



**Unitarian Universalist Association  
Annual Treasurer's Report  
June 2006  
St. Louis, MO**

Jerry Gabert, Treasurer and Vice President of Finance



**Unitarian Universalist Association  
Annual Treasurer's Report  
To the 2006 General Assembly in St. Louis, Missouri**

The UUA Current Operations Budget Summary contains results for the fiscal years ending June 30, 2004 and 2005, along with the budget for the current fiscal 2006 year just ending, the approved budget for the upcoming FY2007 budget year and the outlying Preliminary FY2008 budget. 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 enabled our continued expansion of the number of congregations electing to participate in the plan to more than 626 organizations and 2544 participants.

The strategic view and review of the Asset Allocation Policy of the UUA General Investment Fund (GIF) by the Investment Committee is ongoing. In conjunction with the services of New England Pension Consultants (NEPC) the committee considers a globally diversified investment program to achieve the 8.5% target return using a wide range of asset classes that are appropriate for an endowment such as the General Investment Fund, with its attendant goals, objectives and constraints which now include asset classes that had not previously been represented in the asset allocation policy of the GIF. The policy of the GIF has, for many years, targeted a 60% investment in equity securities and a 40% allocation to fixed income securities. 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 each individual manager.

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) or by the elimination of one or more managers.

The Investment Committee 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. The committee also took on 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 quarterly payments. The priority service goal is to improve the clarity and quality of the quarterly statements.

The Association encourages member congregations, districts and affiliates to invest endowment funds along with the UUA's 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 comparative Financial Statements for the years ended June 30, 2005 and 2004, on which KPMG expressed an unqualified opinion, are separately included in these UUA 2006 Annual Reports. We recommend them for your understanding of our overall financial picture, and the more comprehensive knowledge that emerges from reading the footnotes. 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 assets less liabilities and resultant total net assets, at June 30, 2005 was \$147,899 thousand.

There are supplemental schedules of assets beginning on Schedule I, page 16, and liabilities and net assets on Schedule II, page 17, that include business segment information for Current, Beacon Press, CPLC and the GIF. Additional GIF reporting is on Schedule IV, pages 19 – 28 that include the investment portfolio in detail.

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 the 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 temporarily restricted net assets amounting to \$40,084 thousand, comprised of the Holdeen and other outside 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 financial reporting system software has permitted the development of more useful monthly and quarterly reporting for our current operations. In addition to monthly reports, quarterly consolidating statements by business segment are prepared for reporting to the Finance Committee, to our mortgage banker and to the Administration. Also, Committee chairs and each staff liaison receive quarterly financial reports comparing expenditure activity with budget and prior year.

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.

Working together, the Investment Committee and the Committee on Socially Responsible Investing made progress in the past year. The Congregational Properties and Loan Commission new site acquisition program and Leeds certification practice was initiated and will be available in workshops lead by Dr Wayne Clark.

The following page includes the description of the special program event and workshops that may be of interest to you. Please come and join us!

Respectfully submitted with sincere appreciation for the honor of having served as your Treasurer.

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

#### Congregational Finances: A Powerful Tool for Social Justice

Community Investing, Shareholder Activism, Investment Screens. Each offers a powerful addition to congregational social justice strategies. But which one? How much money is needed? What committee structure is effective for launching each one? What's step one? You'll leave with an action plan to get your congregation's finances bending towards justice.

**Speakers:** Jim Gunning, Stephanie Leighton, Vanessa Lowe & Rev. Sydney Morris

**Date:** Friday, June 23<sup>rd</sup>, 4:00 – 5:15 p.m.

**Room:** St. Louis Convention Center Room 242

**REPEAT:** Sunday, June 25<sup>th</sup>, 1:45 – 3:00 pm

#### The Double Bottom Line: Investing Our Values

If you have the Q's we'll do our best to have the A's at this open house workshop. Please join our smorgasbord of UU representative who have knowledge and interest in socially responsible investing, shareholder advocacy, the UUA General Investment Fund, and the UU Service Committee in a free-for-all dialogue.

**Speakers:** Jim Gunning, Rev. Sydney Morris, Rev. Jim Sherblom & Jerry Gabert

**Date:** Sunday, June 25<sup>th</sup>, 12:00 – 1:15 pm

**Room:** St. Louis Convention Center Room 220

#### Investing Responsibly

A report on the UUA's General Investment Fund will be available and questions answered, including the Investment Committee's commitment to socially responsible investing and its on-going relationship with the Committee on Socially Responsible Investing.

**Speakers:** Craig Scholl & Rev. Jose Ballaster

**Date:** Thursday, June 22<sup>nd</sup>, 1:00 – 2:15 pm

**Room:** St. Louis Convention Center Room 280

## Socially Responsible Investing

# **Operating Budget Summary**

FY 2004 and 2005 Results

FY2006 and 2007 Budget

FY2008 Preliminary

**UUA Budget Summary  
Current Operations**

	<b>FY04 Results</b>	<b>FY05 Results</b>	<b>FY06 Budget 10/15/2005</b>	<b>FY07 Budget 1/21/2006</b>	<b>FY08 Preliminary 5/3/2006</b>
<b>INCOME</b>					
<b><u>Income for General Support</u></b>					
Fundraising - APF Churches & Fellowships	5,804,119	6,068,616	6,493,307	6,766,026	7,053,582
Fundraising - APF \$1 for Growth Fund	129,956	123,849	0		
Fundraising - Friends of the UUA	929,533	1,188,238	1,600,000	2,150,000	2,300,000
Freedom to Marry Fund	66,538				
Unrestricted Gifts and Bequests	450,000	369,669	400,000	425,000	350,000
Subtotal	<u>7,380,146</u>	<u>7,750,372</u>	<u>8,493,307</u>	<u>9,341,026</u>	<u>9,703,582</u>
Administration Fees	754,716	841,818	911,298	710,840	714,762
General Investment Fund Income	2,103,101	2,013,922	2,074,665	2,212,344	2,209,826
Other Current Fund Income	2,560,660	2,649,794	2,782,775	2,808,899	2,642,090
<b>Total Income for General Support</b>	<b>12,798,623</b>	<b>13,255,906</b>	<b>14,262,045</b>	<b>15,073,109</b>	<b>15,270,260</b>
<b><u>Income for Designated Purposes</u></b>					
Handing on the Future Income	426,794	255,654	227,737	204,000	252,000
Campaign for Unitarian Universalism	901,033	919,470	931,871	781,000	509,000
Campaign 2010		164,784		45,000	200,000
UUCSR Veatch Grants	2,118,594	1,880,944	2,009,035	1,894,428	1,929,428
Grants and Scholarships	848,095	764,201	809,679	845,731	845,731
Ministerial Aid Funds	506,371	462,983	480,000	480,000	480,000
Holdeen and International Trusts and Grants	1,330,442	1,353,819	1,373,366	1,425,209	1,425,209
Income for Other Purposes	1,102,594	1,159,744	1,433,761	1,823,697	2,042,752
<b>Total Income for Designated Purposes</b>	<b>7,233,923</b>	<b>6,961,599</b>	<b>7,265,449</b>	<b>7,499,065</b>	<b>7,684,120</b>
<i>General Assembly - net</i>	0	(40,040)	0	0	0
<b>Total Income</b>	<b>20,032,547</b>	<b>20,177,465</b>	<b>21,527,494</b>	<b>22,572,174</b>	<b>22,954,380</b>

**EXPENDITURES**

**Board & Volunteer Leadership**

Board of Trustees	180,944	194,910	195,000	195,000	215,000
Board Committees	88,675	124,210	108,500	103,822	117,822
Board Task Forces	3,012	18,840	106,500	86,325	67,600
Moderator	10,484	16,116	20,000	20,000	20,000
Nominating Committee	18,476	17,278	19,000	20,000	20,000
Commission on Appraisal	25,458	36,902	25,000	25,000	40,000
Ministerial Fellowship Committee	185,430	153,601	169,000	170,000	185,000
APF Continental Committee	29,571	28,213	35,400	35,400	35,950
U U Funding Program	1,045,456	984,978	1,019,428	1,019,428	1,019,428
<b>Total Board &amp; Volunteer Leadership</b>	<b>1,587,506</b>	<b>1,575,048</b>	<b>1,697,828</b>	<b>1,674,975</b>	<b>1,720,800</b>

**Program**

**Advocacy and Witness**

Information and Public Witness	191,246	197,169	225,311	228,082	0
Advocacy Programs	499,204	559,144	588,074	593,719	587,379
International Office	209,319	202,372	203,766	205,814	206,437
Holdeen Designation Trusts	456,038	466,538	464,175	484,443	486,119
Holdeen India Program	709,403	690,812	706,493	735,177	738,524
<b>Total Advocacy and Witness</b>	<b>2,065,210</b>	<b>2,116,034</b>	<b>2,187,819</b>	<b>2,247,235</b>	<b>2,018,458</b>

**Congregational Services**

Director's Office	341,656	645,266	226,886	247,623	251,757
Congregational Growth	0	0	613,457	445,100	315,100
Lay Leadership Development	183,157	0	0	0	0
New Congregation and Growth Resources	330,134	228,032	84,743	0	0
Congregational Justice Making Resources	265,999	154,471	97,932	98,450	110,950
Young Adult and Campus Ministry Director	400,282	382,358	390,215	397,837	398,735
Congregational Fundraising Services	364,718	375,054	430,143	443,531	444,223
Services to Large Congregations	469,684	316,133	87,275	93,100	109,000
<b>Total Congregational Services</b>	<b>2,355,630</b>	<b>2,101,314</b>	<b>1,930,651</b>	<b>1,725,641</b>	<b>1,629,765</b>



**UUA Budget Summary  
Current Operations**

	<b>FY04 Results</b>	<b>FY05 Results</b>	<b>FY06 Budget 10/15/2005</b>	<b>FY07 Budget 1/21/2006</b>	<b>FY08 Preliminary 5/3/2006</b>
<b>(Program, continued)</b>					
<b>District Services</b>					
District Services	1,442,628	1,560,860	1,789,251	1,975,936	2,122,805
District APF Grants	601,073	591,538	604,242	662,317	690,134
<i>Total District Services</i>	<u>2,043,701</u>	<u>2,152,398</u>	<u>2,393,493</u>	<u>2,638,253</u>	<u>2,812,939</u>
<b>Identity Based Ministries</b>					
Identity Based Ministries	512,028	497,563	492,109	504,879	522,785
<i>Total Identity-Based Ministries</i>	<u>512,028</u>	<u>497,563</u>	<u>492,109</u>	<u>504,879</u>	<u>522,785</u>
<b>Lifespan Faith Development</b>					
Director of Lifespan Faith Development	169,915	162,825	179,145	206,702	210,326
Curriculum Development	228,598	287,143	407,884	429,118	453,887
Youth Office	249,311	256,616	296,425	226,371	242,302
Youth Council	44,078	48,886	53,787	54,084	54,484
Youth Programs	27,252	31,375	25,000	27,200	27,200
<i>Total Lifespan Faith Development</i>	<u>719,154</u>	<u>786,844</u>	<u>962,241</u>	<u>943,475</u>	<u>988,199</u>
<b>Ministry &amp; Professional Leadership</b>					
Dir. of Ministry and Professional Credentialing	245,581	246,335	234,476	253,326	253,535
RE Credentialing	106,782	111,024	128,780	130,990	133,575
Ministerial Credentialing	159,252	155,701	176,261	166,778	167,550
Settlement	200,284	213,888	198,236	200,273	212,470
Office of Church Staff Finances	219,591	236,357	243,457	246,241	248,694
Professional Development	207,824	208,135	162,919	152,304	157,762
Scholarships and Ministerial Ed Grants	363,687	303,373	332,834	339,805	339,805
Continuing Education	44,675	50,282	70,000	70,000	70,000
Aid Funds	532,778	498,653	499,000	499,000	499,000
Panel on Theological Education	636,245	562,328	597,845	624,926	624,926
<i>Total Ministry &amp; Prof. Development</i>	<u>2,716,699</u>	<u>2,586,076</u>	<u>2,643,807</u>	<u>2,683,643</u>	<u>2,707,318</u>
<b>Publishing</b>					
<b>Communications</b>					
Director of Communications	125,577	117,787	161,682	116,485	260,143
Periodicals	741,357	735,218	723,163	762,480	850,176
Publications Administration	421,337	495,956	473,995	490,602	524,838
UUA Bookstore	768,159	786,096	849,677	859,760	796,899
<i>Total Communications</i>	<u>2,056,430</u>	<u>2,135,057</u>	<u>2,208,517</u>	<u>2,229,327</u>	<u>2,432,056</u>
<b>Beacon Press</b>					
Total Operating Income	4,442,259	5,039,718	4,227,722		
Total Operating Expenses	4,617,749	4,783,018	4,446,512		
Beacon Press (display only, not in totals)	(189,000)	256,700	(218,790)		
<i>Total Publishing</i>	<u>2,056,430</u>	<u>2,135,057</u>	<u>2,208,517</u>	<u>2,229,327</u>	<u>2,432,056</u>
<b>Total Program</b>	<b>12,468,852</b>	<b>12,375,286</b>	<b>12,818,637</b>	<b>12,972,453</b>	<b>13,111,520</b>

**UUA Budget Summary  
Current Operations**

	<b>FY04 Results</b>	<b>FY05 Results</b>	<b>FY06 Budget 10/15/2005</b>	<b>FY07 Budget 1/21/2006</b>	<b>FY08 Preliminary 5/3/2006</b>
<b>Administration</b>					
Office of the President	355,200	376,165	358,148	364,194	365,407
Office of the Executive Vice President	295,124	278,745	315,164	328,586	330,153
Contingency Expense	130,947	163,619	344,138	454,396	426,515
Human Resources	381,863	605,506	395,963	668,747	713,849
<b>Total Administration</b>	<b>1,163,134</b>	<b>1,424,035</b>	<b>1,413,413</b>	<b>1,815,923</b>	<b>1,835,924</b>
<b>Infrastructure</b>					
<b>Stewardship and Development</b>					
VP of Stewardship & Development	197,598	115,008	114,313	121,472	128,481
APF Campaign	188,464	194,848	204,599	204,760	245,827
Friends Campaign	304,631	351,053	547,883	673,329	720,808
Charitable Gift and Estate Planning	203,181	163,545	176,350	171,603	173,134
Campaign for UUism / Umbrella Giving	692,271	710,969	1,176,911	1,525,372	1,757,583
<b>Total Financial Development</b>	<b>1,586,145</b>	<b>1,535,423</b>	<b>2,220,057</b>	<b>2,696,536</b>	<b>3,025,833</b>
<b>Information Technology Services</b>					
Data and Technical Services	937,240	966,996	1,026,150	1,043,301	1,098,028
Office of Electronic Communications	213,484	229,116	231,123	245,061	214,453
<b>Total Information Technology Services</b>	<b>1,150,724</b>	<b>1,196,112</b>	<b>1,257,273</b>	<b>1,288,362</b>	<b>1,312,482</b>
<b>Internal Services</b>					
<b>Finance</b>					
Treasurer and Vice President of Finance	271,336	256,580	274,439	281,018	289,345
Financial Services	432,586	453,970	499,764	508,614	510,959
Miscellaneous Funds and Scholarships	51,764	49,867	0	0	0
<b>Total Finance</b>	<b>755,686</b>	<b>760,417</b>	<b>774,203</b>	<b>789,632</b>	<b>800,304</b>
<b>Facilities &amp; Operations Services</b>					
Facilities - General	811,037	784,020	777,450	789,898	766,306
25 Beacon Street	94,034	95,037	105,650	98,000	100,000
41 Mt Vernon Street	159,907	178,702	186,956	191,343	235,564
Eliot and Pickett House	251,898	244,641	276,028	255,052	264,249
<b>Total Facilities &amp; Operations Services</b>	<b>1,316,876</b>	<b>1,302,400</b>	<b>1,346,084</b>	<b>1,334,293</b>	<b>1,366,119</b>
<b>Total Internal Services</b>	<b>2,072,562</b>	<b>2,062,817</b>	<b>2,120,286</b>	<b>2,123,925</b>	<b>2,166,423</b>
<b>Total Infrastructure</b>	<b>4,809,430</b>	<b>4,794,352</b>	<b>5,597,616</b>	<b>6,108,823</b>	<b>6,504,738</b>
<b>Total Expenditures</b>	<b>20,028,921</b>	<b>20,168,726</b>	<b>21,527,494</b>	<b>22,572,174</b>	<b>23,172,982</b>
<b>Expenditures Over (Under) Income</b>	<b>3,625</b>	<b>8,739</b>	<b>0</b>	<b>0</b>	<b>(218,602)</b>

## **Operating Budget Supplemental**

## **BUDGET SUPPLEMENT**

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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 income from member congregations: the suggested contribution for fiscal year 2004 was \$48 per member, and was \$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 annually by 4.2% through fiscal year 2008. In 2004 and 2005, \$1 of the \$2 increase was 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 giving from current and new Friends donations was \$1,188,238 in FY2005, is budgeted to be \$1,600,000 in FY2006 and is expected to be \$2,150,000 in FY2007 and \$2,300,000 in FY2008.

##### ***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 FY2004 results were \$450,000 and FY2005 was \$369,669 with FY2006 budgeted at \$400,000, FY2007 budgeted at \$425,000 and FY2008 at \$350,000.

##### ***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 FY2006 through FY2008 is based on the assumption the market will remain at the December 31, 2005

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.

At its October 2004 meeting the UUA Board of Trustees approved a new policy for funding 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

The income was down 4% in FY2005, is expected to be up 3% in FY2006, 8% in FY2007 and level in FY2008.

### ***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, the Eliot & Pickett 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.

## **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 Metropolitan Strategy, Growth Team and the marketing campaign, religious education curriculum project 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 at 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 \$825,000 in FY2007 will be dedicated to Growth, RE Credentialing, Lay Leadership, Ethics in Congregational Life, and to Identity Based Ministries, Advocacy and Witness, Young Adult and Campus Ministry, 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 and for Campaign 2010. These funds will be returned to the endowment as the proceeds of the campaigns are received. Other income is from a variety of sources including the Liberal Religious Charitable Society (LRCS), with program support and other subsidy income. Income is also 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 to 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.

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 Programs including the Office of Information and Public 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 Holdeen India Program FY2006 grants budget is \$500,000 and the grants for FY2007 and FY2008 are expected to be \$526,676 because of the decline in the market value of the Holdeen investment portfolio.

#### ***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 and Campaign 2010. 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 and reporting 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 and Loan Commission and building loan and loan guarantee 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 handicap accessible ramped entrance into the lodging house, completed and approved by the Massachusetts Bureau of State Office Buildings, with the support of the Beacon Hill Architectural Commission and the Civic Association, provides handicapped accessibility to the lodging facility and to two handicap accessible bedrooms on the first floor.

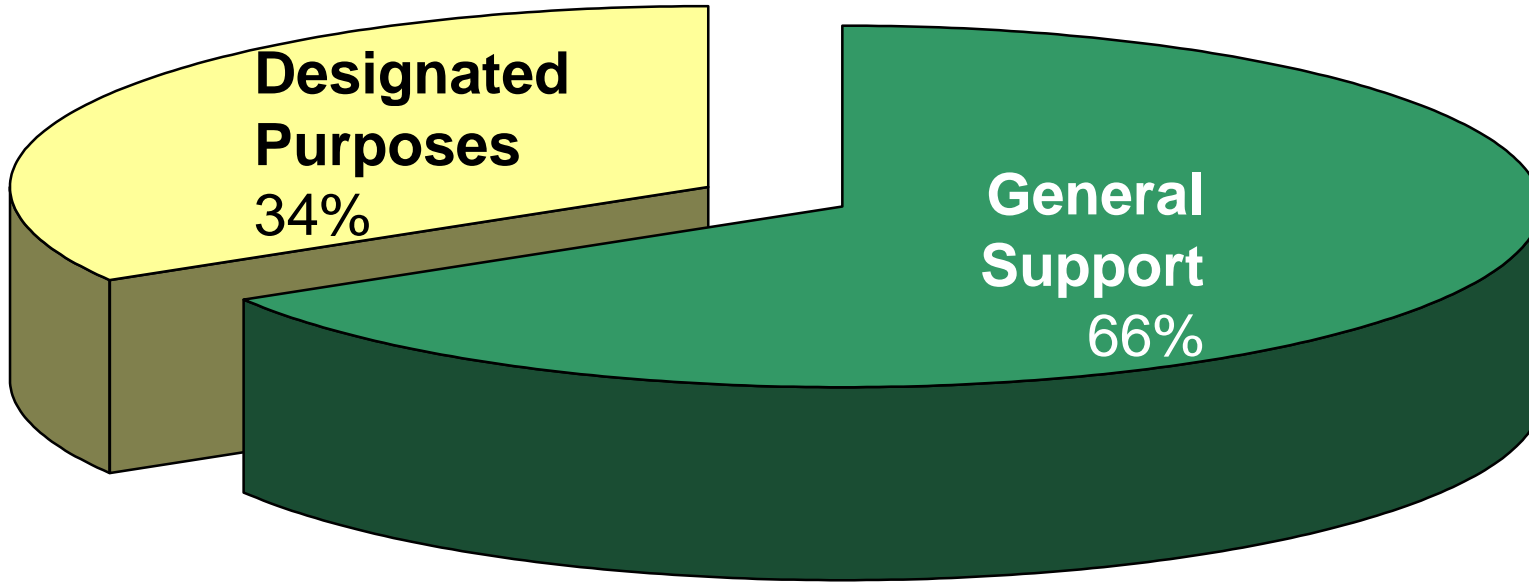
***Depreciation Expense***

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 2006

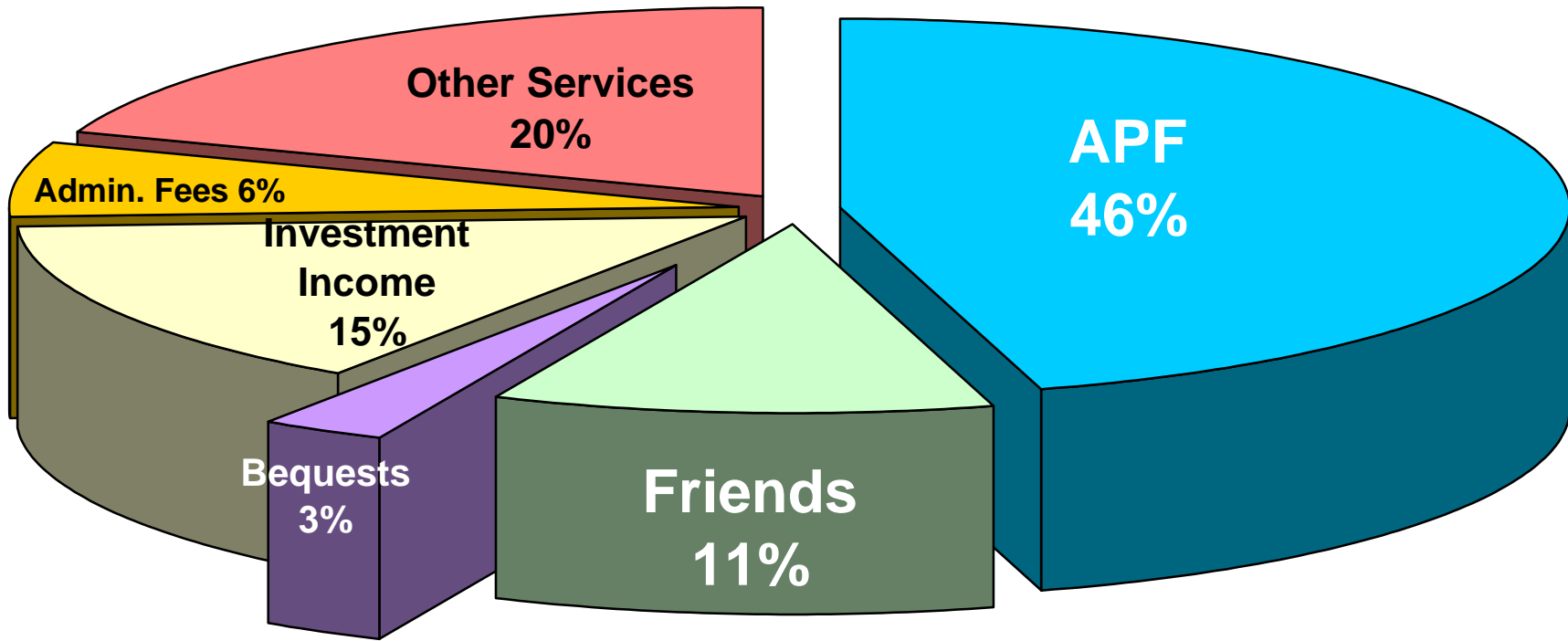
# FY06 Total Income: \$21,527,494



Income for Designated Purposes \$ 7,265,449

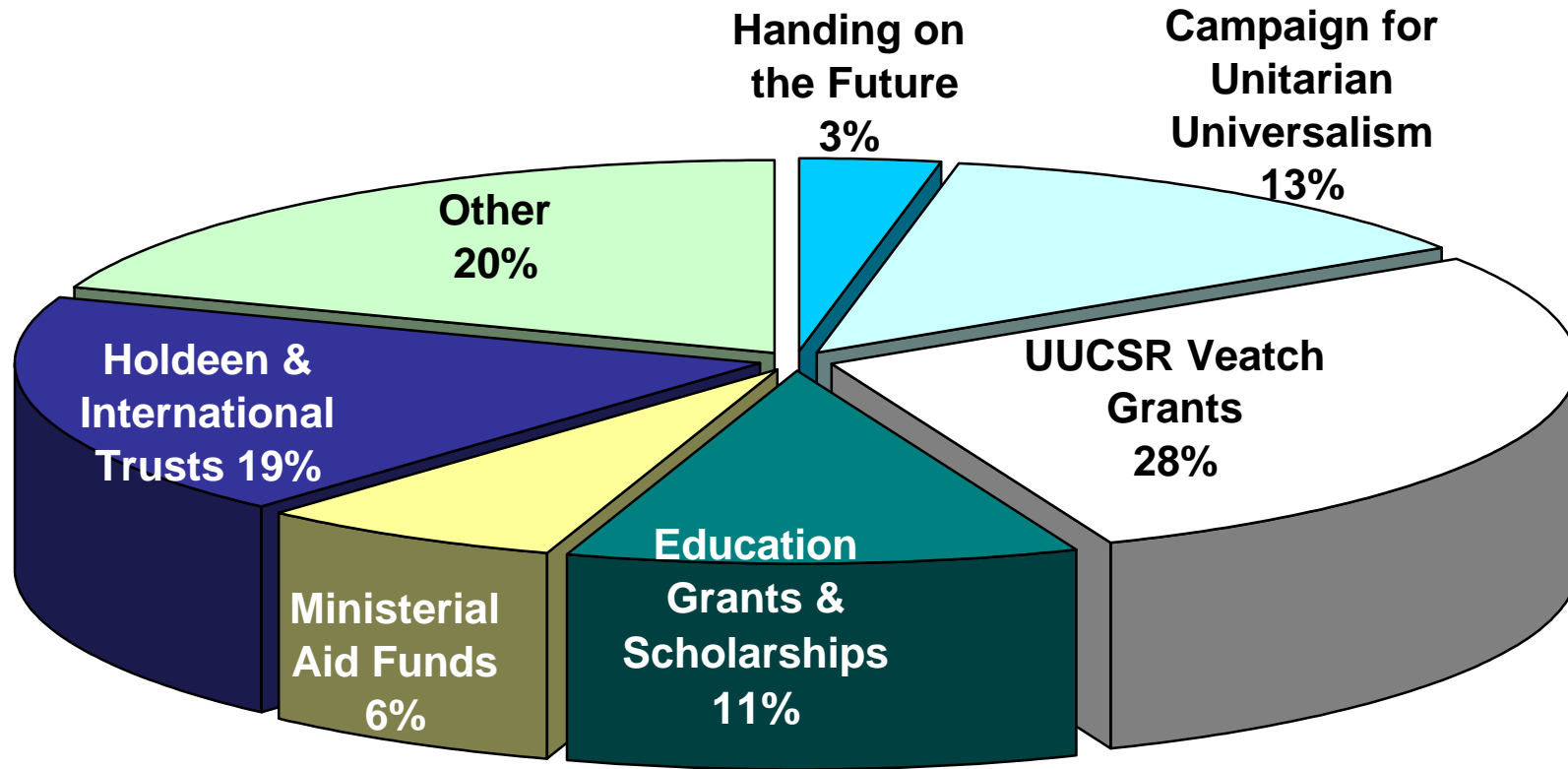
Income for General Support \$14,262,045

# FY06 Income for General Support: \$14,262,045



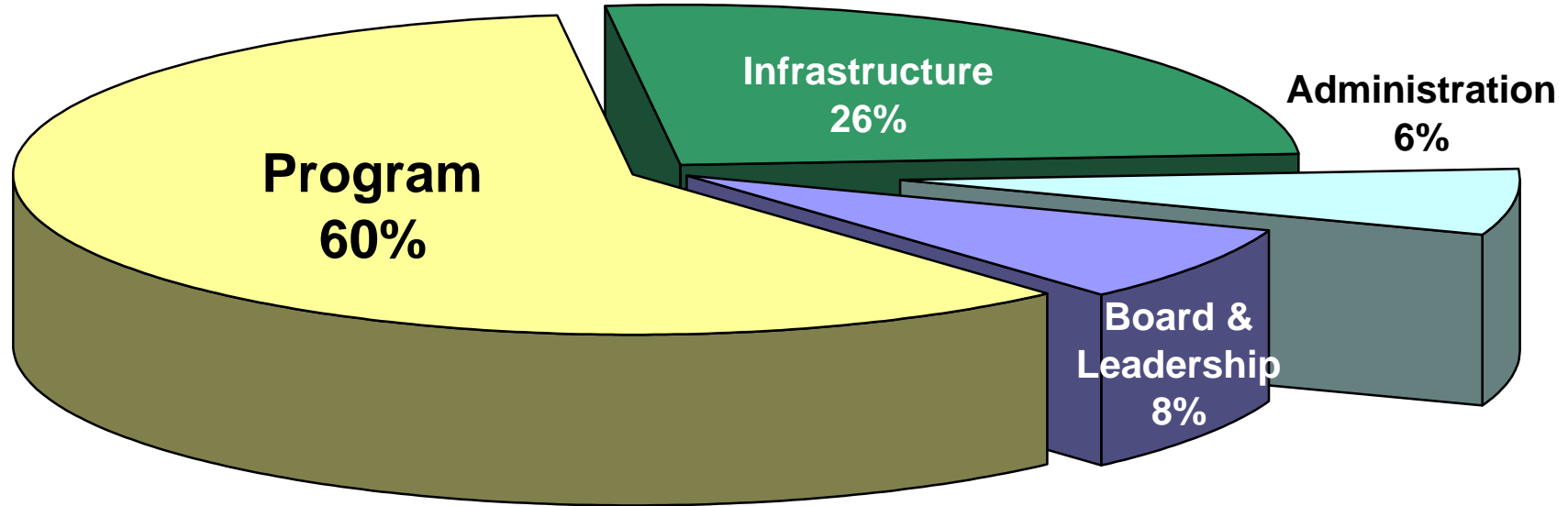
Other Services	\$2,782,775	APF	\$6,493,307
Admin. Fees	\$ 911,298	Friends	\$1,600,000
Investment Income	\$2,074,665	Bequest	\$ 400,000

# FY06 Income for Designated Purposes: \$7,265,449



Other	\$1,413,761	Handing on the Future	\$ 227,737
Holdeen and International Trusts	\$1,373,366	Campaign for UU	\$ 931,871
Ministerial Aid Funds	\$ 480,000	UUCSR Veatch Grants	\$2,029,035
Education Grants and Scholarships	\$ 809,679		

# FY06 Total Expenditures: \$21,527,494



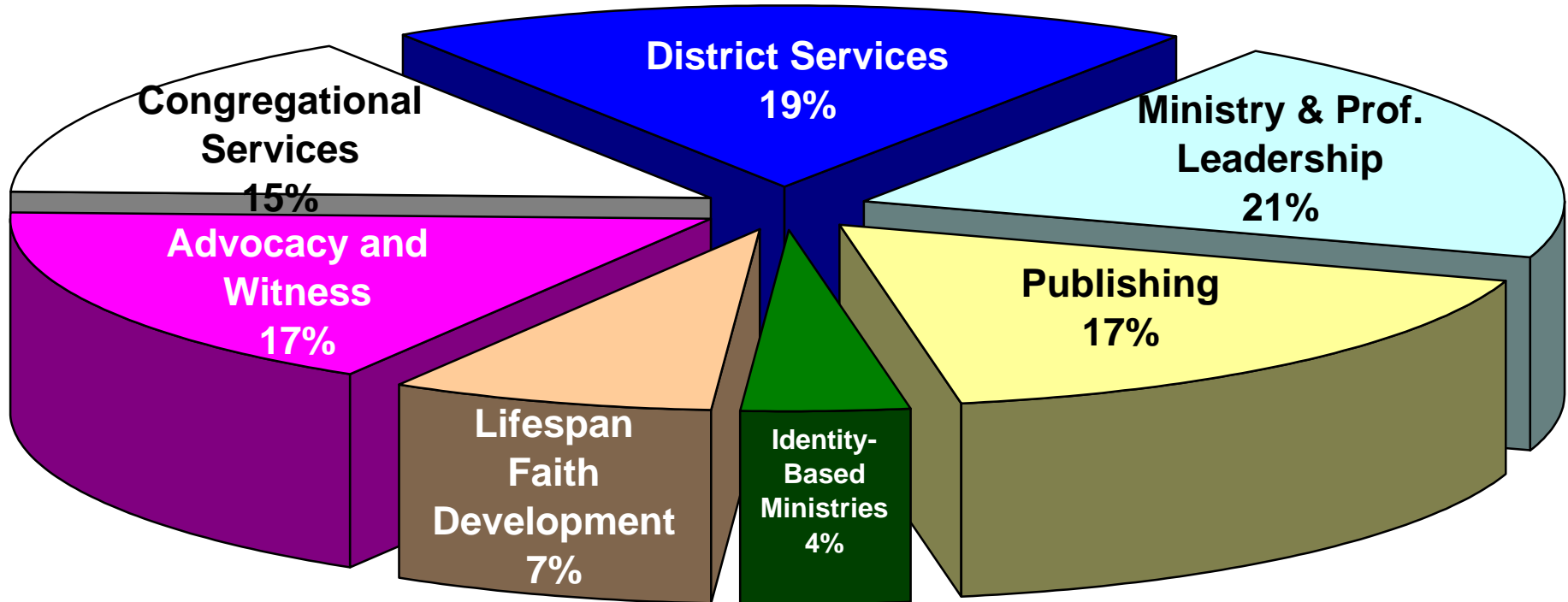
Program \$ 12,818,637

Infrastructure \$ 5,597,616

Board & Volunteer Leadership \$ 1,697,828

Administration \$ 1,413,413

# FY06 Program Expenditures: \$12,818,637



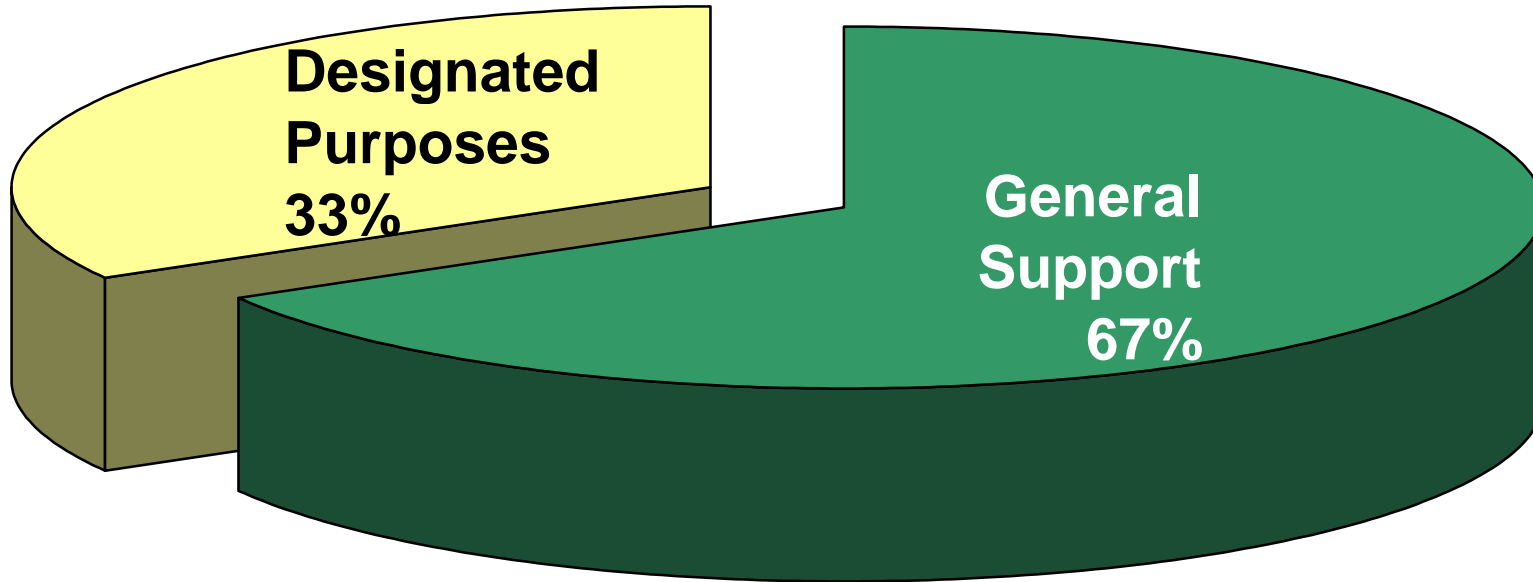
Advocacy and Witness	\$2,187,819	District Services	\$2,393,493
Congregational Services	\$1,930,651	Ministry & Prof. Leadership	\$2,643,807
Lifespan Faith Development	\$ 962,241	Identity-Based Ministries	\$ 492,109
		Publishing	\$2,208,517



# **Operating Budget Graphs**

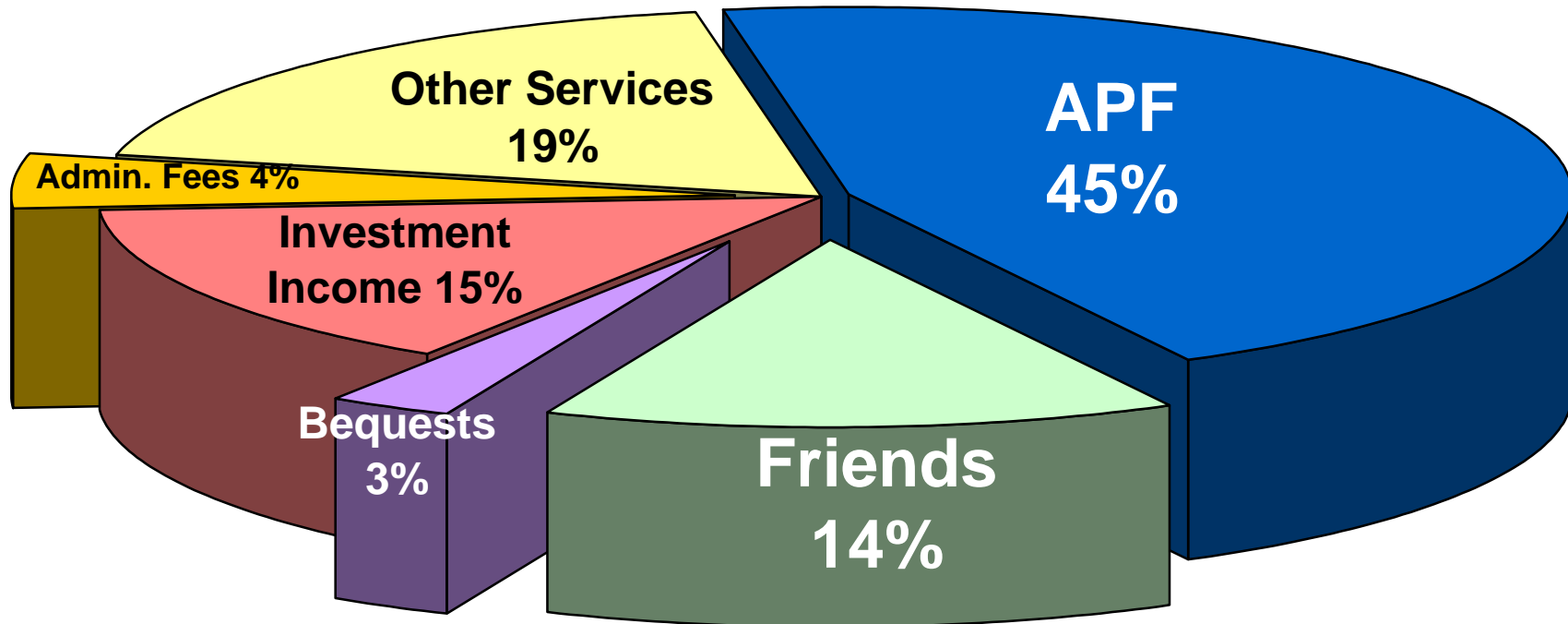
Budget FY 2007

# FY07 Total Income: \$22,572,174



Income for Designated Purposes	\$ 7,499,065
Income for General Support	\$15,073,109

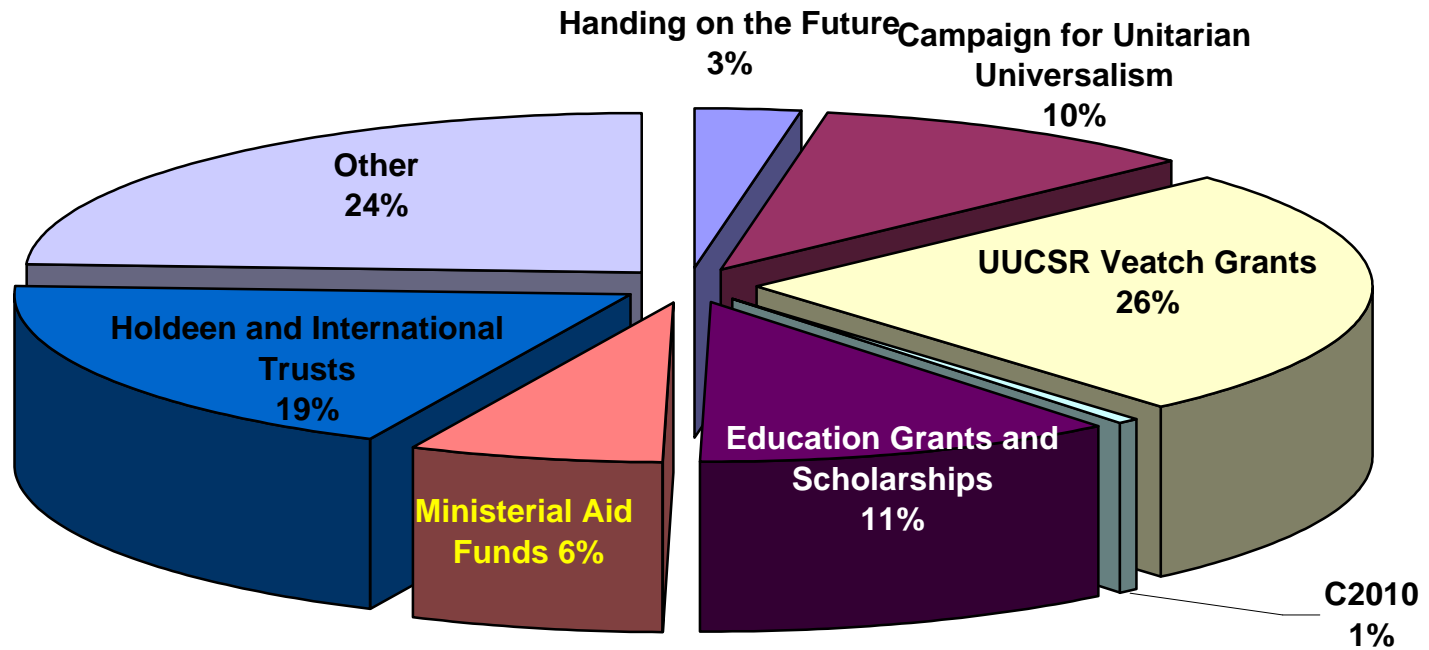
# FY07 Income for General Support: \$15,073,109



Other Services	\$2,808,899
Admin. Fees	\$ 710,840
Investment Income	\$2,212,344

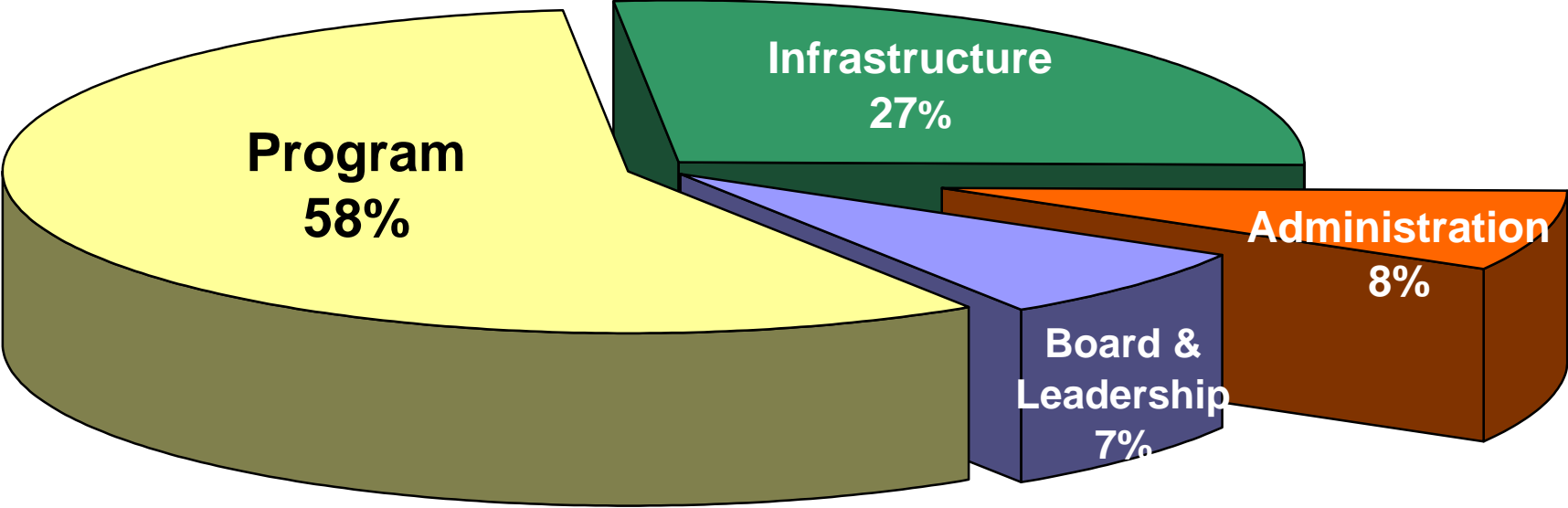
APF	\$6,766,026
Friends	\$2,150,000
Bequest	\$ 425,000

# FY07 Income for Designated Purposes: \$7,499,065



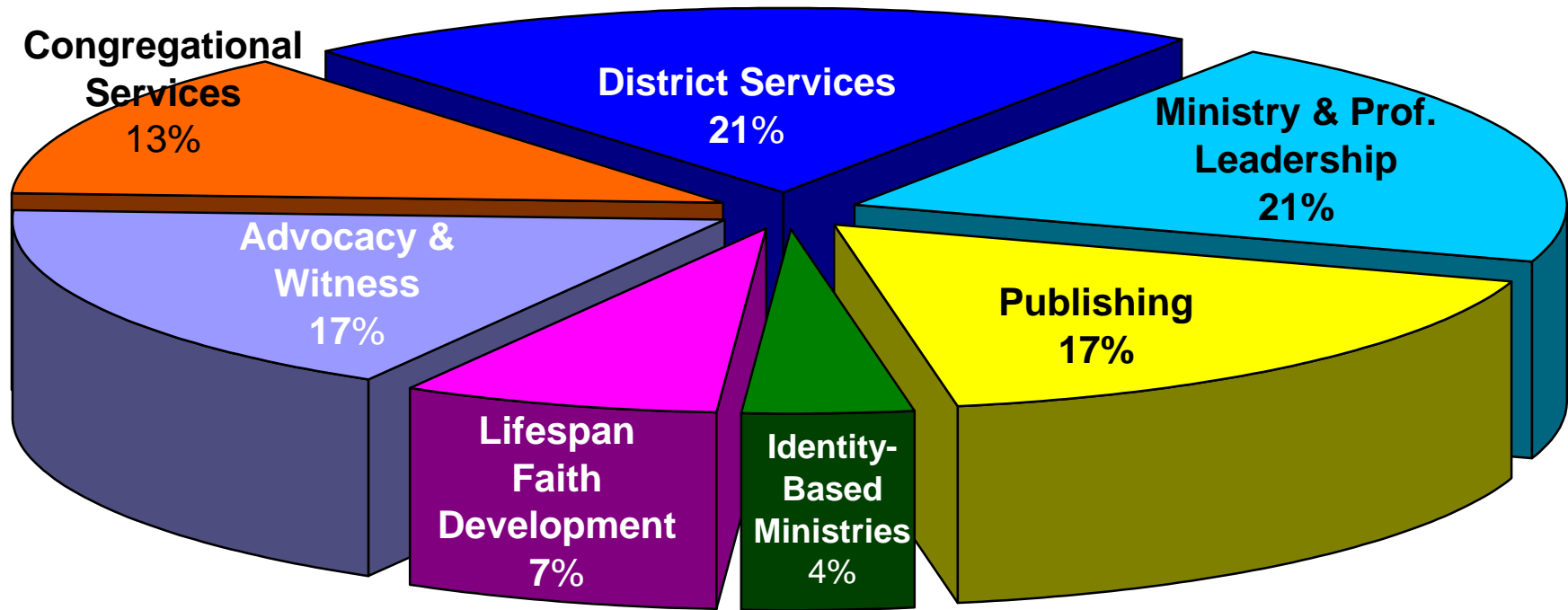
Other	\$1,813,697	Handing on the Future	\$ 204,000
Holdeen and International Trusts	\$1,425,209	Campaign for UU	\$ 781,000
Ministerial Aid Funds	\$ 480,000	UUCSR Veatch Grants	\$1,904,428
Education Grants and Scholarships	\$ 845,731	Campaign 2010	\$ 45,000

# FY07 Total Expenditures: \$22,572,174



Program	\$ 12,972,453	Board & Volunteer Leadership	\$ 1,674,975
Infrastructure	\$ 6,108,823	Administration	\$ 1,815,923

# FY07 Program Expenses: \$12,972,453



Advocacy and Witness	\$ 2,247,235	District Services	\$ 2,638,253
Congregational Services	\$ 1,725,641	Ministry & Prof. Leadership	\$ 2,683,643
Lifespan Faith Development	\$ 943,475	Identity-Based Ministries	\$ 504,879
		Publishing	\$ 2,229,327