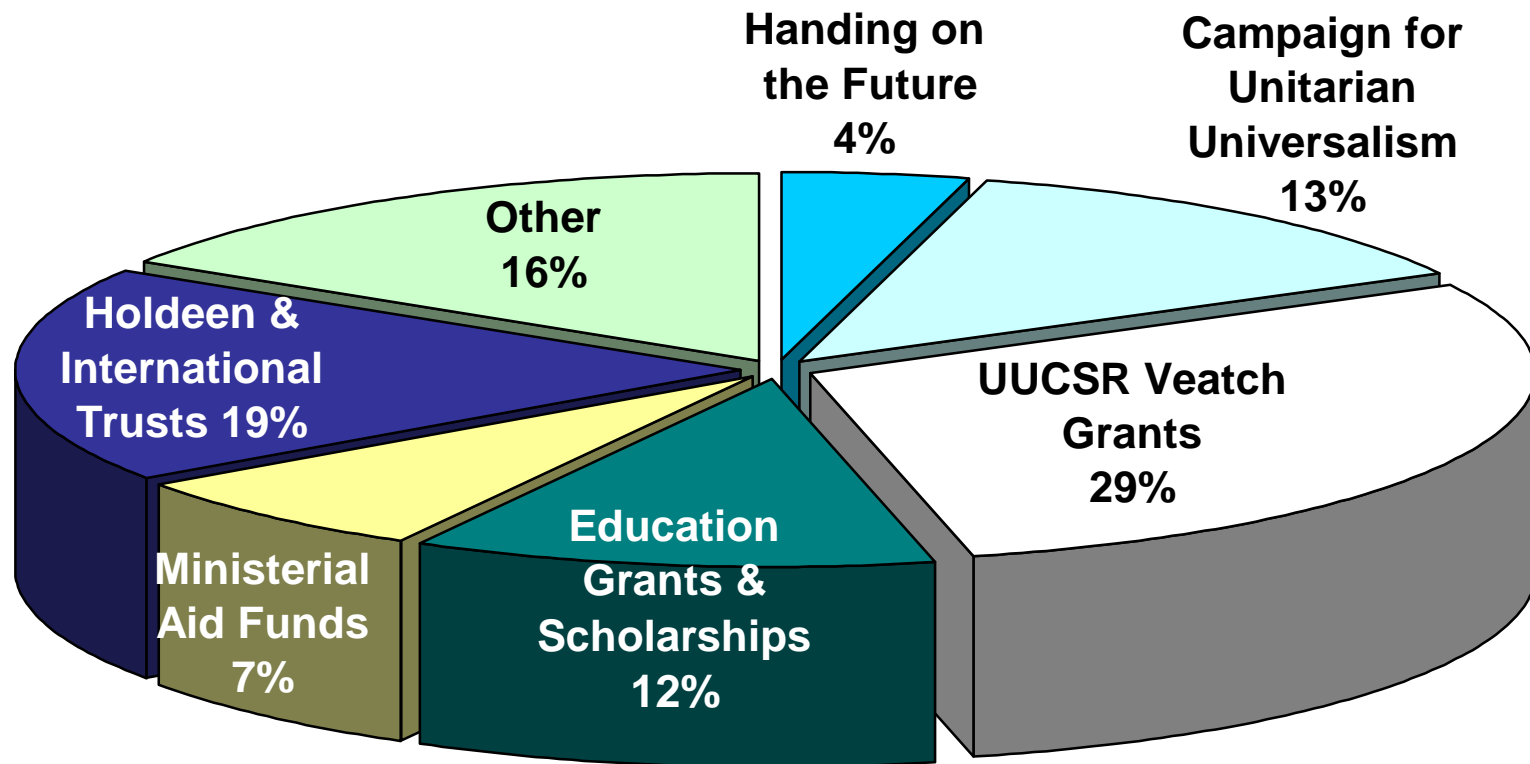
Income for Designated Purposes	\$ 7,172,060
Income for General Support	\$13,331,110

FY05 Income for General Support: \$13,331,110



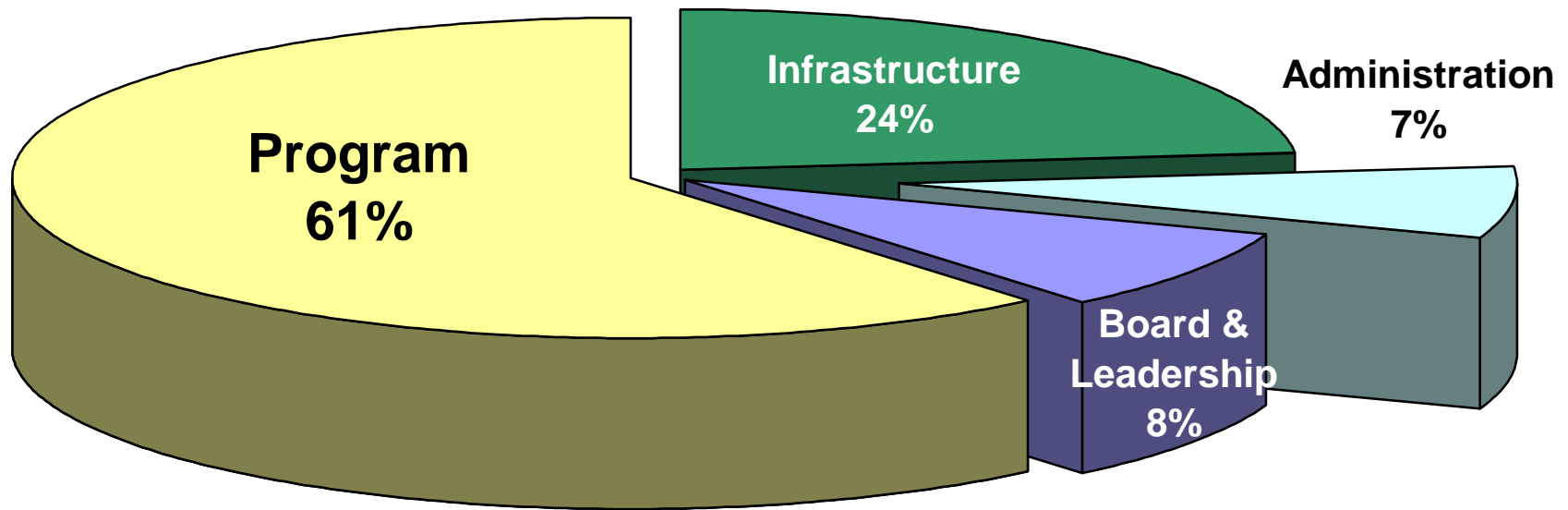
Other Services	\$2,703,414	APF	\$6,228,592
Admin. Fees	\$ 843,182	Friends	\$1,092,000
Investment Income	\$2,013,922	Bequest	\$ 450,000

FY05 Income for Designated Purposes: \$7,172,060



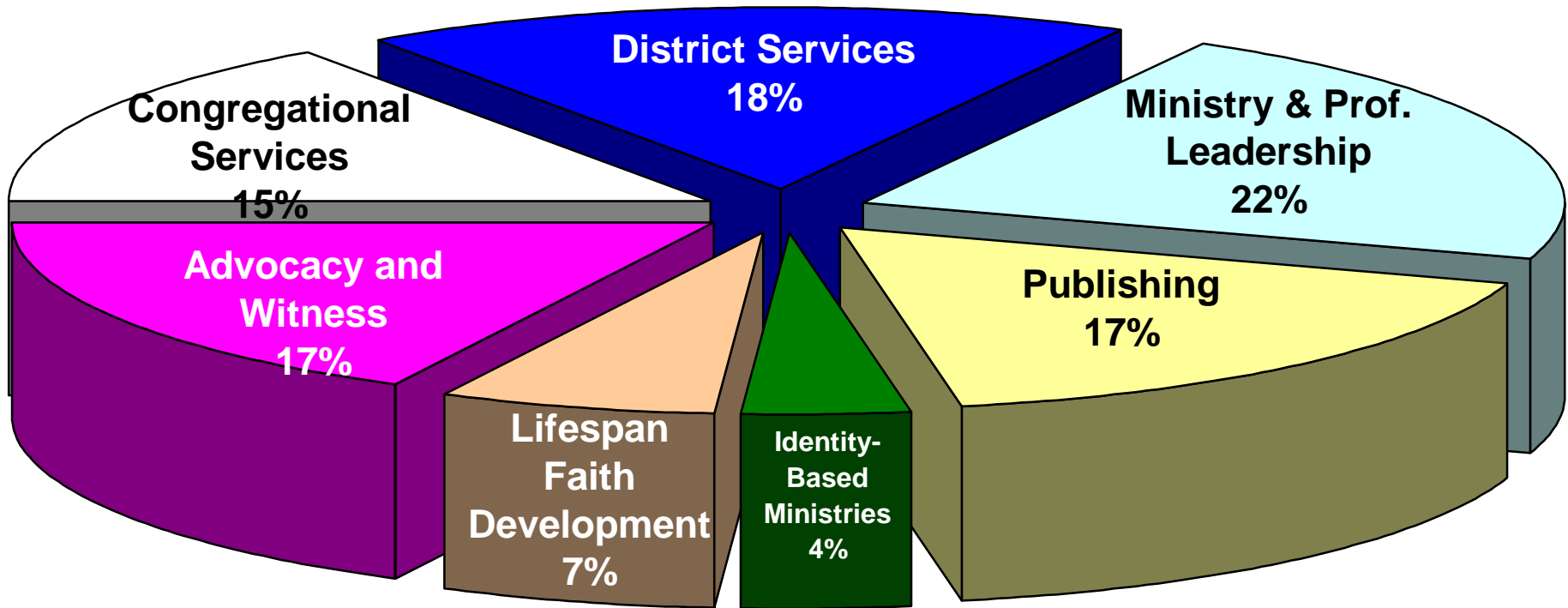
Other	\$1,154,762	Handing on the Future	\$ 306,460
Holdeen and International Trusts	\$1,344,718	Campaign for UU	\$ 925,324
Ministerial Aid Funds	\$ 517,735	UUCSR Veatch Grants	\$2,098,254
Scholarships	\$ 824,807		

FY05 Total Expenditures: \$20,503,170



Program	\$ 12,569,987	Board & Volunteer Leadership	\$ 1,681,582
Infrastructure	\$ 4,797,373	Administration	\$ 1,452,228

FY05 Program Expenditures: \$12,569,987



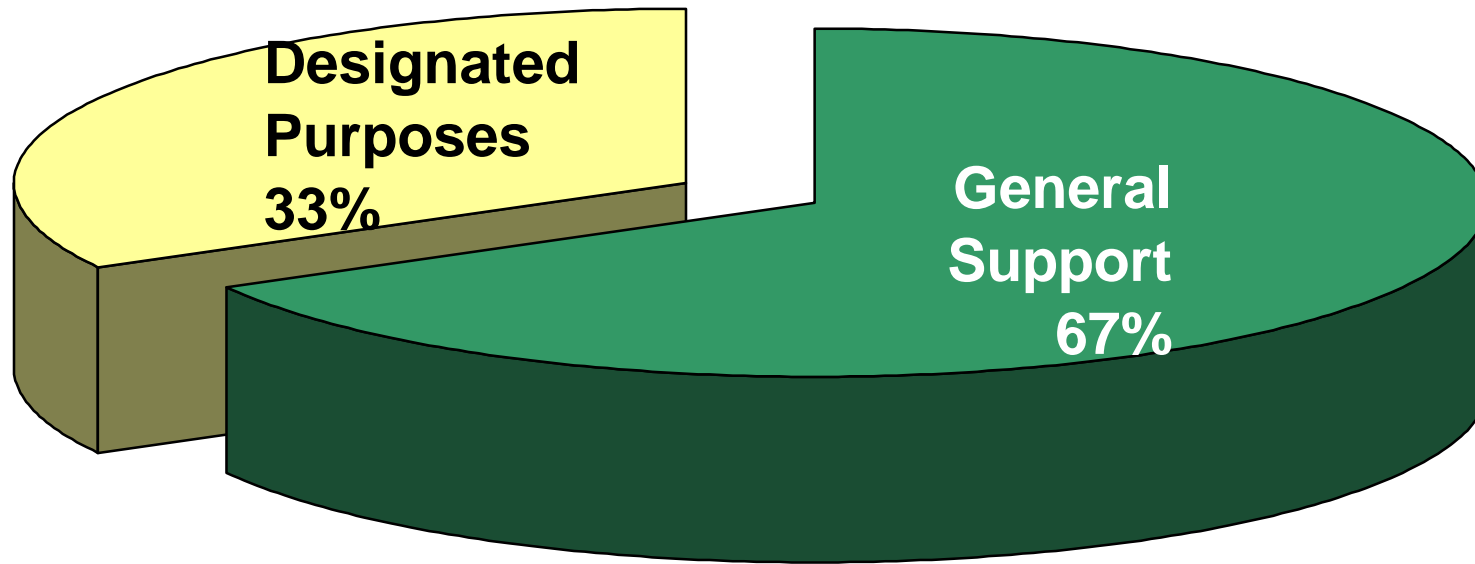
Advocacy and Witness	\$2,171,648
Congregational Services	\$1,931,304
Lifespan Faith Development	\$ 815,904

District Services	\$2,230,594
Ministry & Prof. Leadership	\$2,762,343
Identity-Based Ministries	\$ 491,612
Publishing	\$2,166,582

Operating Budget Graphs

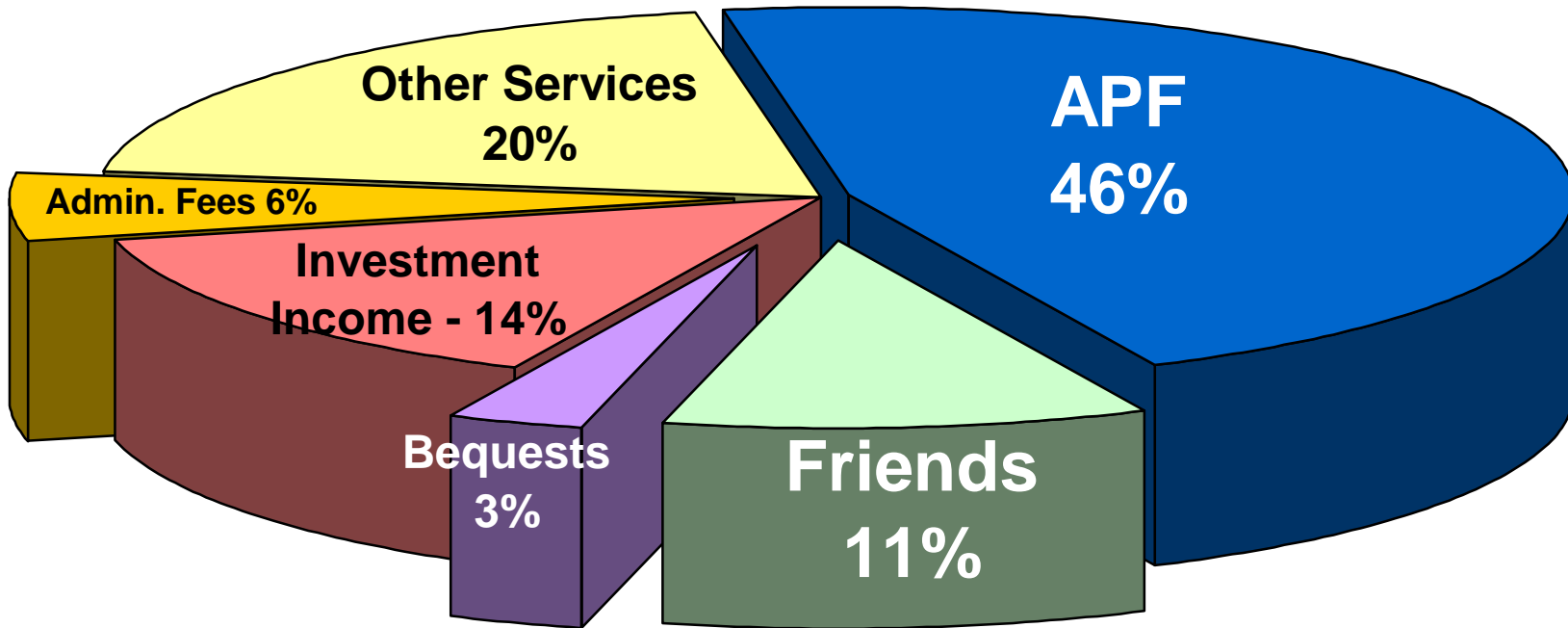
Budget FY 2006

FY06 Total Income: \$21,101,420



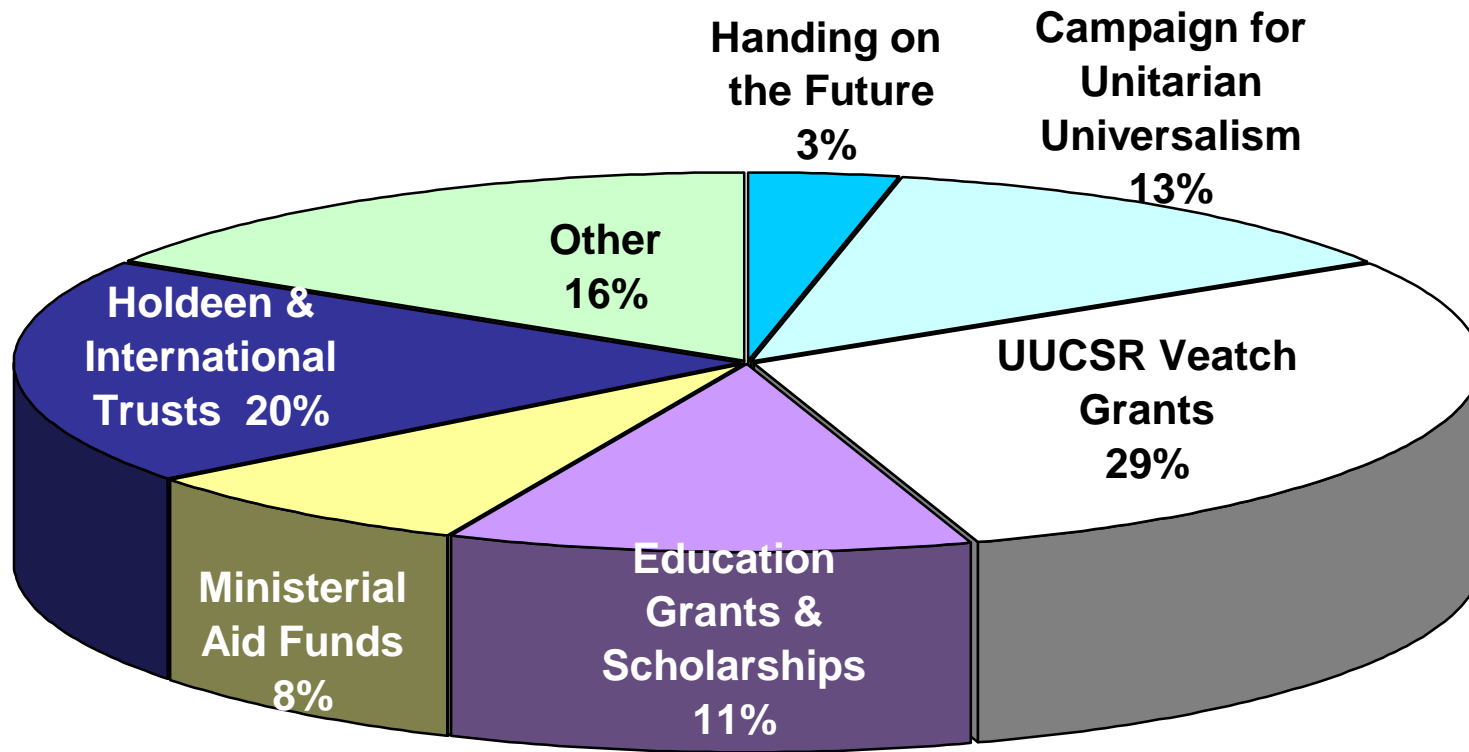
Income for Designated Purposes	\$ 6,950,997
Income for General Support	\$14,150,424

FY06 Income for General Support: \$14,150,424



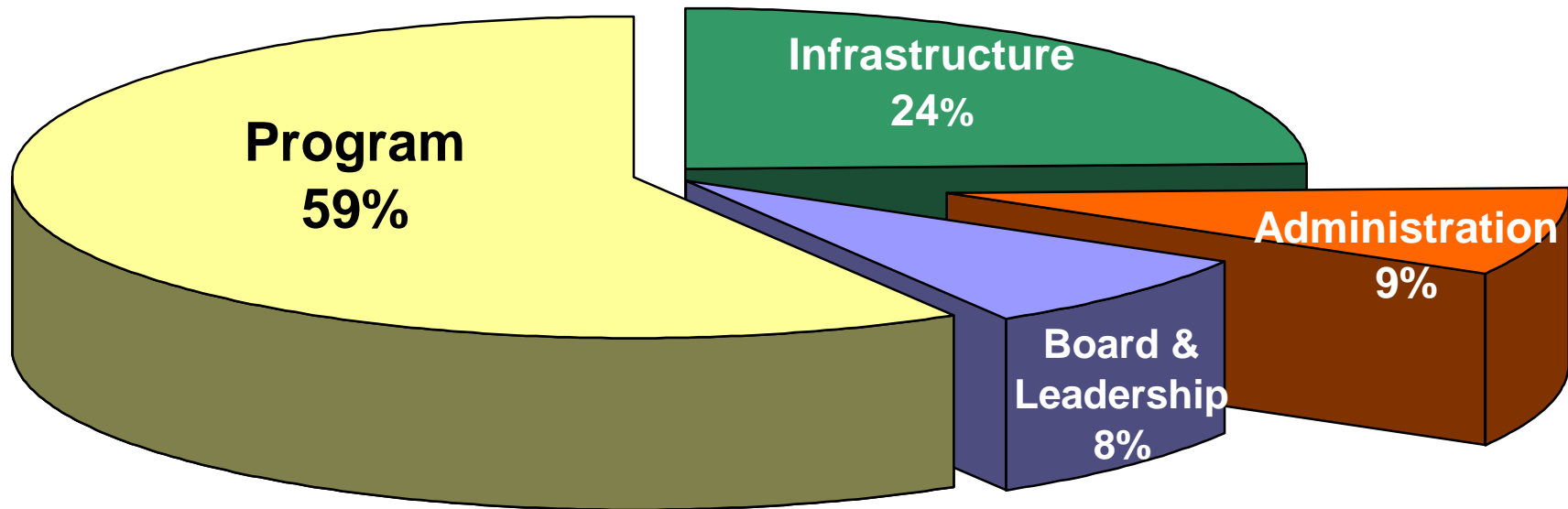
Other Services	\$2,816,475	APF	\$6,493,307
Admin. Fees	\$ 855,004	Friends	\$1,521,600
Investment Income	\$2,039,038	Bequest	\$ 425,000

FY06 Income for Designated Purposes: \$6,950,997



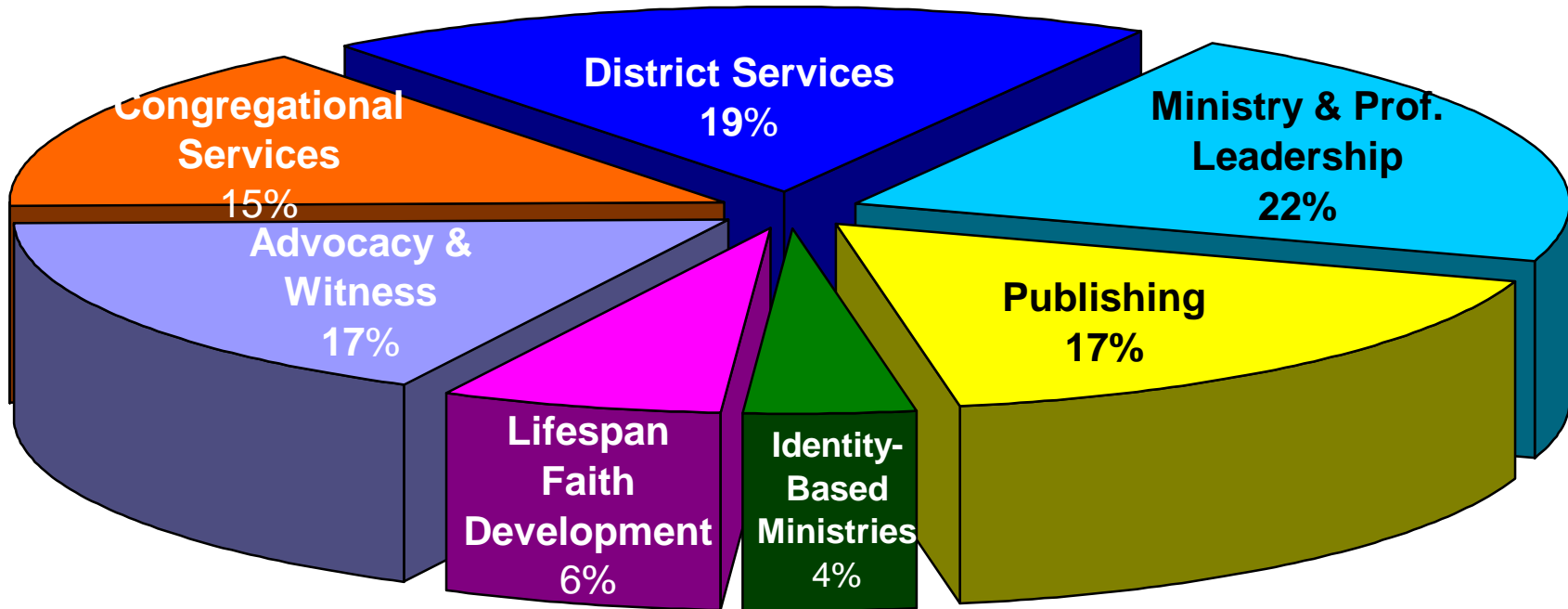
Other	\$1,115,685	Handing on the Future	\$ 229,000
Holdeen and International Trusts	\$1,365,020	Campaign for UU	\$ 898,200
Ministerial Aid Funds	\$ 530,000	UUCSR Veatch Grants	\$2,008,920
Scholarships	\$ 804,172		

FY06 Total Expenditures: \$21,101,420



Program	\$ 12,374,219	Board & Volunteer Leadership	\$ 1,677,320
Infrastructure	\$ 5,171,050	Administration	\$ 1,878,831

FY06 Program Expenses: \$12,374,219



Advocacy and Witness	\$ 2,117,912	District Services	\$ 2,353,110
Congregational Services	\$ 1,822,710	Ministry & Prof. Leadership	\$ 2,676,589
Lifespan Faith Development	\$ 798,999	Identity-Based Ministries	\$ 475,153
		Publishing	\$ 2,129,746

General Investment Fund

Socially Responsible Investing Screens

1. COMMUNITY IMPACT

AVOID COMPANIES THAT:

- § Fail to invest adequately in local communities as evidenced by banks with a “needs to improve” or “significant noncompliance” community reinvestment act (CRA) rating in a major banking subsidiary, or failure to comply with equal credit opportunity regulations
- § Engage in predatory lending practices or redlining of communities in need of services
- § Have demonstrated a lack of regard by failing to communicate about important corporate issues which directly involve the local community such as land use, facility closings (WARN act) and pollution concerns

FAVOR COMPANIES WITH:

- § “Outstanding” CRA ratings
- § Formal communications structures with community groups and a high level of public accountability
- § Policies and programs that favor historically oppressed and marginalized people
- § Innovative community involvement such as paid time off or sabbaticals for volunteers, employee recognition, company sponsored volunteer programs, and generous corporate philanthropy

2. ENVIRONMENTAL IMPACT

AVOID COMPANIES THAT:

- § Show a pattern of serious environmental violations
- § Have been negligent in handling significant environmental problems
- § Are responsible for major environmental disasters
- § Are significantly engaged in practices with negative global impacts such as rainforest destruction and ozone depletion
- § Are uncooperative in disclosing environmental information
- § Are in “dirty” industries with below average records of performance

FAVOR COMPANIES WITH:

- § Products or services that reduce waste generation or conserve natural resources
- § Significant progress in reducing volume and toxicity of waste, emissions and effluents
- § Innovative programs to reduce use of energy, water, materials and land
- § Consistently good compliance records
- § Strong environmental management systems including clear environmental policies and regular audits (CERES)
- § A commitment to standardized environmental reporting (CERES)
- § A commitment to increase involvement in renewable energy sources

3. CUSTOMER IMPACT

AVOID COMPANIES THAT:

- § Are major weapons manufacturers (top 50) or with weapons sales 5% or more of total sales
- § Produce nuclear weapons
- § Engage in the manufacture of tobacco based products
- § Produce or sell handguns
- § Manufacture or sell products known to have adverse public health consequences whether or not in contravention of local standards have misleading or irresponsible marketing of products and services such as stereotypical depictions of women and minorities in advertising

FAVOR COMPANIES WITH:

- § Safe, useful, high-quality products or services that enhance the quality of life for consumers
- § Responsible pricing and marketing practices
- § Good response systems to address product safety concerns

4. EMPLOYEE IMPACT

AVOID COMPANIES THAT:

- § Are egregious offenders of have patterns of equal employment opportunity (EEO) violations
- § Have a pattern of serious national labor relations board (NLRB) cases or other anti-union actions are on the AFL-CIO boycott list
- § Are egregious offenders of occupational safety and health administration (OSHA) regulations
- § Are involved directly in violations of the most basic human rights to survival and integrity
- § Are known to use forced labor, child labor, sweatshops or violate other international labor organizations standards

FAVOR COMPANIES WITH:

- § Above average representation of women and ethnic minorities on boards of directors and in senior management and pipeline positions
- § Strong recruiting, affirmative action, diversity awareness and antiracism identity and practices
- § Inclusive nondiscrimination policies that include sexual orientation
- § Positive union relations or employee participation relative to their industry
- § Above average compensation and benefits, including domestic partner benefits
- § A demonstrated commitment to work-life balance through options such as flex-time, part-time benefits, job sharing, telecommuting and dependent care
- § Strong emergency training and on-going safety programs
- § Explicit human rights principles or labor standards to guide global operations in owned and contracted facilities, including independent monitoring and reporting
- § Transparency on issues related to challenges in the workplace

Please visit us on the web for more information:
<http://www.uua.org/finance/sri/investing/screening.html>